

Budget Analyses

Performance in outgoing fiscal year 2018-19

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Budget for the fiscal year 2019-20

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Index

S.No	Topic	Page
1	Preamble	3
2	Comparison of outgoing year 2018-19 with previous 2017-18	4
3	Actual performance Vs, Targets of outgoing year.	7
4	Salient features of fiscal year 2018-19	8
5	GDP dynamics	9
6	Education	10
7	Health	16
8	Climate Change	21
9	Agriculture	27
10	Public Debt	34
11	Defence Budget 2019-20	43

Budget Analyses FY 2019-20

1. Preamble

Budget document is, basically, fiscal face of prevailing Government for next financial year. This budget is special in all respects as the newly elected government assumed the charged few months after presentation of previous budget by the outgoing representatives. Present representatives utilized much more time while focusing on performance strategies, way out for good governance, and corruption. Such attention deviated their focus on marching of macroeconomic indicators towards the situation of declining economy. Government tried its level best to control the situation by making different changes, especially, in departments operating under finance ministry. Most of the macroeconomic indicators were turning from worse than worsen evidencing the weak performance of government highlighted by print media, electronic media, and social media etc. and now evidence from Pakistan Economic Survey 2018-19.

Keeping in view the above-mentioned facts, public has special focus, particularly, on coming budget and very anxiously waiting to see any positive aspect in near future. All major stakeholders, including, the Government, opposition, business community, workforce and other alike indirect stakeholders are waiting to navigate their future activities according to budget dynamics. **Government has a good chance to manage both burning challenges, on one hand, to satisfy the general-public by turning their opinion in its favor and on other hand not to provide an opportunity to opposition for political exploitation or point scoring.**

Economics is innately the product of Parliament's decision; therefore, it's impossible to discuss economy without politics. The impact of these economic decisions of parliament, whosever the government may be, is well taken by the all stratum of the society, especially medias, to highlight the pros and cons when implemented. Parliamentarians have been customarily elected by the public to run the government to transfer socio economic benefits to ease their lives. Principally these representatives are agents of public to run the government who owns their commitments and reappear before the public to demand the vote for next term on the bases of past performance.

Vote is the only powerful tool with general-public that makes the representative accountable to them for representatives' agency function. Let us see the efforts of some mix of elected and appointed representatives to extent they came up to

expectation. Pakistan Economic Survey is the Government document that reveals what good or bad is achieved by the prevailing government for outgoing year 2018-19.

2. Comparison of outgoing year 2018-19 with previous 2017-18

Fiscal year 2017-18 was the last year of outgoing government and while the first year of incoming govt. who assumed the charge with high expectation of all most all stratum of societies. Performance of economic management was not appreciable as evident from current survey issued by the government. Most of the areas shown decline where as performance in very few of economic activities was encouraging. Incoming government highlighted that destabilization of institutions; increase in circular debt, increase in external debt, and increase in Trade deficit are the major challenges for next year. Current government waited highly the piling-up Trade Deficit as the root cause of all current economic turmoil. While the previous government highlighted the following facts /challenges that pushed the Trade Deficit to adverse situation:

1. Heavy imports of CPEC related machinery.
2. Most of the transportation has been completely shifted to imported Petrol/diesel from local CNG during last five years.
3. Both China & India has depreciation their currencies that put pressure on our export.
4. Chaotic political situation in Saudi Arabia and other Gulf countries have declined our foreign remittances.
5. Delay in FTA with China and other export related negotiations.
6. Delay in export related refunds due to diverting the funds towards curbing terrorism.
7. The then Finance Minister Ishaq Dar was negotiating duty free export of 800 items to manage the huge trade deficit, \$ 12 b, with China.

All stakeholders are very much interested to see the budget dynamics. Every stakeholder compares the performance with his own point of view but the business community, the most responsive stratum of society, is much concerned to see the economic gains through taxation structure or subsidies etc.

Let us see the current year's (2018-19) performance with corresponding last year's (2017-18)

Performance Comparison with Preceding year						
Sector	Sub-Sector	Unit	2018-19	2017-18	Change (%)	F / (UF)
GDP		%	3.3	5.5	(40.00)	UF
Agriculture		%	0.85	3.94	(78.43)	UF
	Important crops	Million Tones	(6.56)	3.56	(284.27)	UF
	Others Crops	Million Tones	(6.55)	3.56	(283.99)	UF
	Cotton bails.	Bales in million	9.61	11.94	(19.51)	UF
	Cotton ginning.	Million Tones	(12.74)	8.80	(244.77)	UF
	Sugarcane.	Million Tones	67.74	83.33	(18.71)	UF
	Rice.	Million Tones	7.02	7.50	(6.40)	UF
	Wheat.	Million Tones	25.95	25.76	0.74	F
	Maize.	Million Tones	5.70	6.13	(7.04)	UF
	Fishing.	Million Tones	0.79	1.63	(51.53)	UF
	Forestry	%	6.47	2.58	150.78	F
Industrial Sector			1.92	4.92	(60.98)	UF
	Mining & Querying	%	(1.96)	7.72	(125.39)	UF
	Manufacturing	%	(2.70)	5.43	(149.72)	UF
	Manufacturing -LSM (9-Months)	%	(2.00)	5.12	(139.06)	UF
	Small Scale Manufacturing -SSM (9 months)	%	8.20	8.17	0.37	UF
	Paper & Board	Million Tones	0.1958	0.2041	(4.07)	UF
	Billets	Million Tones	2.99	3.97	(24.72)	UF
	Yarn produced	Million KG	2,287.20	3,430.10	(33.32)	UF
	Production of cloth	Million Sq meter	697.60	1,044.10	(33.19)	UF
	Vegetable Ghee	Million Tones	1.03	1.02	0.78	UF
	Sugar	Million Tones	4.90	5.54	(11.57)	UF
	Cement	Million Tones	29.53	31.23	(5.45)	UF
Service Sector		%	4.70	6.30	(25.40)	UF
	Construction	%	(7.57)	8.24	(191.87)	UF
	Wholesales & Retail Trade	%	3.11	6.57	(52.66)	UF
	Transport & Communication	%	3.34	2.11	58.29	F
	Finance & Insurance	%	5.14	7.03	(26.88)	UF
	Housing Services	%	4.00	3.99	0.25	UF
	General Govt Services	%	7.99	11.80	(32.29)	UF
	Other Private Services	%	7.05	8.13	(13.28)	UF
Inflation						
	Food inflation	%	3.78	1.77	(113.56)	UF
	Non-food inflation	%	9.19	5.17	(77.76)	UF
	Core inflation-Non-food & energy	%	8.11	5.60	(44.82)	UF

	General inflation	%	7.00	3.77	(85.68)	UF
Education						
	Total enrolment	Number in Million	50.43	48.06	4.92	F
	Total teachers	Number in Million	1.81	1.73	4.75	F
	Total institution	Number in Thousand	267.70	260.80	2.65	F
	Monetary expansion					
Monetary indicators						
	Total (internal + External) debt service	Rs. In billion	1,974.75	1,950.11	1.26	F
	Currency issued by SBP	Rs. In billion	4,961.10	4,644.00	(6.83)	UF
	Currency held by SBP	Rs. In million	1,128.00	1,181.00	(4.49)	UF
	Money expansion	Rs. In billion	812.90	1,416.28	(42.60)	Both F
	Banking assets	Rs. In billion	17,703.89	18,410.29	(3.84)	UF
Fiscal Indicators						
	Current Account deficit	\$ in billion	(9.59)	(19.90)	107.52	F
	Current Account deficit	% of GDP	(3.30)	(6.30)	90.91	F
	Trade deficit	% of GDP	(7.40)	(10.10)	36.49	F
	SBP gross reserves	\$ in billion	12.38	11.34	(8.36)	UF
	BOP	% of GDP	(3.30)	(3.40)	3.03	F
Railway						
	Passenger	Number in million	39.87	54.91	(27.39)	UF
	Freight	Ton n million	5.53	8.35	(33.77)	UF
	Gross earnings	Rs. in billion	34.07	49.60	(31.31)	UF
Energy						
	Capacity (Base year is 2013)	MW	29,573.00	22,812.00	29.64	F
	Oil production per year	Million barrels	21.80	21.50	1.40	F
	Transportation share in oil	Million Tones	64.40	57.20	12.59	F
	Power sector share in oil	Million Tones	26.40	33.20	(20.48)	UF

Ref: Economic Survey 2018-19 & Business recorder

3. Actual performance Vs. Targets of outgoing year 2018-19.

Outgoing fiscal year was started along with massive threat of further deterioration in trade deficit. Newly government took almost 9 months to navigate the direction of economy. This delay was under the wake of their sincere efforts to run the economy without seeking further loan. However, such deviation from traditional and tested strategy of development and growth through borrowing, in such a situation, could not flourish. Delay in seeking IMF bailout package distressed macroeconomic indicators and finally the government had to accept the hard conditionalities. In such a situation, there was tough time for economic managers to achieve the targets. Let us see the different vertical comparisons to access the economic performance through data available in Pakistan Economic Survey 2018-19 and other related websites.

Actual Performance Vs. Targets of Financial Year 2017-18

Comparisons of ACTUAL performance with TARGETS

S.NO	Particulars	Target	Actual	Change(%)	Favorable (Unfavorable)
1	GDP growth (%)	6.2	3.29	(46.9)	UF
	Agriculture	3.8	0.85	(77.63)	UF
	Industry	7.6	1.4	(81.58)	UF
	Services	6.5	4.7	(27.69)	UF
2	Live stock	3.8	4	5.26	F
3	Agri Credit (Rs. in million)	1250	805	(35.60)	UF
4	Total Investment on GDP (%)	17.2	15.4	(10.47)	UF
5	Fixed investment on GDP (%)	15.6	13.8	(11.54)	UF
6	Private investment on GDP (%)	10	9.8	(2.00)	UF
7	Public investment on GDP (%)	4.8	4	(16.67)	UF
8	National saving on GDP (%)	13.1	10.7	(18.32)	UF
9	Large Scale Manu(LSM)	8.1	3.29	(59.38)	UF
10	Debt Service Payment Rs.(billion)	2396.1	1947.7	(18.71)	UF

The outgoing political party set these targets to continue the gradual increase in economic activities. The history shows that the previous government either achieved the targets or nearly missed. However, this time, few targets were achieved including reduction in CAD through foreign loans, livestock & wheat production ect.

4. Following are the salient: features of the budget 2019-20, announced by the State Minister for Revenue Mr. Hamad Azhar.

Highlights of Budget 2019-20

- The resource availability during 2019-20 has been estimated at Rs 7,899.1 billion against Rs 4,917.2 billion in the budget estimates of 2018-19.
- The provincial share in federal taxes is estimated at Rs 3,254.5 billion during 2019-20, which is 25.7% higher than the budget estimates for 2018-19.
- The expenditure on General Public Services is estimated at Rs 5,607.0 billion, which is 76.9% of the current expenditure.
- The overall expenditure during 2019-20 has been estimated at Rs 8,238.1 billion, out of which the current expenditure is Rs 7,288.1 billion.
- The net capital receipts for 2019-20 have been estimated at Rs 831.7 billion against the budget estimates of Rs 443.1 billion in 2018-19 reflecting an increase of 87.7%.
- The total outlay of budget 2019-20 is Rs 8,238.1 billion. This size is 38.9% higher than the size of budget estimates 2018-19.
- The net revenue receipts for 2019-20 have been estimated at Rs 3,462.1 billion indicating an increase of 12.8% over the budget estimates of 2018-19.
- The external receipts in 2019-20 are estimated at Rs 3,032.3 billion. This shows an increase of 171.2% over the budget estimates for 2018-19.
- The size of Public Sector Development Programme (PSDP) for 2019-20 is Rs 1,613 billion. Out of this, Rs 912 billion has been allocated to provinces.
- Federal PSDP has been estimated at Rs 701 billion, out of which Rs 348.2 billion for Federal Ministries/Divisions, Rs 348.2 billion for Corporations, Rs 5 billion for Earthquake Reconstruction and Rehabilitation Authority (ERRA), Rs 17 billion for Relief and Rehabilitation of IDPs, Rs 53 billion for Security Enhancement, Rs 5 billion for Prime Minister's Youth Skill Development Initiative, Rs 2 billion for Clean Green Pakistan Movement/Tourism, Rs 1 billion for Gas Infrastructure Development Cess, Rs 48 billion for Merged Areas of FATA 10 Years Development Plan and Rs 24 billion for Pakistan Sustainable Development Goals (SDGs) and Community Development Programme.

