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NBP Performance at a Glance

## Editor's Corner

Dear Readers,

*Development and Climate Change* is the subject of the *World Development Report 2010*. Climate change threatens all countries, particularly developing ones. As the earth gets warmer its impact will be felt everywhere, with much of the damage taking place in developing countries. Millions of people from Bangladesh to Florida will suffer as the sea level rises, inundating settlements and contaminating fresh water. Severe droughts could be experienced in semiarid Africa, affecting efforts at enhancing food security, while the melting of the Himalayan glacier — which regulate river flow, generate hydropower and supply clean water would threaten rural livelihood.

In developing countries where large numbers remain hungry and suffer from poverty, pose a challenge for policymakers. Climate change only makes the challenge more complicated. First, the impact of a changing climate are already being felt, with more droughts, more floods, more strong storms and more heat waves — taxing individuals, and government and drawing resources away from development, states the World Development Report 2010. This in turn has an affect on agriculture, fisheries, forests, wetland areas that provide food, fuel and many services. Given the severity of the problems, countries cannot afford to ignore the consequences of climate change, but have to adopt public policy to cope with the new risks. If left unmanaged, climate change will reverse development progress.

Pakistan is no exception and is experiencing the effects of climate change. The global warming has led to the melting of the Himalayan glaciers and consequent depletion in the flow of water into the Indus River System and with temperatures rising this could continue, adversely affecting economic activities.

Early this year rivers were flowing with less water than what they normally do. Available figures show that the Indus, which was flowing at 24,300 cusecs on March 15 last year, fell to 21,300 cusecs this year in mid March, the Jhelum at Mangla flowed 20,800 cusecs against 25,300 cusecs same day last year. Downstream of Kotri barrage at Jamshoro, the Indus, the all year flowing river had turned dry. The Indus River System Authority which manages water resources had said that the rate of water flow in the country's major rivers had fallen and the total water stored in the Tarbela and Mangla reservoirs had dropped by 34 percent over the year. Water level in Rawal Dam had also depleted. Water flows downstream Chashma also dropped creating water shortages in Southern Punjab.

Water availability has fallen from about 5000 cubic meters per capita in the early 1950s to less than 1200 cubic meters per capita today. Pakistan has been categorised as a water stressed nation, and could turn if no concrete measures are adopted into a water starved country.

As Pakistan is a water stressed country, water and food security are, therefore, its major issues. The question arises if Pakistan can meet its water and food production challenges.

Large tracts of land area are arid or semi arid. The Indus Plain covers about 25 percent of total land area, where most of the irrigated agriculture takes place; 38 percent of Pakistan's irrigated lands are water logged, 14 percent land is saline and only 40–45 percent of cultivable land is under cultivation. Existing infrastructure is poorly maintained, storage capacity is very low, water pricing is poorly defined, difficulties with regard to Indus Water Treaty with neighbouring country has to be resolved and conservation has to be emphasised.

Water issue is a big challenge for policymakers and all stakeholders. Given the crisis, the question arises of how best to use this scarce resource. To bring about any meaningful change in this whole discourse on water, significant measures would have to be undertaken; where a comprehensive management framework is chalked for all of Pakistan with a focus on managing water demand. People must be made aware that water is not an infinite source and there is a need for conservation. This is all the more essential given the country's rapidly growing population and consequent demand pressures on water.

The agricultural sector is the largest consumer of water. Pakistan's agricultural output is closely linked with the supply of irrigation water. However, agricultural productivity per unit of water is one of the lowest in the world. Steps taken for better irrigation in the sector can have a positive impact.

Existing infrastructure needs to be properly maintained to stop water from being wasted. Due to heavy silting, dams have lost 20–25 percent of their storage capacity; canals are unlined or poorly lined which results in water seepages when it runs through the canals; excessive loss of water due to antiquated agricultural techniques, over exploitation and mismanagement has reduced water tables in some areas, injudicious distribution are some of the factors behind water shortages in the country. Large investment allocation for water sector development is required to improve the existing infrastructure.

