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Editor's Corner

Dear Readers,

The Federal Budget 2011-12 is only a few weeks away. The policy makers have an arduous job at hands, as it is an exceptionally difficult time for Pakistan. The country is passing through its toughest phase, confronted by an unprecedented crisis in its history — the war on terror and related security challenges with severe implications for the economy. The war has caused immense suffering both in terms of human casualties and setback to economic activity. Losses of property and infrastructure and security related government expenditures have burdened the budgets of both the federal and provincial governments. The economic costs of the war on terror have been high and it is officially estimated that Pakistan has been impacted to the extent of $43 billion between 2001 and 2010.

Besides the grave situation created by the war on terror, there are serious concerns about the deteriorating law and order situation in the country, low tax base, high incidence of power load shedding with severe repercussions for the economy, loss of investor confidence, stagnant savings rate, persistent inflationary pressures, and a decline in domestic investment. *Asian Development Bank* figures show gross domestic investment as percentage of GDP at 19.7 percent for Pakistan, much lower compared to other South Asian countries like India's 34.5 percent, Nepal 29.7 percent, Bangladesh 24.2 percent and Sri Lanka 25.6 percent. Rising poverty and income disparities and lagging social sector indicators speak of the neglect of the human element.

These grim issues face policymakers while formulating the forthcoming Federal Budget. Enlarging the tax base is amongst these crucial issues on top of the budget makers agenda. Persistent growth in expenditure and failure to implement tax reforms, have rendered the fiscal imbalance unsustainable. The government is considering various proposals to broaden tax base as large segments of the economy are not covered by the tax system. The burden of revenue generation continues to fall on certain sections of society and tax revenues are collected mainly from indirect taxes (64 %), without taking into consideration its impact on the well being of the people. Due to weak tax base, development expenditures have to be curtailed, revenue targets are revised and revenue measures are announced during the course of the budget year, affecting development programmes, people's cost of living and pushing more people into poverty. The State Bank of Pakistan *Second Quarterly Report 2010-11*, states, 'increasing the tax base is without doubt the toughest structural reform to implement, and the one that needs the greatest political will.'

There is a gross mismatch between the sources of growth in the economy and the tax revenue base. Industry which contributes 25 percent to GDP pays 63 percent of the taxes, while agriculture which contributes 22 percent to GDP pays 1 percent to the tax pool and the services sector which contributes 53 percent to GDP pays 26 percent towards taxes. This alongwith a large undocumented informal sector, low tax compliance, widespread exemptions have resulted in a declining tax-GDP ratio. The Budget 2011-12 would hopefully redress these shortcomings and introduce measures to broaden the tax base. Non-observance of IMF conditions on fiscal consolidation has made the task of financing the fiscal deficit all the more challenging. The State Bank of Pakistan in its second quarterly report on *The State of Pakistan's Economy*, states, 'the only way out for the government is to show political will to prioritize its expenditure heads and implement tax reforms aimed at removing tax exemptions e.g. taxing agriculture and services. Even if this does not deliver immediate tax revenues, it would close the door for tax avoidance.' The *Budget Strategy Paper 2011-14* aims to contain the fiscal deficit to 4.5 percent of GDP in the coming fiscal year 2011-12 and to further reduce it by 0.5 percent annually, and raise tax to GDP ratio to 10.3 percent in the next three years and inflation to be reduced to 12 percent in FY12.

Pakistan is in the vicious grip of major energy shortages which has constrained growth in all sectors of the economy, has implications for employment, exports and development in general and brought untold misery to the lives of the people who have to bear prolonged hours of load shedding in the hot, humid and sweltering heat of summer. Public policy neglect and public mismanagement over the years have contributed to the power sector shortages. According to estimates the total cost to the economy of power load shedding in the industrial sector is estimated to be Rs210 billion.

One expects the forthcoming Federal Budget to make investments in upgrading existing power generation facilities, and initiate a programme to reduce technical losses and improve the reliability of the distribution system. The problem of circular debt has to be resolved on a priority basis.

Economic activity has remained sluggish because of the deteriorating law and order situation, power outages and high interest rates which have had an impact on borrowings by the private sector. Pakistan's business environment compares unfavourably with other regional economies. According to the Economist Intelligence Unit, Pakistan is expected to show a marginal improvement in its business environment, while other Asian countries scores show stronger improvement. Globally Pakistan languishes at 71st place out of 82 countries in 2011-15, (presently 73rd). Unless serious reforms are implemented to improve energy and law and order situation, control inflation, investors both domestic and foreign will be hesitant to invest.

There can be no real progress on any major economic issue without dealing with rising budget deficits and mounting debt. As collection of tax revenues continue to be a problem for the government, it relies heavily on domestic resources to finance the fiscal deficit. Inflows from external resources to finance the budget declined in the first half of FY11 to Rs47 billion against Rs110.3 billion in the corresponding period of FY10. Meanwhile, government borrowings from the banking system rose during the corresponding period to Rs286 billion (Rs80.1 billion from State Bank of Pakistan and Rs205.9 billion from scheduled banks), against Rs107.2 billion. Higher dependence on local currency debt crowds out private sector credit demand, pushes inflationary expectations in the economy and consequently governments interest expense goes up.

Bringing reforms in Pakistan's tax policy, with the objective of improving efficiency, equity and compliance of the system would help generate domestic resources ensuring long run economic development. There can be no progress in the economy unless we are able to raise our tax GDP ratio, by broadening the tax base.

Ayesha Mahmood

Millennium Development Goals
Progress so far

Eight MDGs

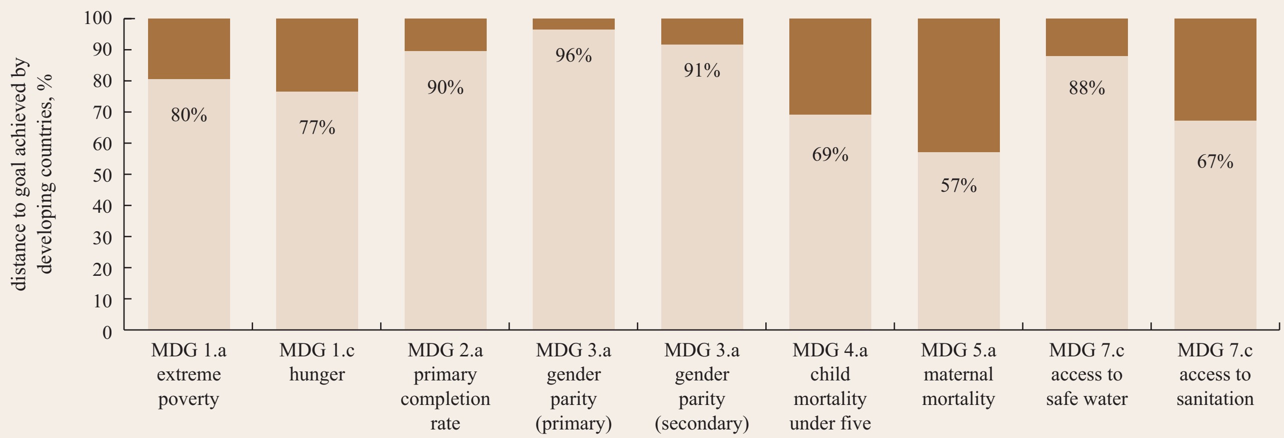
Less than five years are left to achieve the eight Millennium Development Goals (MDGs), goals which have become the most widely accepted yardstick of development efforts by governments all over the world. The goals to be achieved by 2015 relate to poverty and hunger, universal primary education, gender equality, child mortality, maternal health, combating HIV/Aids, malaria and other diseases, environmental sustainability and developing a global partnership for development.

Progress towards MDGs is mixed, there are wide disparities between regions and between countries. The findings of the *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs*, shows that two-thirds of developing countries are on target or close to being on target for all the MDGs. The world remains on track to reduce by half the number of people living in extreme poverty; (by 2015, 882.7 million people will be living on less than $1.25 a day, compared with 1.8 billion in 1990) developing countries likely to achieve the goal for gender parity in primary and secondary education, for access to safe drinking water, primary completion rate and wiping out extreme poverty. But lags in health related indicators, such as child and maternal mortality, and access to sanitation. For example, more than 40 percent of low to upper middle income countries are lagging significantly on access to sanitation.

Progress on MDGs is mixed

Given the current trends it seems the world will likely miss these three targets by 2015. Most regions are lagging on these health goals, but East Asia and Pacific, Latin America and the Caribbean, and Europe and Central Asia are doing somewhat better than other regions. Poor countries and regions lag on all the MDGs and are unlikely to reach a single target by 2015.

The distance to global MDGs



Source: Global Monitoring Report 2011

The *United Nations, Millennium Development Goals Report 2010* shows that:

- the world is on track to meet the poverty reduction target,
- developing regions have made some progress towards the MDG target of halving the proportion of people suffering from hunger,
- halving the prevalence of underweight children by 2015 will require accelerated and concerted action to scale up interventions that effectively combat undernutrition. Progress is being made, but not fast enough to reach the MDG target.
- while enrolment in primary education has continued to rise, the pace of progress is insufficient to ensure that by 2015, all girls and

boys complete a full course of primary schooling.

- the developing regions as a whole are approaching gender parity in educational enrolment.
- child deaths are falling, but not quickly enough to reach the target.
- some countries have achieved significant declines in maternal mortality ratios. The rate of reduction is however, still short of the rate needed to meet the MDG target.
- additional funding is needed to reduce malaria incidence.
- tuberculosis prevalence is falling in most regions and such cases can be brought down further if funding for such efforts are sustained.
- the signs of deforestation shows signs of decreasing, but is still alarmingly high.
- despite overall progress in drinking water coverage and narrowing of the urban-rural gap, rural areas remain at a disadvantage in all developing regions.
- with half the population of developing regions without sanitation, the 2015 target appears to be out of reach.
- disparities in urban and rural sanitation coverage remain daunting.
- the progress made on the slum target has not been sufficient to offset the growth of informal settlements in the developing world.