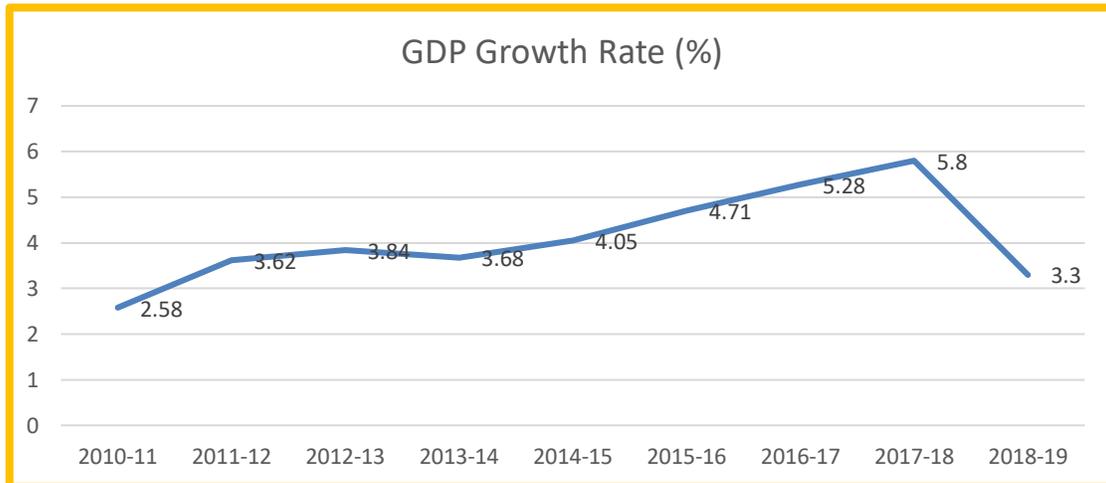
5. GDP dynamics.

The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services

produced over a specific period. GDP also represents the size of the economy. This gauge is used by all the countries of the world.

There are three methods to measure / calculate the GDP called as Expenditure method, Income method and Production method. GDP of Pakistan over the years on production bases is shown as below;

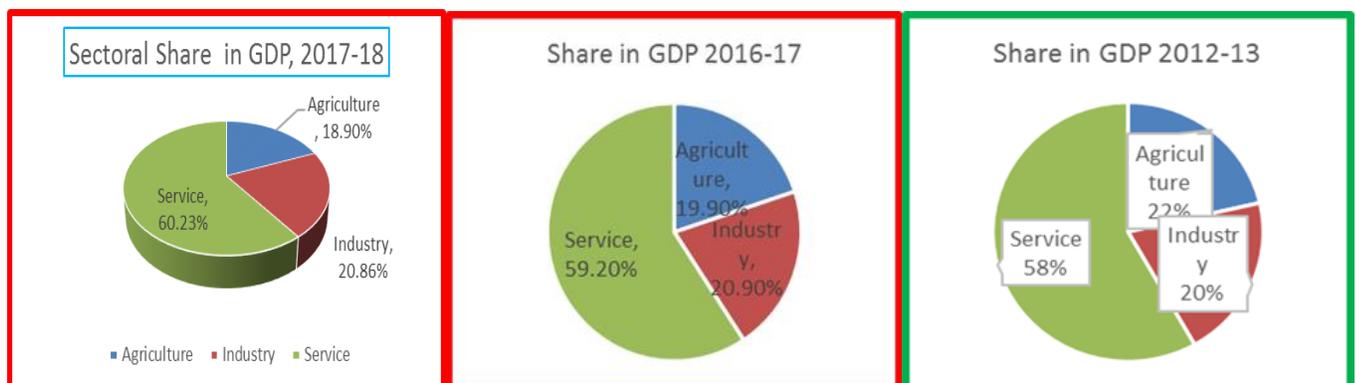
a. GDP Trend in Percentage.



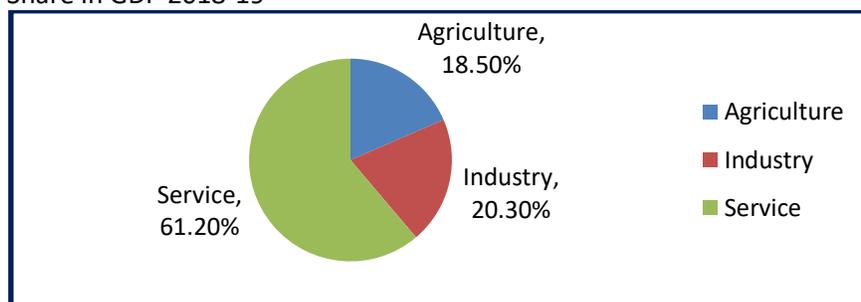
GDP growth rate has been declined in 2018-19 after since long. The reasons are obvious as explained above.

b. Sectorial share / combination of GDP.

There is no major change in trend or composition of elements in GDP. This shows that either every government tries to maintain the composition or its natural phenomenon for spontaneous adjustment. Increase in Service sector share would indicate the value addition in industry and agriculture sectors.



Share in GDP 2018-19



Sectorial Share in GDP

Period	Agriculture	Industry	Service	Total
2018	18.50%	20.30%	61.20%	100
2017	18.90%	20.86%	60.23%	100
2016	19.90%	20.90%	59.20%	100
2013	21.40%	20.40%	58.20%	100
2011	21.70%	21.20%	57.10%	100

Agriculture sector's shares are decreasing YOY bases, which is alarming. Both agriculture and manufacturing sectors shares should be enhanced to provide more chance of expansion to service sector. Equal growth of all sectors ensures stable growth in GDP.

6. Education

Education needs to be delivered inclusively, effectively and equitably across the country to ensure that it is a driver of social cohesion and resilience. The present government is fully committed to improve both the quality and the coverage of education. For this purpose, the government is focusing on uniform education system, use of information technology, improved governance and financial efficiency of education system, decrease dropout ratio, solutions to raise quality of education, increased school enrolment and removing financial barriers.

There are FOUR MAIN PILLARS OF QUALITY EDUCATION NAMED AS INSTITUTION, ENROLMENT, TEACHERS AND CURRICULUM. Education plays a key role in economic development of nation. Education needs to be delivered effectively and equitably across the country to ensure that it is a driver of social cohesion and resilience. The government is making all efforts to recuperating both the quality and the coverage of education through effective policy interventions and expenditure allocations. After the post 18th Amendment, provincial governments will have to take all necessary steps towards educational reforms and delivery of educational services at gross root level.

- Now the education has been linked with SDGs, Goal 4, to achieve 100% literacy in 2030.

SSDGs Goal . 4

National Base Line	2014-15	2030
Total	60%	100%
Female	49%	100%
Male	70%	100%

- **Education levels in Pakistan;**

- ✓ Primary
- ✓ Middle
- ✓ Secondary
- ✓ Higher
- ✓ Technical & Vocational
- ✓ University
- ✓ Professional

- **Government priorities to achieve the objectives by keeping in Views SDGs, Goal NO 4.**

- ✓ Decrease out of schoolchildren and increase the school completion.
- ✓ Achieve uniformity in Education Standards.
- ✓ Improve the quality of education.
- ✓ Enhance Access to and Relevance of Skills Training.

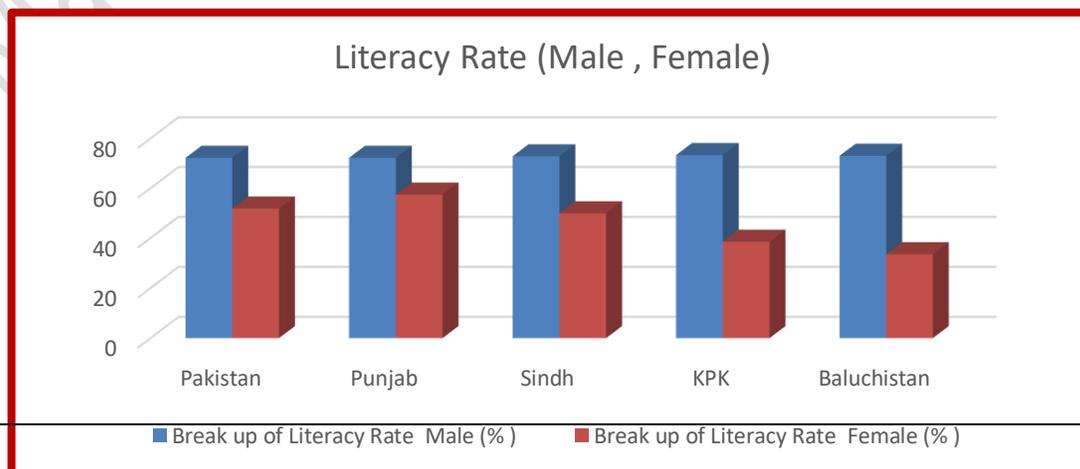
- **Human Development Index**

According to UNDP's report (Human Development Index) for 2018, Pakistan ranked 150th out of 189 countries.

- **Literacy Rate.**

Literacy rate has been increased from 58.8% (2014-15) to 62.2 % within three years.

- **Breakup of Literacy rate - Provinces.**



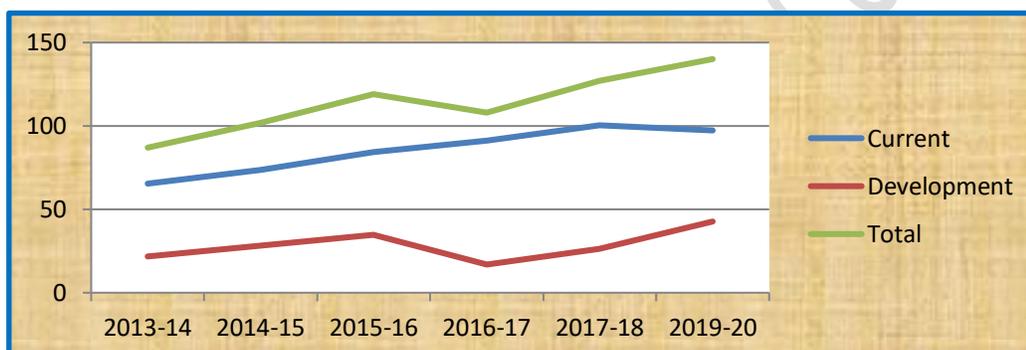
Break up of Literacy Rate

Location	Male (%)	Female (%)	Total
Pakistan	72.2	51.8	62.3
Punjab	72.2	57.4	56.9
Sindh	72.8	49.9	62.2
KPK	73.3	38.5	55.3
Baluchistan	73	33.5	55.5

Source: Economic survey ; 2018-19

• Expenditure on Education

Almost all governments concentrated on education budgets, which has ever-increasing trend, except 2016-17, evidence from graph. There is an increase of 10.3% increase in education budget this year. Current expenditures mean the administrative cost to run the educational affairs while development expenditures are utilized for building and other infrastructure.

