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NBP Performance at a Glance

Editor's Corner

Dear Readers,

The fire that engulfed the garments factory in Karachi and left over 250 dead, was perhaps the deadliest industrial accident in the country's history. It highlights workplace perils, the lack of basic safety and fire fighting equipment and shows how employers violate labour laws, health and safety provisions. The problem that plagues all matters of governance in Pakistan is the failure to enforce the law. While laws exist which deal with different aspects of occupational safety, but implementing the laws require an effective inspection system, which is lacking.

Protection of workers safety is a fundamental human right. Article 37 of the Constitution of Pakistan guarantees right to secure just and humane conditions of work ensuring that children and women are not employed in vocations unsuited to their age or sex. Chapter III of the Factories Act 1934 Health and Safety has clauses on occupational safety. It spells out precautions in case of fire. Every factory to be provided with a means of escape, in every factory the exit door shall not be locked or fastened and can easily be opened from inside and all such doors shall at all times be kept free from any obstruction. Every factory to be provided with clear audible means of giving warning in case of fire, and a free passage way going access to each means of escape in case of fire etc.

According to the International Labour Organisation (ILO) estimates, every day 6300 people die as a result of occupational accidents or work related diseases – more than 2.3 million deaths per year. The human cost is high and the economic burden of poor occupational safety and health practices is estimated at 4 percent of global GDP.

The safety conditions differ between countries. In developing countries like Pakistan, where majority of workforce is illiterate, not trained in occupational safety and are not aware of the protective measures to be adopted in their jobs, workplace safety and health conditions are poorer compared to developed countries who are able to offer safer working environment. Workers and their employers hardly bother about the safety at work place. We see workers working in under construction high rise building or at a mechanic workshop or cutting marble without any safety protective measure. This complete lack of hazard assessment results in loss of life or disability or long term sickness. No one is accountable. On the contrary accidents at work receive a high priority in developed countries. The fatal industrial accidents in Pakistan for the year 2008 gives a figure of 108 as reported in the Pakistan Statistical Yearbook 2011. But the real situation is different. For certain reasons the accidents either fatal or otherwise are not regularly reported. Legislation regarding occupational safety is weak and outdated in the country, says the ILO in its country report on Pakistan. It had suggested that there was a need for the industries to improve the status of occupational safety and health in Pakistan in order to meet the emerging challenges of globalisation and to compete in the international market.

Only if workers are educated and aware of their legal rights concerning labour protection and labour laws and employers of their obligations and adopt necessary safety measures at workplace in compliance with the requirements of law can a safe and healthy workplace be established. Qualified and properly trained, honest labour inspectors need to be appointed to enforce labour laws and health and safety regulations. In the absence of labour inspection, employers have a free hand to do what suits them at the cost of their workers' safety.

Ayesha Mahmood

The Youth Employment Crisis in Pakistan

Today the world faces the challenge of creating job opportunities for the growing youth population. 75 million young people are jobless, four million more than in 2007. Of those who are working, more than 200 million earn less than \$2 a day, living mostly in developing countries. The International Labour Organisation (ILO) in its annual report titled *Global Employment Trends 2012* says, more than 400 million new jobs will be needed over the next decade to absorb the estimated 40 million growth of the labour force each year.

Growing jobless rates

The ILO in its report titled *Global Employment Outlook, September 2012* which is an update of its earlier report *Global Employment Trends* shows that jobless rates among young people will get even worse globally as the effects of the euro crisis spreads beyond Europe and slows down economies from East Asia to Latin America. These young people are not expected to see any improvement in their situation.

Weak state of labour markets

The report further says the difficulties of young people to find gainful employment reflects the overall weak state of labour markets around the world. Global output has grown weakly over the past six months and is not expected to accelerate in the near future. As noted in the *WTO's World Trade Report 2012*, global trade has also decelerated sharply as global demand especially in advanced economies has faltered. This has created global spillovers, leading to a slowdown of activity in emerging economies in East and South Asia and Latin America.

High private and public debt in the advanced economies is leading to private households and firms deleveraging to relieve their high debt burden through increased savings rates, and austerity measures for public sectors. The combined downward pressure on both private and public consumption and investment is dragging down aggregate demand and growth. Therefore, at the current juncture there is a substantial risk that this simultaneity may

trigger yet another significant downward spiral that could bring the world economy closer to another global recession by the end of 2012, further threatening a sustained labour market recovery.

Additional downward pressure on the global economy is coming from a worsening of the credit crunch that stems from unresolved sovereign debt problems in Europe.

Global & Regional Total Unemployment Rates (age 15 and above)

| Region | 2012 ^P | 2013 ^P | 2014 ^P | 2015 ^P | 2016 ^P | 2017 ^P |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| World | 6.0 | 6.1 | 6.0 | 6.0 | 6.0 | 6.0 |
| Developed Economies & European Union | 8.6 | 8.6 | 8.5 | 8.2 | 8.0 | 7.8 |
| Central & South-Eastern Europe (non-EU) & CIS | 8.4 | 8.4 | 8.3 | 8.2 | 8.2 | 8.2 |
| East Asia | 4.4 | 4.5 | 4.6 | 4.6 | 4.7 | 4.7 |
| South-East Asia & the Pacific | 4.5 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 |
| South Asia | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 |
| Latin America & the Caribbean | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 |
| Middle East | 10.1 | 10.2 | 10.2 | 10.3 | 10.4 | 10.4 |
| North Africa | 10.8 | 10.9 | 10.8 | 10.7 | 10.6 | 10.5 |
| Sub-Saharan Africa | 7.8 | 7.8 | 7.8 | 7.7 | 7.7 | 7.7 |

Note: Total unemployment rates in percent of labour force.
P = Projections for 2012 through 2017

Source: *Global Employment Outlook, ILO*

Although (large) differences in regional youth unemployment rates remain, all regions face major youth employment challenges. Even in East Asia, the youth unemployment rate in 2011 was 2.8 times higher than the adult rate. Apart from the immediate negative economic and social effects of high youth unemployment, it is important to consider its detrimental effects on future employability and wages.

These young people many a times work in low productive jobs, or are engaged in unpaid family work supporting (informal) family business or farms, or are engaged in jobs which fall short of their aspirations. The report states, demographic trends are such that the youth labour force continues to grow in precisely those regions where few opportunities for paid work exist and where working poverty is widespread, in particular in sub-Saharan Africa and South Asia.

Youth employment issues

The latest *World Youth Report*, *United Nations* explores youth employment issues — the difficulties they often encounter accessing work and even after finding work, young workers continue to confront job instability, few opportunities for skills development and advancement. In 2010, the global youth unemployment rate was 12.6 percent, against the global adult unemployment rate of 4.8 percent. One of the factors of the recent uprising in many countries of the Middle East and North Africa region was the high levels of youth unemployment.

Another ILO report, *World of Work Report 2012* also shows how the employment situation is no longer improving in many countries. There are people who have been unemployed for a long period of time, and for a growing proportion of workers who do have a job, employment has become more unstable or precarious. Youth unemployment rates have increased in about 80 percent of advanced economies and in two-thirds of developing economies. There is a lot of social unrest because of lack of decent jobs. The Social Unrest Index increased in 2011 compared to 2010.

In Pakistan the share of youth in the total labour force is rising. Youth population is estimated at 54 million, of which 23.8 million are in the labour force. As almost two-thirds of the population is below the age of 30, Pakistan is experiencing a youth bulge which will change the composition of future labour force.

Youth Demography (15 – 29 Years)

| | | 2011-12 |
|----------------------------|------|---------|
| Total Youth Population | (Mn) | 54 |
| % of Total Population | | 30 |
| Male | (Mn) | 28 |
| Female | (Mn) | 26 |
| Rural Areas | (%) | 64 |
| Urban Areas | (%) | 36 |
| Youth Literacy Rate | (%) | 55 |
| Male/Female Literacy Ratio | (%) | 67/42 |
| Urban/Rural Literacy Ratio | (%) | 74/48 |

Source: Annual Plan 2012-13

Pakistan's youth labour force

Out of total youth labour force, 21.3 million are employed while remaining 2.4 million are unemployed, implying 10 percent youth unemployment rate which is higher than the national average of 6 percent, states the Annual Plan 2012-13. As far as employment status of youth is concerned, only 0.06 million are employers while self-employed, unpaid family helpers and employees are 4.2, 10.3 and 9.2 million respectively. In other words, youth employers are 0.3 percent, while self-employed, unpaid family helpers and employees are 17.8 percent, 43.2 percent, 38.8 percent respectively, indicating that youth employment status as employers and self employed is very low.

Pakistan Employment Trends 2011 analyzes different aspects of the existing employment in the country. In Pakistan as the labour force participation rate has grown, the employment to population ratio has steadily increased over the last decade. At the same time there is high employment to population ratio of almost 80 percent for men (15+) implying likely abundance of low quality jobs in the country. Labour productivity is low, which has not been affected by the increasing labour force and employment growth. This suggests that many new labour market entrants are taking on low productivity and poorly remunerated work. They have to work and earn for their families as they cannot afford to be unemployed.

The report *Pakistan Employment Trends 2011*, provides information on employment to population. This ratio is defined as the proportion of the working population that is employed. (The youth employment to population ratio is the proportion of the youth population – persons 15-24 years that are employed). In Pakistan, the ratio is relatively low when compared to the rest of the world, although there has been some increase.

The Report states, for youth, the employment-to-population ratios also increased steadily between 1999-2000 and 2009-2010, but it

Employment to population ratio

decreases in 2010-2011 (39.6%). In recent years, this ratio for young females is in increasing trend, while the ratio for young males continuously decreasing. This reversing trend in line with the declining unemployment rates for youth is positive, as it reflects the higher participation of both young males and females (as share of their age group) in education, which means less young people are employed (not counted in the numerator) but still part of the population (in the denominator).

Attention should be paid to the relatively high employment-to-population ratios of almost 78.0 percent for men (15+) in 2010-2011, because this is indicating a high rate of low quality jobs. As main bread winners of most families in Pakistan, men have to work to make their and their families living, even if conditions are bad.

Employment-to-Population Ratios by Sex & Age (%)

| Pakistan | 1999-2000 | 2003-2004 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 15 years & above | | | | | | | |
| Both sexes | 46.8 | 47.0 | 49.8 | 49.9 | 50.3 | 50.7 | 50.4 |
| Male | 78.6 | 77.6 | 79.6 | 79.1 | 78.5 | 78.3 | 78.0 |
| Female | 13.7 | 15.6 | 19.4 | 19.9 | 21.0 | 21.9 | 22.2 |
| 15-24 years | | | | | | | |
| Both sexes | 35.1 | 38.5 | 40.9 | 40.3 | 40.6 | 41.1 | 39.6 |
| Male | 61.6 | 62.7 | 64.2 | 62.3 | 61.4 | 61.3 | 59.5 |
| Female | 7.2 | 13.7 | 16.8 | 17.1 | 18.3 | 18.8 | 18.8 |
| South Asia (15+) | | | | | | | |
| Both sexes | 2000 | 2004 | 2006 | 2007 | 2008 | 2009 | 2010* |
| Male | 57.5 | 58.4 | 58.7 | 58.8 | 59.0 | 59.0 | 59.1 |
| Female | 79.6 | 79.8 | 79.7 | 79.5 | 79.6 | 79.2 | 79.1 |
| Female | 33.9 | 35.7 | 36.6 | 36.9 | 37.3 | 37.6 | 38.0 |

* 2010 are preliminary estimates. Source: Pakistan Employment Trends 2011

MDG target

The report also explores the progress regarding achieving Millennium Development Goals target 1b 'achieve full and productive employment and decent work for all, including women and young people.' Access to decent work and productive employment is essential to meet the goal. While considerable improvements have been achieved in Pakistan with regard to employment opportunities, but a number of challenges remain in order to

achieve target of 1b of MDG. While there have been gains in employment opportunities, as reflected in labour force participation, and in employment to population ratios and unemployment rates, this has not yet benefited the majority of workers who lack decent employment. Despite some gains in terms of employment and unemployment, gender gaps exist.

