

# EMBASSY OF PAKISTAN ECONOMIC DIVISION

**JULY 1, 2009**

## HIGHLIGHTS OF THE ECONOMY

### **FISCAL YEAR 2008-09**

**FY2009** was yet another challenging and difficult year for Pakistan's economy. Collapse of the US sub-prime market and global financial meltdown has had serious repercussions not only for the developed world but also for the developing economies. Despite numerous stimulus packages and sovereign interventions of unparalleled scale, advanced economies are expected to contract by 3.8 percent in 2009. Notwithstanding, strenuous efforts by the US Administration including buying up of toxic assets and recapitalization of financial institutions, the world's largest economy is projected to contract by 2.9 percent in 2009.

**Pakistan** was no exception and weathered an unprecedented set of challenges during 2008-09 including (i) policy induced imbalances of the past several years causing macroeconomic instability; (ii) substantial deterioration in net terms of trade sequel to spike in the world commodity prices in 2007-08 and in the first half of 2008-09; (iii) decline in exports and inflow of external capital because of turmoil in global financial markets; and (iv) a severe security challenge as a consequence of war on terror which has exacted an extremely high cost on the economy, both in terms of direct costs and knock-on effect on investment inflows as well as market confidence. The cumulative effect of these challenges has been a significant loss of growth momentum, macroeconomic instability, rise in poverty, fiscal retrenchment and weaknesses in the external account. Real GDP growth in the outgoing year is now estimated at 2 percent, compared to a revised 4.1 percent in the previous fiscal year and a target of 5.5 percent. In the global context,

there are only a handful of countries with positive real growth in 2009. World growth is expected at -1.3 percent while the IMF expects *developing countries* to grow at 1.6 percent in 2009. Growth in Pakistan's main trading partners is estimated to contract by almost 3 percent on average in 2009, depressing the external demand for Pakistan's exports.

**Responding** to these challenges, the Government committed itself to restore macroeconomic stability and developed an indigenous program with the objectives (i) to re-establish the confidence of domestic and external investors by tackling macroeconomic imbalances through a tightening of fiscal and monetary policies and (ii) to protect the vulnerable through adequately funded social safety nets. The measures taken so far include:

- **Adopting a Nine-Point Program** for economic and social recovery encompassing the following elements:
  - Macroeconomic Stability and Real Sector Growth
  - Protecting the Poor and the Vulnerable
  - Increasing Productivity and Value Addition in Agriculture
  - Integrated Energy Development Program
  - Making Industry Internationally Competitive
  - Human Capital Development
  - Removing Infrastructure Bottlenecks through Public Private Partnerships (PPPs)
  - Capital and Finance for Development
  - Governance for a Just and Fair System
- **Strong adjustments** in the petroleum prices
- **Significant cuts** in the expenditures to curtail aggregate demand
- **Adjusting electricity tariffs** to rationalize energy prices
- **Tight monetary policy** to contain inflationary spiral
- **Initiating Benazir Income Support Program (BISP)** to provide cash grants to the vulnerable
- **Signing** Stand By Arrangement with the IMF in November 2008 envisaging (i) tightening fiscal and monetary policies to address the macroeconomic imbalances (ii) comprehensive tax reform and (iii)

phase out subsidies on petroleum products and electricity to create fiscal space for public investment and social spending

- **Initial** developments since implementation of the program include:
  - **Exchange Rate** has broadly stabilized
  - **SBP reserves** have risen from \$ 3.5 billion in end-October 2008 to over \$ 8.6 billion by end-June 2009
  - **Over-subscription** of T-Bills with wide participation of banks
  - **Headline Consumer Price Index (CPI)** inflation has declined to from 25.3 percent in August 2008 to 14.4 percent in May 2009
  - **Overall fiscal deficit** is estimated to have been restricted to 4.3 percent in 2008-09
  - **External Account** is also showing signs of improvement

## SALIENT POINTS

### I. GROWTH

- **Real GDP** grew by 2.0 percent in 2008-09 as against growth target of 5.5% and revised growth rate of 4.1 percent last year
- **Growth** was contributed mainly by Services and Agriculture

Sector	Sectoral Contribution To GDP Growth (%)		Sectoral Share In GDP (%)	
	2007-08	2008-09	2007-08	2008-09
Agriculture	0.24	1.00	21.3	21.8
Industry	0.45	- 0.92	25.7	24.4
- Manufacturing	0.91	- 0.64	19.2	18.2
Services	3.41	1.92	53.0	53.8
Real GDP Growth	4.10	2.00	100.0	100.0