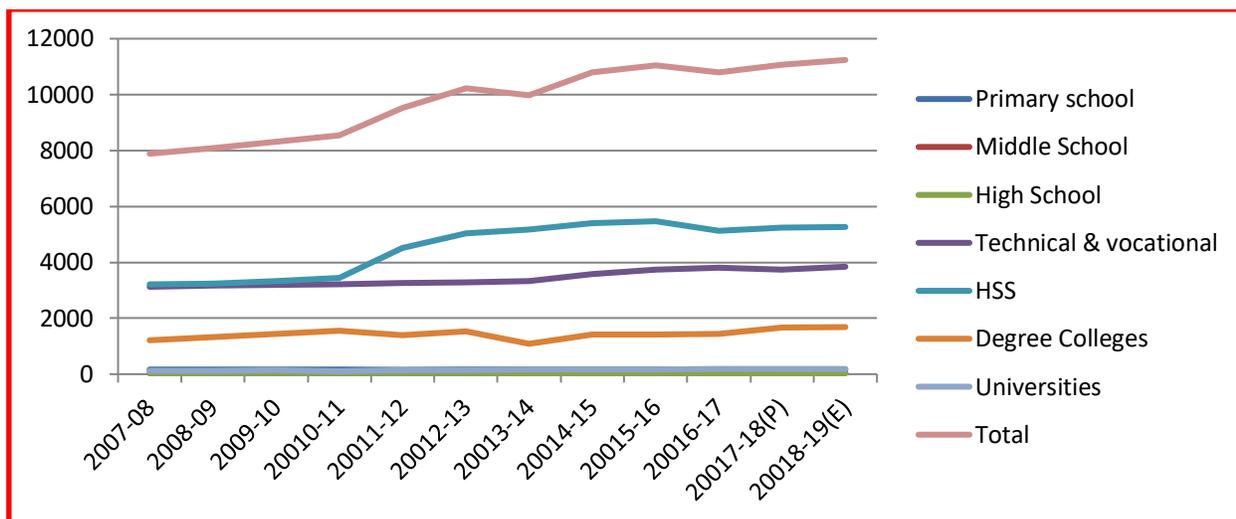


Federal Expenditure

Account	2013-14	2014-15	2015-16	2016-17	2017-18	2019-20 (Budget)
Current	65.4	73.7	84.5	91.1	100.4	97.4
Development	21.6	28.3	34.7	16.9	26.5	42.7
Total	87	102	119.2	108	126.9	140.1

a. Institutions– for all levels of education

Increase in educational budget always enabled the government to increase the institutional set up to enhance the enrolment of students from both sexes in all levels of education. There was increase of 1% in number of institution for outgoing year 2018-19.



b. Enrolment

Total number of enrolment at national level during 2018-19 stood at 482,231 million as compared to 503,858 million during the year 2017-18. This shows the –ve growth of 2 % for year 2018-19. The entire institution wise enrolment is shown as below.

I. Overall Gross Enrolment Rate

GER in Pakistan is not appreciable as decreasing trend for degree colleges and universities.

Institution	Primary stage	Middle Stage	High Stage	Technical & vocational	HSS	Degree Colleges	Universities
Decrease in Enrolment	0.04	0.04	0.07	0.09	0.05	(1.04)	(1.00)

c. Teachers

The total number of teachers during 2018-19 were 1.1804 million as compared to 1.1752million, last year, positing the increase of 3.0 %.

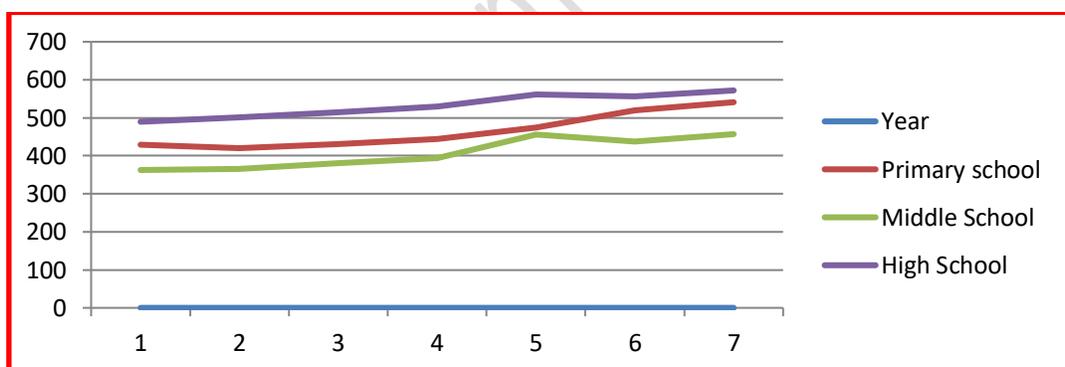
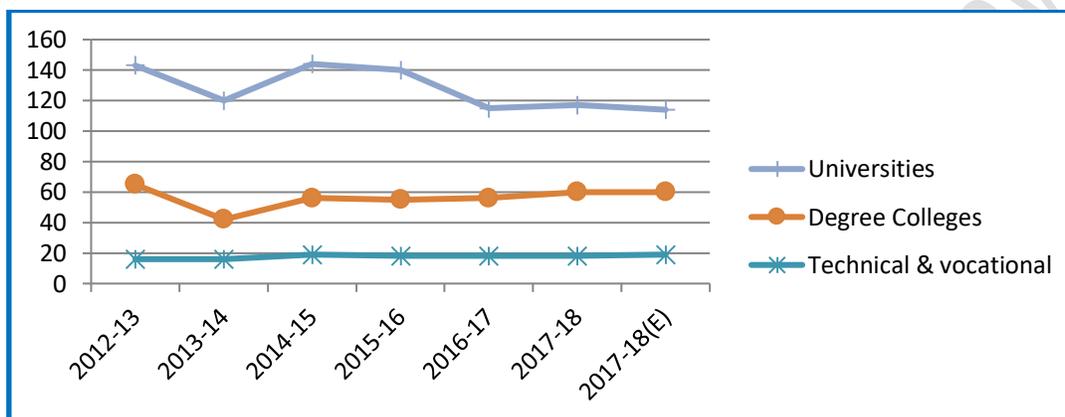
Number Of Teachers In Educational Institutions In Pakistan

"000"

Year	Primary school	Middle School	High School	Hss	Technical & vocational	Degree Colleges	Universities	Total
2012-13	429	363	490	132	16	49	78	

									1,556
2013-14	420	365	501	124	16	26	78	1,529	
2014-15	431	381	514	118	19	37	88	1,588	
2015-16	445	394	530	123	18	37	85	1,631	
2016-17	475	455	561	120	18	38	59	1,726	
2017-18	519	438	557	121	18	42	57	1,752	
2017-18(E)	541	457	572	120	19	41	54	1,804	

Economic Survey: 2018-19



Other Educational Indicators:

- Literacy rate has been increased to 62.2 % from 60.7 % year 2014-15, the same as observed in 2014-15.
- Literacy rate in urban area is 76.6 % and in rural area is 53.3%.
- Male literacy rate in urban area is 82.2% while female is 70.6%.
- Punjab, Sindh and KPK literacy rates are 64.7%, 62.2% and 55.3% respectively.

- Gross enrolment also follow the patron of literacy rate.
- Male literacy rate remains above from female literacy rate.
- Punjab literacy rate dominated the other provinces Sindh, KPK and Baluchistan respectively.
- Educational activities remain ahead in urban area than rural area.
- Government's major focus is on higher education.
- Skilled development remained the pivot point to promote the employment. Punjab has major focus on technical education.
- Technical and vocation education also got patronage in current budget.

Box II: ASER 2018 National Summary Enrollment (National Rural):

- In 2018, 83% of 6-16 year old children in rural Pakistan were enrolled in schools whereas 17% children were out of school. Compared to ASER 2016, percentage of out of school children in rural Pakistan has decreased from 19%. Amongst the enrolled, 77% of children were in government schools and 23% were enrolled in non-state institutions (20% private schools, 3% Madrassah, 0% others). ▪
- In ASER 2018 amongst the 17% out-of- school children (age 6-16 years), 7% were males and 10% were females. This gap has narrowed compared to the last ASER cycle (8% males and 11% females). ▪
- Punjab, Sindh, Khyber Pakhtunkhwa, GB and Balochistan all recorded increases in enrolment (6-16 years) ranging between 1% to 8%. ▪
- Pre-school enrollment (3-5 years) in 2018 stands at 37% as compared to 36% in 2016. Highest enrollment for pre-school was in Islamabad Capital Territory, 62%, followed by 52% in Punjab and 50% in AJK. Lowest enrolment was recorded for KP Merged Districts (FATA) at 23%. Quality of Learning (National Rural): ▪
- Learning levels in all three competencies i.e. Language (Urdu/Sindhi/Pashto), English and Arithmetic have improved since 2016. ▪
- In ASER 2018, 56% of Class 5 students were reported as being able to read a story compared to 52% of Class 5 students who could do so in 2016. For English this year, 52% of class 5 students could read Class 2 level English sentences as compared to 46% of Class 5 students who could do so in 2016. Similarly, 53% of Class 5 students were able to do 2-digit division sums compared to 48% of children in 2016. ▪
- The top scorers for Language: Urdu are, AJK (78%), ICT-Islamabad (75%), Punjab (69%) and Khyber Pakhtunkhwa (58%); English: AJK, Punjab, GB and Khyber Pakhtunkhwa, 92%, 65%, 63% 55% respectively, and for Arithmetic: AJK, Khyber Pakhtunkhwa, GB, and Punjab 73%, 69% 63%, 60% respectively. ▪

- ASER Survey 2018 highlights as per past trends that children enrolled in private schools are performing better compared to those studying in government schools. In some provinces this gap is being eliminated, for instance in Punjab. Mothers' Education: ▪
- This year, the percentage of mothers' having completed primary education has gone up (33%) as compared to 2016 (30%). School Facilities (National Rural): ▪ ASER 2018 surveyed 4,284 government and 1,171 private schools in 154 rural districts of Pakistan. Private sector still reports better school facilities but with progressive improvement in government schools. ▪
- Overall teacher attendance in government schools was 87% compared to 89% in private schools. Overall student attendance in government schools was 84% compared to 88% in private schools.

7. Health

It is unarguably true that health and nutrition make important contribution to economic development. Healthy people are more lively, energetic and effectively contribute in economic progress, whereas, malnutrition, ill health and diseases are considered as barriers to economic growth. Improving health and nutrition of the population is the priority agenda of the present government with increased focus on revamping and strengthening primary and secondary healthcare facilities. Fundamental health indicators to some extent are improving but the pace of progress is slow. Pakistan has a mix of public and private health service delivery system.

The spending on health has been less than (1%) of GDP since decades. This is one of the key structural challenge. Some slight improvement has been witnessed, as in 2012-13, 45 percent of children were stunted which dropped to 38 percent in 2017-18. Childhood wasting declined slightly from 11 percent to 7 percent, while the prevalence of underweight children declined from 30 percent to 23 percent. Childhood mortality rates have declined since 1990. Infant mortality has decreased from 86 deaths per 1,000 live births in 1990 to 61.2 in 2017. During the same time period, under-5 mortality has markedly declined from 112 to 74 deaths per 1,000 live births. Neonatal mortality declined from 55 in 2012 to 42 deaths per 1,000 live births.