Farmers need to adopt on-farm drip irrigation system, a measure widely believed to conserve water. Drip irrigation allows for precise application of water into the roots of the plants, with little loss. Rice a thirsty crop could be grown using only half the amount of water and at the same time boosting harvest through a new method called the System of Rice Intensification.

Rainwater could be better utilized. In Islamabad a project had been initiated to use rainwater for growing crops and for drinking purposes. This project was initiated by Capital Development Authority (CDA) in collaboration with UNDP & Pakistan Council of Research for Water Resources. Cleaning of ravines was an integral part of rainwater harvesting mechanism.

In urban areas, people must be made aware that water has a value and they must cooperate. Consumer charges for usage of water through installation of meters could help check its demand. A project was undertaken by the Asian Development Bank in collaboration with the rural community of the village Varo in the district of Chakwal, Punjab. Water metering was introduced, and the community pays for the water they use. Similar steps are needed for other areas of the country.

Proper management of water resources could help stave off the looming scarcity crisis.

*Ayesha Mahmood*

## Pakistan — Power Sector Circular Debt

Energy deficit increases

One of the major challenges facing Pakistan is the energy crisis, which has become more intense in recent years. While the country suffered from energy shortages since FY2007, it worsened during FY2008–FY2009. Electricity shortages nationwide hover around 3500–5000MW. During the summer of FY2009, the supply deficit had reached 5000MW. As a result, load shedding is a daily occurrence. Prolonged hours of load shedding, in some places 10–12 hours has stifled commerce and industrial activity, slowing down economic growth and global competitiveness.

Energy demand outstrips supplies

As the economy grew at an average of 6.6 percent during FY2004–08, it translated into a rapid increase in energy demand of about 8.4 percent per year, Asian Development Bank estimates. Primary energy supplies increased at only 6 percent during this period. In FY2008, the primary commercial energy supplies stood at 63 mtoe. The share of natural gas was 47.5 percent, followed by oil 30.5 percent, hydroelectricity 10.9 percent, coal 9.2 percent, nuclear electricity 1.2 percent, LPG 0.7 percent and imported electricity 0.1 percent.

### Oil

Recoverable reserves of crude oil	326.67 mn bls
June 30, 2008	
Oil production during FY08	25.603 mn bls
Total refining capacity as on	
June 30, 2008	13 mn tonnes
Total crude oil processed	
in the refineries	11.689 mn tonnes
Crude oil import FY08	\$5.74 billion
Consumption of petroleum	
products in power sector	
during FY08	7.083 mn tonnes

### Gas

Recoverable reserves of natural	
gas as on June 30, 2008	29.789 trillion cft
Production in FY08	1.454 trillion cft
Consumption of natural gas	
in power sector during FY08	429,892 mn cft

No of gas consumers	5262 thousand
Domestic consumers	5181 thousand
Commercial consumers	72 thousand
Industrial consumers	9 thousand

### Coal

Coal reserves as on	
June 30, 2008	about 186 bn tonnes
Production of coal in FY08	4.12 bn tonnes
Total coal imported FY08	5.986 mn tonnes
Cost	Rs15.7 billion

Energy Overview

Coal consumption in	
power sector FY08	162 thousand tonnes
Electricity generated	
through coal FY08	136 GWh

### Hydroelectricity

Hydropower generation	
as on June 30, 2008	6474 MW
Electricity generation	
through hydel sources	28667 GWh

### Nuclear Electricity

Installed nuclear capacity	
as on June 30, 2008	462 MW
Electricity generated	
through nuclear power	2832 GWh

Source: State of Industry Report 2009, NEPRA

Energy demand is expected to grow at an annual rate of 7–8 percent in the medium term and as Pakistan is a net energy importer, the annual energy bill is expected to exceed \$27 billion by FY2018, against the oil import bill of \$10 billion in FY2009.

Pakistan suffers from a chronic shortfall between electricity demand and supply. This will continue to seriously limit productivity and economic growth until the issues in the power sector are resolved in a sustainable manner.