- **Regional Outlook for FY2009** reflects a decline in growth as compared to last year for India (- 2.8%), Sri Lanka (- 3.8%),

Indonesia (- 3.6%), Malaysia (- 8.1%), Thailand (- 5.6%) and global growth (- 4.5%)---Source: World Economic Outlook, April 2009

## II. INVESTMENT

- **Total investment** declined from 22.5 percent of GDP in 2006-07 to 19.7 percent of GDP in 2008-09
- **Fixed investment** decreased to 18.1 percent of GDP from 20.4 percent last year
- **Private sector investment** to GDP has declined to 13.2 percent in 2008-09
- **Public sector investment** to GDP ratio declined to 4.9 percent in 2008-09
- **National savings** rate has increased to 14.4 percent of GDP in 2008-09 as against 13.5 percent of GDP last year
- **Domestic savings** declined substantially from 16.3 percent of GDP in 2005-06 to 11.2 percent of GDP in 2008-09

## III. FOREIGN INVESTMENT

- **Overall foreign Investment** during the first ten months (July-April) of the current fiscal year has declined by 42.7 percent and stood at \$ 2.2 billion as against \$ 3.9 billion in the comparable period of last year.
- **Foreign direct investment** (private) showed more resilience and stood at \$ 3205.4 million during the first ten months (July-April) of the current fiscal year as against \$ 3719.1 million in the same period last year thereby showing a decline of 13.8 percent. **US kept its distinction of being the largest investor with 23.2%** of total investment followed by Mauritius (10%) and Singapore (7.7%)
- **Private portfolio investment** witnessed outflow of \$ 451. 5 million as against inflow of \$ 98.9 million during the comparable period of last year.

## IV. NATIONAL SAVINGS

- **National Savings** stood at 14.3 percent as compared to 13.5 percent of GDP in 2007-08 and financed 72.8% of total investment
- **Domestic savings** has declined to 11.2 percent of GDP in 2008-09 from 11.5 percent of GDP in 2007--08.

## V. PER CAPITA INCOME

- **Per capita real GDP** has risen at a faster pace in real terms during the 2002-03 to 2007-08 (4.5% per annum on average in rupee terms) because of acceleration in real GDP growth and four fold increase in remittances leading to a rise in average income of the people. Such increases in real per capita income have led to a sharp increase in consumer spending during 2005-06 to 2007-08
- **Per capita income** in dollar term has grown from \$ 586 in 2002-03 to \$ 1046 in 2008-09

## SECTORAL PERFORMANCE

### I. AGRICULTURE

- **Agriculture sector** has depicted a growth of 4.7 percent as compared to 1.1 percent last year and a target of 3.5 percent for the year.
- **Major crops** accounting for 33.4 percent of agricultural value added registered an impressive growth of 7.7 percent as against a negative growth of 6.4 percent last year and a target of 4.5 percent.
- **Livestock sector** grew by 3.7 percent in 2008-09 as against 4.2 percent last year

### II. Manufacturing and Mining

- **Manufacturing sector** has contracted by 3.3 percent in 2008-09 as compared to expansion of 4.8 percent in last year and against target of 6.1 percent
- **Small and medium manufacturing sector** maintained its growth of last year at 7.5 percent
- **Large-scale manufacturing** registered a contraction of 7.7 percent as against expansion of 4.0 percent in the last year and 5.5

percent target for the year. The massive contraction is because of acute energy outages, security environment and depressed demand for exports

- ***Mining and quarrying*** sector has registered a growth rate of 1.3 percent as against a target of 4.4 percent last year and a target of 5.0 percent

### III. SERVICES SECTOR

- ***Services sector*** grew by 3.6 percent as against the target of 6.1 percent and last year's actual growth of 6.6 percent
- Value added in the ***wholesale and retail trade sector*** grew at 3.1 percent as compared to 5.3 percent in last year and target for the year of 5.4 percent
- ***Finance and insurance sector*** witnessed slowed down to 12.9 percent in 2007-08 but registered negative growth of 1.2 percent in 2008-09. The performance of this sector shows that Pakistan's financial sector is integrated in the world economy and feeling the heat of the international financial crisis
- ***Transport, Storage and Communication*** sub-sector depicted a sharp deceleration in growth to 2.9 percent in 2008-09 as compared to 5.7 percent of last year