Creating productive employment and decent work is a challenging task. Pakistan has a growing labour force and if it could be effectively utilized it could contribute significantly to economic development of the country. There are large numbers who have no formal education or the required skills and work long hours, leading to low productivity levels and poor remuneration.

Most of the working youth in developing countries are in low quality jobs without any security or social benefits, receiving low wages and working in poor conditions. The ILO estimates that globally about 23 percent of the total young workforce are young working poor, with earnings of less than \$1 a day.

Challenges to youth

The 2007 World Development Report summarizes the challenges to youth in their path to work. The main obstacles are starting too early, failing to enter the labour market, and having difficulties moving across jobs and up the skill chain. The effect of these obstacles on skill accumulation, future performance in the labour market, and economic development are long lasting. It stresses the necessity of improving the investment climate which would allow the private sector to expand, leading to job creation. The young may be particularly attractive to firms in the new and growing sectors of the economy because they are more adaptable than older workers to new production methods.

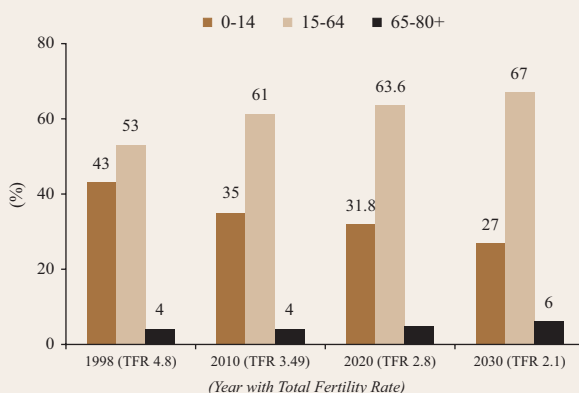
Conditions could improve by reforming institutions, bringing about labour market reforms, expanding rural opportunities and

facilitating mobility. For rural youth, employment opportunities are not only in agriculture but also off farm and the range of opportunities in rural areas is wide. The rural non-farm economy generates 30-50 percent of rural incomes throughout the developing world, shares that continue to grow.

Pakistan's population profile has changed. The proportion of working age population is increasing and offering a window of opportunity to turn this demographic transition into a demographic dividend. The advantage of a young population should enable policy makers to make the best use of this resource. If appropriate opportunities are made available and the youth are equipped with the right skills for the job, the youth labour force can make productive contribution to the economy. Lack of opportunities to become economically active would lead to dissatisfaction and social unrest in society.

Population profile changing

Age Composition of Pakistan from 1998 to 2030



It is quite transparent from the above graph that gradually Pakistan is becoming young as in 1998 proportion of people in the age interval of 15-65 was 53 percent while it will be 67 percent in 2030. One important point relating to reproductive age group is that in 1998, 22 percent female were in reproductive age (15-49) and there will only be a fractional increase in this age group over the next 20 years as this ratio will remain 26 percent in 2010 and 2020 and 27 percent in 2030.

Today there is growing interest in youth issues and these are being debated at various forums as it has serious implications for the economy. There are risks and dividends depending on whether the youth potential has been harnessed or not. In a paper, *Challenges for Youth Employment in Pakistan: Are they Youth Specific?* the author Xiaohui Hou, World Bank has analyzed the patterns and the challenges of youth employment in Pakistan and to determine whether these challenges are youth specific. He has found that many of the challenges to youth employment in Pakistan are not youth specific, though some are, such as the high unemployment rate and insufficient returns to better educated youth.

The paper concludes that some of the youth employment challenges in Pakistan are also common in the overall labour market. Thus, interventions at this stage should focus more on improving the overall labour market performance rather than on narrowly targeting youth employment. Generating more employment opportunities, for both adults and youth, and creating a job portal that would allow employees and workers to share employment information should be priorities in Pakistan. At the same time, focusing on long term investment in human capital through formal and informal education and strategically strengthening the links between education and the labour market would greatly benefit youth in the long run.

Youth employment challenges

Youth specific challenges are: unemployment rate is much higher for better-educated youth, and the initial earnings of better-educated youth are not much different from those of less-educated youth (compared with wages for adults with similar education levels). Thus, youth-specific interventions should be implemented to generate more (well-paying) job opportunities for better-educated youth, to smooth the transition from school to the labour force, and to help youth realize their investment in education. These interventions would have long-term benefits to economic growth by leading to higher household

incomes and influencing households to invest in youth education.

Pakistan: The Next Generation, November 2009, British Council, a report which debates on how the country can transform itself to harness the potential of its young people. There are a number of challenges facing the economy; uncertain security environment, inflation, acute power shortages, lower inflows, deteriorating law & order, public finances remain under strain and power outages and gas loadshedding is having a crippling effect on the industry. Water is an even greater problem. The World Bank warns that Pakistan will face outright water scarcity over the coming years.

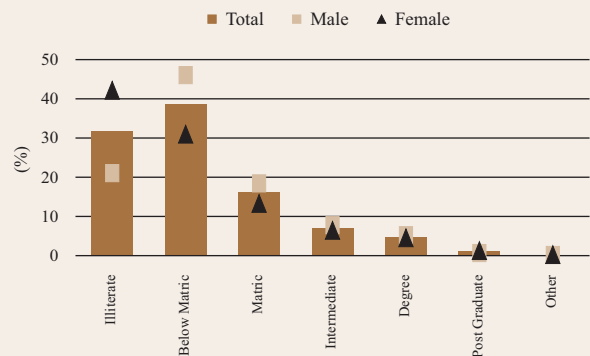
Growing population

The country is coping with rapid population growth. Pakistan's population is expected to exceed 260 million by 2030 and 335 million by 2050. More young people will enter the labour force, creating opportunities only if the country pursues right policies. The young people have to be provided with the right kind of education, better health, jobs. The Report says that education on its own, does not necessarily help. Indeed, countries that expand their higher education systems may find themselves at greater risk of unrest if their graduates are unable to find work.

Educational performance is low. Less than 40 percent of young people are enrolled in school, compared to South Asian average of 58 percent. UNESCO has forecast that by 2015, 3.7 million Pakistani children will be out of school, with enrolment rates among girls much lower than those among boys. Even children in schools are not getting any quality education. Studies have found a serious lack of facilities in schools, including textbooks, desks and blackboards. This has frightening implications in an environment where growth industries demand steadily increasing skills.

Stephen P. Cohen one of the authors of *The Future of Pakistan*, states, Educating the youth bulge is a popular idea, but there has been no

Youth (15-29 Years) Education Profile, 2008

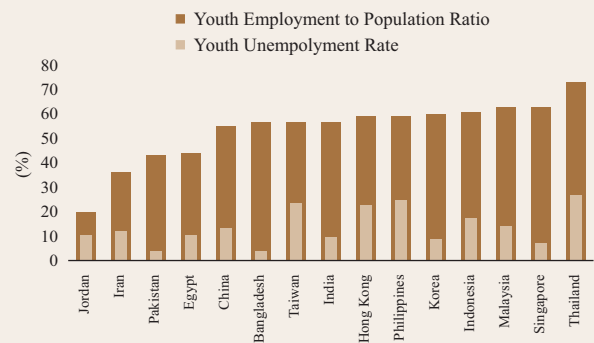


Source: Planning Commission, GoP

effective state action, either at the national or provincial level; instead, young people get whatever education they can. The likely results, as shown in survey after survey, are shocking: the youth bulge will turn into a bulge of the middle-aged and discontented, ill-equipped for the modern world.

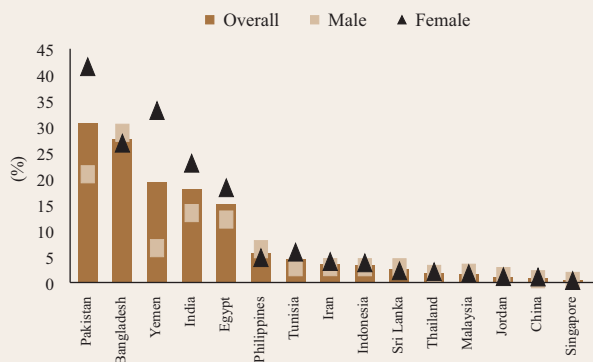
The Planning Commission Report, *Pakistan: Framework for Economic Growth, April 2011* shows that more than one-third of youths live in urban areas and their share is expected to reach 50 percent by 2030. Compared with other growing economies of the region, Pakistan has a larger proportion (32 percent) of uneducated youth mostly with no vocational and life skills, who end up in elementary occupations or remain either unemployed or inactive. Among this group, females account for the larger share.

Youth Employment in Selected Countries, 2007/08



Source: Planning Commission, GoP

Youth Illiteracy in Selected Countries, 2007/08



Source: Planning Commission, GoP

Youth Illiteracy

The illiteracy level among Pakistan's youth at around 30 percent is the highest in the region. The disparities among enrolment and literacy rates of boys and girls are immense at all levels of education. Hardly 16.3 percent of the youth cohort completes secondary education, with the result that more than three-quarters exit the educational system without any foundational or life skills. Moreover, less than 6 percent of the youth population has been reported to have acquired any technical skills through Technical and Vocational Education and Training (TVET) while only 2.5 percent have reported On-Job-Trainings. Besides, skill sets taught to young boys and girls vary drastically and reinforce the concept of the traditional labor intensive home based work for women. Hence, the majority of Pakistan's emerging labour force is either without education and skills or has very little of both. It is therefore not surprising that even though the reported overall unemployment rate was 5.5 percent in 2008-09, the age-specific unemployment rate for the youth cohort in the age range 15 to 24 years stood at 9.5 percent.

The factors that account for this state of affairs emanate from both the supply and demand sides. On the supply side, for the most part the curriculum does not prepare youths for the job market – there is a mismatch between the skills with which he or she graduates and those demanded by the market. There are also hardly any internship opportunities. On the

demand side, there is the slow growth of the economy. Above all, public policies in the past paid insufficient attention to creating employment for the youth age groups, which remain particularly vulnerable. Hence, it is extremely important to create entrepreneurship opportunities for the next generation.

Female youths are particularly at a disadvantage. Traditional culture also limits the role of females in job markets and restricts their employment to specific occupations in education and health. Recently, an increased trend of hiring young women in marketing and front desk positions has created new occupational choices, but with low salaries.

Policies related to enhancing investment in education for youth and improving skills of working age population would be beneficial. Failure to bring the growing number of children in schools and make them ready for productive employment would be an opportunity lost of reaping the benefits of demographic dividend. Youth have to be provided an opportunity to acquire skills that could get them a job or be self employed. The skill for gainful employment to the youth could be provided through technical education and vocational training.

Shortage of skilled manpower

There is shortage of skilled manpower in the country, because of the mismatch between education and job market requirements. Majority of the young people give preference to general education over technical education. As jobs become more sophisticated they require specialized skills and because of the lack of properly trained skill workers, there are large numbers of unemployed youth in the country.

Thus, there is a need that vocational training be introduced at school, so the large numbers who leave school at early stages could be made employable. By learning employable skills these youth would be able to find some kind of job, whereby they would start earning and have a better life.

Besides investing in human capital which would develop an educated and skilled labour force, opportunities should also exist for the youth to find appropriate jobs. Generally the trend is that young people coming out of colleges or universities look for a job instead of exploring entrepreneurial career opportunities. The need is for creating an enabling environment where young entrepreneurs who have ideas and business plans but no funds are encouraged and provided support to implement their business plans.

Small & medium enterprises play an important role in employment generation in the economy with low investment level. In Pakistan nearly 99 percent of economic establishments are SMEs; absorbing 80 percent of unskilled labour. These SMEs are supporting economic growth by contributing 40 percent to GDP and 30 percent to the exports from the manufacturing sector. Various initiatives have been taken by the government to promote SME led growth with the aim to accelerate industrial development. The factors that impede development of the SME sector in Pakistan must be looked into and necessary measures taken.