In terms of HDI, Pakistan' position is 150 out of 189 countries in 2018.

7.1 Human Development Index

In terms of HDI, Pakistan' position is 150 out of 189 countries in 2018.

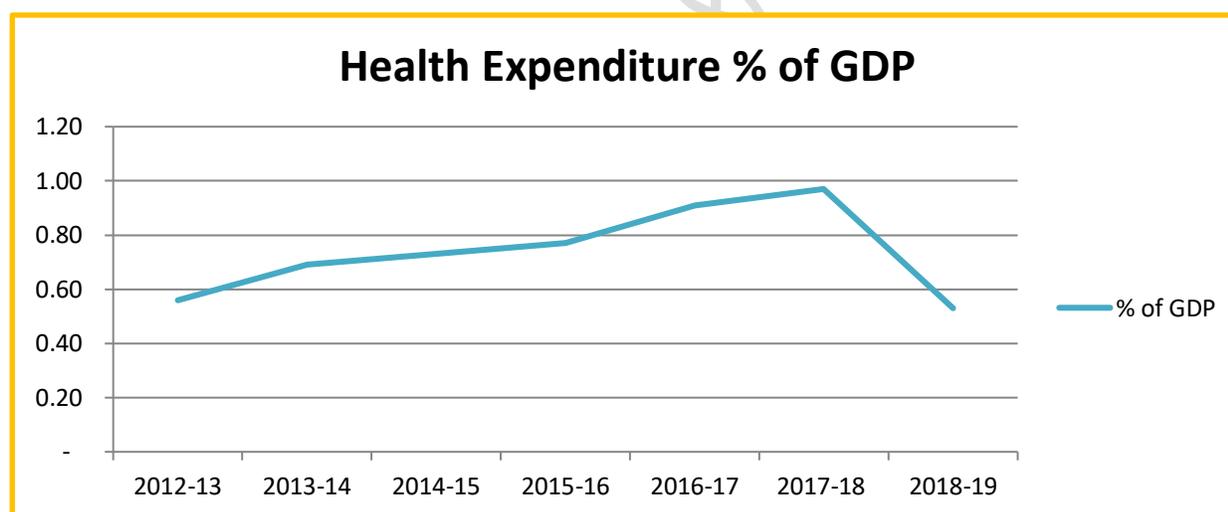
Human Development Index – Indicators

Period	Life Expectancy at berith (Total year)	Infant Mortality Rate / 1000	Maternal Mortality Rate / 1000	Under 5 Mortality Rate /1000	Population growth Rate (%) /year
2015	66.3	64.6	190	79.5	2
2016	66.5	62.9	184	77.1	2
2017	66.6	61.2	178	74.1	2

All the indicators are improving trend with the passage of time but the speed is too slow. We are for behind from MDCs and most of the Asian countries. However we are much better than different African countries because these countries are innately too much backward geographically.

7.2 Health Expenditure

This is the is one of the most neglected areas as evident from graph showing less than 1% share of GDP for health sector. Outgoing year was the worse for allocating the founds for health scoter.



Health Expenditure (Federal + Province)

Fiscal Year	Total	Development	Current	Change (%)	% of GDP
2012-13	125.96	33.47	92.49	128.51	0.56
2013-14	173.42	58.74	114.68	37.68	0.69
2014-15	199.32	69.13	130.19	14.93	0.73
2015-16	225.87	78.50	147.37	13.32	0.77
2016-17	291.90	101.73	190.17	29.23	0.91
2017-18					

1,647	1,616	1,557	1,591	1,604	1,592	1,580	1,608
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7.4 New Initiatives taken by the Government for 2018

- I. **Sehat Sahulat Program(SSP):** As of 9th February 2019, a total of 3,237,660 families have been enrolled in the Sehat Sahulat Program and more than 117,726 families have been treated for various illnesses from 157 empanelled hospitals across Pakistan. There is also an option of inter district portability in the program which enables the enrolled beneficiaries and families to access quality indoor hospital services from any empanelled hospital, both in public and private sector.
- II. **Civil Registration and Vital Statistic:** Following milestones have so far been achieved.
 - Advocacy/Awareness seminars for CRVS were organized in provinces and regions.
 - Provincial steering committee meetings were organized in all provinces and regions.
 - Provincial CRVS Symposiums were organized in all provinces and regions. The primary objective of these symposiums is to accelerate the contributions of provincial governments and development partners by year 2025
- III. **Reduction in Prevalence of Tobacco Use in Pakistan:** Tobacco use is a cause of death of around 160,100 Pakistan every year. Around 24 million adults currently use tobacco in any form in Pakistan. The youth of Pakistan is being targeted with this strategy of implementing Pictorial Health Warning. Pictorial Health Warning (PHW) on cigarette packs and outers is used to promote the cause.
- IV. **Deworm Islamabad Initiative:** The government has conducted a pilot project “Deworm Islamabad Initiative” at Islamabad Capital Territory (ICT) level in 2018-19. The policy and institutional framework was developed in August 2018 that put forth milestone for the mass deworming in Islamabad Capital Territory.
- V. **Health Planning, System Strengthening and Information Analysis Unit:** Key Programmatic achievements of HPSIU are as follows:
 - Implementation on the specific strategic priorities of the National Health Vision of Pakistan (2016-25), along with development of its monitoring framework.
 - Linkages of different MIS with National Dashboard; functions of National Health Information Resource Centre (NHIRC) reverted to Ministry of NHR&C.
 - Online DHIS introduced in AJK, GB and FATA ☐ Localization of SDG3, with support of WHO and Health Services Academy o National

Consultation of SDG localization – Dec 2017 (National SDG3 drafted) o Provincial and Area level consultations completed in 2018 with province/area specific SDG3 baselines and targets o A mobile and web-based application developed to monitor health related SDGs in Pakistan and linked with National Dashboard.

- MOU with International Health Matrix Evaluation signed with support of WHO to build national and provincial level capacity on Burden of Disease study in the country.
- Drafted Health in All Policies (HIAP) assessment & framework with support of WHO and Social Development and Policy Institute ☐ Capacity building of national and provincial staff completed on Global Fund against Aids-TBMalaria (GFATM) grant management/ financial management rules ☐ Development of tools for annual review of health system in context of Aids- TB-Malaria (ATM) Programs

VI. National Nutrition Program: The Nutrition Wing that was established in 2001, has been playing a major role in targeting malnutrition in the country through development of policies, strategies, guidelines and standards for nutrition and fortification, building provincial capacity, oversight, monitoring and evaluation of program implementation in the provinces as well research and evidence generation for policy review and planning.

VII. National TB control Program (NTP): Pakistan has the fifth highest burden of tuberculosis worldwide and is among the high multidrugresistant tuberculosis burden countries. The prevalence, incidence and mortality per 100,000 populations per year from TB in Pakistan are 348, 276 and 34, respectively. The government has declared tuberculosis a national emergency, and implemented the directly observed treatment, shortcourse strategy followed by the Stop TB Strategy, which includes universal access to quality tuberculosis care in the country. National TB Control Program (NTP) has achieved over 85 percent Directly Observed Treatment System (DOTS) coverage in public sector and in the last five years the program has provided care to more than half a million TB patients in Pakistan.

VIII. International Health Regulations: Pakistan has been a signatory to the IHR convention since 2007 with National Institute of Health (NIH) being the designated focal point since 2014. Pakistan's subsequent efforts culminated in the development of a casted 5-year National Action Plan (NAP)

7.5 Health Sector Projects.

Several programs and projects in a row to strengthen the physical condition and wellbeing of the people and to decrease the disease load in rural and urban areas for which funding was given by the federal government. These programs projects

are being funded through the PSDP and implemented by the provincial and area governments. The details are as under;

- I. Devolved Vertical Health Program.
- II. Prime Minister's National Health Insurance Program.
- III. Family Planning and Primary Health Care (FP&PHC).
- IV. Expanded Program for Immunization.
- V. Polio Eradication Initiative Program.
- VI. Safe Blood Transfusion Services Program.
- VII. Malaria Control Program.
- VIII. Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) Control Program.
- IX. Maternal & Child Health Program.
- X. Prime Minister's Program for Prevention and Control of Hepatitis.

8. Climate Change

Climate change is the part part of Enviornment. Let ue see the definition enviornment judge the role and interaction of CLIMATE with other deternnants in enviornment.

The sum total of all surroundings of a living organism(human beings, animals, birds etc), including natural forces and other living things (physical, chemical and biotec factors – **climate**, air, soil, water, fossil feuls etc) which provide conditions for development and growth as well as of danger and damage.

According to Global Climate Risk Index(2017) Pakistan is 7th position among most adversely affcted countries by climate change. **And** now condition has been improved during outgoing year on this front but, unfortunatly, data in not available for 2018 ranking. India was at number 1 position, the most vernalable one.

<https://germanwatch.org/en/download/20432.pdf>

Erratic weather patterns and climate change have emerged as the biggest environmental challenges that are affecting almost all the sectors of economy particularly;

- water resources,
- energy,
- health,
- biodiversity

- agricultural productivity.

In view of Pakistan's high vulnerability to the adverse impacts of climate change, the current government is committed to meet this challenge and the Prime Minister has constituted "Prime Minister's Committee on Climate Change" to provide high level strategic guidance and platform for coordinated efforts on the issues of climate change. Federal Forestry Board (FFB) has also been revived to rehabilitate forests and forest cover in the country. Ministry of Climate Change has adopted a comprehensive approach on the disaster risk reduction and management.

The government has also introduced climate budget coding and expenditure tracking system. This initiative has become a solid conduit for the climate change finance mainstreaming and will foster transparency in public investments. The monitoring of the expenditure will also give confidence to the international development partners in tracking expenditure under different funding streams to ensure that the finances are spent on the intended objectives.

Ministry of Climate Change (MoCC) has taken various initiatives in the area of climate change adaptation and mitigation in accordance with our National Climate Change Policy which are as under:

- To ensure effective implementation of National Climate Change Policy and its Framework, meetings of National Climate Change Policy Implementation Committee are being held regularly.
- MoCC has completed the process of ratification of Doha Amendment to Kyoto Protocol.
- Pakistan Climate Change Council and Pakistan Climate Change Authority are being established to address the issues of climate change and meet Pakistan's obligations under international conventions relating to climate change.
- Climate Change Council is being established and the mandate is to:
 - i. Monitor implementation of international agreements.
 - ii. Approve and monitor implementation of comprehensive adaptation and mitigation policies, strategies, plans, programs & projects.
 - iii. Monitor implementation of National Adaptation Plan.
 - iv. Protection and conservation of renewable and non-renewable resources, species & habitats e) Preparation of Pakistan's Second National Communication (SNC) on Greenhouse Gases (GHG) emissions is at final stage. f) Biennial Update Report (BUR) is an extended report on National Communications which describes the status of GHG emissions and mitigation measures taken by the countries. MoCC has started preparatory work on Pakistan's first BUR (Biennial Update Report).

Following efforts are made to bring the climate changes favorable.

8.1 Water, Sanitation and Hygiene (WASH) Program.

Pakistan is a signatory to the Sustainable Development Goals (SDGs). SDG 6 i.e. clean water and sanitation aims to provide safe drinking water to 95 percent of the population and access to safe sanitation to 72 percent of the population by the year 2030. Currently the national base line for safe drinking water is 36 percent and for sanitation is zero percent. The indicators in national data sets for WASH.