The energy sector is faced with a number of challenges which are major constraints to sustainable power supply. These include among others: -

Constraints to development

- Available power generation capacity is lower than the total installed capacity, resulting in shortfall in electricity supply.
- New capacity has not been added in line with demand.
- Public sector thermal power plants are in dilapidated condition due to poor maintenance.
- System suffers from high transmission and distribution losses.
- Inadequate investment in the sector.
- Lack of investment in replacing obsolete technology and infrastructures is a cause for inefficiencies.
- Fiscal issues are a primary cause of sector deterioration.

During FY2008 the fiscal issues in the power sector became severe. The fiscal imbalances have created an inter-corporate circular debt problem, hindering the power generation companies from producing at optimal production levels. An Asian Development Bank Report “*Proposed Program Cluster & Loans for Subprogram 1, Islamic Republic of Pakistan: Accelerating Economic Transformation Program*”, published in 2008 states, ‘The power subsidy payments budgeted and to be paid by the Government, have reached unsustainable levels due to sharp increase in the international oil prices. This is accentuated as Pakistan’s domestic production, catering for 25 percent of country’s needs, is also linked to the international oil prices. Consequently, the power sector subsidies, the differential between the National Electric Power Regulatory Authority determined and Government notified tariff, has grown substantially by more than 400 percent (from the budgeted Rs25 billion to actual Rs133 billion) during FY2008, primarily by high fuel price for thermal generation.

Fiscal issues become severe

The delayed subsidy payments by the Government has led to insufficient capital (cash) in the power sector, making the power distribution companies (DISCOs) unable to pay their liabilities including purchase of electricity as well as limiting maintenance, augmentation, and expansion funding. This

cash shortfall has spilled into power generation companies, rendering them unable to pay for the fuel deliveries. The next link – oil/gas producers – are being partially paid by the fuel distribution companies. As a result, a serious circular debt problem has emerged between the power utilities, fuel suppliers and the engineering industry.’

Despite the increase in the costs of production, consumers electricity tariffs had not been increased for several years before 2008 when the oil price hike substantially raised generation costs and the need for much higher tariff differential subsidies. The lack, however, of timely subsidy payments created an inter corporate circular debt problem. The stakeholders in the circular debt are: -

- federal/provincial governments
- power distributors like KESC
- power producers like PEPCO & HUBCO
- fuel suppliers like government owned Pakistan State Oil and partially state owned Pak Arab Refinery.

Stakeholders in the circular debt

The factors responsible for the Circular Debt in Pakistan can be briefly stated as:

- Government unable to pay power tariff subsidies to electricity distribution companies like PEPCO, KESC etc.
- Electricity distribution companies fail to collect dues from consumers.
- Subsequently the distribution companies default on payment to power producers like Hubco, KAPCO etc.
- Power producers are not able to make payments for fuel oil purchases from oil companies, like Pakistan State Oil.
- Oil companies delay settling the payable to refineries.

Factors responsible for Circular Debt

PSO’s receivables rise

Pakistan State Oil, which handles more than 90 percent of the country’s oil product import and has the largest distribution network, has seen its receivable rise from Rs73 billion by end November 2009 to over Rs103 billion by early 2010. PSO’s payables have also increased to about Rs68.5 billion by February 23. These

Refineries operating below their production capacity

include Rs35.3 billion to PARCO, Rs14 billion to Pakistan Refinery Ltd, Rs15 billion to Attock Oil, Rs8.7 billion to National Refinery and Rs5 billion to Bosicor Refinery. Because of the circular debt, most of the refineries are running at half their production capacity. They have suffered losses and their earnings have dropped. The refineries are also facing financial problems in clearing their dues to Oil & Gas Development Company.

Pakistan State Oil's receivables running into millions stand against the electricity generation companies, which are faced with payment problems from the electricity distribution companies. As the refineries have not been paid by PSO, there have been instances in the recent past when they have threatened to close down their plants. This could have created serious problems if oil supply to the country's thermal plants had been curtailed.

### Circular Debt\*

Payable	Receivable	Amount (Rs Bn)
PEPCO (Wapda)	PSO	34.0
Kot Addu Power Company Limited	PSO	17.32
Hub Power Company	PSO	33.95
Pakistan International Airlines	PSO	1.32
Pakistan State Oil (PSO)	PARCO	25.0
PSO	PRL	12.0
PSO	NRL	8.0
PSO	ARL	15.0
Government for Subsidy	PEPCO	43.0
Government for Subsidy	KESC	15.0
Subsidy for reduced electricity tariff		

\* Figures as of February 2010.