South Asia shows mixed results

Countries of South Asia have made substantial progress on some of the MDG indicators, while progressing slowly on many others. The table below shows the progress or otherwise for the South Asian countries. Even in countries where progress has been made towards the MDGs, there are often disparities within the country — between urban and rural areas, between women and men and between girls and boys.

South Asian countries on-track and off-track for the MDGs

Goal	1		2			3			4		5		6			7					
	$1.25 per day poverty	Underweight children	Primary enrolment	Reaching last grade	Primary completion	Gender primary	Gender secondary	Gender tertiary	Under-5 mortality	Infant mortality	Skilled birth attendance	Antenatal care (< 1 visit)	HIV prevalence	TB incidence	TB prevalence	Forest cover	Protected area	CO2 emissions	OPD substance consumption	Safe drinking water	Basic sanitation
Afghanistan		■				■	◀		■	■	■	◀		▶	●	◀	▶	◀	●	▶	■
Bangladesh	■	▶	◀		◀	●	●	■	▶	▶	■	■	▶	▶	●	◀	●	◀	●	■	■
Bhutan			■	■	▶	●	●	■	■	■	▶	▶	▶	●	●	●	●	◀	●	■	■
India	■	■	●	■	▶	●	▶	■	■	■	■	■	●	▶	●	●	●	◀	●	●	■
Maldives		▶	●		●		◀	●	●	●	◀		▶	●	●	▶		◀	●	■	●
Nepal	■	■		■	■	▶	▶	■	▶	▶	■	■	▶	▶	◀	◀	●	●	●	●	■
Pakistan	●	◀	■		◀	▶	▶	■	■	■	■	■	▶	▶	●	◀	●	◀	●	■	■
Sri Lanka	■	▶	●		●	●	●		■	■	▶	●	▶	▶	●	◀	●	◀	●	●	●

● *Early achiever already achieved*
■ *Off track: slow – Expected to meet the target, but after 2015*
▶ *On track – Expected to meet the target by 2015*
◀ *Off track: no progress/regressing*

Source: Paths to 2015, MDG Priorities in Asia and the Pacific, ESCAP, ADB & UNDP

For the South Asian region, the performance is discouraging for goal 4 and 5 as five countries are off track, while most are expected to meet the target of goal 6 by 2015. *The Asia-Pacific Regional Report 2009-10, Achieving the Millennium Development Goals in an era of global uncertainty* says for the South Asian region that more than half the countries are off track on at least 40 percent of these indicators.

Selected South Asian Countries —

Goals and Targets (from the Millennium Declaration)	Indicators for monitoring progress
Goal 1: Eradicate extreme poverty and hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1.1 Proportion of population below $1 (PPP) per day 1.2 Poverty gap ratio 1.3 Share of poorest quintile in national consumption
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	1.4 Growth rate of GDP per person employed 1.5 Employment-to-population ration 1.6 Proportion of employed people living below $1 (PPP) per day 1.7 Proportion of own-account and contributing family workers in total employment (2008)
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	1.8 Prevalence of underweight children under-five years of age 1.9 Proportion of population below minimum level of dietary energy consumption
Goal 2: Achieve universal primary education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	2.1 Net enrolment ratio in primary education 2.2 Proportion of pupils starting grade 1 who reach last grade of primary (2008) 2.3 Literacy rate of 15-25 year-olds, women and men
Goal 3: Promote gender equality and empower women	
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	3.1 Rations of girls to boys in primary, secondary and tertiary education 3.2 Share of women in wage employment in the non-agricultural sector (2008) 3.3 Proportion of seats held by women in national parliament
Goal 4: Reduce child mortality	
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	4.1 Under-five mortality rate (per 1000) 4.2 Infant mortality rate (per 1000 live births) 4.3 Proportion of 1 year-old children immunized against measles (2009)
Goal 5: Improve maternal health	
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	5.1 Maternal mortality ratio (per 100,000 live births) (2008) 5.2 Proportion of births attended by skilled health personnel
Target 5.B: Achieve, by 2015, universal access to reproductive health	5.3 Contraceptive prevalence rate (2004-09) 5.4 Adolescent birth rate (births per 1000 women) (2009) 5.5 Antenatal care coverage (at least one visit and at least four visits) % (2009) 5.6 Unmet need for family planning (2004-09)
Goal 6: Combat HIV/AIDs, malaria and other diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDs	6.1 HIV prevalence among population aged 15-24 years (2009) 6.2 Condom use at last high-risk sex 6.3 Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDs 6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDs for all those who need it	6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	6.6 Incidence and death rates associated with malaria 6.7 Proportion of children under 5 sleeping under insecticide-treated bednets 6.8 Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs 6.9 Incidence, prevalence and death rates associated with tuberculosis 6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment short course.
Goal 7: Ensure environmental sustainability	
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	7.1 Proportion of land area covered by forest 7.2 CO2 emission, total, per capita and per $1 GDP (PPP) 7.3 Consumption of ozone-depleting substances 7.4 Proportion of fish stocks within safe biological limits 7.5 Proportion of total water resources used (bn.cu.m) (2007) 7.6 Proportion of terrestrial and marine areas protected 7.7 Proportion of species threatened with extinction
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	7.8 Proportion of population using an improved drinking water source 7.9 Proportion of population using an improved sanitation facility
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	7.10 Proportion of urban population living in slums
Goal 8: Develop a global partnership for development	
	8.12 Debt service as a percentage of exports of goods and services (2009)
Target 8.E: In cooperation with pharmaceuticals companies, provide access to affordable essential drugs in developing countries	8.13 Proportion of population with access to affordable essential drugs on a sustainable basis
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	8.14 Telephone lines per 100 population (2009) 8.15 Cellular subscribers per 100 population (2009) 8.16 Internet users per 100 population (2009)

Goal 8 – No data are available for points 8.1 to 8.11

— Millennium Development Goals

Pakistan		India		Bangladesh		Sri Lanka		Nepal	
22.6 (2006) 4.1 (2006) 9.0 (95-09)		41.6 (2005) 10.8 (2005) 8.1 (05-09)		49.6 (2005) 13.1 (2005) 9.4 (95-09)		7.0 (2007) 1.0 (2007) 6.9 (95-09)		55.1 (2004) 19.7 (2004) 6.1 (95-09)	
6.5 (90-92) 48 (1991) -- --	2.5 (05-08) 52 (2008) -- 62	1.0 (90-92) 58 (1991) -- --	5.9 (05-08) 56 (2008) -- --	1.9 (90-92) 74 (1991) -- --	4.0 (05-08) 68 (2008) -- --	5.5 (90-92) 51 (1991) -- --	9.3 (05-08) 55 (2008) -- 41	-- (90-92) 60 (1991) -- --	-- (05-08) 62 (2008) -- --
39.0 (1990) 25 (90-92)	-- (04-09) 26 (05-09)	59.5 (1990) 20 (90-92)	43.5 (04-09) 21 (05-09)	61.5 (1990) 38 (90-92)	41.3 (04-09) 27 (05-09)	29.3 (1990) 28 (90-92)	21.6 (04-09) 19 (05-09)	-- (1990) 21 (90-92)	38.8 (04-09) 16 (05-09)
-- (1991) 61 (M) 79 (M)	66 (2009) 60 (F) 61 (F)	-- (1991) 67 (M) 88 (M)	91 (2009) 70 (F) 74 (F)	64 (1991) 67 (M) 74 (M)	86 (2009) 66 (F) 77 (F)	-- (1991) 88 (M) 97 (M)	95 (2009) 89 (F) 99 (F)	-- (1991) 60 (M) 87 (M)	-- (2009) 64 (F) 77 (F)
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3.3 (1990) 0.4 (1990) -- -- 169.4 -- 1.7	2.2 (2010) 0.4 (2007) -- --	21.5 (1990) 0.7 (1990) -- -- 40.4 -- 3.3	23.0 (2010) 0.5 (2007) -- --	11.5 (1990) 0.2 (1990) -- -- 79.4 -- 1.9	11.5 (2010) 0.2 (2007) -- --	37.5 (1990) 0.1 (1990) -- -- 12.6 -- 14.0	29.7 (2010) 0.2 (2007) -- --	33.7 (1990) 0.0 (1990) -- -- 10.2 -- 1.1	25.4 (2010) 0.1 (2007) -- --
86 (1990) 28 (1990)	90 (2008) 45 (2008)	72 (1990) 18 (1990)	88 (2008) 31 (2008)	78 (1990) 39 (1990)	80 (2008) 53 (2008)	67 (1990) 70 (1990)	90 (2008) 91 (2008)	76 (1990) 11 (1990)	88 (2008) 31 (2008)
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15.0		5.9		5.6		15.6		10.4	
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2 61 12.0		3 45 5.3		1 31 0.4		17 69 8.7		3 26 2.1	

Figures in bracket represent years *M-Male* *F-Female* *Source: World Development Indicators 2011, The World Bank*

Afghanistan, India, Bangladesh off track on most indicators

Afghanistan is off track on more than 70 percent of its reported indicators, while India is off track in more than half of its 21 reported indicators, making slow progress towards the goals of eradicating extreme poverty and hunger, gender equality in tertiary education, reducing child mortality, improving maternal health or extending basic sanitation. Bangladesh is off track on half of the reported indicators, with slow or no progress on poverty reduction, on education, on improving maternal health or extending services of clean water and basic sanitation.