- **Safely Managed Water.**
The access to improved drinking water sources (piped, hand pump, motorized pump and closed well) is 89 percentage, available when needed (24 hours available at premises) is 77.5 percent, basic service is 53 percent (basic services but not free from contamination) contamination is 36 percent. The lowest figure of all three that is free from contamination is 36 percent, which is the baseline figure of safely managed water in Pakistan in 2018.
- **Inclusion and Disparities.**
There is significant difference between access to piped water in urban areas with coverage of 48 percent and of rural areas with 13 percent only. Furthermore, only 10 percent of the poorest have access to piped water supply compared to 39 percent of the rich and 35 percent of the richest groups. Under sanitation, less than half of the rural population in Pakistan use improved sanitation.
- **Sector Policies/Strategies.**
The Prime Minister of Pakistan has reinforced the commitment of government for creating an enabling environment for water and sanitation through launching of Clean Green Pakistan Movement (CGPM) in October 2018, showing the highest level of political commitment
- **Institutional Arrangements.**
The provincial and administrative units take a lead on the identification, planning and implementation of drinking water and sanitation policy along with budgetary allocations and spending in their jurisdictions. At federal level, Ministry of Climate Change has been entrusted the role of policy formulation, standards setting, reporting and coordination for regional and international commitments.
- **Capacity Development.**
The WASH Strategic Unit at the Ministry of Climate Change (MoCC) rolled out Joint Sector Reviews (JSRs) of WASH in 2016/2017 by arranging a training workshop of key provincial departments and sector partners. All four provinces organized JSRs in 2017-18, which culminated in a National JSR in

December 2018 by the MoCC. The overall SDG 6.1 and 6.2 targets for WASH have been finalized along with a roadmap for next two years.

- Planning, Monitoring and Review.

There is no single regulatory and monitoring authority for carrying out M&E and reporting on WASH. Each province carries out WASH activities in its jurisdiction and also compiles data. Pakistan Bureau of Statistics (PBS) is the national custodian of tracking and reporting the progress on SDGs.

- Sector Financing.

The overall estimated financial layout of the sector for 2017-2018 was Rs 128,000 million.

- Sustainable Development Targets for Pakistan.

By using the SDG costing tools developed by SWA, Pakistan calculated annual investment needs for WASH Sector. Below calculations are based on current coverage of safely managed water i.e. 36 percent and safely managed for sanitation i.e. zero. Based on SDG costing tool, it is estimated that Pakistan needs Rs450 billion annually to meet SDG targets by 2030. Presently, Pakistan is spending PKRs 80 billion annually through public sector while overall financial layout of the sector is PKRs 130 billion.

8.2 Forests.

According to the Pakistan Forestry Outlook Study total area of forests in the country is 4.34 million ha (5.01 percent), out of which 3.44 million ha forests exist on state-owned lands and remaining on communal and private lands. Annual consumption of wood (timber and fuel wood) is estimated at 44 million cubic meters whereas annual growth of natural forests is 14.4 mm³, resulting in overexploitation of forest resources. Moreover, sole dependence of forest-owning local communities on this resource for livelihood is reported as main cause of deforestation. The contribution of forest in GDP is 0.4 percent. Under Millennium Development Goals (Goal-7), Pakistan had committed to increase forest cover to 6 percent, which could not be achieved mainly due to financial constraints of federal and provincial governments.

8.3 The REDD+ Readiness Preparation Proposal (R-PP)

R-PP is being implemented in Pakistan with a grant of \$ 3.8 million since July, 2015. Pakistan was awarded the grant through a competitive process by Forest Carbon Partnership Facility (FCPF) of World Bank. International and national consultants were hired to prepare documents required to complete the REDD+ readiness phase. Final documents have been prepared by the consultants and the project has been shared with the Forest Departments of provinces and territories for acceptance/concurrence in February, 2019.

8.4 Ten Billion Tree Tsunami Program, Phase-I.

- Time required for completion of Program 8-Years (2016-2024).

- Capital cost of Program;
 - i. Forestry Component Rs. 98.051 billion.
 - ii. Wildlife Component Rs. 12.0316 billion

8.5 Biodiversity Conservation.

The Ministry of Climate Change based upon extensive discussions with all stakeholders recognized that challenges to wildlife protection and preservation could be overcome through improvement and effective implementation of wildlife legislations and institutional strengthening.

8.6 Persistent Organic Pollutants (POPs) management in Pakistan.

Persistent Organic Pollutants (POPs) are highly toxic chemical considered as global threat to Human Health and environment. Stockholm Convention on POPs was ratified by Pakistan in 2008. The elimination of POPs pesticide stockpiles became more urgent after the 2010 floods damaged some of the storage sites of hazardous chemicals and pesticides resulting in a greater risk to human and environmental health. Pakistan is now on its way for comprehensive reduction and elimination of persistent organic pollutants aiming to reduce human health and environmental risks. The country is in process of development and implementation of a regulatory, policy and enforcement system to reduce POPs releases and to regulate POPs waste disposal; capacity building to reduce exposure and releases of POPs; and collection, transport and disposal of POPs Pesticides

8.7 Achievements.

- Digital Environmental Atlas of Islamabad.
- Glacier Monitoring of Pakistan.
- Climate Chang.

GCISC shows that mean annual temperature has increased over Pakistan in the recent past with greater increase in Sindh and Balochistan. The observed increase is higher in winter when compared with summer. The month wise analysis shows that the maximum increase has been observed in December and February. During the last century, the average temperature over Pakistan has increased by 0.6°C, which is in conformity with the increase of average global temperature. Similarly, mean annual precipitation has also shown increase over most parts of the country. The increase is higher in summer as compared to winter with September and June showing the greatest increase. Future climate change projections based on all the four IPCC-AR5 RCPs scenarios show that the average rise in temperature over Pakistan by the end of the century will be about 1°C higher compared to global average. Within the country, the northern regions will experience relatively more warming than the south. This increase particularly in temperature is associated with a number of adverse impacts, including the increasing frequency of extreme events (floods, droughts, heat waves, and cyclonic activity), steady regression

of most glaciers (except a small minority in the Karakorum Range) that supply the bulk of the country's water supply and changes in the rainfall patterns.

8.8 Impacts of Climate Change on the following environmental components;

- **Water Resources:** The primary effect of climate change is the disruption of the water cycle and it is important to understand the impact that climate change is having on drinking water supplies, sanitation and food. In many regions around the world, incidence of hydrological extreme events is rising day by day. However, in Pakistan it is in many different forms, especially flash flooding in mountainous streams in the north.
- **Agriculture:** Agriculture is one of the major sectors likely to be adversely affected by climate change. Climate change can disrupt food availability, reduce access to food, and affect food quality. Projected increases in temperatures, changes in precipitation patterns, changes in extreme weather events, and reductions in water availability may all result in reduced agricultural productivity. Crop simulation models-based studies depicted significant reductions in wheat and rice yields in the arid, semi-arid and rainfed areas of Pakistan under various IPCC climate change scenarios. In general, the increase in temperature leads to a shortening of the Growing Season Length (GSL) for wheat and rice crops in all regions of the country. The studies further report that South Eastern side of Pakistan is more vulnerable to consecutive heat days stress during flowering and ripening stages of wheat.
- **Smog:** Seasonal climatology plays a vital role in transport of different kinds of air pollutants affecting day-to-day human activities. Hybrid Single-Particle Lagrangian Integrated Trajectory (HYSPLIT) model based findings have indicated that buildup of anthropogenic aerosols mainly has been taking place in winter (December, January, February, March) and post-monsoon (October, November) for which region wise point source locations were identified. It was found that 65 percent of the sources were detected within Pakistan. Secondly, sectoral contribution of pollutants (NO_x, SO_x, PM 2.5, CO and NMVOCs) based on the data of last 10 years (2008-17) was determined using the Intergovernmental Panel on Climate Change (IPCC) methodologies. The outcomes demonstrate the transport sector as biggest contributor (43 percent) in total air pollutants emission in Punjab while the rice residue burning adds just 20 percent. Besides, Industry and Power sectors hold 25 percent and 12 percent, respectively. Overall, the energy sector occupies 80 percent of the total air pollutants emissions in Punjab. The emissions of NO_x, being main pollutant responsible for smog formation, are highest from transport sector (58 percent). Industry and Power collectively holds 34 percent share in NO_x emissions while rice residue burning is just at 9 percent.

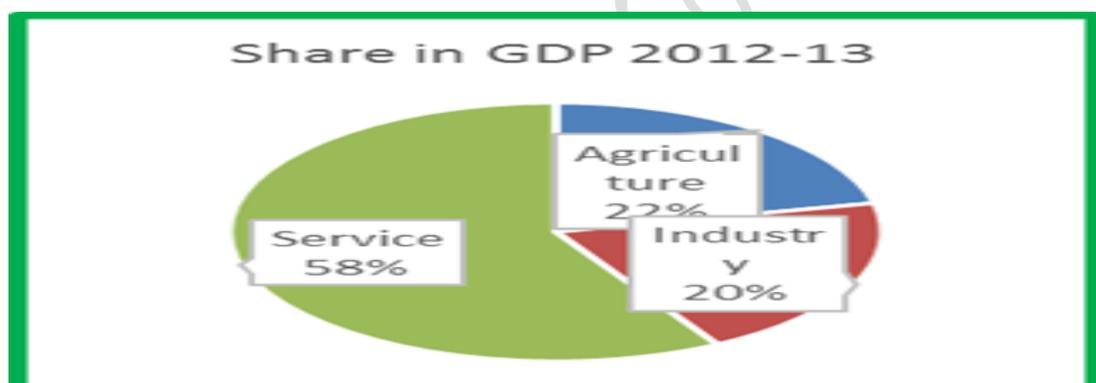
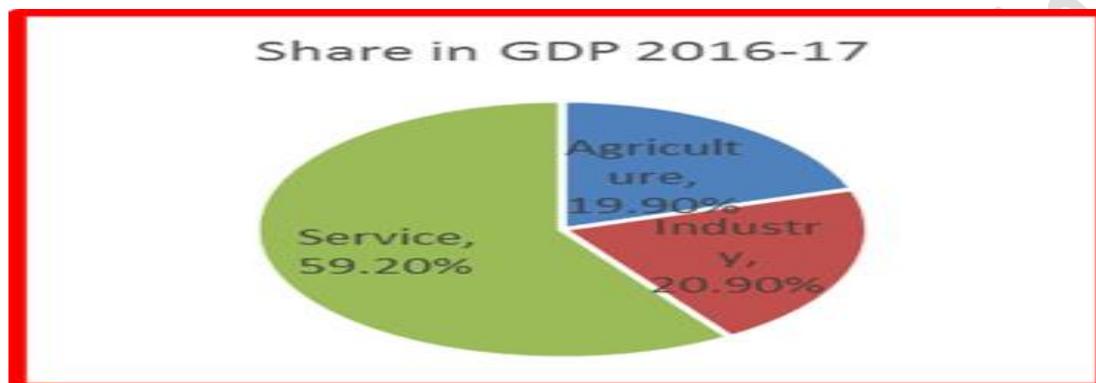
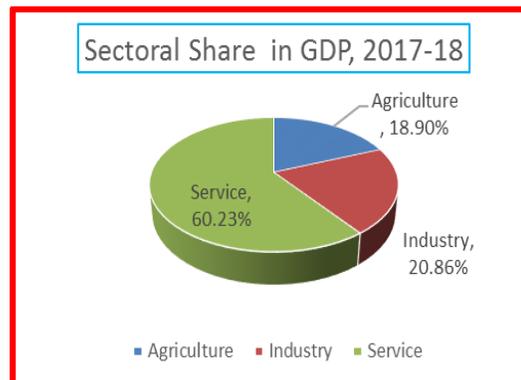
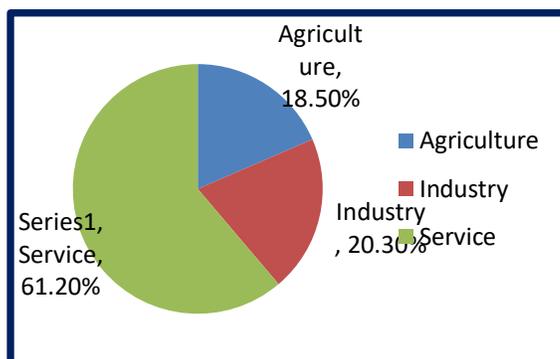
9. Agriculture.