Source: Daily Times, March 31, 2010

PARCO	Pak Arab Refinery Ltd
PRL	Pakistan Refinery Ltd
NRL	National Refinery Ltd
ARL	Arab Refinery Ltd
KESC	Karachi Electric Supply Corporation

The Asian Development Bank in its Report 'Proposed Loans for Subprogram 2 Islamic Republic of Pakistan: Accelerating Economic Transformation Programme' published in June 2009 has re-emphasised the financial issues facing Pakistan's energy sector, an issue already mentioned in its early report. We reproduce excerpts from the said Report.

Higher oil prices accelerates arrears

"From 2003-2007, customer tariffs were not raised despite the threefold increase in cost. Despite the 20 percent increase in 2008/09, the extraordinary spike in oil prices accelerated the payment arrears to the power generating companies, and plants were not able to operate at optimal capacity due to lack of funds to pay for fuel. These conditions made the environment difficult for increased private investment in power generation through IPPs or rentals.

The National Electricity Power Regulatory Authority (NEPRA) determines generation, transmission, distribution and retail/wholesale tariffs. The price is determined at full cost recovery and agreed profitability. Based on the determination, the Government notifies the official tariff. For the retail/wholesale tariff, any difference between the determined and notified tariff should be paid by the Government through the tariff differential subsidy.

Payables rise to Rs407 bn

Tariff differential subsidies were to be paid to the power distribution companies (DISCOs) to make up for the shortfall in the customer tariff and cost recovery tariff. It is estimated that Rs308 billion of subsidy is owed by the Government. With this and non-payment by public and private customers (Rs226 billion), the DISCOs accumulated Rs407 billion (\$5.08 billion) of payables for their electricity purchase from the National Transmission Dispatch Company (NTDC), being the Central Power Purchasing Agency (CPPA), as of 31 March 2009.

Further, a total amount of Rs216 billion of bank debt has been accumulated by WAPDA, DISCOs and NTDC to remedy the cash shortfall. To service this debt, tariffs need to be significantly increased or the Government needs to take over the debt. Independent Power Producers (IPPs) and Public Sector Generating Company (GENCOs) also need to be paid Rs142 billion cash immediately for them to be able to provide power at optimal capacity.

Electric power in Pakistan comes from a variety of sources, thermal, hydroelectricity and nuclear. The two main companies

Thermal power generation

generating electricity are Water & Power Development Authority (WAPDA) and Karachi Electric Supply Corporation (KESC). WAPDA supplies electric power to all of Pakistan except for Karachi which is supplied by KESC. More than two-thirds of the electricity generated comes from the thermal stations powered by oil, natural gas and coal. In recent years, an increase in thermal power generations has come from the Independent Power Producers (IPPs). Public sector thermal power plants are dilapidated, operating at 25 percent reduced output, and at much lower efficiency rates compared to similar plants elsewhere, primarily a result of inadequate maintenance.

Economy dependent on oil import

Majority of Pakistan's power generation is thermal, with furnace oil, high-speed diesel and natural gas as fuels; coal is almost non-existent. The share of oil, gas and coal used for thermal generation during the year 2007-08 was 32.1 percent, 34.3 percent and 0.1 percent respectively. The country's power production is dominated by thermal power plants running on oil and gas. The economy is heavily dependent on import of oil for its domestic energy requirement due to a large number of oil-fired power plants.