### IV. PRIVATE CONSUMPTION EXPENDITURE

- ***Real private consumption*** rose by 5.2 percent as against negative growth of 1.3 percent attained last year. However, gross fixed capital formation could not maintain its strong growth momentum and ***real fixed investment growth*** contracted by 6.9 percent as against the expansion of 3.8 percent in the last fiscal year

## MONEY AND CREDIT

### I. MONETARY POLICY

- ***Policy Rate*** was raised to 15 percent in November 2008 which was adjusted downward by 100 bps on April 20, 2009

- **Money supply (M2)** expanded by 4.6 percent during July 01, 2008-May 16, 2009, against the target of expansion of 9.3 percent for the year and last year expansion of 15.3 percent in the comparable period of last year
- **Reserve money** grew by 2.4 percent as against expansion of 13.2 percent
- **Net domestic assets (NDA)** have increased by Rs.443.8 billion as compared to increase of Rs.702.5 billion in last year, thereby showing an increase of 11.0 percent in this period whereas, last year the growth in the comparable period was 22.8 percent
- **Net foreign assets (NFA)** have recorded a contraction of Rs.227.3 billion against the contraction of Rs.322.8 billion in the comparable of last year
- **Government borrowing for budgetary support** has recorded an increase of Rs.332.2 billion as compared to Rs.361.0 billion in the comparable period of the last year. The **SBP financing** has shown a net increase of Rs.198.2 billion and financing from scheduled banks witnessed a net increase of Rs.134.0 billion during July 01, 2008-May 16, 2009
- **Credit to private sector** witnessed a net disbursement of Rs.26.8 billion as compared to Rs.369.4 billion in the comparable period of last year
- **Weighted average lending rate** have witnessed decline from 15.5 percent in October 2008 to 14.3 percent in March 2009
- **Weighted average deposit rate** on the other hand has decreased from 9.5 percent in October 2008 to 8.0 percent in March 2009 which implies increase in the spread amidst intensive deposit mobilization efforts on the part of the banks
- **Weighted average yields on 6 months T-bill** has declined by almost 250 basis points to 11.5 percent in March 2009 as against 14 percent in November 2008 but inched up to 12.4 percent in April 2009

## II. INFLATION

- **Consumer Price Index (CPI)** stood at 22.3 percent during July-April ( 21.55% in July – May)2008-09, as against 10.3(11.1%) percent in the comparable period of last year. However, year-on-year inflation has decelerated from 25.3 percent in August 2008 to 17.2 (14.39) percent in April (May) 2009
- **Food inflation** is estimated at 26.6 percent and **non-food** 19.0 percent against 15.0 percent and 6.8 percent in the corresponding period of last year
- **Core inflation** which represents the rate of increase in cost of goods and services excluding food and energy prices also went up from 7.5 percent to 20.3 percent
- On current trends and barring any adverse shocks, it is expected that the average inflation for the year (2008-09) as measured by CPI will be close to 21.0(20) percent
- **Wholesale Price Index (WPI)** increased by 21.4 percent, as against 13.7 percent of last year
- **Sensitive Price Indicator (SPI)** has recorded an increase of 26.3 percent during July-April 2008-09, as against 14.1 percent of last year

## CAPITAL MARKETS

- **Leading Stock Markets** of the world observed a negative growth ranging from 50.7% (Pakistan) to 2.9% (China)
- **Principal Stock Indices** including US Standard and Poor 500, UK FTSE and Hong Kong Hang Seng recorded decline of 31%, 41% and 23.6% respectively
- **Pakistan Capital markets** have been severely impacted by the global financial crisis as well as regional security situation and 'floor' imposition by the KSE-management
- **KSE-100 Index** closed at 7,162.18 on June 30, 2009 compared to 12,289.03 points on June 30, 2008, down by 5,126.85 points (41.71 percent)

- **Aggregate Market Capitalization** declined sharply by Rs 1,657 billion or 43.87%, from Rs 3,777 billion in June 2008 to Rs 2,120 billion on June 30, 2009
- **Foreign portfolio investment** showed a net outflow of US\$ 445 million during 2008-09
- **Market capitalization** eroded by 44 percent last year in dollar term from \$47.3 billion to reach \$26.5 billion as against a historical 5-year (FY04-08) cumulative average growth rate (CAGR) of 33 percent