Pakistan shows slow progress

Nepal is also off track in almost half of the reported indicators. Pakistan has been successful on poverty, and is on track for basic sanitation. Little progress has been shown on child malnutrition, and is moving slowly on under-five mortality and on maternal health. It has also made slow progress on halving the proportion of people without sustainable access to safe drinking water.

In a paper, *Measuring South Asia's progress towards the Millennium Development Goals*, the authors Andrew Jackson and Anil Singh have discussed the challenges each country faces while pursuing the MDGs, with subsequently variable results.

Poverty reduction not enough in South Asia

Though extreme poverty has fallen in Southern Asia since 1990, it remains the second poorest region in the world. Poverty gap has also seen a reduction, but the improvement in both the indicators is not enough to achieve the MDG target by 2015. The region suffers from some of the highest levels of hunger in the world, with just over one fifth of the population not consuming the guideline 2200 calories a day. It has failed to decrease the proportion of overall hungry in the last 20 years, and looks extremely unlikely to achieve the MDG by 2015. Progress in education has been made over the last 25 years, and if the current trend persist the authors are of the view that this MDG could be achieved.

Maternal and child mortality high

Child mortality rates are high in the region, and the progress over the last twenty years has been insufficient to achieve the target of reducing by two-thirds the child mortality rate by 2015. Similarly maternal mortality rate is the second highest in the world. The various indicators measuring maternal health varies across countries in the region. South Asia has a low prevalence of HIV (0.2 percent on average) compared to 0.4 percent in developed countries. There has been an improvement in the TB survival rate, and South Asia is on course to check its MDG target of halting and reversing the spread of TB if current trends persist.

MTDF strategy for achieving MDGs

Pakistan too is committed to achieving the Millennium Development Goals. Its *Medium Term Development Framework* (MTDF) 2005-10 reflects the strategy adopted to achieve these goals by the year 2015. The MTDF has chalked out policies, programmes and targets have been set basically with focus on poverty reduction, education, health, water and sanitation, nutritional interventions, population welfare, environment and sustainable development and women empowerment.

Pakistan presents a mixed picture

With regard to progress towards achieving the millennium development targets, Pakistan presents a mixed picture. Gender inequality in schooling has reduced and the ratio of female to male primary enrollment has also increased. While progress in under five mortality is slow, percentage of birth attended by doctors and nurses has increased. The government is addressing TB, malaria and HIV/Aids. Many challenges persist —— rising income inequalities, gender gap in education, high illiteracy and slow progress in child and maternal mortality.

Poverty and rising income inequalities is worrisome for the economy. The policies of the MTDF include raising income levels of the poor, improving their access to resources, providing opportunities to the poor to participate in the development process and establish safety nets for the poor.

Poverty, which had increased to 34.5 percent in 2000-01, had fallen in the mid 2000, as there was substantial growth in per capita GDP during 2002-06. *Fiscal Responsibility and Debt Limitation Act 2005*, stipulates that expenditures on social and poverty related spending would not be less than 4.5 percent of GDP in any given year. *The Poverty Reduction Strategy Paper II* focused on alleviating the plight of the marginalised segment of society.

Domestic factors obstacles to poverty alleviation

However, certain developments, like rising commodity prices, floods, and the security situation have dampened economic activity and growth prospects of the economy with serious consequences for the poor.

Pakistan's participation in the war on terror has adversely affected the domestic economy. It has suffered immense socio-economic costs, several development projects in the affected areas have been delayed, there has been a flight of capital, displacement of local population, massive unemployment in the affected regions, resulting in a slowdown of domestic economic activity.

The country suffered enormous damages estimated at about $10 billion because of the floods, which affected more than 20 million people, destroyed thousands of acres of crops and agricultural lands, livestock, equipment and people's homes. Floods were expected to reduce GDP growth by at least 2 to 2.5 percent during FY11 from the original target of 4.5 percent. The Economic Survey 2010-11 shows that the agriculture sector performed poorly, registering a growth of 1.2 percent in fiscal 2010-11 against the target of 3.8 percent. GDP grew by 2.4 percent during the year. Slower growth in the economy adversely affects any steps taken towards poverty reduction.

Growth is essential for the alleviation of poverty. The *Institute of Public Policy* in its *Fourth Annual Report 2011*, states, 'empirical work done at the World Bank indicates that the rate of increase in GDP need to be twice as high as the rate of increase in population for the proportion of the poor to remain about the same. For a significant change in the incidence of poverty to occur, the rate of increase in GDP has to be at least three times the rate of growth in population. Given Pakistan's low growth in recent years, alongwith other factors, the incidence of poverty has seemingly risen. Benefit from growth only works for the poor when new jobs are created, job creation generally is the way the tirckledown works." It is only when the economy enjoys high growth, low inflation alongwith job creation can the target of achieving *Goal 1* be made possible.

The first *South Asian Human Development Report* in 1997 commented that, 'while South Asia is the most illiterate region in the world, Pakistan is among the most illiterate countries within South Asia.' While there has been gradual improvement over the years, Pakistan's indicators on this aspect continue to rank at the bottom end of global rankings. Public sector spending on education at 2.1 percent of GDP is amongst the lowest compared to other South Asian countries.

Poor education indicators

While overall literacy has risen over the years, the urban-rural gap, gender gap and inter-provincial disparity exists. While net enrolment at primary level has risen, but achieving the MDG target of 100 percent by 2015 would require much greater efforts. Half of the students enrolled in primary schools do not complete their education. There are many factors that explain the high drop out rates in Pakistan; poor quality of education, physical punishment, malnourished and poor children etc. It is the government's efforts to move as close to the target by 2015, as it possibly can.

Pakistan Millennium Development Goals Report also says that the MDG target of gender parity is likely to be unachievable by 2015. And though the share of women in wage employment in the non-agricultural sector has increased but the country is making slow progress in achieving the target. While women have been at disadvantage at all levels of government in the past, there has been substantial improvement over the years. The female representation in parliament has risen in recent years.

Box

Pakistan
Progress for MDGs

In Pakistan, the *Centre for Poverty Reduction and Social Policy Development* in the Planning Commission monitors progress on attaining MDGs in the country, since 2004. *Pakistan Millennium Development Goals Report 2010* has been published. The Table below shows whether the country is on track towards achieving the Goals.

Millennium Development Goals

Indicators	2008-09
1. Eradicate Extreme Poverty and Hunger	
Proportion of population below the caloric based food plus non-food poverty line.	Lag*
Prevalence of underweight children under 5 years of age	Lag*
Proportion of population below minimum level of dietary energy consumption	Lag*
2. Achieve Universal Primary Education	
Net primary enrolment ratio (%)	Lag
Completion/survival rate: 1 grade to 5 (%)	Lag
Literacy rate (%)	Lag
3. Promote Gender Equality & Women Empowerment	
Gender parity index (GPI) for primary and secondary education	Slow
Youth Literacy GPI	Slow
Share of women in wage employment in the non-agricultural sector	Slow
Proportion of seats held by women in national parliament	Ahead
4. Reduce Child Mortality	
Under-five mortality rate	Lag
Infant mortality rate	Off Track
Proportion of fully immunized children 12-23 month	Lag
Proportion of under 1 year children immunized against measles	On Track
Proportion of children under five who suffered from diarrhoea in the last 30 days and received ORT	Ahead
Lady Health Workers' coverage of target population	On Track
5. Improve Maternal Health	
Maternal mortality ratio	Lag
Proportion of births attended by skilled birth attendants	Lag
Contraceptive prevalence rate	Lag
Total fertility rate	Lag
Proportion of women 15-49 years who had given birth during last 3 years and made at least one antenatal care consultation	Lag
6. Combat HIV/AIDs, Malaria and other diseases	
HIV prevalence among 15-24 year old pregnant women (%)	Ahead
HIV prevalence among vulnerable group (e.g. active sexual workers) (%)	Ahead
Proportion of population in malaria risk area using effective malaria prevention and treatment measures	Lag
Incidence of tuberculosis per 100,000 population	Lag
Proportion of TB cases detected and cured under DOTS (Direct Observed Treatment Short Course)	Ahead
7. Ensure Environmental Sustainability	
Forest cover including state-owned and private forest and farmlands	Lag
Land area protected for the conservation of wildlife	On Track
GDP (at constant factor cost) per unit of energy use as a proxy for energy efficiency	Slow
Number of vehicles using CNG	Ahead
Sulphur content in high speed diesel (as a proxy for ambient air quality)	Lag
Proportion of population (urban and rural) with sustainable access to a safe improved water source	Lag
Proportion of population (urban and rural) with access to sanitation	Lag
Proportion of Katchi Abadis regularized	----
8. Develop a Goal Partnership for Development	

** worsened since 2006*

Source: Planning Commission, Government of Pakistan

Social Policy Development Centre in their Research Report titled *"Public Spending on Education and Health in Pakistan: A Dynamic Investigation through Gender Lens"*, highlights gender disparity by five income quintiles, levels of education and province. Their analysis indicates among others that: -

- gross enrolment ratio (GER) of both males and females for all education categories increases with the increase in level of income.

- wide disparities exists in GERs across provinces.

- wide gender disparity also exists in GER across income groups.

- wide gender disparity exists in GERs across all levels of education.

- there is persistence gender disparity in education in all the four provinces.

It further states, 'additional efforts and resources are, therefore, required to break through the cultural barriers and demand side restrictions on girls education.