## Installed Generation Capacity by Type

	(MW)		
	2003-04	2005-06	2007-08
<b>THERMAL</b>			
GENCOS	4834	4834	4899
IPPs (connected with PEPCO)	5715	5743	6129
(connected with KESC)	262	262	262
KESC own GENCO	1756	1756	1756
<b>Sub-Total</b>	<b>12567</b>	<b>12595</b>	<b>13046</b>
Percentage share	64.37	64.42	65.29
<b>HYDEL</b>			
WAPDA	6463	6463	6444
IPPs	30	30	30
<b>Sub-Total</b>	<b>6493</b>	<b>6493</b>	<b>6474</b>
Percentage share	33.26	33.21	32.40
<b>NUCLEAR</b>			
CHASNUPP (connected with PEPCO System)	325	325	325
KANUPP (connected with KESC System)	137	137	137
<b>Sub-Total</b>	<b>462</b>	<b>462</b>	<b>462</b>
Percentage	2.37	2.36	2.31
<b>Total Installed Generation Capacity of the Country</b>	<b>19522</b>	<b>19550</b>	<b>19982</b>

Source: State of Industry Report 2009, NEPRA

MTDF presents future energy plan

The import of oil which in FY08 amounted to \$11.5 billion, is a major reason for the widening trade account and subsequently the current account deficit. As most of the upcoming power projects in the country would be based on oil and gas, it would widen the current account deficit.

For the energy sector the Medium Term Development Framework (MTDF) 2005-10 presented Energy Mix Plan Projections for the next 25 years. The following table compares the latest available figure (FY09) with the projections for fuel for short term (2010).

The table shows that by 2008-09 (latest available), the share of oil in total supplies stood at 32.1 percent, quite above the figure of 26 percent projected to be achieved by 2010. Similarly the share of hydro in the energy mix falls short of the target of 13.9 percent, but the share of natural gas is quite close to the short term projection.

## Energy Mix

		2008-09 (%)		
		2004	Projected 2010	2008-09
Total	MTOE	50.8	79.39	62.6
Oil		30	26	32.1
Natural gas		50	49	48.3
Coal		6.5	9	7.6
Hydro		12.7	13.9	10.6
Renewable		0.0	1.1	na
Nuclear		0.8	0.9	0.6

Source: 1. Medium Term Development Framework 2005-10, Planning Commission, GoP, May 2005

2. Pakistan Energy Yearbook 2009, Ministry of Petroleum & Natural Resources

The MTDF had set certain physical targets for the energy sector. The Mid Term Review of the MTDF shows the achievements against the set targets for some of these.

Targets of MTDF fell short

- i) Construct 23 hydel projects
- Provision of 900MW through coal base projects
- Provision of 800MW through renewable energy projects
- Initiation of 7 projects with 736MW capacity

To resolve the circular debt problem, the Government has developed a Power Sector Circular Debt Resolution Plan in collaboration with Asian Development Bank, World Bank and the IMF. The Plan has been presented in the ADB Report titled, 'Proposed Loans for Subprogram 2 Islamic Republic of Pakistan: Accelerating Economic Transformation Programme, June 2009.'

The Plan addresses the three major issues of the power sector: Electricity Tariffs, Circular Debt and the Performance of Power Companies. Details of the Plan are: -

**Plan Details, Actions & Milestones**

Components	Action	Milestone	Timeline
<b>Tariff Issues</b>			
Enactment of legislation to amend NEPRA Act to enable		Enactment of legislation	30 June 2009
(i)	Notification of electricity tariffs issued by MOWP within 15 days of determination by NEPRA;		
(ii)	If no GoP request for review then the determined tariff will be deemed notified at the expiry of 15 days;		
(iii)	If NEPRA requires more than 15 days to satisfactory respond the GoP's request for review then the determined tariff will be deemed notified within 15 days of original determination and any changes arising from the review will be adjusted in subsequent determination;		
(iv)	Monthly determination of fuel/power purchase price adjustments determined by NEPRA will be made effective automatically upon determination;		
(v)	Overall electricity tariff determination will be made quarterly by NEPRA.		
Agreement of a Business Plan for FY2009-10 for the Power Sector, which includes the following key elements		Quarterly reports starting July-Sept 2009 submitted within 15 days of quarter end.	FY 2009-10
(i)	Net Electricity Generation Output of 94,805 million kWh;		
(ii)	System losses of 20.9% (for both transmission and distribution systems);		
(iii)	Net electricity sales of 74,975 million kWh;		
(iv)	Incremental supply of 350 MMCFD of gas (in addition to the existing reported supplies from SNGPL of 315 MMCFD, SSGCL 99 MMCFD and Gaddu Power Station 340 MMCFD) to the GENCOs will be made available by the Ministry of Petroleum and Natural Resources;	Budget reflects FATA payments	
(v)	Restricting rentals to the committed 7 plants in the first Phase, as contemplated by the Business Plan;		
(vi)	Resolution of disputes of IPPs in such a way that they begin additional supply before 1 December 2009;		
(vii)	GoP timely reimbursing the costs of units sold to FATA area;		
(viii)	GoP providing assistance to ensure KESC will pay its bills from the PEPCO Power System on time and in full.		
Cost of Recovery Tariff		Quarterly reports starting July-Sept 2009 submitted within 15 days of quarter end	30 June 2009
Based on the Business Plan, the tariff increase required for FY2009-10 is estimated to be 17.5% (subject to determination by NEPRA) to comply with the zero tariff differential subsidy commitment.			
The tariff adjustment will be front loaded, i.e. by some creditable level, which would be made effective July 1, 2009; and the remainder by September 2009.			