## EXTERNAL SECTOR

- **Exports** were targeted at \$ 19.0 billion or 6.9 percent lower than last year. Exports started to face heat of global financial crisis since January 2009 and the contraction of world over demand has exacerbated export contraction. The exports witnessed negative growth of 5.1 percent — declining from \$ 18.418 billion last year to \$ 17.473 billion in July-May 2008-09
- **Imports** registered a negative growth of 10.88 percent in July-May 2009. The imports stood at \$ 28.825 billion as against \$ 31.962 billion in the comparable period of last year
- **Trade Balance** The merchandise trade deficit improved by 16.2 percent and declined from \$13.544 billion in July-May 2008-09 to \$ 11.352 billion in July-May 2008-09. The substantial decrease of 10.88 percent in imports outstripped otherwise significant decrease of 5.1 percent in export growth which caused the trade deficit to improve by 16.2 percent
- **Workers Remittances** Workers' remittances totaled \$ 7.076 billion in July-May 2008-09 as against \$ 5.9 billion in the comparable period of last year, depicting an increase of 19.86 percent
- **Current Account Balance** Pakistan's current account deficit shrank by 23.09 percent during July-May 2008-09. Current account deficit shrank to \$ 8.547 billion as against \$ 11.113 billion last year. The year is likely to end with 5.3 percent of GDP in 2008-09 which implies 3.2 percentage points reduction in CAD

- **Foreign Exchange Reserves** amounted to over \$ 12 billion by the end of June 2009. Of which, reserves held by State Bank of Pakistan stood at \$ 8.9 billion and by banks stood at \$ 3.34 billion
- **Exchange rate** after losing its significant value in July-November 2008 recovered some of its lost afterwards remained stable at around Rs.80-82 per dollar
- **Foreign direct investment (private)** stood at \$3325.9 million during the first eleven months (July-May) of the current fiscal year as against \$4147.0 million in the same period last year thereby showing a decline of 19.8 percent

## FISCAL OPERATION

### I. FISCAL DEVELOPMENT

- **Fiscal deficit** is likely to be around 4.3 percent of GDP
- **Overall FBR tax collection** deteriorate to around 9 percent of GDP as against the target of bringing it in to the vicinity of 10 percent of GDP
- **Tax Revenue** collected by the FBR amounted to Rs.989.1 billion during the first 11 months (July-May) of the current fiscal year, which is 15.5 percent higher than the net collection of Rs.856.2 billion in the corresponding period of last year
- **Net Direct tax** collection was estimated at Rs. 361.6 billion against the target of Rs 496 billion which implies a growth of 15.6 percent during Jul-May 2008-09
- **Indirect taxes** grew by 15.5 percent during Jul-May 2008-09 and accounted for 63 percent of stake in overall tax revenue
- **Sales tax collections** grew by 19.7 percent and stood at Rs.398.8 billion as against Rs.333.1 billion in comparable period last year
- **Net customs duty collection** declined from Rs.129.8 billion in 2007-08 to Rs.128.6 billion in 2008-09, thereby showing a negative growth of 0.9 percent

- **Net collection of federal excise** stood at Rs 100.1 billion during July-May 2008-09 as against Rs. 80.6 billion in the corresponding period of last year, thereby, showing an increase of 24.2 percent
- **Direct Tax-to-GDP** ratio stood at 4% and **indirect tax-to-GDP** ratio was computed to be 5%
- **Direct tax revenue** has risen from 18% in 1990-91 to 39.6% of total tax revenue in 2008-09
- **Indirect tax-to-total tax revenue** is 60.4% in 2008-09 down from 82% in 1990-91

## II. PUBLIC DEBT

- **Total domestic debt** is positioned at Rs 3884.4 billion at end-May 2009 which implies net addition of Rs.618.3 billion in the nine months of the current fiscal year.
- **Domestic Debt has risen** from Rs 1,578.8 billion in 1999-2000 to Rs 3,884.4 billion by end-May 2009
- **External Debt** moved from US \$ 32.254 billion in 1999-2000 to 47,965 billion by end-March 2009 and **External Debt and Liabilities** rose from US \$ 37,918 billion in 1999-2000 to \$ 50.1 billion by end-March 2009
- **External debt and liabilities (EDL)** Pakistan's total external debt increased from US\$ 46.3 billion at end-June 2008 to US\$ 50.1 billion by end-March 2009 — an increase of US \$ 3.8 billion or 8.2 percent.
- **EDL as percentage of GDP** increased from 28.2 percent at end-June 2008 to 29.8 percent by end-March 2009— an increase of 1.6 percentage points
- **External Debt and Liabilities** as percentage of foreign exchange earnings increased from 124.3 percent by end-June 2008 to 144.3 percent by end-March 2009
- **Net borrowing flow** from the banking system was Rs 92.844 billion in FY 2007, Rs 583.792 billion in FY 2008 and Rs 555.192 billion by June 20 2009