Health is an important component of the Millennium Development Goals. Goals 4, 5 and 6 are directly health related as they deal with basic health issues like child mortality, maternal health and diseases like malaria, tuberculosis and HIV/Aids. Health contributes to other goals.

Health indicators poor

Poor health is both a cause and result of poverty and hunger. The poor are also extremely malnourished. This results in poor health. In turn, ill health results in low productivity and income. Improvements in health can lead to substantial improvement in reducing poverty and hunger.

Pakistan has taken initiatives to reach the MDGs target by 2015. It aims to reduce under-five mortality rate to 52 per 1000, infant mortality rate to 40 per 1000 and maternal mortality ratio to 140 by 2015. Whereas the proportion of 1 year old children immunized against measles is targeted to be increased to 85 percent and the proportion of birth attended by skilled health personnel to 90 percent by 2015.

Health expenditure less than 1 percent of GDP

While there has been some improvement on health related indicators, but these have lagged compared to other countries in the region. Total public sector expenditure on health for both the federal as well as provincial governments combined is around 0.55 percent and there has been no increase over the last decade.

With the government spending less than one percent of its GDP on health it is no wonder that this important service sector has remained so inadequate. The coverage, accessibility, cost and quality of health care remain critical issues.

Goal 4 has six indicators. Out of the six indicators, Pakistan's performance in achieving the desired MDG targets by 2015 is unsatisfactory particularly with respect to the under-five mortality rate and infant mortality rate. "Pakistan has managed to lower both the rates, but the numbers are not very optimistic," states the *Planning Commission MDGs Report 2010*. After the Seventh NFC Award, and the 18th Amendment in the Constitution, it is expected that the provinces will have more funds to spend on social sectors.

The South Asia region including Pakistan has high numbers of women dying in childbirth. The maternal mortality ratio is still high and there is long way to go to achieve the MDG target of reducing by three quarters, between 1990 and 2015, the maternal mortality ratio. Most deliveries are attended by unskilled attendants at home who are not trained to handle emergencies. The number of women receiving prenatal and antenatal care shows low progress.

Combating diseases such as HIV/Aids, malaria and tuberculosis is receiving government attention.

One chapter of the *Planning Commission Report* is devoted to each of the MDGs. The main conclusions drawn at the end of each chapter are: -

Goal 1 It is expected that the MDG targets related to *Goal 1* will not be met for all the indicators.

Goal 2 Considerable shortfall in achieving the MDG target for *Goal 2*.

Goal 3 The target of gender parity in primary and secondary education may not be achieved by 2015. Similarly achieving the target of youth literacy and the own share of women in wage employment in the non-agricultural sector, is unlikely.

Goal 4 Meeting the targets of the MDG for *Goal 4* will be challenging, as is the case with other social sector interventions given the state of the economy and fiscal constraints which has resulted in the reduction of the allocation to the social sectors.

Goal 5 In terms of the first two indicators of *Goal 5*, Pakistan, while attaining some success, has a considerable distance to go to meet the MDG targets by 2015. Many of the targets for *Goal 5* will not be met in the immediate future, and it will be challenging to meet the targets in 2015, unless herculean efforts are made to do so.

Goal 6 Many of the targets identified in *Goal 6* seem to be approaching successful completion of the MDG targets perhaps by 2015. Indicators 3 & 4 do not look like they are going to be met unless concerted effort is made to do so.

Goal 7 *Goal 7* calls for ensuring environmental sustainability. This is one of those goals where there has been some success and it seems possible that some of the MDG targets will be met. It lags behind considerably in terms of three equity based indicators.

Goal 8

The foregone conclusions show that challenges remain for Pakistan in attaining the MDGs. Budgetary allocations need to be increased for the social sectors and the implementation of programmes must be monitored and evaluated to ensure the country is on the path towards attaining the MDG targets.

Non-Performing Loans of Selected Commercial Banks

(Rs.Bn)

Banks	Gross Advances										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Selected Banks Total	**665.42**	**713.47**	**667.68**	**796.10**	**1129.87**	**1449.11**	**1810.97**	**2017.90**	**2345.03**	**2449.86**	**2532.28**
National Bank of Pakistan	158.62	196.34	166.08	189.0	249.84	299.42	348.37	374.73	457.83	530.86	538.61
Habib Bank Limited	204.75	199.00	200.07	213.74	292.40	350.43	371.36	403.48	435.71	432.28	435.00
United Bank Limited	99.34	105.55	88.39	111.55	160.03	219.27	260.91	325.67	390.90	343.38	320.09
MCB Bank	90.98	82.84	85.14	104.01	144.01	188.14	206.85	229.73	272.85	269.72	274.14
Allied Bank Limited	62.30	59.90	54.00	49.99	69.95	119.51	151.70	178.53	223.64	249.89	268.53
Bank Alfalah	16.36	20.22	29.44	50.37	90.29	120.42	152.24	175.68	197.93	197.40	218.43
Standard Chartered Pakistan	–	–	–	–	–	–	142.31	135.27	137.72	141.23	157.90
Askari Bank	18.56	24.24	31.34	46.35	71.62	88.40	102.73	108.19	139.83	147.62	168.43
Faysal Bank	14.51	25.38	23.23	31.15	51.73	63.52	74.50	86.62	88.62	98.38	151.20

Banks	Non Performing Loans (NPLs)										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Selected Banks Total	**158.00**	**170.12**	**154.21**	**142.57**	**131.37**	**118.97**	**116.89**	**134.70**	**197.01**	**257.81**	**311.86**
National Bank of Pakistan	30.32	44.26	43.71	39.77	36.10	33.74	36.26	38.32	56.46	70.92	86.64
Habib Bank Limited	54.05	56.22	53.01	47.73	44.51	41.36	26.92	24.59	36.08	42.30	46.68
United Bank Limited	38.08	32.18	21.03	18.92	20.10	16.96	16.26	22.35	27.84	39.10	48.59
MCB Bank	12.44	13.44	12.03	11.00	8.84	8.40	8.57	10.73	18.27	23.24	24.54
Allied Bank Limited	16.77	16.88	18.24	17.83	15.38	12.58	10.48	11.36	13.77	16.28	18.69
Bank Alfalah	1.55	1.58	1.54	2.85	2.94	1.06	2.31	4.71	8.93	16.19	18.32
Standard Chartered Pakistan	–	–	–	–	–	–	8.90	10.99	16.53	21.39	22.10
Askari Bank	1.09	1.16	1.25	1.28	1.10	2.37	3.66	6.91	11.69	17.72	21.60
Faysal Bank	3.70	4.40	3.40	3.20	2.40	2.50	3.54	4.75	7.44	10.67	24.70

Banks	NPLs / Gross Advances Ratio										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Selected Banks Total	**23.74**	**23.84**	**23.10**	**17.91**	**11.63**	**8.21**	**6.45**	**6.68**	**8.40**	**10.52**	**12.32**
National Bank of Pakistan	19.11	22.54	26.32	21.05	14.45	11.27	10.41	10.23	12.33	13.36	16.09
Habib Bank Limited	26.40	28.25	26.50	22.33	15.22	11.80	7.25	6.09	8.28	9.79	10.73
United Bank Limited	38.33	30.49	23.79	16.96	12.56	7.73	6.23	6.86	7.12	11.39	15.18
MCB Bank	13.67	16.22	14.13	10.58	6.14	4.46	4.14	4.67	6.70	8.62	8.95
Allied Bank Limited	26.92	28.18	33.78	35.67	21.99	10.53	6.91	6.36	6.16	6.51	6.96
Bank Alfalah	9.47	7.81	5.22	5.65	3.26	0.88	1.52	2.68	4.51	8.20	8.39
Standard Chartered Pakistan	–	–	–	–	–	–	6.25	8.12	12.00	15.15	14.00
Askari Bank	5.84	4.79	3.99	2.76	1.54	2.68	3.56	6.39	8.36	12.00	12.82
Faysal Bank	25.50	17.34	14.64	10.27	4.64	3.94	4.75	5.48	8.40	10.85	16.34

Gross Advances By Sectors - Selected Banks

(Rs. Mn)