It is now gaining recognition worldwide that in future, the economies will become increasingly reliant upon SMEs to be the nation's engine of growth and the government, business and education have started working in tandem to give impetus to the growth of SMEs. *Generating jobs in developing countries: A big role for small firms* Asli Demirguc Kunt has analysed the contribution of SMEs and young firms to total and job creation across 99 developing economies. The paper found that small and medium enterprises are the biggest contributors to employment across countries. But SMEs contribute more to employment in low income countries than higher income countries. Not only do these

firms employ the largest number of people, they also generate the most new jobs. The challenge for policy makers is not only to create more jobs, but also to create better quality jobs to promote growth.

With the agricultural sector contributing 21 percent to GDP, its overall impact on the national economy is substantial. When this sector grows it generates income and employment opportunities for the non-farming communities residing in rural areas as well as in urban industry and commerce. The small farmer who cannot bear the expenses of adopting new technologies or buying implements or the landless workers, rural artisans, women who are even less protected, need support. Policies have to be devised for the non-farming communities so that employment opportunities are available for them near their place of residence. This would also help check migration to the cities in search of jobs which are scarce because of absence of appropriate skills.

A good investment climate provides opportunities and incentives for firms to invest productively, create jobs and expand. Studies show that access to finance, its cost and cumbersome loan procedures are significant obstacles for firms to invest, create jobs and expand. Poor infrastructure also ranks as a serious constraint for businesses in villages and small towns. Access to electricity, road network and availability of transport are among the main infrastructure constraints identified. These bottlenecks pose a major challenge to village entrepreneurs and small town entrepreneurs. If only appropriate policies/strategies are in place and being implemented can a meaningful change be brought about, which fulfills the needs of the non-farm rural sector. Non-farm activities and incomes would be strengthened, small scale industries be promoted, thus helping poor non-farm households to find livelihood.

Employment opportunities

Non-farm employment

SMEs

National Saving Schemes versus Bank Deposits

Low savings

Pakistan is characterized by a low savings rate, which compares unfavourably with its neighbours. The savings rate has not shown any improvement over the years, infact it has witnessed a declining trend which is a cause of serious concern. A number of factors have led to this decline; the economy has suffered from periods of high inflation, which reduced the real rate of return on savings, high budgetary deficit, consumption oriented behaviour of households and limited savings options available to individuals for long term investment etc. National savings rate has fallen from 18.2 percent in 2005-06 to 13.2 percent in 2009-10 and further to 10.7 percent in 2011-12. Domestic savings also fell in the corresponding period from 16.3 percent to 9.3 percent and further to 8.9 percent. Net foreign resource inflows are financing the saving investment gap. Increasing domestic savings would help meet the desired level of investment needed in the economy to sustain growth and enhance employment generation.

Financial institutions comprising of the scheduled banks, development finance institutions, some of the non-bank financial institutions and the Central Directorate of National Savings (CDNS), mobilize savings from the economy. While the former institutions channelize the deposits for lending activities, CDNS generates the requisite funds for the government to finance the budgetary deficit. CDNS offers various savings instruments having different maturity profiles, interest rates, investment period suited to meet the needs of various investors.

Salient Features of Selected NSS Instruments

Defence Savings Certificate

| | |
|---------------------|---------------------------------|
| Introduced: | 1966 |
| Maturity: | 10 years |
| Minimum Investment: | Rs500/- |
| Maximum Investment: | No limit |
| Profit Payable: | On maturity for completed years |

| | |
|------------------|---|
| Profit Rate: | 11.50% per annum (w.e.f. 27 August, 2012) |
| Withholding Tax: | Upto Rs150,000 is exempted from WHT, if the amount exceed Rs150,000 WHT is deducted at source @10%. |

Special Savings Certificate

| | |
|---------------------|---|
| Introduced: | 1990 |
| Maturity: | 3 years |
| Minimum Investment: | Rs500/- |
| Maximum Investment: | No limit |
| Profit Payable: | Profit is paid on the completion of each period of six months. |
| Profit Rate: | 10.70% per annum for the first two and half year 11.30 % for the remaining six months. (w.e.f. 27 August, 2012) |
| Withholding Tax: | Upto Rs150,000 is exempted from WHT, if the amount exceed Rs150,000 WHT is deducted at source @10%. |

Regular Income Certificate

| | |
|---------------------|---|
| Introduced: | 1993 |
| Maturity: | 5 years |
| Minimum Investment: | Rs50,000/- |
| Maximum Investment: | No limit |
| Profit Payable: | Profit is paid on monthly basis reckoned from the date of issue of certificates |
| Profit Rate: | 11.04% per annum (w.e.f. 27 August, 2012) |
| Withholding Tax: | 10 % WHT is deducted at source on profit earned. |

Bahhood Savings Certificate

| | |
|---------------------|---------------|
| Introduced: | 2003 |
| Maturity: | 10 years |
| Minimum Investment: | Rs5000/- |
| Maximum Investment: | Rs3,000,000/- |

Profit Payable: Profit is paid on monthly basis reckoned from the date of issue of certificates

Profit Rate: 13.50% per annum (w.e.f. 27 August, 2012)

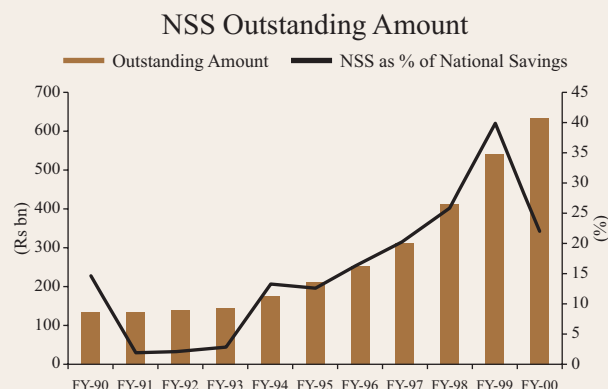
Withholding Tax: No WHT or Zakat is deducted from this scheme.

CDNS offers various schemes

The Central Directorate of National Savings offers a number of financial instruments; Defence Saving Certificates, Special Saving Certificates, Regular Income Certificates, Bahbood Saving Certificates. The later three account for 78 percent of investments in NSS, and particularly Bahbood Savings Certificate is the most attractive scheme. CDNS also offers various types of accounts, Saving Account, Special Account, Pensioners Benefit Account. Their share in outstanding NSS stock is around 18-19 percent.

The outstanding amount in NSS has shown a steady rise over the years. By end June 2000 it stood at Rs633.8 billion, compared with Rs131.9 billion in 1990. The total outstanding amount in NSS has risen to Rs1821 billion by end December 2011 over Rs1004 billion in 2007. The highly attractive rates of return on these schemes has made them a popular avenue of investment.

The substantial rise in NSS receipts was a result of increased rate of profit. The profit rates on various national saving schemes were high during the 1990s. The real interest rates on Defence Saving Certificates (DSC) ranged from 3 percent to 11.4 percent, while on SSC it ranged between 2 percent to 9 percent. Weighted average deposit rates meanwhile



were negative for the period FY91-FY98, and thereafter showed a marginal increase. The higher profit rates on NSS alongwith lower deposit rates in the banking sector played a role in diversifying funds to these lucrative schemes.

CDNS offers higher rates

Central Directorate of National Savings invariably offers higher rates of returns on various NSS schemes as compared to the weighted average rates on bank deposits. In recent months the rates of return on NSS have however, been lowered. On Bahbood Saving Certificates the return has declined from 16.8 percent in December 2008 to 15.36 percent in January 2011, and further to 13.5 percent on August 27, 2012. On Special Saving Certificates the rates have been lowered from 14 percent in October 2010 to 11.3 percent on August 27, 2012, while on Defence Saving Certificates the rate of return has declined from 12.6 percent to 11.5 percent in the same period. Although the profit rates on NSS instruments have been revised they continue to attract investors, as these rates are still slightly higher compared to those offered by other financial institutions.

National Saving Schemes — Outstanding Amount

| Selected Schemes | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Defence Saving Certificates | 312.2 | 303.5 | 296.0 | 289.0 | 284.6 | 257.2 | 224.7 | 234.5 |
| Special Saving Certificates (Registered) | 281.0 | 197.6 | 140.0 | 146.5 | 160.3 | 288.8 | 350.6 | 394.6 |
| Regular Income Certificates | 125.9 | 85.2 | 69.7 | 51.3 | 51.0 | 91.1 | 135.6 | 182.6 |
| Bahbood Saving Certificates | 22.7 | 83.3 | 143.0 | 190.2 | 229.0 | 307.5 | 366.8 | 428.5 |
| Prize Bonds | 152.8 | 164.1 | 165.5 | 174.5 | 182.8 | 197.4 | 236.0 | 277.1 |
| Total | 984.4 | 940.0 | 935.6 | 1004.1 | 1093.5 | 1360.7 | 1586.5 | 1821.4 |

Source: Monthly Statistical Bulletin, July 2012, SBP

National saving schemes have posed a major challenge for the banking industry in competing for funds. However, over the years, the share of NSS stock as percent of total deposits in the system (NSS stock plus bank deposits) has been declining, reaching 25.6 percent in FY10 from its peak of 38.6 percent in FY00. Substitution between bank deposits and NSS instruments is not only because of better returns offered, but also because of the early encashment facility which can be utilized without incurring any penalty. This encourages the investors to divert their funds from banks to NSS in a rising interest rate environment, states the Financial Stability Review, SBP, 2009-10.

Trends in NSS and Bank Deposits

(Rs Bn)

| | NSS | | Bank Deposits | |
|-------|--------|----------|---------------|----------|
| | Stock* | % of GDP | Stock | % of GDP |
| FY-00 | 652 | 17.0 | 1037 | 27.1 |
| FY-01 | 694 | 16.5 | 1139 | 27.1 |
| FY-02 | 792 | 17.8 | 1314 | 29.5 |
| FY-03 | 909 | 18.7 | 1581 | 32.4 |
| FY-04 | 899 | 15.9 | 1906 | 33.8 |
| FY-05 | 854 | 13.1 | 2291 | 35.3 |
| FY-06 | 882 | 11.6 | 2662 | 34.9 |
| FY-07 | 940 | 10.8 | 3218 | 37.1 |
| FY-08 | 1020 | 10.0 | 3703 | 36.1 |
| FY-09 | 1271 | 10.0 | 3980 | 31.2 |
| FY-10 | 1456 | 9.9 | 4475 | 30.5 |

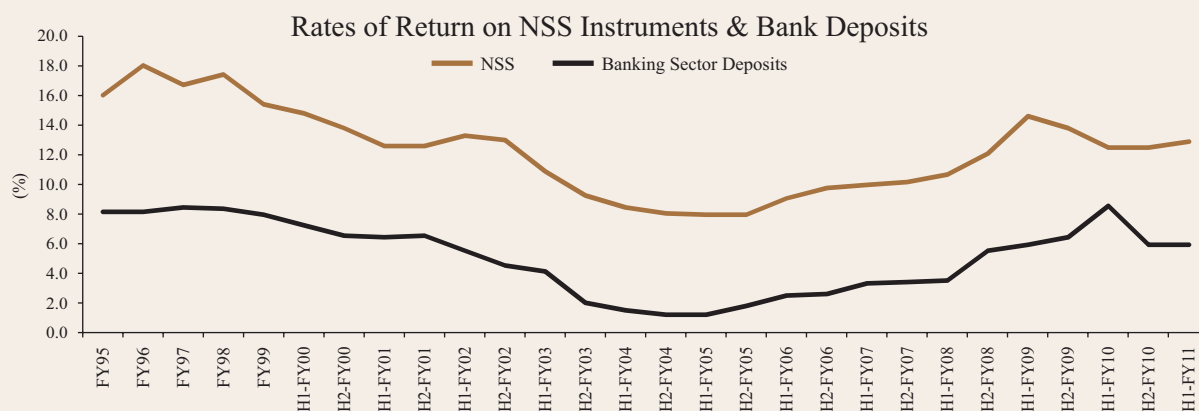
* excluding prize bond Source: Financial Stability Review, SBP 2009-10

In later years, the differential between NSS instruments and bank deposits narrowed though still substantial, saw some decline in net flows to NSS, which was mainly due to banning institutional investment in NSS, suspension of DSCs and SSCs sales through banks and disallowing banks to lend against NSS instruments. This led to some diversion of institutional deposits towards banks. In October 2006, the ban on institutional investment was lifted, which saw some institutional funds flowing back towards NSS.