### III. EXPENDITURE

- **Total expenditure** as a percentage of GDP stood at 18.6 percent in 2008-09 as compared to 22.1 percent last year.
- **Revised Estimates** for 2008-09 stood at Rs 2431 billion against budgeted Rs. 2279 billion last year
- **Current expenditure** stood at Rs 2066 billion in 2008-09 compared to Rs 1858 billion in 2007-08, an increase of 18.3%
- **Share of current expenditure** declined from 88% in 1999-2000 to 85% in 2008-09
- **Development expenditures** are budgeted at Rs 365 billion or 2.8% of GDP
- **Defense expenditure** stood at Rs 313 billion or 2.4% of GDP in 2008-09 compared to Rs 285 billion in 2007-08 declining from a peak level of 6.9 percent of GDP in 1989-90
- **Interest expenditure** is budgeted at Rs 624 billion in 2008-09 compared to Rs 489.7 billion in 2007-08
- **Interest payments** declined from a peak level of 7.5 percent of GDP in 1998-99 to 4.8 percent of GDP in 2008-09
- **Non-defense-non-interest expenditure** has improved from 8 percent of GDP or Rs 337.4 billion in 2000-01 to 11.4 percent or Rs.1494 billion in 2008-09
- **Trends in Real Expenditure (1999-2000=100, % Growth)**

Period	Total Expenditure	Current Expenditure	Development Expenditure	Interest payment	Defense	Non-Defense Non-Interest Expenditure
1980's	7.7	10.5	2.7	18.1	8.9	4.9
1990's	2.8	4.5	-2.6	8.9	0.4	0.9
1990-I	2.4	3.9	-1.7	4.2	0.7	3
1990-II	3.1	5	-3.5	13.7	0.1	-1.2
2000-04	2.2	0.1	9.4	-8.3	0.4	10.5
2004-08	12.8	13.1	16.6	15	0.9	15.3
2008-09*	-13.1	-9.3	-29.6	2.8	-5.7	-19.6

\* Quick estimate for 2008-09

Source: EA Wing, Finance Division

#### IV. PRO-POOR EXPENDITURE

- **Second generation Poverty Reduction Strategy Paper (PRSP-II)** has been finalized with an aim to reduce poverty by regaining macroeconomic stability. The strategy is built upon nine pillars
- **Total expenditure incurred** on pro-poor sectors under the program remained Rs.573 billion constituting 5.4 percent of GDP. During 2008-09 total expenditure are expected to increase by 32 percent to Rs.760 billion which would be equivalent to 5.9 percent of GDP
- **New initiatives of Benazir Income Support Program** and Punjab Food Support Program are placed under the broad category of safety nets. Expenditures on social safety nets are set to increase by 230 percent during 2008-09 to Rs.290 billion from 87.9 billion in 2007-08
- **Government intends** to extend the outreach of **BISP** to 7 million families with a budgetary allocation of Rs.70 billion in the next year
- **World Bank has estimated**, using methodology consistent with that used by CPRSPD in its poverty estimation, and taking current projections of real GDP growth, that the poverty Head Count Ratio could **rise to over 25 percent by 2009-10**
- **Government plans to commission** a rapid household income and expenditure survey to better assess the current position regarding poverty incidence and vulnerability in the country. This survey is expected to be conducted shortly

#### SOCIAL SECTORS

##### I. EDUCATION

- **Overall literacy rate** (10 years & above) is 56 percent in 2007-08 compared to 55 percent in 2006-07 and 45 percent in 2001
- **Male literacy rate** (10 years & above) increased from 58 percent in 2001 to 69 percent in 2007-08
- **Female Literacy** rate increased from 32 to 44 percent during the same period.