Agriculture contributes 18.5 percent to country's Gross Domestic Product (GDP) and provides 38.5 percent employment to national labour force but it remains backward sector of the economy while high performing agriculture is a key to economic growth and poverty alleviation. Over the last decade, the performance of agriculture sector has fallen short of desirable level, mainly because of stagnant productivity of all important crops. Cropped area of the five traditional crops has also largely remained unchanged. Climate change also poses a serious challenge to Pakistan's agriculture and threatens country's water availability and food security.

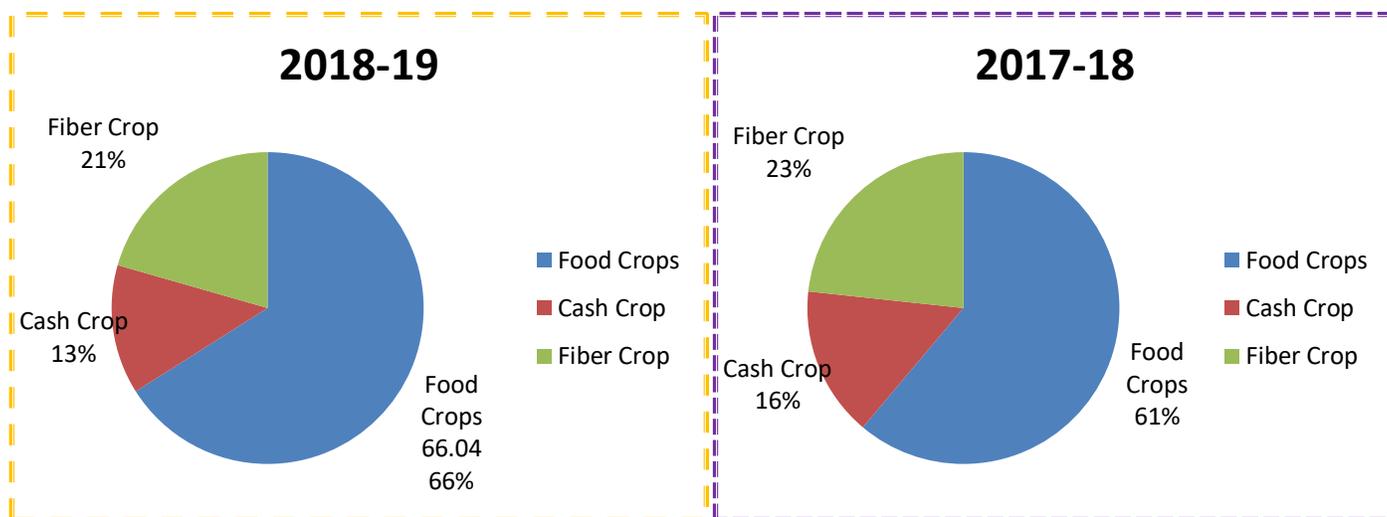
9.1 Sectoral Share of Agriculture in GDP

Figure 1 Sectoral Share 2018-19

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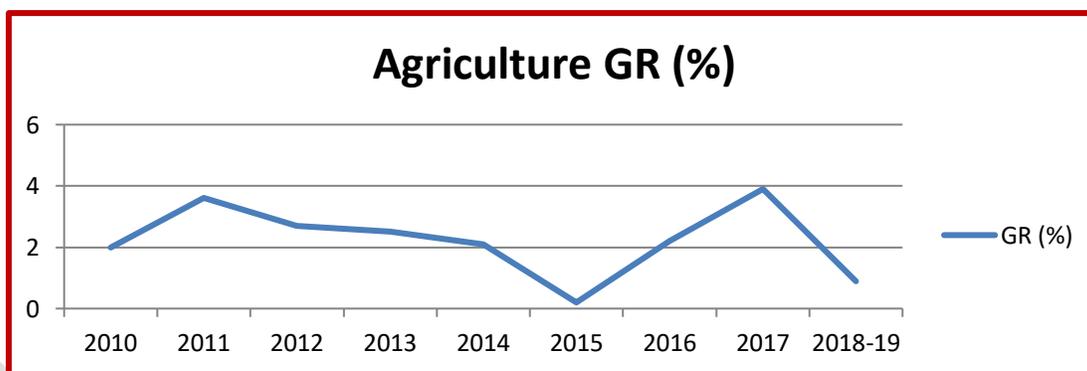


The government is trying its best to help the farmers by providing agriculture inputs at affordable prices and ensuring better prices of their produce. To guarantee food security, it is necessary to enhance domestic agricultural production through increased productivity (increasing per acre yield). Although Pakistan has rich production potential in agriculture, livestock and fisheries, yet for sustainable economic growth and prosperity, the development of these sectors on long-term basis is of fundamental importance for country's growth and prosperity. This calls for efficient utilization of production resources by adopting modern technologies and establishment of realistic marketing system.



Share of Important Crops n Agriculture

Crops	2017-18	2018-19
Food Crops	61.14	66.04
Wheat	37.69	40.49
Maize	10.33	11.81
Rice	13.12	13.74
Cash Crop	15.56	13.41
Fiber Crop	23.30	20.56



Agriculture Growth Rate

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018-19
GR (%)	2	3.6	2.7	2.5	2.1	0.2	2.2	3.9	0.9

Agriculture growth seldom moves smoothly due seasonal impacts. Growth rate can be stabilize if mini dams are constructed to promote the agriculture sector. Good season give bumper crops. Growth rate is negative due to the following reasons;

- Lake of proper policy.

- Climate changes.
- Lack of farmers training.
- Quality / quantity of input (Water, Seeds, fertilizers etc.)
- Diseases to major crops.
- Unfair land management system.
- Lack of funds available to all sundries.

9.2 Prime Minister's Agriculture Emergency Program

The present government's resolution is to enhance agriculture productivity. In this connection Prime Minister's Agriculture Emergency Program has been initiated which primarily focused on:

- Productivity Enhancement of Wheat, Rice & Sugarcane.
- Oilseeds Enhancement Program.
- Conserving Water Through Lining of Watercourses.
- Enhancing Command Area of Small and Mini Dams in Barani Areas.
- Water Conservation in Barani areas of Khyber Pakhtunkhwa.
- Shrimp Farming.
- Cage Fish Culture.
- Trout Farming in Northern Areas of Pakistan.
- Save & Fattening of Calf Program x. Backyard Poultry Program.

9.3 Agriculture Performance during 2018-19.

The performance of Agriculture during 2018-19 remained passive. On the aggregate, the sector grew by 0.85 percent, much lower than the target of 3.8 percent set at the beginning of the year and, also, lower than the preceding years growth rate of **3.9%**.

a) Performance of important crops

"000"Tonnes)

Period	2017-18	2018-19 (P)	Change(%)	F (UF)
Net performance			-6.55	UF
Wheat	25,076	25,195	0.47	F
Rice	7,450	7,202	(3.33)	UF
Bajra	339	350	3.24	F
Jawar	153	149	(2.61)	UF
Maize	5,902	6,309	6.90	F

Barley	55	55	-	
Gram	323	438	35.60	F
Sugarcane	83,333	67,174	(19.39)	UF
Cotton(Ton)	2,032	1,677	(17.47)	UF
Cotton(Bales)	11,946	9,861	(17.45)	UF

Source: Economic Survey 2018-19

P= Provisional

F=

Favorable

UF= Unfavorable

b) Performance of other crops

Period	2017-18	F (UF)	2018-19	F (UF)
Net performance		F		F
Livestock	3.62	F	4.00	F
Forestry	2.58	F	6.47	F
Fishing	1.63	F	0.79	F

Source: Economic Survey 2018-19

P= Provisional

F=

Favorable

UF= Unfavorable

9.4 Farm Inputs.

During the outgoing year 2018-19, focus remained on the following input factors of production for agriculture sector;

- **Fertilizer:** Fertilizer is the most important (and an expensive) input contributing 30 to 50 percent to crop yield. Its share in cost of production of major crops is around 10 to 15 percent. The domestic production of fertilizers during 2018-19 (July-March) increased by 2.6 percent over the same period of previous year.
- **Improved Seeds:** Seed is the basic input for agriculture sector and has an imperative role in enhancing agriculture productivity. Federal Seed Certification & Registration Department (FSC&RD) is an attached department of Ministry of National Food Security & Research which provides seed certification services as and when requested by public and private seed agencies and has annual plan for field crop inspection and seed testing. In order to ensure improved seed certification services,

FSC&RD administration is working on various aspects for strengthening of field offices, international collaboration; new initiatives for further development (Gilgit Baltistan Project, Establishment of Plant Breeder's Rights Registry). Currently, FSC&RD is liaising with Federal Board of Revenue (FBR) the leading agency for the inception of National Single Window Program. The prime goal of FSC&RD is to protect the farmer's interest. The area, seed requirements and seed availability during

- **Mechanization:** Accelerated farm mechanization is an important element to accelerate growth in agriculture sector. The domestic tractor industry has played a significant role in fulfilling the requirements of tractors to farmers. The number of operational tractors in the country is around 634,000 resulting in per acre horsepower (HP) availability of 0.09 against the required power of 1.4 HP per acre. During 2018-19 (July-March) total tractors production was 37,399 compared to the 52,551 produced last year. The major reasons of decline in the production of tractors are low sales because of filer condition for purchaser and also changing market dynamics/demand.
- **Irrigation:** During monsoon season (July-September) 2018, the normal average rainfall was 140.9 mm, while the actual rainfall recorded 96.1 mm showing decline of 31.8 percent. During the post-monsoon season (October-December) 2018, the normal average rainfall was 26.4 mm, while the actual rainfall recorded was 15.6 mm showing decline of 40.9 percent. During winter season (January-March) 2019, the normal average rainfall was 74.3 mm, while the actual rainfall recorded was 107.2 mm showing increase of 44.3 percent. Untimely heavy rains from (January – March) – 2019 turn down the good wheat crop near to last year's production.

9.5 Agricultural Credit.

In line with government's priority for agriculture sector development, Agricultural Credit Advisory Committee (ACAC) has set the indicative agricultural credit disbursement targets to Rs 1,250 billion for FY 2018-19 to 50 agriculture lending institutions including 19 commercial banks, 2 specialized banks, 5 Islamic banks, 11 microfinance banks and 13 microfinance institutions/rural support Programs (MFIs/RSPs). This annual indicative agriculture target is 28 percent higher than the last year's disbursed amount of Rs 972.6 billion. Of the total target of Rs 1,250 billion, Rs 651 billion has been allocated to five major commercial banks, Rs 100 billion to ZTBL, Rs 245 billion to 14 Domestic Private banks and Rs 50 billion to five Islamic banks. For catering the needs of small farmers, Rs 13 billion has been assigned to PPCBL, Rs 156 billion to 11 Microfinance banks and Rs 35 billion to 13 MFIs/RSPs for the current year 2018-19.