Type of Business	National Bank of Pakistan						Habib Bank						United Bank					
	2008	% Share	2009	% Share	2010	% Share	2008	% Share	2009	% Share	2010	% Share	2008	% Share	2009	% Share	2010	% Share
Chemicals & Pharmaceuticals	5213	1.1	3156	0.6	4940	0.9	26611	5.8	24589	5.3	24518	5.2	4970	1.3	6082	1.6	6218	1.7
Agribusiness	23195	5.1	23453	4.4	27067	5.0	24740	5.4	23030	5.0	32331	6.8	28392	7.3	50894	13.3	53034	14.4
Textiles	67390	14.7	71668	13.5	69925	13.0	90730	19.7	83341	18.0	83561	17.4	65703	16.8	61665	16.1	61145	16.6
Cement	10463	2.3	8936	1.7	7118	1.3	15010	3.3	15783	3.4	14560	3.0	5748	1.5	6508	1.7	6803	1.8
Sugar	7481	1.6	8898	1.7	13103	2.4	5526	1.2	3229	0.7	2992	0.6	7126	1.8	7069	1.8	8154	2.2
Rice Processing	8751	1.9	8128	1.5	9645	1.8	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	775	0.2	833	0.2	1010	0.2	2492	0.5	2134	0.5	2276	0.5	3084	0.8	2200	0.6	2447	0.7
Automobile & Transport Equipment	3667	0.8	3664	0.7	2820	0.5	9875	2.1	8568	1.8	7394	1.5	9315	2.4	5213	1.4	4455	1.2
Transportation & Telecommunication	24727	5.4	24824	4.7	34500	6.4	20131	4.4	19466	4.2	17618	3.7	20416	5.2	17110	4.5	22738	6.2
Real Estate/Construction	7307	1.6	7893	1.5	7820	1.5	-	-	-	-	2829	-	21889	5.6	26088	6.8	21867	5.9
Electronics & Electrical Appliances	7453	1.6	7268	1.4	7537	1.4	10779	2.3	13117	2.8	13673	2.8	2543	0.7	2144	0.6	2386	0.6
Food & Tobacco	1884	0.4	1581	0.3	1966	0.4	6159	1.3	5441	1.2	7207	1.5	7421	1.9	7301	1.9	6849	1.9
Fertilizers	12837	2.8	14461	2.7	18004	3.3	-	-	-	-	-	-	5397	1.4	5729	1.5	6824	1.9
Metal Products	3237	0.7	16579	3.1	18883	3.5	7039	1.5	5521	1.2	8244	1.7	929	0.2	567	0.1	2266	0.6
Production & Transmission of Energy	41783	9.1	86110	16.2	62242	11.6	38016	8.3	38642	8.3	49567	10.3	39135	10.0	41179	10.8	39057	10.6
Hotel & Services	10633	2.3	14208	2.7	16572	3.1	-	-	-	-	-	-	3199	0.8	2692	0.7	2709	0.7
Individuals	74831	16.3	74550	14.0	76673	14.2	33466	7.3	36902	8.0	31419	6.5	90398	23.1	78997	20.7	65803	17.8
General Traders	18728	4.1	18422	3.5	22122	4.1	37308	8.1	32846	7.1	42971	8.9	13195	3.4	11559	3.0	20776	5.6
Public/Govt	34656	7.6	72749	13.7	64157	11.9	70099	15.2	97917	21.1	85840	17.8	-	-	-	-	-	-
Financial	9638	2.1	12557	2.4	14477	2.7	16042	3.5	9614	2.1	16197	3.4	6817	1.7	5485	1.4	4896	1.3
Others	83179	18.2	50924	9.6	58028	10.8	46222	10.0	43245	9.3	30221	6.4	55226	14.7	43996	11.5	30266	8.2
Total	**457828**	**100.0**	**530862**	**100.0**	**538609**	**100.0**	**460245**	**100.0**	**463385**	**100.0**	**473418**	**100.0**	**390903**	**100.0**	**382478**	**100.0**	**368692**	**100.0**
Public/Govt	*103659*	*22.6*	*152317*	*28.7*	*133982*	*24.9*	*70099*	*15.2*	*97917*	*21.1*	*86841*	*18.1*	*44845*	*11.5*	*66894*	*17.5*	*64861.0*	*17.6*
Private	*354169*	*77.4*	*378546*	*71.3*	*404627*	*75.1*	*390146*	*84.8*	*365468*	*78.9*	*387577*	*81.9*	*346057*	*88.5*	*315584*	*82.5*	*303830.7*	*82.4*

Gross Advances By Sectors - Selected Banks

(Rs. Mn)

Type of Business	MCB						Allied Bank						Bank Alfalah						Standard Chartered Bank Pakistan					
	2008	% Share	2009	% Share	2010	% Share	2008	% Share	2009	% Share	2010	% Share	2008	% Share	2009	% Share	2010	% Share	2008	% Share	2009	% Share	2010	% Share
Chemicals & Pharmaceuticals	13931	5.1	15198	5.6	12991	4.7	-	-	13154	5.3	15940	5.9	3917	2.0	5917	3.0	5099	2.3	3336	2.4	7806	5.5	12055	7.6
Agribusiness	10415	3.8	2606	1.0	2542	0.9	21817	9.8	450	0.2	496	0.2	4206	2.1	13784	7.0	16454	7.5	1160	0.8	2346	1.7	3412	2.2
Textiles	35241	12.9	31378	11.6	40354	14.7	45226	20.2	45258	18.1	39540	14.7	27348	13.8	28301	14.3	34784	15.9	17975	13.1	22818	16.2	31206	19.8
Cement	4611	1.7	3886	1.4	3648	1.3	13174	5.9	15133	6.1	14151	5.3	3371	1.7	3005	1.5	2454	1.1	6592	4.8	5935	4.2	8586	5.4
Sugar	6490	2.4	6328	2.3	9063	3.3	4386	2.0	3315	1.3	6860	2.6	2872	1.4	3081	1.6	2396	1.1	2976	2.2	2250	1.6	2552	1.6
Rice Processing	-	-	-	-	-	-	-	-	-	-	-	-	5404	2.7	4919	2.5	7252	3.3	-	-	-	-	-	-
Shoe & Leather Garments	2024	0.7	2279	0.8	2782	1.0	-	-	802	0.3	803	0.3	797	0.4	792	0.4	948	0.4	572	0.4	797	0.6	1245	0.8
Automobile & Transport Equipment	2423	0.9	2293	0.9	477	0.2	-	-	3206	1.3	3517	1.3	3929	2.0	3048	1.5	2975	1.4	6691	4.9	1604	1.1	2833	1.8
Transportation & Telecommunication	33182	12.1	58748	21.8	67013	24.4	8092	3.6	5274	2.1	4781	1.8	4240	2.1	5264	2.7	2992	1.4	6552	4.8	4816	3.4	8362	5.3
Real Estate/Construction	-	-	-	-	-	-	-	-	14015	5.6	12349	4.6	7771	3.9	5651	2.9	4095	1.9	-	-	-	-	-	-
Electronics & Electrical Appliances	2769	1.0	2205	0.8	2203	0.8	-	-	-	-	-	-	3751	1.9	1627	0.8	4555	2.1	1741	1.3	3912	2.8	2662	1.7
Food & Tobacco	-	-	-	-	-	-	17145	7.7	-	-	-	-	3770	1.9	4176	2.1	4827	2.2	-	-	-	-	-	-
Fertilizers	-	-	-	-	-	-	-	-	-	-	-	-	4570	2.3	4847	2.5	6933	3.2	-	-	-	-	-	-
Metal Products	-	-	-	-	-	-	3182	1.4	2296	0.9	2209	0.8	4646	2.3	4951	2.5	6365	2.9	-	-	-	-	-	-
Production & Transmission of Energy	48481	17.7	37941	14.1	36348	13.3	40497	18.1	35973	14.4	43182	16.1	13862	7.0	15618	7.9	20497	9.4	19869	14.4	22963	16.3	30315	19.2
Hotel & Services	4121	1.5	6643	2.5	4537	1.7	-	-	186	0.1	150	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	32721	12.0	27050	10.0	22007	8.0	5453	2.4	6122	2.4	6627	2.5	44006	22.1	35800	18.1	31598	14.5	38097	27.7	29315	20.8	31786	20.1
General Traders	24868	9.1	18565	6.9	22120	8.1	10601	4.7	10912	4.4	13448	5.0	7893	4.0	7745	3.9	7435	3.4	-	-	-	-	-	-
Public/Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	10491	3.8	6866	2.5	4269	1.6	5524	2.5	5544	2.2	3077	1.1	3409	1.7	4067	2.1	2389	1.1	2770	2.0	5691	4.0	638	0.4
Others	41454	15.2	47736	17.7	43790	16.0	48543	21.7	88247	35.3	101400	37.8	49050	24.7	44210	22.4	53774	24.6	29385	21.3	30977	21.9	22254	14.1
Total	**273222**	**100.0**	**269722**	**100.0**	**274144**	**100.0**	**223640**	**100.0**	**249887**	**100.0**	**268530**	**100.0**	**198812**	**100.0**	**197403**	**99.7**	**218432**	**99.7**	**137716**	**100**	**141230**	**100**	**157906**	**100**
Public/Govt	*60292*	*22.1*	*79707.0*	*29.6*	*78725.0*	*28.7*	*37409*	*16.7*	*50892.0*	*20.4*	*58359.0*	*21.7*	*18188*	*9.1*	*32019*	*16.2*	*32294.0*	*15.0*	*13274*	*9.6*	*24498*	*17.3*	*26829*	*17.0*
Private	*212930*	*77.9*	*190015.0*	*70.4*	*195418*	*71.3*	*186231*	*83.3*	*198995.0*	*79.6*	*210174.0*	*78.2*	*180624*	*90.9*	*165384*	*83.8*	*186138.0*	*85.0*	*128129*	*93.0*	*116732.0*	*82.7*	*131077*	*82.7*

– Indicates figure not given in the bank's annual report

Non Performing Loans By Business Segments - Selected Banks

(Rs. Mn)