By the end of 2008, the interest rate differential between the two had widened significantly, due to an upward revision in the NSS rates, as a result net flows into NSS instruments rose. The government introduced the National Saving Bonds early January 2010 in maturities of 3, 5 and 10 years, having rates of 12.5 percent, 12.55 percent and 12.6 percent respectively. Profit payments are bi-monthly and redemption before maturity is not allowed.

The graph below show that CDNS offers higher rates of returns on various NSS schemes as compared to the weighted average rates on bank deposits.

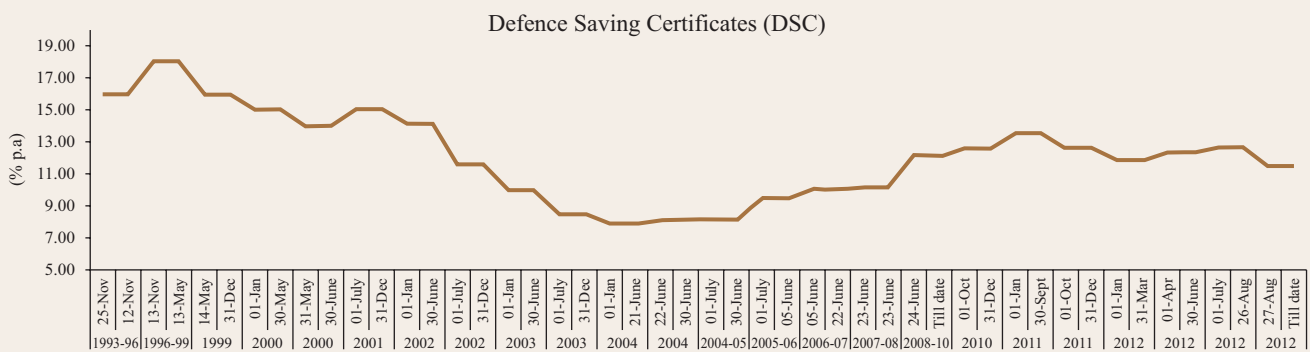
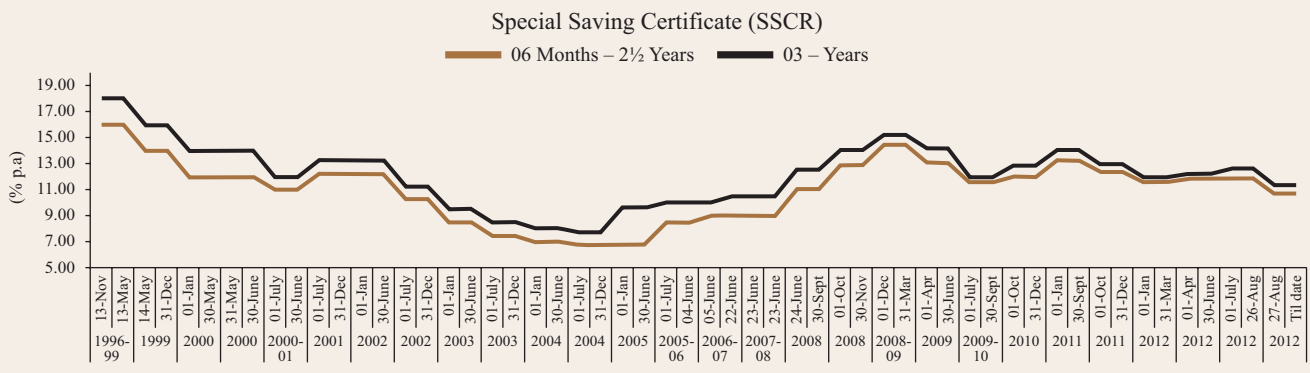
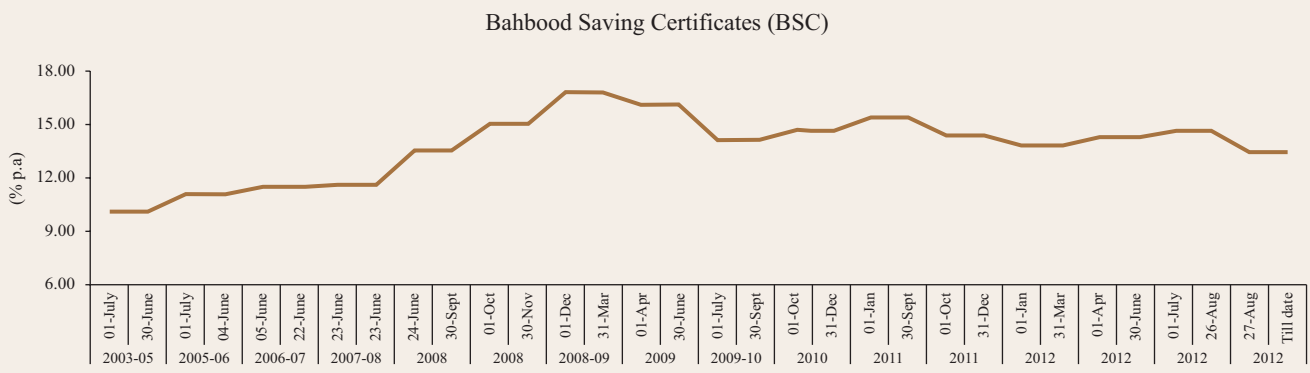
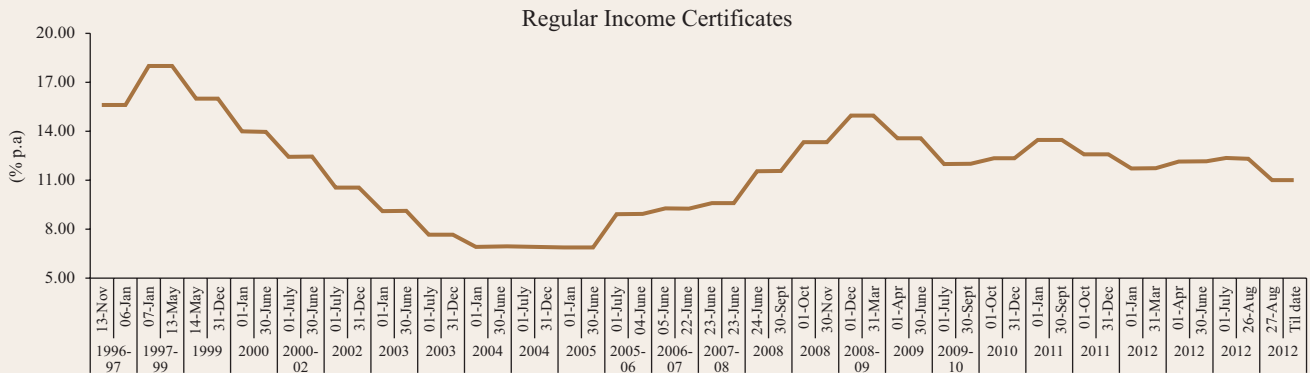
In recent years return on fixed deposits has increased. The State Bank of Pakistan



The commercial banks operating in Pakistan also suffer various saving schemes to mobilize deposits from the public. These schemes offer various options to the investors in the form of tenure, profit rates, and profit payment and different investment levels.

introduced a minimum rate of return of 5.0 percent per annum on all categories of savings/PLS savings deposits with effect from June 1, 2008, later it was increased to 6.0 percent w.e.f. May 1, 2012. This has had a positive impact on bank deposits.

Selected NSS Instruments - Profit Rates



Saving & Fixed Deposits

(Rs. Bn)

| Period | Saving Deposits | FIXED – DEPOSITS | | | | | | | Total Fixed Deposits | Weighted Interest Rates |
|------------------|-----------------|--------------------|--|---|--|--|--|--------------------|----------------------|-------------------------|
| | | Less than 6 months | For 6 months & over but less than 1 year | For 1 year & over but less than 2 years | For 2 years & over but less than 3 years | For 3 years & over but less than 4 years | For 4 years & over but less than 5 years | For 5 years & over | | |
| 2004 | <i>(0.93)</i> | <i>(1.93)</i> | <i>(2.63)</i> | <i>(2.73)</i> | <i>(2.87)</i> | <i>(3.24)</i> | <i>(3.06)</i> | <i>(3.57)</i> | | |
| No. of A/c (000) | 20327 | 150 | 33 | 57 | 28 | 50 | 17 | 191 | 526 | ^a (1.32) |
| Amount | 1191 | 158 | 51 | 52 | 12 | 25 | 3 | 64 | 365 | ^b (0.95) |
| 2005 | <i>(1.66)</i> | <i>(3.27)</i> | <i>(4.78)</i> | <i>(5.75)</i> | <i>(5.27)</i> | <i>(5.51)</i> | <i>(6.19)</i> | <i>(4.96)</i> | | |
| No. of A/c (000) | 18517 | 193 | 69 | 80 | 33 | 47 | 13 | 164 | 599 | ^a (2.57) |
| Amount | 1203 | 358 | 103 | 98 | 12 | 19 | 5 | 65 | 660 | ^b (1.86) |
| 2006 | <i>(1.92)</i> | <i>(5.56)</i> | <i>(5.88)</i> | <i>(5.95)</i> | <i>(5.67)</i> | <i>(7.14)</i> | <i>(7.08)</i> | <i>(6.01)</i> | | |
| No. of A/c (000) | 17845 | 230 | 89 | 110 | 29 | 108 | 11 | 138 | 716 | ^a (3.42) |
| Amount | 1241 | 417 | 141 | 161 | 20 | 44 | 5 | 109 | 897 | ^b (2.53) |
| 2007 | <i>(2.07)</i> | <i>(5.14)</i> | <i>(5.87)</i> | <i>(6.85)</i> | <i>(6.55)</i> | <i>(6.70)</i> | <i>(7.11)</i> | <i>(7.16)</i> | | |
| No. of A/c (000) | 15262 | 213 | 63 | 311 | 42 | 70 | 17 | 191 | 907 | ^a (3.61) |
| Amount | 1485 | 500 | 178 | 233 | 23 | 50 | 8 | 91 | 1083 | ^b (2.66) |
| 2008 | <i>(4.99)</i> | <i>(6.76)</i> | <i>(7.64)</i> | <i>(8.38)</i> | <i>(8.41)</i> | <i>(8.53)</i> | <i>(8.51)</i> | <i>(9.05)</i> | | |
| No. of A/c (000) | 14508 | 632 | 134 | 252 | 46 | 103 | 21 | 208 | 1396 | ^a (6.02) |
| Amount | 1408 | 597 | 213 | 305 | 25 | 58 | 7 | 102 | 1308 | ^b (4.38) |
| 2009 | <i>(4.95)</i> | <i>(6.57)</i> | <i>(7.05)</i> | <i>(8.18)</i> | <i>(8.49)</i> | <i>(9.12)</i> | <i>(7.92)</i> | <i>(8.92)</i> | | |
| No. of A/c (000) | 14504 | 318 | 88 | 220 | 44 | 81 | 18 | 203 | 972 | ^a (5.88) |
| Amount | 1670 | 652 | 163 | 440 | 27 | 55 | 9 | 113 | 1459 | ^b (4.29) |
| 2010 | <i>(5.02)</i> | <i>(7.28)</i> | <i>(7.41)</i> | <i>(8.28)</i> | <i>(8.35)</i> | <i>(10.35)</i> | <i>(9.46)</i> | <i>(8.89)</i> | | |
| No. of A/c (000) | 15183 | 379 | 117 | 319 | 95 | 102 | 16 | 299 | 1327 | ^a (6.07) |
| Amount | 1955 | 709 | 148 | 515 | 23 | 57 | 6 | 140 | 1598 | ^b (4.39) |
| 2011 | <i>(5.14)</i> | <i>(6.72)</i> | <i>(7.83)</i> | <i>(8.82)</i> | <i>(8.28)</i> | <i>(11.17)</i> | <i>(8.62)</i> | <i>(9.93)</i> | | |
| No. of A/c (000) | 15703 | 649 | 144 | 373 | 48 | 134 | 24 | 282 | 1654 | ^a (6.29) |
| Amount | 2186 | 695 | 227 | 662 | 23 | 66 | 6 | 151 | 1831 | ^b (4.51) |

Figures in brackets/italics are weighted average rates of return on deposits, PLS and Interest bearing.