9.6 Livestock and Poultry.

- a. **Livestock:** Over the years, livestock subsector has surpassed the crop subsector as the biggest contributor to value added in agriculture. Presently it contributes 60.5 percent to the overall agricultural and 11.2 percent to the GDP during 2018-19. Gross value addition of livestock has increased from Rs. 1,384 billion (2017-18) to Rs.1,440 billion (2018-19), showing an increase of 4.0 percent over the same period last year.

The importance of livestock sector can be realized from the fact that it is not only a source of foreign exchange earnings by contributing around 3.1% to the total exports, but also a source of 35-40% of income for over 8 million rural families and providing them food security by supplementing high value protein of animal origin.

- b. **Poultry:** Poultry sector is one of the most vibrant subsectors of livestock sector. The current investment in Poultry Industry is more than Rs. 700 billion. This industry is progressing at an impressive growth rate of 8 to 10 percent per annum over last few years. Pakistan has become the 11th largest poultry producer in the world with the production of 1,163 million broilers annually. This sector provides employment (direct/indirect) to over 1.5 million people. Poultry today has been a balancing force to keep check on the prices of mutton and beef.

Poultry meat contributes 34 percent (1,518 thousand tons) of the total meat production (4,478 thousand tons) in the country. Poultry meat production showed a growth rate of 9.1 percent whereas egg production showed a growth of 5.6 percent (19.0 billion Nos.) during 2018-19 as compared to previous year. Transformation of poultry production in controlled shed system is making a tremendous difference of quantity and quality of poultry production. There are now over 6,500 controlled environment poultry sheds in the country which indicates that our poultry sector is moving in the direction of modernization and using advance technology.

- c. **Fisheries:** Fisheries as a sub-sector of agriculture plays a significant role in the national economy and towards the food security of the country as it reduce the existing pressure on demand for mutton, beef and poultry.

Vision “To Promote Fisheries and Ensure Food Security Through Availability of Quality Products at Competitive Prices” The priorities for future development of fisheries sector includes the following strategies:

- Improving marketing infrastructure for fishermen along coast i.e. providing technical assistance/guidelines to stakeholders/provinces for improvement of landing sites/auction halls at different fish harbours.

- Providing guidelines for up gradation of fishing boats according to international standards.
- Increasing capability for fisheries planning and management based on the sound knowledge of the state of the fishery resources and exploitation of these resources.
- Providing guideline/technical assistance for value addition and to promote aquaculture to boost fish production volume as well as value wise.
- Upgrading, accreditation and strengthening the quality control laboratories of MFD by adding the new testing parameters for monitoring environmental contaminants in fish & fishery products to satisfy the requirements of importing countries

10 Public Debt.

The prime objective of public debt management is to ensure that the government's financing needs by keeping in view the following;

- Lowest possible cost.
- Type of debt as medium to long term.
- Consistent with a prudent degree of risk.

Debt may well act as catalyst in the course of growth of an economy as long as the economic returns are higher than the cost of borrowed funds. Therefore, borrowed funds are bound to be properly utilized and should conform to the country's debt repayment capacity. Four precautionary measures are adopted as;

- 1 Fiscal Responsibility and Debt Limitation (FRDL) Act 2005 is adopted.
- 2 Growth support policy for debts.
- 3 Fiscal consolidation and structural reforms.
- 4 Timely repayment.

Ma

Summary of Public Debt

Particulars	207-18	Mar-19	Change(%)	F (UF)
Public debt to GDP (%)	67	72	(8)	UF
External debt for the US \$. Million	524	1,900	(263)	UF
Public debt to GDP (%)	67	72	(8)	UF
Floating debt in total domestic debt increased (%) to GDP	54	57	(6)	UF
Permanent debt in total domestic debt increased (%)	28	26	7	F
Unfunded debt Rs. Billion	49	228	(365)	UF
Public debt US \$. Millon	70,237	74,177	(6)	UF
Liabilities US \$. Millon	3,597	3,151	12	F
Public debt & liability	24,998	31,664	(27)	UF
Source: Economic Survey 2018-19				

Chapter: Public Debt

10.1 Public Debts Dynamics.

It is defined as the Debt Held by the Public, or public debt, is all federal debt held by individuals, corporations, state or local governments, foreign governments and other entities.

It means that debt is composition of **debts** (government loans) and **liabilities** (foreign loan extended to local investors or corporate sectors and PSE's etc).

a) Pakistan Debts & liabilities

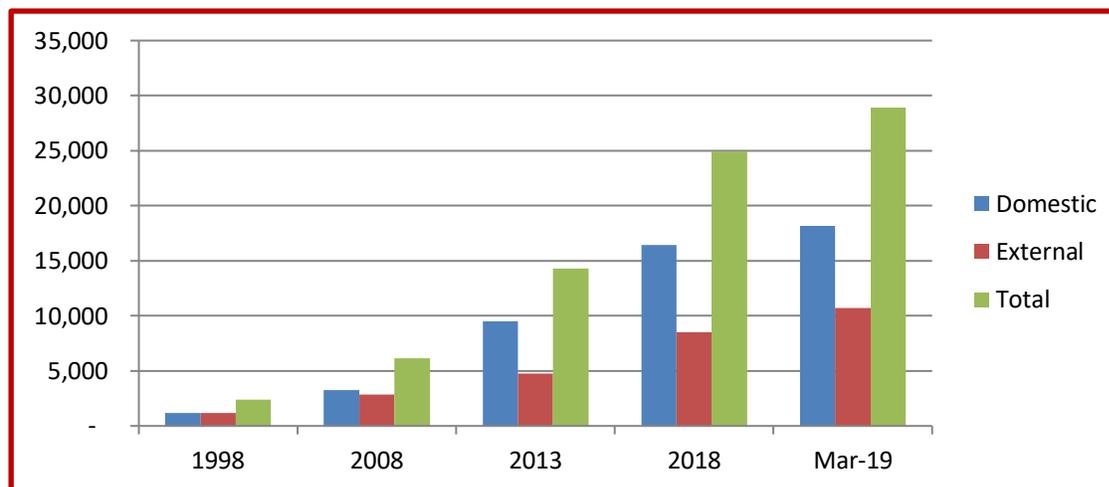
"Rs. In billion"

Period	2008	2013	2018(P)	3/1/2019 (P)
I. Government Domestic Debt	3,274.20	9,520.40	16,416.30	18,170.06
ii. Government External Debt(Paris Club and Others)	2,761.60	4,336.40	7,795.80	9,625.70
iii. Debt from IMF	91.30	434.80	740.80	811.20
Total debt	6,127.10	14,291.60	24,952.90	28,606.96
Increase (Decrease) in Rs. Billion		8,164.50	10,661.30	3,654.06
Increase (Decrease) in %		133.25	74.60	14.64

Source: Economic Survey 2018-19

Performance is highlighted both in term of absolute amount and percentage. During last 9-months, loan increased to the tone of Rs. 3,654.06 billion which is an extra ordinary.

b) Public Debt (Domestic + External)



Public Debt (Domestic + External)

Rs. "000,000,000"

Period	1998	2008	2013	2018	Mar-19
Domestic	1,199	3,274	9,520	16,416	18,171
External	1,193	2,853	4,771	8,534	10,737
Total	2,392	6,127	14,291	24,950	28,908
Source: Economic Survey 2018-19					

Page 138

10.2 Servicing of Public Debt.

Public debt servicing was recorded at Rs 1,975 billion during first nine months of current fiscal year against the annual budgeted estimate of Rs 2,396 billion. Domestic interest payments constituted around 65 percent of total debt servicing due to higher volume of domestic debt in total public debt portfolio. Domestic interest payments were recorded at Rs 1,277 billion during first nine months of current fiscal year primarily driven by payments made against Market Related Treasury Bills (Rs 299 billion), Treasury Bills (Rs 290 billion), National Savings Schemes (Rs 272 billion) and Pakistan Investment Bonds (Rs 268 billion).

Public Debt Servicing 2018-19

Particulars	Budget	Actual	Percent of	
			Revenue	Current Expenditure
Total External Principal Repayment (A)	775.9	515.5	14.4	10.7
Servicing of External Deb	229.2	182.4	5.1	3.8
Servicing of Domestic Debt	1,391.0	1,276.8	35.6	26.6
Total Interest Servicing (B)	1,620.2	1,459.2	40.7	30.4
Total Servicing of Public Debt (A+B)	2,396.1	1,974.7	55.1	41.20
Source: Economic Survey 2018-19				

Chapter: Public Debt

10.3 Domestic Debt

Domestic debt is obtained to finance;

- Fiscal deficit.
- Lending support to Public Sector Development Program (PSDP).

There are three types of Domestic debt;

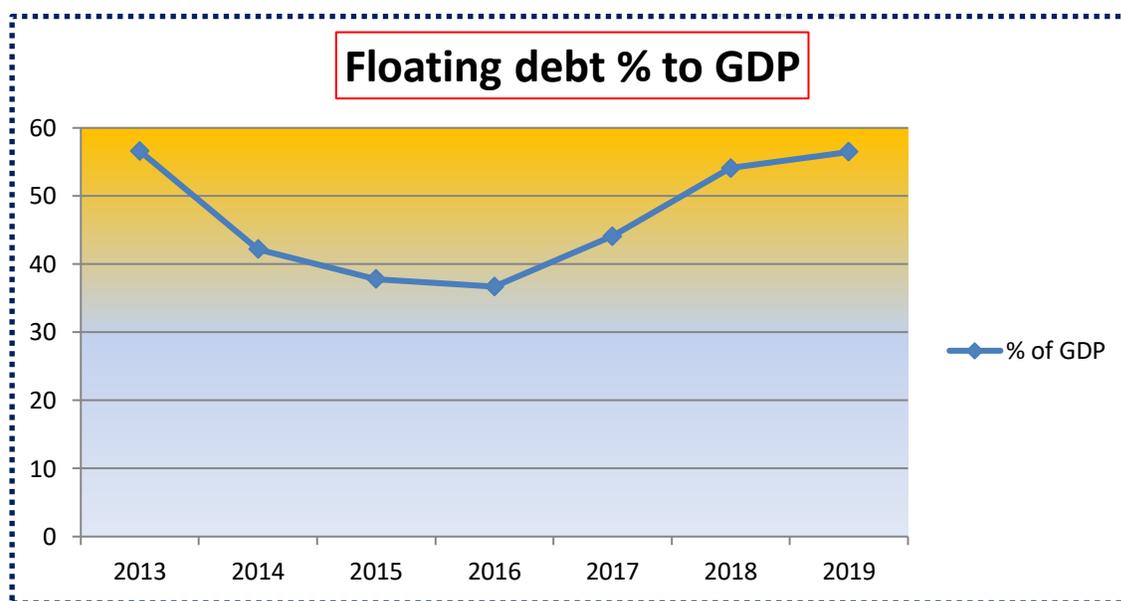
- Permanent debt.
- Medium and long term.
- Floating debt (short-term).
- Unfunded debt (primarily made up of various instruments available under National Savings Schemes).

Domestic debt stock was recorded at Rs 18,171 billion at end March 2019. During first nine months of current fiscal year, the government relied mainly on domestic sources to finance its fiscal deficit. Consequently, domestic debt witnessed an increase of Rs 1,754 billion while government borrowing from domestic sources for financing fiscal deficit was Rs 1,398 billion. This differential is mainly attributed to increase in government credit balances with the banking system. Most of the increase in domestic debt came from short term floating debt while net mobilization from permanent debt and unfunded debt remained limited during first nine months of current fiscal year. Cumulatively, the government mostly borrowed from State Bank of Pakistan (SBP) and retired portion of its debt to commercial banks.