- **Literacy** remains higher in urban areas (71%) than in rural areas (49%) during 2007-08
- **Net Primary Enrolment** increased from 56 percent in 2005-06 to 59 percent in 2007-08
- **Higher education** estimated enrollment is 741,092 in 2008-09 with 124 universities and 46,893 teachers in both private and public sectors
- **Public spending on higher education** increased from Rs. 7723.402 million during 2002-03 to Rs. 28741.677 million during 2006-07 showing an increase of 272.14 percent. Economic crisis in the country started in year 2007-08 and got worse during 2008-09, impact of which was also felt by higher education sector and public spending on higher education decreased to 2.8 percent in 2007-08 and further to 34.1 in 2008-09
- **NAVTEC** through **Funni Maharat Program** is establishing 130 new vocational training/Institutes in 79 uncovered tehsils of Sindh, Punjab, NWFP, Baluchistan, AJ&K and FANA. Through this initiative 47765 persons will be trained in 2.5 years at a cost of Rs. 1.17 billion
- **NAVTEC** through **Hunarmand Pakistan Program** has trained 49,988 persons and 34,332 and under training
- **Provision of Quality Education Opportunities** for the students of Balochistan and FATA” launched in 2007 providing 330 scholarships per year in the categories: (i) Cadet Colleges/Public Schools--70 scholarships (ii) Polytechnic/Commercial Colleges.....230 scholarships and (iii) Private Institutions ...30 scholarships. Additionally, there are 200 scholarships for students from tribal areas

## II. HEALTH AND NUTRITION

- **948 hospitals**, 4794 dispensaries, 5310 basic health units & sub health centers and 908 maternity and child health centers, 561 rural health centers with 103, 037 beds in 2008
- **133956 doctors**, 9012 dentists ,65387 nurses, 25,534 mid-wives, 10.002 Lady Health Workers

- **Population and health facilities ratio** turnout to be 1212 persons per doctor, 18,010 person per dentist, 2501 persons per nurse and 1575 persons per bed
- **Various health programs** with a special focus on major public health problems include the national programs for the prevention and control of tuberculosis, malaria, HIV/AIDS, hepatitis, blindness and program on maternal, neonatal and child health etc.
- **Prime Minister Program for Prevention and Control of Hepatitis in Pakistan** with a total cost of Rs 2.59 billion aims at reduction in hepatitis prevalence by 2010 through establishment of Hepatitis Surveillance System

### III. POPULATION, LABOUR FORCE AND EMPLOYMENT

- **Crude Birth Rate** is estimated to be 25 which was 31.7 a decade ago
- **Crude Death Rate** is estimated to be 7.7 which was 9 10 years back
- **Life expectancy** is 65.4 years, up from 62.3 10 years ago; 65.2 for male and 65.6 for female
- **Infant Mortality rate** is 70.2, down from 81.1 in 1980s
- **Total Fertility Rate** is 3 in 2008, down from 6 in 1984
- **Current population is 161.66** million with a growth rate of 1.73 percent and urban population of 57.14 million, up from 44.47 million in 1999 and 104.73 million rural population

### IV. Labour Force

- **Total labour force is** 51.78 million people with female labor force of 10.96 million in 2007-08
- **Total number of people employed** was 49.09 million
- **2.69 million of the labour force** is estimated as un-employed in 2007-08 and unemployment rate is 5.2 percent with urban unemployment rate of 8.52% and Rural rate of 4.31%
- **Crude activity** in 2007-08 stands at 32.2%

- **Refined activity rate** is 45.2 percent
- **Share of agriculture** in employment is 44.65 percent in 2007-08 declining from 48.4 percent in 1999-2000, with manufacturing (13% up from 11%) and trade(14.6% up from 13.5%) & services(13.7% down from 14.2%) absorbing a growing share of the work force
- **Steps taken to create jobs** in the country include: (i) People's Works Program (ii) National Internship Program (ii) People's Rozgar Program (iv) Ten percent quota for women across the board in all government jobs has been earmarked (v) Minimum wages has been increased from Rs. 4600 to Rs. 6000 per month (vi) 100,000 new Lady Health workers will be recruited during the current financial year (vii) National Employment Scheme would be launched in the country under which employment will be provided to one person of each poor family in 50 percent districts of the country (viii) Construction of one million housing units (ix) Distribution of agricultural land among landless haris (x) Benazir income support program (xi) Pakistan Skill Development program