^a Excluding current & other deposits.

^b Including current & other deposits.

Source: Monthly Statistical Bulletin, July 2012, State Bank of Pakistan

Saving Schemes of Selected Banks

| Banks | Savings / Deposit Schemes | Investment (Rs) | | Tenure | Profit Rates (p.a) % | | Profit Payment | Remarks |
|-----------------------------|---|-----------------|----------------|--------------------------|----------------------|-------------|----------------|--|
| | | Minimum | Maximum | | Minimum | Maximum | | |
| National Bank of Pakistan | 1. PLS Rupee Savings | 1000 | no limit | no fixed tenure | 6.00 | 6.00 | half yearly | Minimum balance Rs5000. Service charges on balance less than Rs5000. Monthly Income Scheme Pre mature encashment allowed. Condition apply Profit calculated monthly. Lower rates on pre-mature encashment. |
| | 2. Term Deposit Account | 100,000 | no limit | 3 mths to 5 yrs. & above | 6.20 | 8.00 | half yearly | |
| | 3. NBP Premium Aamdani Certificate | 20,000 | 10 mn | 1 to 5 yrs | 8.70 | 9.00 | monthly | |
| | 4. Plus Term Deposit Certificate | 0.499 mn | above 5000 mn | 1 yr to 10 yrs | 10.30 | 11.00 | maturity | |
| | 5. NBP Premium Saver | 20,001 | 1 mn | no fixed tenure | - | upto 8.50 | half yearly | |
| | 6. National Income Daily Account (NIDA) | 2 mn & above | - | - | - | 6.00 | - | |
| Habib Bank Ltd. | 1. HBL Value Account | 10,000 | 0.1 mn | - | 8.00 | 8.00 | quarterly | Profit based on minimum monthly balance Profit paid every month Unlimited transactions Profit calculated on daily basis Profit calculated on daily basis Multiple options for tenure and Profit payout Account for Institutions |
| | 2. Remittances Mumafa Plus | 20,000 | no limit | - | 5.12 | 5.12 | monthly | |
| | 3. PLS Savings Account | 20,000 | no limit | - | upto 5.06 | upto 5.06 | monthly | |
| | 4. PLS Daily Mumafa | 20,000 | no limit | - | upto 8.30 | upto 8.30 | monthly | |
| | 5. Daily Progressive Account | 20,000 | - | - | upto 9.92 | upto 9.92 | monthly | |
| | 6. HBL Advantage Account | 25,000 | - | - | 10.25 | 11.00 | - | |
| | 7. Investment Plus Deposit | 20 mn | - | - | - | - | at maturity | |
| United Bank Ltd. | 1. UBL Uniflex | 10,000 | 10 mn | no limit | 6.00 | 9.00 | monthly | Profit based on average balance during the month Profit calculated on monthly average balance Profit based on average balance during the month Profit calculated on floating rate based on money market Profit calculated on floating rate based on money market Profit calculated on floating rate based on money market Earn higher income on surplus cash. Varying profit rates for various tenures |
| | 2. UBL UniSaver | upto 25mn | above 500 mn | no limit | 6.00 | 6.50 | half yearly | |
| | 3. UBL Rupee Uniflex Account | 10,000 | above 10 mn | no limit | 6.00 | 9.00 | monthly | |
| | 4. UBL UniSona & UBL UniSona Plus | - | - | no limit | 6.80 | 6.00 | monthly | |
| | 5. UBL Term Deposit Receipts | 10,000 | no limit | 1 mn to 10 yrs | 9.00 | 10.40 | monthly | |
| | 6. UBL Certificate of Deposits | - | - | 3 months to 10 yrs | 9.00 | 19.80 | at maturity | |
| MCB Bank | 1. Smart Saving Account | 0.2 mn | above 0.2 mn | 6 | 7.00 | 7.00 | half yearly | Profit calculated on minimum monthly balance Profit calculated on monthly balance Saving A/c with Current A/c facility Profit calculated on daily basis Low average balance requirement Conditions apply |
| | 2. Saving Xira Account | Below 5 mn | 25 mn & above | 6.00 | 6.50 | half yearly | | |
| | 3. Saving Account | - | - | - | 6.00 | 6.00 | half yearly | |
| | 4. Saving 365 Gold | 0.5 mn | 500 mn & above | 6.00 | 8.25 | monthly | | |
| | 5. Kushahai Bachat Account | - | - | - | 6.00 | 6.00 | half yearly | |
| | 6. Term Deposits | 0.1 mn | 1 mn & above | 1 mn to 5 yrs | 6.00 | 8.65 | at maturity | |
| Allied Bank | 1. PLS Saving Account | 25,000 | - | - | 6.00 | 6.00 | half yearly | Get free Multiple banking services on maintaining average balance of Rs2.5mn Earn Profit in advance Pre mature encashment allowed You can double your investment in 7.5 years Competitive profit rates on fixed terms |
| | 2. Allied Ba Ikhtiyar | 25,000 | - | 1 year | 9.5 | 10.5 | monthly | |
| | 3. Monthly Profit Plus | 25,000 | - | 1 year | 10.00 | 10.00 | monthly | |
| | 4. Allied Buchat Scheme | 50,000 | - | 7.5 years | 7.0 | 13.30 | half yearly | |
| | 5. Rewarding Term Deposit Account | 25,000 | 100 mn & above | 1 mn to 6 mths | 8.50 | 10.50 | half yearly | |
| Bank Al Falah | 1. Royal Profit | 50,000 | 5 mn | - | 6.00 | 8.50 | monthly | Higher returns on higher balance For individuals/joint customers. Renewable on maturity For individuals/joint customers. Renewable on maturity No restriction on number of withdrawals and number of deposits. |
| | 2. Al Falah Kfiyat | 10,000 | Above 10 mn | 3 years | 6.00 | 6.00 | monthly | |
| | 3. Al Falah Mahana Aamdani | 0.1 mn | 15 mn | - | 6.00 | 6.00 | monthly | |
| | 4. PLS Saving Account | 100 | - | - | 6.00 | 6.00 | half yearly | |
| Standard Chartered Pakistan | 1. Supersave | 25,000 | - | - | 6.00 | 6.00 | half yearly | Profit calculated on monthly minimum balance Profit calculated on monthly minimum balance Profit calculated on minimum balance The rates are indicative and may change from time to time Choice of Profit payments |
| | 2. Basic Saver Account | 1 mn | Above 10 mn | - | 6.00 | 6.25 | half yearly | |
| | 3. Mahana Izafa | 50,000 | 1.5 mn & above | 7 days to 3 yrs | 6.00 | 7.00 | monthly | |
| | 4. Bonus Saver | 50,000 | - | - | 6.07 | 9.00 | monthly | |
| | 5. Rupee Term Deposits | - | - | - | - | - | on choice | |
| Askari Bank | 1. Value Plus Saving Deposits | 25,000 | no limit | 6.00 | 7.00 | 7.00 | monthly | Profit calculated on maximum monthly balance Finance facility up to 80% of Principal amount Transferable to third party For individual customer |
| | 2. Askari Paishgi Mumafa Account | 0.1 mn | no limit | 15 months | 8.80 | 8.80 | in advance | |
| | 3. Askari Investment Certificate | 50,000 | 10 mn | 3 months | 6.00 | 6.25 | monthly | |
| | 4. Askari Mahana Bachat Account | 50,000 | 10 mn | 1 yr to 3 yrs | 9.10 | 10.00 | monthly | |
| Bank Al Habib | 1. Monthly Saver Account | 0.999 mn | 0.1 mn & above | no fixed tenure | 6.00 | 8.00 | monthly | No minimum or maximum limit on investments and tenure Profit will be paid on minimum monthly balance Automatic roll-over on maturity at prevailing rate 90% financing facility will be available 90% financing facility will be available Account for young savers up to 18 years |
| | 2. Habib Senior Citizen Account | no limit | - | - | 9.00 | 9.00 | monthly | |
| | 3. Special Saver Certificate | 25,000 | - | 3 years | 10.00 | 10.00 | half yearly | |
| | 4. Al Habib Mahana Mumafa Account | 25,000 | - | 1 yr to 5 yrs | 9.00 | 9.50 | monthly | |
| | 5. Al Habib Salana Mumafa Account | 25,000 | - | no fixed tenure | 9.50 | 9.50 | yearly | |
| | 6. Young Saver Account | 0.5 mn | Above 5 mn | no fixed tenure | 10.00 | 6.00 | half yearly | |