- Permanent Debt:** Permanent debt mainly consists of medium to long term instruments (Pakistan Investment Bonds (PIBs), Government Ijara Sukuk (GIS), Prize Bond etc.) Permanent debt was recorded at Rs 4,804 billion at end March 2019, representing an increase of Rs 144 billion during first nine months of ongoing fiscal year. Net mobilization from PIBs

stood at Rs 183 billion compared with the retirement of Rs 1,068 billion during the same period last year. Government also mobilized Rs 178 billion from the auction of outright purchase of GIS on deferred payment (Bai Muajjal) basis.

- b. **Floating debt:** Comprises short term domestic borrowing instruments such as Market Treasury Bills (MTBs) and State Bank borrowing through purchase of Market Related Treasury Bills (MRTBs). Floating debt formed the largest part of domestic debt portfolio at end March 2019, recorded at Rs 10,271 billion or around 57 percent of total domestic debt portfolio. Floating debt recorded an increase of Rs 1,382 billion during first nine months of current fiscal year, thereby, around 79 percent of total increase in domestic debt portfolio was on account of mobilization from floating debt. The trend in floating debt stock is depicted through following graph:



Floating Debts % to GDP

Period	2013	2014	2015	2016	2017	2018	2019
% of GDP	56.6	42.2	37.8	36.7	44.1	54.1	56.5
Source: Economic Survey 2018-19							

Chapter: Public Debt

c. Unfunded Debt.

The stock of unfunded debt (primarily made up of various instruments available under National Savings Schemes) stood at Rs 3,096 billion at end March 2019,

constituted around 17 percent of domestic debt portfolio. The rates on National Savings Schemes revised four times during first nine months of current fiscal year to align with the market rates. Unfunded debt recorded net mobilization of Rs 228 billion during first nine months of current fiscal year compared with Rs 49 billion mobilized during the same period last year. Most of the incremental mobilization

came from Regular Income Certificate (Rs 103 billion), Bahbood Savings Certificates (Rs 90 billion) and Pensioners' Benefit Account (Rs 31 billion).

10.4 External Debt and Liabilities

Pakistan's External Debt and Liabilities (EDL) include all foreign currency debt contracted by

- Public /Government.
- Private sector.
- foreign exchange liabilities of SBP.

The part of EDL which falls under government domain is debt which is serviced out of consolidated fund and owed to International Monetary Fund. Whereas, remaining includes liabilities of central bank, debt of public sector entities, private sector and banks.

External debts, currently, have following dynamics;

- During first nine month of current fiscal year, EDL recorded an increase of US\$ 10.6 billion to stand at US\$ 105.8 billion at end March 2019.
- Public debt was US\$ 74.2 billion and remaining is amount of liabilities.
- External public debt increased by around US\$ 3.9 billion during first nine months of current fiscal year compared with the increase of US\$ 6.7 billion witnessed during the same period last year.
- Multilateral and bilateral sources which cumulatively constituted 78 percent of external public debt portfolio.
- Multilateral and bilateral loans are contracted at concessional terms (low cost and longer tenor).
- Primarily utilized to remove structural growth anomalies and promote reform in the areas of energy, taxation, business, trade and education.
- Development loans are, thus, deployed to the increase the total output of the country and in-turn the debt repayment capacity

10.5 Debt Servicing.

Customarily, every coming government has to pay the previous government debt and its service.

Debt Servicing

Lender (Multilateral / bilateral, Bonds, Commercial loan & IMF)	2013	2014	2015	2016	2017	2018	2019
Loan inflow	2,221	7,962	7,452	8,693	10,533	11,000	8,262
Loan repayment (Principal)	4,795	5,220	3,500	3,213	5,127	4,190	4,139
Net inflow	(2,574)	2,742	3,952	5,480	5,406	6,810	4,123
Loan repayment (Principal)	4,795	5,220	3,500	3,213	5,127	4,190	4,139
Interest payment	800	775	975	1,127	1,313	1,684	1,470
Total Payments / Outflow (Debt & Service)	5,595	5,995	4,475	4,340	6,440	5,874	5,609
Source: Economic Survey 2018-19							

Chapter: Public Debt

10.6 External Debt Sustainability.

A country can achieve debt sustainability if it can meet its current and future debt service obligations in a timely manner and has the capacity to withstand macroeconomic shocks. There are two principal indicators or ratios which assess the external debt sustainability;

- Solvency indicators for long run sustainability which is Debt/GDP
- Liquidity indicators for short run debt servicing measured by Debt/ FEE (Foreign Exchange Earning)
- . Solvency indicator such as external debt-to-GDP ratio shows debt bearing capacity while liquidity indicators such as external debt servicing to foreign exchange earnings ratio shows debt servicing capacity of the country.
- Another special ratio is used o judge the External Debt Coverage Ratio (ED/FER)

(Where FER means Foreign Exchange Reserves)

Both previous governments faced the same situations for external debt management. The entire indicators are more or less the same in 2013 and 2018. The previous government started the management of debt servicing from very first day and improved the situation which again declined in 2018. The present government, though started late, is also committed to improve the situation in coming years.

External Debts Sustainability

Ratio	2013	2014	2015	2016	2017	2018
ED/FEE	1	1	1	1.1	1.1	1.3
ED/FER	4.4	3.6	2.7	2.5	2.9	4.3
ED/GDP (%)	20.8	11.7	8.5	8.5	12.4	10.8
ED Servicing /FEE(%)	11.1	11.7	8.8	8.5	12.4	10.8
				Source: Economic Survey 2018-19		

FEE = Foreign Exchange Earning

FER = Foreign Exchange Reserve

10.7 Public Debt & Liabilities.

Public Debts & Liabilities					US \$ in million
S.NO	Particulars	2008	2013	2018(P)	3/1/2019 (P)
1	Long Term				
	(Paris club, Multi/Bilateral, Euro/sukuk global bands etc)	39,722	43,488	62,525	67,301
2	Short Term (1-year)				
	T-bills & commercial loans	723	264	1,617	1,111
3	External debts (1+2)	40,445	43,752	64,142	68,412
4	IMF				
	Federal Govt + Prov Govt)	1,337	4,387	6,095	5,765
5	Public Debt (3+4)	41,782	48,139	70,237	74,177
7	Foreign Exchange Liabilities of SBP				
	(SBP deposit+ FC bonds(NHA/NC)+SDR etc	1,296	3,106	5,121	10,052
8	Public Service Enterprises (PSEs)	1,203	1,848	2,669	3,478
	a. Guaranteed debts (Paris club+Multi/Bilateral & Commercial loans	196	598	1,382	2,175
	b. Non-guaranteed (long / short term or < 1 year >	1,007	1,250	1,287	1,303
9	Banks	-	1,553	4,416	4,846
	a. Borrowings		710	2,966	3,280
	b. Nonresident deposits (LCY & FCY)		843	1,450	1,566
10	Private Sector	1,880	3,143	9,195	10,137
11	Direct Liabilities to Direct investors - intercompany debts	-	3,110	3,597	3,151
12	Total External Liabilities (7+8+9+10+11)	4,379	12,760	24,998	31,664
13	Foreign Debt=External Debt & Liabilities	46,161	60,899	95,235	105,841

11 Defense Budget 2019-20

Pakistan Armed Forces is the 6th in the world in terms of active military personnel. The armed forces comprise three main inter-services branches: Army, Navy, and Air Force together with the number of paramilitary forces and the Strategic Plans Division forces. Chain of command of the military is organized under the Chairman of Joint Chiefs of Staff Committee alongside chiefs of staff of army, navy, and the air force. All of the branches work together during operations and joint missions under the Joint Staff HQ.

The federal government on Tuesday proposed a 4.7 % increase in the defence budget despite earlier announcement that the military spending would remain unchanged as part of the overall austerity drive.

The budget document shows that defence outlay for 2019-20 would be Rs.1,152 billion compared to Rs.1,100 billion earmarked for the ongoing fiscal year.

<https://tribune.com.pk/story/1990345/1-modest-4-7-increase-defence-budget-proposed/>

- Budget for the defence announced at Rs. 1150 billion.
- Revised to Rs. 1,152 soon after budget.
- There is 4.72% increase in defense budget.
- The military would also get Rs65 billion for security expenditure related to temporarily displaced persons in the erstwhile tribal areas.
- Another Rs30 billion for the UN peacekeeping force.
- The total defence budget for this year in reality is Rs1,882 billion compared to Rs1,694 billion, showing an overall 11 per cent increase.
- Budget grew by average 11% annually.
- Also defence spending comes down to 27% from 31% in terms of the total size of the federal budget 2019-20.
- Rs327 billion allocated for pensions of retired military personnel.
- Rs308 billion for the armed forces development program.
- The armed forces development program indicates 46 per cent or Rs98 billion hike compared to the ongoing fiscal year.
- According to the budget document 2019-20, out of that Rs1,152 billion,
 - a. Rs450 billion has been allocated for employees related expenses,
 - b. Rs264.5 billion for operating expenses,
 - c. Rs315 billion for local purchases and import of arms and ammunition
 - d. Rs123 billion for civil works.

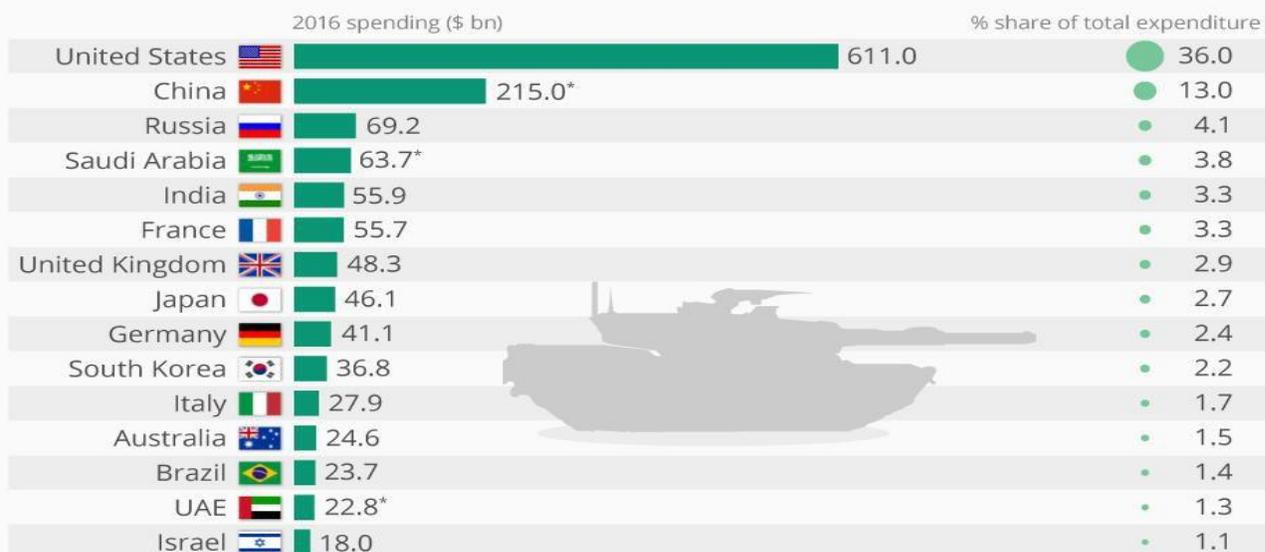
<https://tribune.com.pk/story/1990345/1-modest-4-7-increase-defence-budget-proposed/>

11.1

Pakistan defence budget is 17% of total expenditures. See the dynamics of other countries.

The Top 15 Countries For Military Expenditure in 2016

2016 military expenditure by country and share of global total



* Estimate

Source: Sipri

Forbes **statista**