## TRANSPORT AND COMMUNICATION

- **Total road network** is about 260,000 km of which around 60% is paved. Road density is 0.32 km/km<sup>2</sup> which is low and compares unfavorably with other South Asian countries (Bangladesh-1.7 km/km<sup>2</sup>, Sri Lanka-1.5 km/km<sup>2</sup> and India-1.0 km/km<sup>2</sup>)
- **Government intends** to generate/ mobilize all possible resources to double road density to 0.64 km/km<sup>2</sup>
- **Tele-density in the country** has jumped from a mere 11.9% in 2004-05 to 60.6% (Mar- 09) in few years
- **Cellular share in total density** is 93.7% followed by FLL (3.8%) WLL (2.5%)
- **Total cellular subscriber base stands** at 91.4 million (Mar 2009) whereas it was 5 million in 2003-04, 3.7 million FLL and 2.442 million WLL subscribers
- **Broadband subscribers** has risen to 267,180 subscribers, up from 32,282 in March 2007; 3.7 million internet subscribers with 3002 cities/towns connected

- **Broadband penetration** has increased from 0.04% in December 2007 to 0.17% in December 2008

## ENERGY

### I. Oil and Gas

- **Energy Consumption mix** is changing sharply from 1996-97 to 2008; gas from 29.0% to 40.3%, oil from 48% to 29.3%, electricity from 15% to 15.2%, coal from 6% to 13.7% and LPG from 1% to 1.6%
- **Sectoral energy consumption pattern** reflects gradual shift from 2002-03 to 2007-08; domestic from 23% to 20%, commercial from 3% to 4%, industrial 36% to 43%, Agriculture from 3% to 2%, Transport from 33% to 29% and other government remained at 2%
- **Annual Energy Consumption** in 2008-09 registered a decline of 3.4% in petroleum products than last year (from 13,342,000 tons to 12,892,000 tons in 9 months), 2.5% in gas (from 955,625 mmmcf to 931,700 in 9 months), 26.5% in coal (from 6,559,000 MT to 4,822,000 MT in 9 months) and an increase of 0.7% in electricity (from 55,208Gwh to 55,614 Gwh)
- **Crude oil production per day** declined to 66532 barrels from 70,166 barrels per day last year, showing a negative growth of 5.2%
- **Overall crude oil supply** was 62.4 million barrels during July-March 2008-09 against 66.0 million barrels last year showing a decrease of 5.5 percent
- **Natural gas average production per day** stood at 3,986.5 million cubic feet during 2008-09 as compared to 3,966 million cubic feet last year, showing an increase of 0.52 percent
- **Overall gas supply** increased to 1,092.3 billion cubic feet during July-March 2008-09 as compared to 1,090.620 billion cubic feet in the same period last year, showing an increase of 0.2 percent.
- **Power sector consumes** 36.8 percent of gas, followed by fertilizer (20.7 percent), industrial sector (19.8 percent), household (17.4 percent), commercial sector (2.7 percent) and cement (1.1 percent) during last 10 years i.e. 1997-98 to 2008-09.

## II. Electricity

- **Installed generation capacity** has increased to 19,754 MW during July-March 2008-09 from 19,566 MW during the same period last year, showing a marginal increase (0.65 percent) with 33.7% hydel and 66.3% thermal
- **Installed capacity of WAPDA** stood at 11,454 MW during July-March 2008-09 of which, hydel accounts for 57.2 percent and thermal accounts for 42.8 percent
- **Villages electrified** increased to 133,463 by March 2009 from 126,296 in March 2008, showing an increase of 5.7 percent
- **Villages electrified increased** from 67,183 in 1998 to 133,463 in 2009
- **Consumers share** includes 15.687 million domestic, 2.271 million commercial, 0.250 million industrial, 0.255 agriculture, and 12000 others with a total of 18.475 million
- **Total installed generation capacity** (MW) is indicated below:

S.No	Power Company	Installed Capacity 2007-08	Share (%)	Installed Capacity 2008-09	Share (%)	Change
1	WAPDA	11,654	59.6	11,454	58.0	-1.7
	Hydel	6,474	55.6*	6,555	57.2*	1.3
	Thermal	5,180	44.4*	4,899	42.8*	-5.4
2	IPPs	5,760	29.4	5,954	30.1	3.4
3	Nuclear	462	2.4	462	2.3	0.0
4	KESC	1,690	8.6	1,884.0	9.5	11.5
	Total	19,566	100	19,754	100.0	1.0

\* Share in WAPDA system

Source: Hydrocarbon Development Institute of Pakistan

## III. CNG

- 2,700 CNG stations are operating in the country. By March 2008 about 2.0 million vehicles were converted to CNG as compared to 1.7 million vehicles during the same period last year, showing an increase of 18 percent.