Type of Business	National Bank of Pakistan			Habib Bank			United Bank			MCB Bank			Allied Bank			Bank Al Falah			Standard Chartered Bank Pakistan		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Chemicals & Pharmaceuticals	3883	1826	2441	381	484	646	165	309	226	118	153	149	151	133	128	49	60	150	496	186	104
Agribusiness	1602	2219	1873	3026	3744	3157	1625	1508	1430	912	713	417	6	11	152	338	426	506	2	2	17
Textiles	17965	24952	26432	14093	15121	18395	6154	9841	13820	2921	3863	4259	-	3504	5090	2059	2620	2122	5655	7092	6621
Cement	2506	5125	5060	500	500	700	32	4	-	-	-	532	-	-	-	3	1	-	-	-	-
Sugar	1721	2832	3200	514	432	433	35	34	34	388	1178	1160	-	-	-	-	-	-	-	-	-
Rice Processing	1806	1869	1875	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	264	215	430	521	219	312	97	242	227	107	118	128	2323	2698	65	-	-	-	12	20	16
Automobile & Transport Equipment	935	893	1354	751	1276	1319	783	751	727	116	134	114	-	-	-	1755	73	193	829	615	455
Transportation & Telecommunication	2564	3397	3319	251	261	261	14	-	-	73	49	139	679	358	361	-	-	-	-	-	-
Real Estate/Construction	376	908	2255	2034	1805	1418	3059	4106	3885	80	68	127	356	799	2622	-	-	-	-	-	-
Electronics & Electrical Appliances	1456	2426	322	2801	2707	2802	240	543	365	558	339	323	-	-	-	-	-	-	-	-	-
Food & Tobacco	1074	456	565	450	446	443	714	795	1259	-	-	-	-	-	-	-	-	-	-	-	-
Fertilizers	256	380	2698	-	-	-	37	6	7	-	-	-	-	-	-	-	-	-	-	-	-
Metal Products	1403	1468	1473	1157	491	671	44	2	-	-	-	-	-	774	775	-	-	-	-	-	-
Production & Transmission of Energy	1148	1685	11607	29	1614	1809	154	2928	3049	4	-	2	-	842	843	-	-	-	492	550	376
Hotel & Services	531	787	448	-	-	-	202	489	486	296	479	615	-	-	61	-	-	-	-	-	-
Individuals	2358	3013	2884	2093	2522	2426	8206	11143	13238	1444	2805	3605	288	239	48	2489	3491	3997	2709	3552	4691
General Traders	3770	5612	5386	2138	3549	4737	963	1025	1167	3147	5010	4516	1518	1863	2354	636	795	616	-	-	-
Public/Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	105	529	1410	5	5	1299	20	10	2152	2094	870	1275	786	650	281	-	-	-	-	-	-
Others	10739	10331	11610	5342	7133	4849	5295	5365	6521	6011	7015	7183	7355	4429	5909	3262	8720	10735	6339	9371	9828
Total	**56462**	**70923**	**86642**	**36086**	**42309**	**46677**	**27839**	**39101**	**48593**	**18269**	**23239**	**24544**	**13772**	**16281**	**18688**	**8934**	**16186**	**18320**	**16534**	**21388**	**22108**

NPLs to Gross Advances Ratio

(%)

Type of Business	National Bank of Pakistan			Habib Bank			United Bank			MCB Bank			Allied Bank			Bank Al Falah			Standard Chartered Bank Pakistan		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Chemicals & Pharmaceuticals	74.5	57.9	49.4	1.4	2.0	2.6	3.3	5.1	3.6	0.8	1.0	1.1	-	1.01	0.8	1.3	1.0	2.9	1.5	2.4	0.9
Agribusiness	6.9	9.5	6.9	12.2	16.3	9.8	5.7	3.0	2.7	8.8	27.4	16.4	-	2.44	30.6	8.0	3.1	3.1	29.1	0.1	0.5
Textiles	26.7	34.8	37.8	15.5	18.1	22.0	9.4	16.0	22.6	8.3	12.3	10.6	-	7.74	12.9	7.5	9.3	6.1	11.5	31.1	21.2
Cement	24.0	57.4	71.1	3.3	3.2	4.8	0.6	0.1	0.0	-	-	14.6	-	-	-	0.1	0.03	-	-	-	-
Sugar	23.0	31.8	33.2	9.3	13.4	14.5	0.5	0.5	0.4	6.0	18.6	12.8	-	-	-	-	-	-	-	-	-
Rice Processing	20.6	23.0	19.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	34.1	25.8	42.6	20.9	10.3	13.7	3.1	11.0	9.3	5.3	5.2	4.6	-	336.4	8.1	-	-	-	-	2.5	1.3
Automobile & Transport Equipment	25.5	24.4	48.0	7.6	14.9	17.8	8.4	14.4	16.3	4.8	5.8	23.9	-	-	-	44.7	2.4	6.5	26.2	38.3	16.1
Transportation & Telecommunication	10.4	13.7	9.6	1.2	1.3	1.5	0.1	-	-	0.2	0.1	0.2	8.4	6.8	7.6	-	-	-	-	-	-
Real Estate/Construction	5.1	11.5	28.8	-	-	-	14.0	15.7	17.8	-	-	-	-	5.7	21.2	-	-	-	-	-	-
Electronics & Electrical Appliances	19.5	33.4	4.3	26.0	20.6	20.5	9.4	25.3	15.3	20.2	15.4	14.7	-	-	-	-	-	-	-	-	-
Food & Tobacco	57.0	28.8	28.7	7.3	8.2	6.1	9.6	10.9	18.4	-	-	-	-	-	-	-	-	-	-	-	-
Fertilizers	2.0	2.6	15.0	-	-	-	0.7	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Metal Products	43.3	8.9	7.8	16.4	8.9	29.4	4.7	0.4	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Production & Transmission of Energy	2.7	2.0	18.6	0.1	4.2	3.6	0.4	7.1	7.8	-	-	0.01	-	-	-	-	-	-	2.5	2.4	1.2
Hotel & Services	5.0	5.5	2.7	-	-	-	6.3	18.2	17.9	7.2	7.2	13.6	-	-	-	-	-	-	-	-	-
Individuals	3.2	4.0	3.8	6.3	6.8	7.7	9.1	14.1	20.1	4.4	10.4	16.4	5.3	3.9	0.7	5.7	9.8	12.6	7.1	12.1	14.8
General Traders	20.1	30.5	24.3	5.7	10.8	11.0	7.3	8.9	5.6	12.7	27.0	24.5	14.3	17.1	17.5	8.1	10.3	8.3	-	-	-
Public/Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	1.1	4.2	9.7	0.0	0.1	8.0	0.3	0.2	44.0	20.0	12.7	29.9	14.2	11.7	9.1	-	-	-	-	-	-
Others	12.9	20.3	20.0	11.6	16.5	19.4	9.6	12.2	21.5	14.5	14.7	14.3	15	5.0	5.8	6.7	19.7	20.0	21.6	30.3	44.2
Total	**12.3**	**13.4**	**16.1**	**11.6**	**16.5**	**9.7**	**7.1**	**10.2**	**13.2**	**6.7**	**8.6**	**9.0**	**6.2**	**6.5**	**7.0**	**4.5**	**8.2**	**8.4**	**12.0**	**15.1**	**14.0**

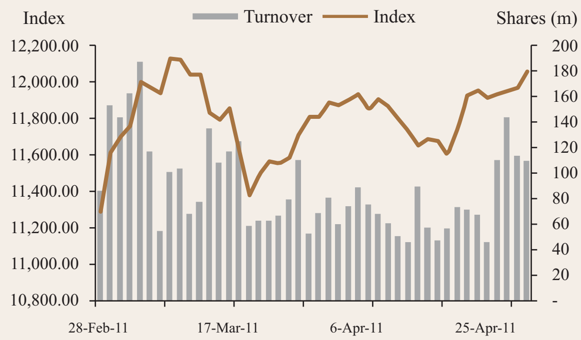
– Indicates figures not given for that sector in the bank's annual report

Market Analysis

Market Review – March To April 2011

The market during the period staged a recovery. Overall, the KSE-100 Index during March to April, 2011 gained 768 points or 6.8 percent to close at 12,057 on average daily turnover of 88.30m shares.

KSE-100 Index (March-April 2011)



March

The KSE-100 Index started the month on a positive note to break out of the bearish shackles of the previous month. The impetus of the rebound came from buying interest in oil and gas and banking sectors while other sectors provided support. The news of the MTS being launched on March 14 also supplemented the recovery. The KSE-100 Index gained 710 points during the first week of the month to close at 12,000 on March 4.

The market was mainly range bound during the second week due to domestic and international politics. On the domestic front, there was growing uncertainty because of continued tension between some political parties and the government and judiciary in the wake of the Supreme Court decision to remove the NAB Chairman. Whereas, on the international scene, situation continued to be hot in the Middle East and North Africa region. In addition, the talks between the GoP and the IMF in regards to continuation of the SBA appeared to be inconclusive. The KSE-100 Index improved by 45 points to end the second week at 12,045 on March 11.

The third week of March was mainly bearish due to continued foreign outflow from the bourses because of political uncertainty, economic lethargy and regional unrest. Despite the launch of the much awaited MTS and the release of Raymond Davis, the market was under selling pressure throughout the week. The fear of Japan disaster impact in the wake of the earthquake, tsunami and nuclear meltdown led to selling pressure among global markets including Pakistan. In addition, the imposition of additional tax measures such as 15 percent flood surcharge and hike in special excise duty from 1 percent to 2.5 percent through promulgation of Presidential Ordinance on March 16 exacerbated the bullish trend. The KSE-100 Index shed 438 points to end the week at 11,606 on March 18.

The fourth week saw the market become range bound due to a lack of drivers and investors exercising caution ahead of the Monetary Policy Statement by the SBP on March 26. The KSE-100 Index shed 54 points to end the week at 11,552 on March 25. The main highlights of the week were the maintenance of Pakistan's credit rating of B3 with stable outlook by Moody's and restoration of forward cover facility by the central bank after being suspended since 2008.

The final week of the month saw the market stage a slight recovery from the previous week on the back of buying activity in selective blue-chip stocks. The KSE-100 Index gained 257 points to end the month of March at 11,809.

The market had a flat start but picked up momentum in the second half of the month due to buying interest in selective Index stocks. The KSE-100 Index gained 248 points or 2.1 percent during April 2011 to close at 12,057.