Saving Schemes of Selected Banks

| Banks | Savings / Deposit Schemes | Investment (Rs) | | Tenure | Profit Rates (p.a) % | | Profit Payment | Remarks |
|-------------------------|--|-----------------|----------------|-------------------|----------------------|---------|----------------|---|
| | | Minimum | Maximum | | Minimum | Maximum | | |
| Habib Metropolitan Bank | 1. PLS Saving Account | 1,000 | | 1 month to 5 yrs | 6.00 | 6.00 | half yearly | For individuals Principal amount automatically renewed at maturity Profit will be paid on half yearly basis Scheme is open for any investors / account holders Profit accrued on daily product basis Investment doubles in six years Varying rate for various slabs. Lower rates above Rs.1 mn |
| | 2. HMB Term Deposits | 10,000 | | 1 yr to 5 yrs | 6.00 | 10.25 | half yearly | |
| | 3. HabibMetro Premium Scheme | 0.1 mn | Above 0.1 mn | 1 yr to 5 yrs | 9.75 | 10.00 | half yearly | |
| | 4. HMB Mahana Scheme | 25,000 | 1 mn | 1 yr to 5 yrs | 9.00 | 9.30 | monthly | |
| | 5. HMB Multiplier Account | 1 mn | Above 1 mn | 6 years | 6.00 | 7.00 | monthly | |
| | 6. HMB Izafa Certificate | 10,000 | 2.5 mn | | 6.00 | 14.29 | at maturity | |
| | 7. HabibMetro Privileges 55plus Saving Deposit | 25,000 | Upto 20 mn | | 6.00 | 9.00 | quarterly | |
| Faysal Bank | 1. Faysal Savings | 10,000 | | no fixed tenure | 6.00 | 6.00 | half yearly | Profit calculated on minimum monthly balance Profit is calculated on daily balance No limit on number of transactions Maximum profit will not go beyond 15% Profit is calculated on monthly balance Term deposit account varying rates on different slabs and tenure |
| | 2. Faysal Premium | 0.1 mn | 0.5 mn | no fixed tenure | 6.00 | 6.00 | monthly | |
| | 3. Faysal Moavin | 50,000 | 5 mn & above | no fixed tenure | 6.00 | 8.00 | monthly | |
| | 4. Faysal Market Link | 0.5 mn | 15 mn | no fixed tenure | 6.00 | 15.00 | monthly | |
| | 5. Faysal Anchor Saving Account | 20,000 | no limit | no fixed tenure | 6.00 | 6.00 | monthly | |
| | 6. Faysal Izafa Term Deposit | 25,000 | above 5 mn | 1 yr to 5 yrs | 10.00 | 10.40 | annually | |
| Soneri Bank | 1. PLS Savings Account | 5,000 | | no fixed tenure | 6.00 | 6.00 | half yearly | Profit calculated on minimum monthly balance basis Profit calculated on daily product basis Profit calculated six monthly on daily product basis (Pre mature encashment allowed) Financing facility upto 90% of deposit available |
| | 2. Soneri Saving Account | Upto 0.1 mn | above 500 mn | no fixed tenure | 6.00 | 9.00 | monthly | |
| | 3. Term Deposit Account | 25,000 | | 1 month to 3 yrs | 9.00 | 8.51 | at maturity | |
| | 4. Diamond Deposit Certificate | 25,000 | | 1 yr to 3 yrs | 9.10 | 8.75 | monthly | |
| Silk Bank | 1. PLS Saving Account | 50,000 | | no fixed tenure | 6.00 | 6.00 | half yearly | Profit calculated on monthly maximum balance Profit payment on maturity Higher profit with monthly payout Profit calculated on daily product basis Range of tenures based on your requirements |
| | 2. Salana Munafa | 0.1 mn | 50 mn & above | 1 year | 10.25 | 11.25 | at maturity | |
| | 3. Silk Mahana Munafa | 0.1 mn | 50 mn & above | 1 year | 10.00 | 11.00 | monthly | |
| | 4. Super Saver Account | 1.0 mn | 100 mn | | 6.00 | 8.50 | monthly | |
| | 5. Terms Deposits | 0.1 mn | 50 mn & above | 1 to 11 months | 9.50 | 10.50 | at maturity | |
| Meezan Bank | 1. Rupee Saving Account | 1 mn | 200 mn & above | no fixed tenure | 6.00 | 6.00 | monthly | Operates on Islamic Shariah rules For large corporates or GoP controlled entities. Profit rates vary for different slabs. Profit calculated on daily product basis. Profit paid on completion of 1 month. Pre-mature withdrawal option. Long term investment. Special attraction for widows and senior citizens with investment of 50,000 Meezan Bazaar A/c can be opened by salaried, self-employed, housewives and retired individuals Account is specially for Umrah & Hajj |
| | 2. Karobarī Munafa Account | 50,000 | | 3 months to 5 yrs | 6.95 | 11.53 | at maturity | |
| | 3. Certificate of Islamic Investment | 0.1 mn | | 5½ yrs and 7 yrs | 10.65 | 12.07 | monthly | |
| | 4. Meezan Amdan Certificate | 25,000 | 1 mn | | 6.00 | 7.82 | monthly | |
| | 5. Meezan Bucharat Account | 1,000 | | 6 months to 2 yrs | 6.00 | 8.50 | monthly | |
| | 6. Labbaik Saving Aasaan | 10,000 | Above 10,000 | | 6.00 | 7.25 | half yearly | |
| Bank of Punjab | 1. Gharayloo Saving Account | 1,000 | Above 0.4 mn | 1 month to 2 yrs | 6.00 | 7.50 | monthly | Profit calculated on minimum monthly balance If average deposit below Rs 10000 maintaining charges applicable For corporate clients only The bank reserves the right to revise/revise the profit rates Account for corporate clients |
| | 2. Zinda Munafa Saving Account | 50 mn | Above 5000 mn | 1 month to 2 yrs | 6.00 | 6.25 | monthly | |
| | 3. Corporate Premier Account | 0.1 mn | no limit | 1 month to 2 yrs | 7.00 | 10.60 | monthly | |
| | 4. Munafa Hi Munafa Term Account | 0.5 mn | no limit | 1 month to 5 yrs | 6.00 | 6.50 | at maturity | |
| | 5. Corporate Premier Term Account | 10,000 | Above 10,000 | | 6.00 | 7.25 | half yearly | |
| Bank of Khyber | 1. PLS Savings Account | 0.1 mn | | 3 months to 1 yr | 10.50 | 6.00 | half yearly | No minimum balance. Profit based on monthly product 90% financing facility will be available For senior citizen 11.25% and 2nd year 11.50% per annum For senior citizen 11.25% and 2nd year 11.50% per annum No pre mature termination prior to completion of one year. Condition apply. Deposit in multiples of Rs 1000 for 3 years tenure |
| | 2. Be-Baha Mahana Aamdani (BBMA) | 0.1 mn | | 2 years | 10.00 | 11.00 | monthly | |
| | 3. Maala Maal Munafa Scheme (MMMS) | 0.1 mn | | 1 yr to 5 yrs | 11.50 | 14.00 | at maturity | |
| | 4. Term Deposits | 0.1 mn | 1 mn | 5 years | 7.25 | 11.30 | half yearly | |
| | 5. Regular Aamdani | 0.1 mn | | 2 years | 10.60 | 11.50 | monthly | |
| | 6. Zabardast Aamdani | 0.1 mn | | | 6.00 | 6.00 | monthly | |
| Sindh Bank | 1. PLS Saving Account | 0.1 mn | above 0.5 mn | 7 days to 3 yr | 6.00 | 6.00 | half yearly | Profit calculated on daily product basis Conditions apply For women only Upto 18 years (account can be open through guardian) |
| | 2. Daily Product Saving Account | 25,000 | above 1 mn | | 6.25 | 10.25 | half yearly | |
| | 3. Term Deposit Regular | 10,000 | above 1 mn | | 6.50 | 8.50 | at maturity | |
| | 4. Women Empowerment Account | | above 1 mn | | 6.50 | 8.50 | monthly | |
| | 5. Young Talent Account | | above 1 mn | | 6.50 | 8.50 | monthly | |

Unit Value of Major Exports/Imports

| Export Commodities | Unit | 2008-09 | | | 2009-10 | | | 2010-11 | | | 2011-12 | | |
|-------------------------------------|---------|----------|---------------|------------|----------|---------------|------------|----------|---------------|------------|----------|---------------|------------|
| | | Quantity | Value (\$ Mn) | Unit Value | Quantity | Value (\$ Mn) | Unit Value | Quantity | Value (\$ Mn) | Unit Value | Quantity | Value (\$ Mn) | Unit Value |
| Rice | 000 MT | 2729 | 1983 | 727 | 4180 | 2183 | 522.5 | 3670 | 2160 | 589 | 3296 | 2061 | 626 |
| Fish & Fish Preparations | " | 127 | 234 | 1834 | 106 | 227 | 2140 | 134 | 296 | 2210 | 124 | 316 | 2534 |
| Fruits | " | 469 | 160 | 341 | 686 | 240 | 348.6 | 669 | 292 | 437 | 723 | 358 | 495 |
| Vegetables | " | 425 | 73 | 172 | 456 | 121 | 264.3 | 857 | 268 | 313 | 510 | 181 | 354 |
| Wheat | " | 143 | 39 | 276 | 3.5 | 0.735 | 209 | 1781 | 587 | 329 | 409 | 126 | 307 |
| Raw Cotton | " | 78 | 87 | 1116 | 160 | 196 | 1221 | 144 | 365 | 2528 | 257 | 462 | 1801 |
| Cotton Yarn | " | 524 | 1115 | 2128 | 625 | 1433 | 2291 | 536 | 2201 | 4106 | 572 | 1795 | 3137 |
| Cotton Cloth | Mn SQM | 1899 | 1955 | 1.03 | 1788 | 1800 | 1.0 | 2338 | 2623 | 1.12 | 1972 | 2455 | 1.24 |
| Knitwear | Mn.DoZ | 109 | 1741 | 16.02 | 109 | 1765 | 16.24 | 125 | 2305 | 18.4 | 98 | 1974 | 20.2 |
| Bed Wear | 000 MT | 326 | 1735 | 5319 | 324 | 1744 | 5383 | 308 | 2099 | 6788 | 249 | 1748 | 7024 |
| Towels | 000 MT | 172 | 643 | 3742 | 192 | 668 | 3472 | 174 | 762 | 4386 | 144 | 684 | 4754 |
| Readymade Garments | Mn.DoZ | 29 | 1230 | 43* | 28 | 1269 | 46* | 34 | 1774 | 51.63* | 25 | 1635 | 64.26* |
| Artificial Silk & Synthetic Textile | Mn SQM | 322 | 278 | 0.86 | 435 | 446 | 1.02 | 557 | 608 | 1.1 | 389 | 542 | 1.4 |
| Leather Tanned | Mn SQM | 20 | 300 | 15.3 | 24 | 342 | 14.07 | 28697 | 465 | 16.2 | 24596 | 445 | 18.1 |
| Petroleum top Naptha | 000 MT | 745 | 364 | 488 | 660 | 415 | 628.5 | 657 | 450 | 684 | 613 | 602 | 983 |
| Petroleum Products | 000 MT | 587 | 450 | 766 | 843 | 619 | 734 | 959 | 902 | 941 | 278 | 305 | 1099 |
| Leather Garments | 000 Doz | 883 | 393 | 444 | 885 | 343 | 387 | 998 | 404 | 405 | 834 | 342 | 410 |
| Plastic Materials | 000 MT | 176 | 212 | 1202 | 238 | 270 | 1133 | 294 | 406 | 1381 | 319 | 460 | 1439 |
| Cement | 000 MT | 9858 | 580 | 59 | 11 | 484 | 44.6 | 9300 | 457 | 49.2 | 8257 | 499 | 60.4 |

Source: Pakistan Bureau of Statistics

* Per dozen

Unit Value of Major Exports/Imports

| Import Commodities | Unit | 2008-09 | | | 2009-10 | | | 2010-11 | | | 2011-12 | | |
|----------------------------------|--------|----------|---------------|--------------------|----------|---------------|--------------------|----------|---------------|--------------------|----------|---------------|--------------------|
| | | Quantity | Value (\$ Mn) | Unit Value (\$/MT) | Quantity | Value (\$ Mn) | Unit Value (\$/MT) | Quantity | Value (\$ Mn) | Unit Value (\$/MT) | Quantity | Value (\$ Mn) | Unit Value (\$/MT) |
| Milk, Cream & Milk Food | 000 MT | 31 | 72 | 2306 | 43 | 89 | 2068 | 71 | 166 | 2331 | 60 | 161 | 2707 |
| Tea | " | 97 | 223 | 2295 | 94 | 271 | 2867 | 119 | 334 | 2815 | 124 | 351 | 2831 |
| Pulses | " | 380 | 236 | 623 | 445 | 262 | 589 | 637 | 403 | 632 | 667 | 433 | 650 |
| Soyabean Oil | " | 92 | 88 | 956 | 27 | 28 | 1029 | 66 | 67 | 1008 | 40 | 51 | 1301 |
| Palm Oil | " | 1774 | 1391 | 784 | 1702 | 1310 | 770 | 1951 | 2021 | 1036 | 2109 | 2375 | 1126 |
| Sugar | " | 126 | 56 | 447 | 502 | 295 | 588 | 1032 | 685 | 663 | 20 | 16 | 784 |
| Petroleum Products | " | 10546 | 5514 | 523 | 13150 | 6857 | 521 | 11202 | 7277 | 650 | 13229 | 10287 | 778 |
| Petroleum Crude | " | 7903 | 3994 | 505 | 6342 | 3172 | 500 | 7504 | 4808 | 641 | 5971 | 4960 | 831 |
| Raw Cotton | " | 397 | 640 | 1610 | 343 | 605 | 1764 | 345 | 980 | 2843 | 172 | 490 | 2843 |
| Synthetic Fibre | " | 159 | 307 | 1936 | 202 | 377 | 1863 | 252 | 547 | 2169 | 224 | 511 | 2280 |
| Synthetic & Artificial Silk Yarn | " | 128 | 293 | 2288 | 170 | 373 | 2191 | 207 | 543 | 2618 | 217 | 595 | 2738 |
| Medicinal Products | " | 263 | 97.8 | 372 | 20 | 717 | 367 | 22 | 689 | 31254 | 22 | 697 | 31038 |
| Fertilizer Manufactured | " | 1199 | 548 | 457 | 2556 | 951 | 372 | 1210 | 538 | 444 | 2451 | 1186 | 484 |
| Insecticides | " | 29 | 1.14 | 3971 | 38 | 161 | 4208 | 36 | 154 | 4262 | 32 | 137 | 4320 |
| Plastic Materials | " | 597 | 1140 | 1910 | 769 | 1219 | 1584 | 933 | 1511 | 1620 | 913 | 1529 | 1674 |
| Iron & Steel Scrap | " | 2255 | 688 | 305 | 1782 | 510 | 286 | 1586 | 518 | 326 | 1568 | 538 | 343 |
| Iron & Steel | " | 2166 | 1405 | 649 | 2104 | 1296 | 616 | 1624 | 1204 | 742 | 1756 | 1396 | 795 |
| Rubber Crude | " | 68 | 139.4 | 2055 | 75 | 147 | 1951 | 79 | 201 | 2537 | 78 | 189 | 2411 |
| Paper & Paper Board | " | 367 | 317 | 864 | 365 | 274 | 752 | 441 | 409 | 928 | 436 | 400 | 915 |
| Rubber Tyers & Tubes | Mn.No | 4 | 109 | 27 | 3692 | 135 | 37 | 5359 | 201 | 38 | 6090 | 230 | 38 |

Source: Pakistan Bureau of Statistics

Market Analysis

Market Review – July-August 2012

July

The market was mainly bullish during July 2012 due to foreign buying activity and re-opening of the NATO supply route. The KSE-100 Index gained 775 points or 5.62% during July 2012 to close at 14,577 while the KSE-30 Index increased by 360 points or 2.94% to 12,607. The average daily turnover during July 2012 was 90.14m shares compared to 81.31m shares during June. The net inflow of foreign funds according to NCCPL figures during the month under review was US\$31.15m while the calendar year-to-date net inflow was US\$0.61m.