Components	Action	Milestone	Timeline
<b>Circular Debt</b>			
GoP will remove the bank debt (alongwith the mark-ups) that are on the books of the public sector companies (PEPCO, GENCOs, CPPA, NTDC, DISCOs, WAPDA) as a consequence of GoP's upaid tariff differential subsidies from FY2004-05 through 2008/09. GoP will verify the total tariff differential subsidy shortfall. Bank debt liabilities amount to Rs216 billion, subject to verification.		Establish debt holding company and move bank debt to the company outside of the power sector and wholly owned by GoP	30 June 2009
GoP will service the debt moved to the debt holding company through the budget until such time as repayment can be done through other means such as asset sales over the next three to five years.		Budget reflects debt service	30 June 2009
<b>Performance of Power Companies</b>			
The public sector companies in the power sector have outstanding payables of Rs142 billion as of 31 March, 2009. To meet these payables: For about Rs53.5 billion, MoF will:		Budget reflects FATA payments of Rs12 billion	30 June 2009
(i) Pay the FATA receivables of Rs12 billion (verification of outstanding amount);		Collection made by DISCOs and payment to NTDC/CPPA	
(ii) Help to clear the outstanding receivables from Federal and Provincial Government departments/entities; KESC/KWSB; and			
(iii) KESC subsidy through source deductions.			
For about Rs27.7 billion, public sector companies will recover:			
(i) Rs17.7 billion from KESC; and			
(ii) Rs10 billion from private consumers.			
MoF will further assist to settle the remainder of Rs61 billion of payables through other means such as the above mentioned holding company or others.		Cash injection to NTDC/CPPA. Financing plan with internal and external sources	30 June 2009
To ensure corporate autonomy, financial independence and improved performance of the public sector companies, performance contracts will be entered into between MWP and each of the companies, effective 1 July 2009, comprising key performance criteria and including incentives and penalties provisions.		Performance Contracts	1 July 2009
All public sector companies in the power sector to act within the purview of their legal mandate (i.e. NTDC not to act as a borrowing vehicle for others) and operate distinct autonomous entities in accordance with the Companies Ordinance of 1984.		Audited Annual accounts Quarterly reports showing outstanding bank debts, leases and other financial obligations (and any pledges or securities provided), and trade receivables and payables.	30 June 2009

Source: Power Sector Circular Debt Resolution Plan, Asian Development Bank

- ii) WAPDA & KESC to bring down energy losses from 26.5 percent in 2005 to 21.5 percent in 2010.  
*System-wide transmission and distribution losses remain high at 23.4 percent of dispatched power and close to 8 percent in case of gas supply (ADB estimates).*
- iii) During 2005-10, an additional 7100MW of power would be installed by the commissioning of 14 projects.  
*The Pakistan Energy Yearbook 2009, shows electricity installed capacity rose from 19384 MW in 2004-2005 to 19786MW in 2008-2009.*
- iv) Electrification of villages  
*Provision of electricity to villages*
- v) Energy generation was planned to increase to 128,670 Gwh by the terminal year of MTFD.  
*Electricity generation in 2008-09 stood at 91,843 Gwh.*
- vi) MTFD states 'accelerated programme would be undertaken to increase hydel power generation capacity from 6460MW to 32,660MW by 2030.'  
*Hydel power installed generation capacity stood at 6481MW in 2008-09.*
- Thermal power plants using oil as fuel serves to increase the oil import bill and as mentioned earlier it is one of the reasons of current account deficit. The cost of electricity generated through use of furnace oil and high speed diesel is much high compared to the cost of electricity generation where plants are based on gas or coal.