April

The market was mostly range bound during the first week of April. The KSE-100 Index gained 96 points or 0.8 percent to close the week at 11,905 on April 8. It appears that most investors chose to move to sidelines and hence, the activity in first tier stocks was low, whereas there was more activity observed in lower tier scrips. The release of March 2011 CPI inflation figures indicated a revival of inflationary pressure as the YOY CPI was posted at 13.16 percent, while the 9mFY11 average CPI was recorded at 14.20 percent. There was some interest in cement stocks at the beginning of the week due to news that the U.S. has agreed to provide US$ 500m for the construction of Bhasha Dam. At the latter part of the week, oil and gas E&Ps were in the spotlight because of rising international crude oil prices and rumors regarding improved production from a major field that would positively impact the 3 major publicly listed E&P companies.

The market was mainly in a slump during the second week as the KSE-100 Index shed 221 points or 1.9 percent to end the week at 11,684 on April 15. Despite some positive news flow such as record month high exports of US$ 2.5bn and remittances of US 1.05bn during March 2011, did not have a positive impact on the bourses. These positive developments may have been overshadowed by the SBP's 2QFY11 Report on the Economy in which, the central bank has expressed a cautious view of the economy going forward. In addition, there was negative outflow of foreign funds from the market during the week to the tune of US$ 2.96m as compared to a net inflow of US$ 3.41m during the previous week.

The ongoing shortage of gas has affected industrial output in general but during the week, it was reported that gas supply was stopped to 4 fertilizer units (ENGRO's new line, Agritech, DAWH and Pak-Arab) on the SNGPL network due to production problems from selective fields such as Qadirpur. In response, Engro Fertiliser raised the price of Urea by PKR 60 per 50kg bag to offset the financial impact of gas supply disruptions. The Index ended the week on a slight positive note due to support from both local and foreign investors in anticipation of good quarterly results in major sectors in the coming weeks. In addition, the rise in prices of fertilizer, cement and international crude oil led to buying interest in these sectors.

The third week of the month began on a negative note but ended strong on the back of renewed buying activity. The KSE-100 Index shed 84 points within the first two days of the week to close at 11,599 on April 19. There was a lack of buying activity from both local and foreign institution while there was some selling pressure due to news reports that talks between the Federal Finance Minister and the IMF in Washington during the spring meetings were inconclusive and news reports of possible budget proposal to increase the corporate tax rate from 35 percent to 40 percent, which would cause a decline in earnings of around 8 percent.

In addition, the newly appointed petroleum advisor dismissed all the current heads of state-owned oil and gas companies, which added to uncertainty over their management. This had a negative impact on share prices of PSO, OGDC and PPL. The market started to rebound due to local and foreign institutional support, especially in stocks from fertilizer, energy and cement sectors. The net foreign inflow during the week was US$1.09m as compared to a net outflow during the previous week. In addition, during the first nine months of FY11 current account registered a US$99m surplus as well as some new developments on the political front that could add stability to the political scene in the near future. E&P stocks such as OGDC saw buying activity as there were reports that Qadirpur gas production is at normal (520 mmcfd) levels after sinking to 395 mmcfd for 2 days during the previous week. FFBL and LOTPTA recorded modest gains on the back of positive expectations regarding their quarterly results. The KSE-100 Index gained 270 points or 2.3 percent to end the week at 11,954 on April 22.

The final week of April saw a steady rise in the benchmark Index. The KSE-100 Index started the week on a negative note shedding 38 points on thin volume to close at 11,916 on April 25th. The bombing of two Pakistan Navy buses in Karachi during the morning rush hour helped to dampen investor sentiments. However, the market bounced back next day on the back of exceptional first quarter earnings from LOTPTA and interim dividend announcement of PKR 1.75 per share by PTCL. In addition, there were positive news flows regarding the external account as the Federal Finance Minister disclosed that the U.S. was prepared to disburse nearly US$1bn by June 30 under Kerry-Lugar Law (US$381m) and Coalition Support Fund (US$500-600m) and that the IMF was prepared to issue a Letter of Comfort in order that the GoP could obtain US$1bn in budgetary support from the World Bank and ADB.

ENGRO and UBL's share prices performed well. In the case of Engro, there was good news about the Sindh High Court barring the authorities from stopping gas supply to its new fertiliser plant. There were reports of further rise in cement prices that led to a positive impact on cement stocks, especially North zone plants and news that Saudi Arabia will provide financing support for Bhasha Dam and other hydel projects. The results for OGDC and PSO were slightly below market expectations. However, there was some consolation from declaration of interim cash dividend of PKR 1.50 and PKR 3.00 per share by OGDC and PSO, respectively.

There was some bad news for PSO later in the week that the FBR is reported to have frozen bank accounts of Pakistan State Oil (PSO) for defaulting on payment of Rs7.1 billion Sales Tax and that PSO is asking the Ministry of Petroleum to intervene and take up the issue with the Finance Ministry. The KSE-100 Index ended the final week up 103 points to end the month at 12,057.

Regional Valuation

The Pakistan market PE at 6.88x is trading at a 46.2 percent discount to the regional average of 12.78x. Based on dividend yield, Pakistan is the most attractive at 5.99 percent as compared to the regional average of 2.48 percent, followed by Taiwan (3.44 percent) and Malaysia (3.41 percent).

Regional Valuation Comparison

Country	12m F PEx	12m F Dividend Yield (%)
China	14.92	1.40
Hong Kong	12.46	2.61
India	12.65	1.35
Indonesia	13.96	2.18
Malaysia	13.53	3.41
Pakistan	6.88	5.99
Philippines	12.72	2.64
Singapore	12.92	3.15
South Korea	9.97	1.35
Taiwan	12.50	3.44
Thailand	12.16	3.29

Source: Thomson One Analytics, Date: April 14, 2011

Looking Ahead

With the federal budget for FY12 expected to be presented in the National Assembly by the end of May, we foresee the market as being choppy in the run-up to the budget session. The receipt of the next installment from the IMF under the SBA before the budget remains uncertain, as some issues like, implementing a reform GST measures to achieve a budget deficit target of 4.7 percent of GDP, energy sector reforms, and government borrowings from the central bank were missed.

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

Book/Report Reviews

Pakistan — Beyond the Crisis State
Maleeha Lodhi – editor
Oxford University Press, 2011

This book brings together Pakistan's leading intellectuals who have contributed their views on some of the daunting issues facing Pakistan. The issues discussed in the book are about governance, security, economic and human development, foreign policy. While diverse views have been offered by the contributors, they all believe that Pakistan's challenges are surmountable and the impetus for change can only come from within, through bold reforms that have been identified and discussed in the chapters.

The editor of the book in the introduction states, "the country may yet escape its difficult first sixty three years, resolve its problems and re-imagine its future. But doing so will need a capable leadership with the vision and determination to chart a new course." Policy measures have been identified in the Report which can bring about a change. "Pakistanis themselves must reclaim their country by extricating it from the numerous challenges its faces."

In the opening chapter, Pakistan's leading historian, Ayesha Jalal writes, critical awareness of Pakistan's present problems in the light of history can overcome the reality deficit and help create the political will that can allow Pakistan to navigate its way out of a daunting present and chart a future consistent with the aspirations of its rudderless and long suffering people.

Dr. Akbar S. Ahmed, in his article, *Why Jinnah Matters*, seeks to establish that the nation's founder and his vision are central to today's debate about the nature and character of the Pakistani state. Dr. Maleeha Lodhi's article, *Beyond the Crisis State*, examines the interplay between internal and external factors and examines Pakistan's tangled political past of governance failures, patronage dominated policies and missed economic opportunities.

Mohsin Hamid in his paper, *Why Pakistan will Survive* gives a message of hope and sets out reasons for optimism about Pakistan. Two chapters in the book focus on the role of the army. Zahid Hussain suggests a number of measures to deal with the militant threat effectively. Dr. Ishrat Husain gives a detailed account of how the civil service can be reformed and economic governance be improved; without which, even good policies cannot be executed. Munir Akram focuses on the strategic challenges that Pakistan now faces. The other articles in the book are by Shuja Nawaz, Saeed Shafqat, Ziad Haider, Meekal Ahmed, Muddassar Malik, Ziad Al ahdad, Shanza Noor Hasan Khan, Moeed W. Yusuf, Feroz Hassan Khan, Ahmed Rashid and Syed Rifaat Hussain.

Pakistan – Unique Origins; Unique Destiny
Javed Jabbar
National Book Foundation, Islamabad

The introduction of the book opens with these lines: - "this book identifies the factors which, in the opinion of the author, make Pakistan's origins virtually the single most unique set of origins amongst all nation states in the world, and because of the specific elements that shaped the country's birth in 1947."

The aim of writing this book has been threefold: to make people aware of certain novel aspects of their nation's origins; to make the world at large more aware of these very same facts for the author would like the world to know that Pakistan is unique for several notable reasons other than allegedly being the most dangerous place on earth. The third aim is to explore the possibility of there being a relationship between unique origins and the making of a unique destiny.

Eight reasons have been identified that make Pakistan's origins unique. 57 strengths and 38 weaknesses of Pakistan have also been identified. The way forward is going to be rough. But in all likelihood, the sun will rise tomorrow. And so also will rise individual ability to help shape a better Pakistan: provided each citizen takes actions towards achieving that vision.

Building Social Business
Muhammad Yunus
with Karl Weber

Muhammad Yunus the pioneer of microcredit, has developed a visionary new dimension for capitalism and calls it social business. In the book the author shows how social business has gone from being a theory to an inspiring practice adopted by leading corporations including BASF, Intel, Danone, Veolia and Adidas.

When business is carried out for the benefit of others, and nothing is for the owners — except the pleasure of serving humanity, it is called social business. The purpose of the business is to end social problems. Part of the economic surplus the social business creates is invested in expanding the business, and a part is kept in reserve to cover uncertainties.