The market began the first week of the new fiscal year (FY13) with a bang as the KSE-100 Index jumped by 508 points (+3.69%) on an average daily volume of 91.97m shares to end the week at 14,310 on July 6. The positive momentum in the market was led by energy and fertilizer stocks as the GIDC on feedstock gas price was not increased contrary to the FY13 budget proposal and recovery in oil prices. In addition, the market received the much needed positive news from the breakthrough in Pak-US relations as the US offered an apology regarding the Salala incident back in late CY2012 for which in return, Pakistan re-opened the NATO supply lines. This has led to rising expectations that Coalition Support Fund (CSF) disbursements would be made quite soon. The significant events of the week were:

- The government on June 29 made a slight increase in the National Savings Scheme (NSS) rates and announced two new schemes to achieve the target of PKR 224bn set for the fiscal 2012-13 (July-June) under this head in an attempt to bridge its ballooning budget deficit.
- Local cement dispatches increased to a record level of 23.947 million tons during FY12, registering an increase of 8.84%. However, increase in input costs with electricity, diesel, paper sack and gypsum prices registering an increase, contributed to some pressure along

with rupee devaluation. Meanwhile, exports declined by 9.12% to 8.568 million tons, with 2011-12 being the third straight year when the cement exports declined.

- Pakistan's CPI rose 11.26% in June 2012 from a year earlier, according to a statement by the Pakistan Bureau of Statistics on July 2.

The market was volatile and flat during the second week of July in the lead up to the June-end earnings season. The KSE-100 Index gained 22 points (+0.16% WoW) for the week to close at 14,322 on July 13 on the back of average daily turnover of 94.74m shares. The bourses were impacted by the continuing duel between the government and the judiciary. Besides the domestic political machinations, Moody's decided to downgrade Pakistan's bond ratings from B3 to Caa1 due to external account weakening and precarious public finances. The major news flows during the week were:

- Pakistani cement manufacturers reduced export price for India by 13% due to appreciation of the greenback versus the rupee.
- The country's trade deficit widened by 36.3% to US\$21.271bn in FY11-12 as compared to US\$15.604bn in FY10-11.
- The overseas workers remitted a record amount of US\$13.186bn during FY12, showing growth of 17.73% compared with US\$11.200bn received during the preceding fiscal year (2010-11).
- The State Bank of Pakistan sold three-, six- and 12-month market treasury bills worth PKR 286bn at an auction held on July 11. In a statement, the State Bank said it sold three-month paper worth PKR 50.7bn at a cut-off yield of 11.87%, six-month bills worth PKR 125.2bn at 11.92% and 12-month paper worth PKR 110.1bn 11.94% annual rate of return.
- The meeting between the KSE and SECP on July 12 took some key decisions to boost trading activities at the local bourse and it was decided

in principle that intra-day short selling would be allowed and future roll over window would be provided. The roll-over of futures will be allowed by paying the cost of funds.

The market witnessed a strong start on the back of foreign buying interest (net foreign inflow during the week of US\$10.76m) but ended the last 2 sessions of the third week on a subdued note due to profit taking. The Index rose by 232 points (1.62% WoW) to close at 14,564 on July 20. The average daily turnover improved by 28.4% WoW to 121.7m shares. The market began the week with a bang as the KSE-100 Index surged by 264 points during the first 3 days to end July 18 at 14,596.

The factors driving the bullishness were hopes of political stability as there may be consensus among the political players to hold early elections and institutional support in blue chip stocks from the oil, banking and cement sectors due to improving Pak-US relations, granting of Iraqi exploration license to PPL and speculation regarding the release of US Coalition Support Fund and anticipation of corporate results and payouts. The market ended the week on a quiet note as the KSE-100 Index shed 32 points over the last two sessions of week because of Moody's downgrade of ratings of 5 Pakistani banks and uncertainty on the political front. Key news flows during the week were:

- Foreign direct investment (FDI) in Pakistan in the last fiscal year (July 2011 to June 2012) showed a massive decline of 50.3% to US\$812.6m from US\$1.634bn the preceding year, according to provisional figures.
- Pakistan recorded a current account deficit of a whopping US\$4.517bn in the last 2011-12 fiscal year (FY12) against the surplus of US\$214m the previous year, according to provisional figures released by the State Bank of Pakistan.
- Moody's Investors Services, a bond credit rating provider, has downgraded the local-currency deposit ratings of five Pakistani banks by one notch from B2 to B3, and maintained its negative outlook on the rated Pakistani banks.

- The federal government has raised PKR 48.85bn through an auction of Pakistan Investment Bonds (PIBs) held on July 18, the State Bank of Pakistan said.
- The Engro Corp. has approached financial institutions to get rescheduling of its loans as the group is facing a liquidity crunch in the absence of cash flows from its fertiliser business.
- Standard & Poor's on July 20 affirmed its 'B-' long-term sovereign credit rating for Pakistan but at the same time warned about a rating downgrade in case of further fiscal slippage owing to deterioration in balance of payments and rise in public debt.

The market was mixed and directionless throughout the final seven sessions of the month as the KSE-100 Index gained only 12 points to close at 14,577 on July 31 on the back of average daily volume of 63.04m shares. The market had a dull and lackluster start through the week and the month of Ramadan. Fortunately, the market witnessed some respite from the bearish trend on July 25 due to the result and payout announcement by FFC. The KSE-100 Index gained 52 points end July 25 at 14,564. However, the market reverted back to profit taking from July 26 to 30 as the KSE-100 Index dropped a total 53 points to 14,511. The Index gained 65 points on the last day of July on the back of positive sentiments regarding the signing of the NATO supply agreement between the US and Pakistan opening the way to the release of over US\$1bn from the CSF to Pakistan. Major news developments during this period were:

- Despite an energy shortfall, Pakistan's oil consumption declined by three percent in FY12 to 19.1 million tonnes as against 19.7 million tonnes recorded in FY11, according to the data of Oil Companies Advisory Committee (OCAC).
- The government's borrowing from the banking sector for deficit financing increased by PKR17bn to PKR46.151bn in the period from July 1st to July 13, 2012, official data showed on July 24.
- Fertiliser plants of Sui Northern Gas Pipelines Limited (SNGPL) face colossal revenue loss

of PKR5.5bn in the first half of 2012 as urea manufacturing plummets by over 50% against the corresponding period last year, sources said on July 25.

- On completion of vetting process by the Law Ministry the Federal Board of Revenue (FBR) has released the text of draft Capital Gains Tax (CGT) Rules and after soliciting opinion within the next two weeks the rules will be notified within a month's time.
- The Pakistan Telecommunication Company Limited (PTCL) has offered another Voluntary Separation Scheme (VSS) for its 16,500 employees.
- IMF mission chief Jeffrey Franks is visiting Pakistan to hold introductory meetings with the political leadership.
- Highly depressed with the non-tariff barriers by the Indian side, the cement manufacturers reduced export price for India with a view to enhance supply volumes to earn foreign exchange.
- Engro Fertilizers approached banks to "re-profile" its debt and extend the loan repayment dates by about two and a half years, as the company is trying to reach an agreement with the government to shift its US\$1.1bn Enven fertiliser plant from the SNGPL network to non-network gas fields.
- The Ministry of Water and Power, in an attempt to avert the fuel crisis, has pressed the Ministry of Finance to immediately release PKR45bn for PSO, which is facing the prospect of default on payments to international oil suppliers.

The Pakistan market PE at 6.37x is trading at a 47.2% discount to the regional average of 12.05x. Based on dividend yield, Pakistan is the most attractive at 7.00% as compared to the regional average of 2.78%, followed by Taiwan (3.70%) and Thailand (3.65%).

The market was mainly bullish throughout the month on back of higher foreign inflows. The KSE-100 gained 814 points or 5.59% during August 2012 to close at 15,391.58 while the KSE-30 increased by 622 points or 5% to 13229.93. The average daily turnover

during the month of August 2012 was 154m shares as compared to 90m shares trading during the month of July, increasing by 70%. The net inflow of foreign funds according to NCCPL figures during the month under review was US\$49m.

During the 1H (Aug 1-Aug-16) of the month, volumes remained flattish averaging 92m with inflows from CSF (Coalition Support Fund) being the most significant event and on the M&A front, the most important announcement was acquisition of ICI Pakistan by Lucky Cement along with Tabba group of Companies. The second week saw a slump in the trading activity with volumes averaging around 60m shares albeit the KSE-100 index gained 0.58% WoW. This slow down was attributed to the Challenging of the Contempt Verdict by the government wherein it filed a review petition against the Supreme Court verdict to nullify the Contempt of Court Act-2012.

The second half of the month witnessed investors going on a buying spree as SBP went on to announce a 150bps cut due to which the trading activity jumped to an average of 252m volumes. Brisk activity was witnessed in the cement sector due to improving margins and developments in the telecom sector kept investors interested. Average inflow during the last week was US\$7.6m.

Important developments during the month were:

- The country's FOREX reserves increased to USD 15bn. Reserves got a boost from the CSF, initially going down by USD 198m early on.
- Discount rate declined by 150bps, which was a surprising development.
- PTC remained of particular interest, as interest remained in the script due to finalization of formation of ICH and increase in ASRs due to which LDI would emerge as key operators. Volumes in PTC remained at its peak, averaging 26m during the last week despite report of CCP raising objections over this.

(Contributed by Taurus Securities Ltd, a subsidiary of National Bank of Pakistan)

Book/Report Reviews

From Micro-finance to the Building of Local Institutions
Arif Hasan and Mansoor Raza
Oxford University Press 2012

This book describes the evolution of the Orangi Charitable Trust (OCT) programme, the various concepts and processes through which it has evolved, its vision, methodology, and of the lessons learnt at every stage. It is felt that these lessons and processes behind them are important for individuals and organisations involved in development programmes and policy making.

Part I of the book: the origins and evolution of the OPP (Orangi Pilot Project) – OCT's micro credit programme has ten chapters and begins with a background of the Orangi pilot project, the beginnings of micro credit, the principles and objectives of the programme, the initial methodology involved for its expansion, the problems encountered and subsequent restructuring. The setting up of the Rural Development Trust, the projects it initiated, and the lessons and experiences of the programme are part of chapter 4. Chapter 5 discusses the computerisation of accounts, and the benefits that accrued. In later years a partnership agreement was signed between the Pakistan Poverty Alleviation Fund (PPAF) and the OCT. This partnership brought about major changes in the functioning of the OCT and in its management culture. Linkages with PPAF and other organisations have been dealt with in the following chapters.

The OCT is also the beneficiary of the PPAF's Microfinance Innovation and Outreach Programme. Under this programme, the OCT is being supported in one, operating the Women Livestock Cooperative Farming Project, and two, increasing rural outreach through partner organisations of the OCT in Pakistan.

Chapters 7 and 8 discuss the loan process within Orangi town and outside Orangi town.

Chapter 9, The Partnership Model discusses how partnership develops training conducted, the lending of partnership organisations, monitoring etc. As a result of the OCT microfinance programme a number of linkages between the POs and other organisations have been created. In Chapter 11, the major findings that relate to the larger context and sustainability issues of the OCT are discussed.

Part two has ten case studies of partner organisations while part three has the Appendices.