The author has for the last many years started creating social businesses in Bangladesh. Some have been joint ventures between Grameen companies and world renowned multinational companies and have become well known. The first joint venture was created in 2005 in partnership with the French dairy company Danone (makers of Dannon yogurt) and is aimed at reducing malnutrition among the children of Bangladesh. Other such joint ventures have been initiated.

Veolia, the French water company is called Grameen Veolia Water Company and was created to bring safe drinking water to the villages of Bangladesh where arsenic contamination is a huge problem. BASF of Germany in a joint venture with Grameen produces chemically treated mosquito nets in Bangladesh. These nets are sold at cheap prices so to make it affordable to the poor. Another venture with Intel Corporation, Grameen Intel, makes use of information and communication technology to help solve the problems of the rural poor. Grameen Adidas aims at producing affordable shoes for the lowest income people. These joint ventures have been able to bring about positive changes in people's lives.

The first chapter in the book, *Why Social Business*, provides a definition to this concept. There are two kinds of social business. One is non-loss, non-dividend company devoted to solving a social problem and owned by investors who reinvest all profits in expanding and improving the business. The second kind is a profit making company owned by poor people, either directly or through a trust that is dedicated to a predefined social cause. Since profits that flow to poor people are alleviating poverty, such a business is by definition helping to solve a social problem.

The author shows in his book how social business transforms lives, offers guidance to those who want to create social businesses, and further it can provide the most effective institutional mechanism for resolving poverty, homelessness, hunger and ill health. Social business can reduce the excesses of the profit making businesses. Social business must be an essential part of the growth formula because it benefits the mass of people who would otherwise be disengaged.

Rural Poverty Report 2011 –
New Realities, new challenges: new opportunities for tomorrow's generation — IFAD

The Report is an in-depth study of rural poverty, providing an understanding of what the face of poverty looks, offering practical solutions to the host of challenges and adopting a coherent approach for tackling the evolving challenges of the future. Throughout the report emphasis is placed on the crucial role that policies, investments and good governance can play in reducing risk and helping poor rural people to better manage them as a way of opening up opportunities.

The Report highlights some key issues: Improving overall environment of rural areas, enabling poor rural people to manage risk, investing in education so to develop skills, and the ongoing need to strengthen the collective capabilities of rural people. It is essential to address rural poverty in developing countries. It looks likely that global food security and climate change will be among the key issues of the 21st century.

Pakistan Economy – Key Economic Indicators

	Unit	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10P
Output and Prices								
GNP Size (MP)	Rs.bn	5765	6634	7773	8831	10452	13084	15239
GDP Size (FC)	Rs.bn	5250	6123	7158	8235	9921	12082	13843
Income Per Capita	$	669	733	836	921	1038	1018	1095
Real Growth	(%)							
GNP		6.4	8.7	5.6	6.7	3.7	1.7	5.5
GDP		7.5	9.0	5.8	6.8	3.7	1.2	4.1
Agriculture		2.4	6.5	6.3	4.1	1.0	4.0	2.0
Manufacturing		14.0	15.5	8.7	8.3	4.8	-3.7	5.2
Services Sector		5.8	8.5	6.5	7.0	6.0	1.6	4.6
Prices	(%)							
Consumer Price Inflation		4.6	9.3	7.9	7.8	12.0	20.8	11.7
Wholesale Price Inflation		7.9	6.8	10.1	6.9	16.4	18.2	12.6
Food Inflation CPI		6.0	12.5	6.9	10.3	17.6	23.7	12.5
Non Food Inflation CPI		3.6	7.1	8.6	6.0	7.9	18.4	11.1
Core Inflation†		3.8	7.2	7.5	5.9	8.4	18.1	10.5
GDP Deflator		7.7	7.0	10.5	7.7	16.2	20.3	10.1
Gold Tezabi (Karachi)	Rs./10 grams	7328	8216	10317	12619	16695	22195	33544
Petrol Super	Rs/Ltr	33.69	40.74	55.21	56.00	57.83	67.68	67.56
Diesel	Rs/Ltr	-	-	36.45	38.40	40.97	60.42	69.57
Kerosene oil	Rs/Ltr	24.95	29.11	36.19	39.09	43.44	66.79	72.65
Wheat Flour	Rs/Kg	11.71	13.28	13.06	13.64	18.07	25.64	28.77
Savings and Investment	% GDP							
National Savings		17.9	17.5	17.7	17.4	13.4	13.2	13.8
Domestic Savings		15.7	15.4	15.7	15.6	11.4	10.5	9.9
Gross Fixed Investment		15.0	17.5	20.5	20.9	20.5	17.4	15.0
Public		4.0	4.3	4.8	5.5	5.4	4.6	4.3
Private		10.9	13.1	15.7	15.4	15.0	12.7	10.7
Public Finance								
Revenue Receipts (Fed Govt)	% GDP	13.5	13.5	13.5	14.0	13.7	13.2	14.0
Tax Revenue	% GDP	9.0	9.1	9.3	9.7	9.9	9.8	10.1
Total Expenditure	% GDP	15.9	15.4	15.8	15.7	18.8	16.5	17.6
Fiscal Deficit	% GDP	2.3	3.3	4.3	4.4	7.6	5.3	6.3
FBR Tax Collection (Fed Govt)	Rs.bn	510.0	590.0	704.0	839.6	1009.4	1251.5	1483.0
Direct Taxes	% share	31.7	31.0	32.0	38.2	38.4	39.6	36.4
Indirect Taxes	% share	68.3	69.0	68.0	61.8	61.6	60.4	63.6
Internal Debt Outstanding	Rs.bn	1979	2152	2337	2610	3275	3861	4653
Funded Debt	% Internal Debt	54.6	59.5	62.3	64.0	68.8	67.1	68.6
Un-Funded Debt	% Internal Debt	45.4	40.5	37.7	36.0	31.2	32.9	31.3
Monetary Sector								
Growth of Monetary Assets M2	%	19.6	19.1	15.1	19.3	15.3	9.6	12.5
Currency in Circulation	Rs.bn	578.1	665.9	740.4	840.2	982.3	1152.2	1295.4

P Provisional *†non-food non-energy*

	Unit	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10^{P}
Credit to Private Sector	Rs.bn	1274	1712	2114	2480	2890	2907	3020
Credit to Public Sector	Rs.bn	657	747	834	927	1510	2034	2441
Borrowings for Budgetary Support	Rs.bn	575	641	708	810	1365	1681	2011
Resident Foreign Currency Deposits	Rs.bn	146	180	196	207	263	280	330
M2/GDP	%	-	-	0.45	0.47	0.46	0.40	0.39
Capital Market (KSE)								
Listed Capital	Rs.bn	377	439	496	631	706	782	910
Market Capitalisation	$ bn	1422	2068	2801	4019	3778	2121	2732
Listed Companies at KSE	Nos	666	659	658	658	652	651	651
Banking Sector								
Scheduled Banks Deposits	Rs.bn	-	2428	2817	3373	3812	4138	4353*
Scheduled Banks Advances	Rs.bn	-	1694	2071	2376	2816	3080	3192*
Non-Performing Loans All Banks	Rs.bn	200	177	173	214	314	432	460
Lending and Deposit Rates	weighted average							
Deposits	% pa	0.95	1.37	1.96	2.60	4.13	4.44	4.29*
Advances	% pa	7.28	8.81	10.61	11.55	12.49	14.25	13.18*
Open Market Operation	weighted average							
SBP 3-Day Repo	% pa	7.50	9.00	9.00	9.50	12.00	14.00	12.50
Treasury Bills Yield - 6 Months	% pa	2.08	7.96	8.49	8.90	11.47	12.00	12.33
KIBOR - 6 Months	% pa	2.69	8.46	9.36	9.75	13.95	12.65	12.25
Pakistan Investment Bonds - 5 yrs	% pa	5.27	7.50	9.65	9.53	-	12.40	12.60
Interbank Call Rates	%	2.70	6.10	8.80	8.90	9.90	13.20	12.20
SBP Export Finance Rate	%	1.50	6.50	7.50	6.50	6.50	6.50	8.00
External Sector								
Exports	$ bn	12.31	14.40	16.45	16.98	19.05	17.68	19.35
Imports	$ bn	15.59	20.60	28.58	30.54	39.96	34.82	34.71
Balance of Trade	$ bn	-3.28	-6.20	-12.13	-13.56	-20.90	-17.14	-12.24
Current Account Balance	$ bn	1.31	-1.75	-5.65	-7.40	-14.30	-9.40	-2.90
Workers' Remittances	$ mn	3872	4168	4600	5494	6451	7811	8906
Foreign Private Investment	$ mn	922	1677	3872	6960	5429	3209	2794
Direct	$ mn	950	1525	3521	5140	5410	3720	2206
Portfolio	$ mn	-28	153	351	1820	19	-511	588
Debts								
External Debt and Liabilities	$ bn	35.3	35.4	37.2	40.3	46.2	52.3	55.6
Domestic Debt Outstanding	Rs.bn	2027	2178	2337	2610	3275	3860	4653
Internal Debt as % of GDP	%	35.9	33.5	30.7	30.1	32.0	30.3	31.7
National Saving Schemes**	Rs.bn	984	940	936	1004	1094	1361	1586
Total Reserves	$ mn	13155	13338	14354	18890	13436	13971	17921
Gold	$ mn	831	917	1268	1344	1926	1935	2575
Liquid Fx Reserves	$ mn	12324	12421	13086	17546	11510	12036	15346
Exchange Rate (Average for year)	Rs/US$	57.5745	59.3576	59.8566	60.6342	62.5465	78.4983	83.8017

** December 2009 ** Outstanding*

Source: Annual Report 2009-10, State Bank of Pakistan