The Class Structure of Pakistan
Oxford University Press 2012

This book analyzes the class structure from the time the Mughal Empire, to the class structure of contemporary Pakistan. This study develops three propositions; the mode of production of pre-colonial South Asia was qualitatively distinct from European feudalism. Second, the colonial path of capitalist development of South Asia resulted in a socio-economic formation that combined features of the Asiatic and capitalist modes of production, which this study terms Asiatic capitalism. Third, the vast majority of the non-agricultural working population of Pakistan today is engaged in handicraft and manufacturing.

The book has five chapters. Chapter 1 reviews the academic literature on the concept of the Asiatic mode of production (AMP). Chapter 2 examines the historical data and the principal critiques of the AMP in South Asia. Chapter 3 examines the agrarian relations of contemporary Pakistan in relation to the concept of Asiatic capitalism. Chapter 4 examines the development of industry in Pakistan in relation to the concept of Asiatic capitalism. In conclusion, this study argues that the mode of production of contemporary Pakistan is best described as Asiatic capitalism. This conclusion points towards avenues for future research.

Pakistan Economy – Key Economic Indicators

| | Unit | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 ^P |
|-------------------------------|--------------------|---------|---------|---------|---------|---------|---------|----------------------|
| Output and Prices | | | | | | | | |
| GNP Size (MP) | Rs.bn | 7773 | 8831 | 10452 | 13070 | 15370 | 18853 | 21679 |
| GDP Size (FC) | Rs.bn | 7158 | 8235 | 9922 | 12110 | 14034 | 17093 | 19437 |
| Income Per Capita | \$ | 823 | 904 | 1015 | 990 | 1068 | 1258 | 1372 |
| Real Growth | | | | | | | | |
| | (%) | | | | | | | |
| GNP | | 5.6 | 6.7 | 3.7 | 2.1 | 4.4 | 2.9 | 4.2 |
| GDP | | 5.8 | 6.8 | 3.7 | 1.7 | 3.1 | 3.0 | 3.7 |
| Agriculture | | 6.3 | 4.1 | 1.0 | 4.0 | 0.6 | 2.4 | 3.1 |
| Manufacturing | | 8.7 | 8.3 | 4.8 | -3.6 | 5.5 | 3.1 | 3.6 |
| Services Sector | | 6.5 | 7.0 | 6.0 | 1.7 | 2.6 | 4.4 | 4.0 |
| Prices* | | | | | | | | |
| | (%) | | | | | | | |
| Consumer Price Inflation | | 7.9 | 7.8 | 12.0 | 20.8 | 10.1 | 13.7 | 11.0 |
| Wholesale Price Inflation | | 10.1 | 6.9 | 16.4 | 18.2 | 13.8 | 21.2 | 10.4 |
| Food Inflation CPI | | 6.9 | 10.3 | 17.6 | 23.7 | 12.9 | 18.0 | 11.0 |
| Non Food Inflation CPI | | 8.6 | 6.0 | 7.9 | 18.4 | 8.3 | 10.7 | 11.0 |
| Core Inflation [†] | | 7.5 | 5.9 | 8.4 | 17.6 | 7.6 | 9.4 | 10.6 |
| GDP Deflator | | 10.5 | 7.7 | 16.2 | 20.0 | 12.4 | 18.2 | 9.7 |
| Gold Tezabi (Karachi) | Rs./10 grams | 10317 | 12619 | 16695 | 22195 | 29587 | 37658 | 50701 |
| Petrol Super | Rs/Ltr | 55.12 | 56.00 | 57.83 | 67.68 | 67.56 | 75.70 | 91.33 |
| Kerosene Oil | Rs/Ltr | 36.19 | 39.09 | 43.44 | 66.79 | 72.65 | 84.89 | 103.09 |
| Wheat Flour (Avg. Quality) | Rs/Kg | 13.06 | 13.64 | 18.07 | 25.64 | 28.77 | 29.56 | 30.15 |
| Savings and Investment | | | | | | | | |
| | % GDP | | | | | | | |
| National Savings | | 18.2 | 17.4 | 13.6 | 12.5 | 13.2 | 13.2 | 10.7 |
| Domestic Savings | | 16.3 | 15.6 | 11.5 | 9.8 | 9.3 | 13.3 | 10.9 |
| Gross Fixed Investment | | 20.5 | 20.9 | 20.5 | 16.6 | 13.8 | 11.5 | 10.9 |
| Public Sector | | 4.8 | 5.6 | 5.4 | 4.3 | 3.6 | 2.9 | 3.0 |
| Private Sector | | 15.7 | 15.4 | 15.0 | 12.3 | 10.2 | 8.6 | 7.9 |
| Public Finance | | | | | | | | |
| Revenue Receipts (Fed Govt) | % GDP | 14.1 | 15.0 | 14.6 | 14.5 | 14.0 | 12.5 | 8.5 |
| Tax Revenue | % GDP | 10.5 | 10.2 | 10.3 | 9.5 | 10.1 | 9.5 | 6.7 |
| Total Expenditure | % GDP | 18.4 | 20.8 | 22.2 | 19.9 | 20.3 | 19.2 | 12.8 |
| Fiscal Deficit | % GDP | 4.3 | 4.4 | 7.6 | 5.3 | 6.3 | 5.9 | 4.3 |
| FBR Tax Collection (Fed Govt) | Rs.bn | 713.5 | 847.2 | 1008.1 | 1161.1 | 1327.4 | 1558.2 | 1952.0 |
| Direct Taxes | % share | 31.5 | 39.4 | 38.4 | 38.2 | 39.6 | 38.6 | 38.2 |
| Indirect Taxes | % share | 68.5 | 60.6 | 61.6 | 61.8 | 60.4 | 61.3 | 61.8 |
| Internal Debt Outstanding | Rs.bn | 2337 | 2610 | 3275 | 3859 | 4654 | 6015 | 7206 |
| Funded Debt | % of Internal Debt | 62.3 | 64.0 | 68.8 | 67.1 | 68.7 | 72.5 | 76.1 |
| Unfunded Debt | % of Internal Debt | 37.7 | 36.0 | 31.2 | 32.9 | 31.3 | 27.5 | 23.9 |
| Monetary Sector | | | | | | | | |
| Growth of Monetary Assets M2 | % | 15.1 | 19.3 | 15.3 | 9.6 | 12.5 | 15.9 | 8.1 |
| Currency in Circulation | Rs.bn | 740.4 | 840.2 | 982.3 | 1152.2 | 1295.4 | 1501.4 | 1650.8 ^a |

^P Provisional. ^{*} The base for price indices have been changed as 2007-08 new base year. [†] non-food non-energy. ^a April.

| | Unit | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 ^P |
|------------------------------------|------------------|---------|---------|---------|---------|---------|---------|-----------------------|
| Credit to Private Sector | Rs.bn | 2114 | 2480 | 2890 | 2907 | 3020 | 3141 | 3373 |
| Credit to Public Sector | Rs.bn | 834 | 927 | 1510 | 2034 | 2441 | 3020 | 3938 ^b |
| Borrowings for Budgetary Support | Rs.bn | 708 | 810 | 1365 | 1681 | 2011 | 2602 | 3613 ^b |
| Resident Foreign Currency Deposits | Rs.bn | 196 | 207 | 263 | 280 | 345 | 375 | 412 ^b |
| Demand Deposits / Money Ratio | % | 31.9 | 65.0 | 65.5 | 62.4 | 62.2 | 61.6 | 60.1 |
| Capital Market (KSE) | | | | | | | | |
| Listed Capital | Rs.bn | 496 | 631 | 706 | 782 | 910 | 944 | 1058 [†] |
| Market Capitalisation | Rs.bn | 2801 | 4019 | 3778 | 2121 | 2732 | 3289 | 3528 |
| Listed Companies at KSE | Nos | 658 | 658 | 652 | 651 | 652 | 639 | 591 [†] |
| Banking Sector | | | | | | | | |
| Scheduled Banks Deposits | Rs.bn | 2817 | 3373 | 3812 | 4138 | 4693 | 5489 | 5688 ^c |
| Scheduled Banks Advances | Rs.bn | 2071 | 2376 | 2816 | 3080 | 3174 | 3311 | 3310 ^c |
| Non-Performing Loans All Banks | Rs.bn | 173 | 214 | 314 | 432 | 548 | 579 | 610 ^c |
| Lending and Deposit Rates | weighted average | | | | | | | |
| Deposits | % per annum | 1.96 | 2.60 | 4.13 | 4.44 | 4.29 | 4.53 | 4.51 ^c |
| Advances | % per annum | 10.61 | 11.55 | 12.49 | 14.25 | 13.63 | 13.46 | 13.68 ^c |
| Open Market Operation | | | | | | | | |
| SBP Reverse Repo Rate | % end period | 9.00 | 9.50 | 12.00 | 14.00 | 12.50 | 14.00 | 12.00 |
| Treasury Bills Yield - 6 Months | % end period | 8.49 | 8.90 | 11.47 | 12.00 | 12.30 | 13.70 | 11.90 |
| KIBOR - 6 Months | % end period | 9.36 | 9.75 | 13.95 | 12.65 | 12.25 | 13.65 | 11.90 |
| Pakistan Investment Bonds - 5 yrs | weighted average | 9.65 | 10.00 | 10.80 | 14.33 | 12.56 | 12.68 | 12.78 |
| Interbank Call Rates (Overnight) | % | 8.80 | 8.90 | 9.90 | 13.20 | 11.60 | 12.40 | 11.33 |
| SBP Export Finance Rate | % | 7.50 | 6.50 | 6.50 | 6.50 | 8.00 | 10.00 | 11.00 |
| External Sector | | | | | | | | |
| Exports * | \$ bn | 16.45 | 16.98 | 19.05 | 17.69 | 19.29 | 24.81 | 23.64 |
| Imports * | \$ bn | 28.58 | 30.54 | 39.97 | 34.82 | 34.71 | 40.41 | 29.99 |
| Balance | \$ bn | -12.01 | -13.56 | -20.92 | -17.13 | -15.42 | -15.60 | -11.60 |
| Current Account Balance | \$ mn | -4990 | -6878 | -13874 | -9261 | -3946 | 214 | -655 |
| Workers' Remittances | \$ mn | 4588 | 5491 | 6449 | 7811 | 8906 | 11201 | 13187 |
| Foreign Investment in Pakistan | \$ mn | 3872 | 6960 | 5454 | 3210 | 2739 | 2000 | 741.5 |
| Direct | \$ mn | 3521 | 5140 | 5410 | 3720 | 2151 | 1635 | 812.6 |
| Portfolio | \$ mn | 351 | 1820 | 44.3 | -510 | 588 | 365 | -71.1 |
| Debts | | | | | | | | |
| External Debt and Liabilities | \$ bn | 37.6 | 40.5 | 46.2 | 52.3 | 55.9 | 60.1 | 60.3 ^a |
| Domestic Debt Outstanding | Rs.bn | 2337 | 2610 | 3275 | 3859 | 4654 | 6016 | 7207 ^a |
| Internal Debt as % of GDP | % | 30.7 | 30.1 | 32.0 | 30.3 | 31.4 | 33.4 | 34.9 |
| National Saving Schemes | Rs.bn | 936 | 1004 | 1094 | 1361 | 1586 | 1821 | 1932 ^{**} |
| Total Reserves | \$ mn | 14354 | 18890 | 13436 | 13971 | 17921 | 20942 | 17802 ^{**} |
| Gold | \$ mn | 1268 | 1344 | 1926 | 1935 | 2575 | 3117 | 3419 ^{**} |
| Liquid Fx Reserves | \$ mn | 13086 | 17546 | 11510 | 12036 | 15346 | 17825 | 14383 ^{**} |
| Exchange Rate (Average for year) | Rs/US\$ | 59.8566 | 60.6342 | 62.5465 | 78.4983 | 83.8017 | 85.5017 | 90.8376 ^{**} |

[†] July-March ^a end March ^b April, 2012 ^c December, 2011

* Trade data compiled by Federal Bureau of Statistics ** as of April, 2012

Source: Pakistan Economic Survey 2011-12
Annual Report 2011-12, State Bank of Pakistan