## Fuel Consumption & Cost of Electricity Generation in GENCOs

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>GAS:</b>					
Generation on Gas (GWh)	18053	18797	17402	13368	12474
Quantity of Gas used (000 MCF)	218247	225568	214962	167282	155004
Consumption (Cft / kWh)	12.09	12.00	12.35	12.51	12.43
Cost (Paisa / kWh)	182.10	196.94	235.21	268.13	256.45
<b>FURNACE OIL (FO):</b>					
Generation on Furnace Oil (GWh)	2734	3213	4976	8093	7816
Quantity of Furnace Oil used (000 MT)	679	819	1255	2094	2088
Consumption (Kg / kWh)	0.25	0.25	0.25	0.26	0.27
Cost (Paisa / kWh)	271.20	326.85	504.02	532.26	811.50
<b>HIGH SPEED DIESEL (HSD):</b>					
Generation on HSD (GWh)	26	5	2	4	1
Quantity of HSD used (000 Ltrs)	12636	2441	1045	2220	926
Consumption (Ltr / kWh)	0.49	0.52	0.62	0.54	0.73
Cost (Paisa / kWh)	991.42	1103.47	1258.41	1507.96	1805.24
<b>COAL:</b>					
Generation on Coal (GWh)	198	175	129	136	136
Quantity of Coal used (000 MT)	185	180	149	164	162
Consumption (Kg / kWh)	0.93	1.03	1.16	1.20	1.19
Cost (Paisa / kWh)	76.66	87.73	133.17	161.06	202.92
<b>Overall Fuel Cost &amp; Cost of Fuel per kWh:</b>					
Overall Cost of Fuel used in GENCOs for					
Generation of Electricity (Rs Mn)	40695	47726	66202	79186	95717
Overall Cost of Fuel (Paisa / kWh)	193.29	214.87	293.98	366.31	466.72

Source: State of Industry Report 2009, NEPRA

The problem of inter-corporate circular debt has gravely affected the power generation capacity in the country. It is one of the biggest hurdles in the way of potential investment in power sector. Because of the circular debt the oil supply chain comes under stress resulting in lower electricity.

In an attempt to reduce inter-corporate circular debt, the Finance Ministry has been giving cash to PSO, the refineries and gas companies to improve cash flow. The government has established a Power Holding Company (PHCL) under the administrative control of Ministry of Water & Power. The Holding Company issued Rs85 billion Term Finance Certificates in September 2009, with a government guarantee. The debt owed by the power companies would be transferred to the Holding Company. TFCs issued settled a portion of the energy sector's circular debt, with the balance amount being transferred to the holding company. The government plans to reduce the amount of circular debt through issuance of Rs100 billion Sukuk bonds.

PHCL established

Given the serious challenge of energy deficit, Pakistan is working towards developing and expanding the use of renewable energy. The Alternative Energy Development Board (AEDB) has been set up with the task of developing indigenous resources of energy to save on import of costly fuel. The country has considerable natural resources; wind energy in the coastal belt of Sindh, Balochistan as well as in the desert areas of Punjab and Sindh, solar energy, biogas, micro-hydel which can be effectively utilized to create electricity. Energy from these sources is available at affordable cost which can speed up the development of rural areas.

Developing alternate energy resources

Wind energy is perhaps the fastest growing energy resource. The coastal belt which has the potential to generate wind energy is 60 km wide (Gharo – Keti Bander) and 180km long (upto Hyderabad). It has the potential to generate 50,000MW of electricity. More than 5000 villages can be electrified through wind energy in Sindh, Balochistan and Northern areas, if the available potential is exploited

Wind energy

and developed. A number of projects have been executed by AEDB in the different villages of district Tharparkar and Nangerparkar where wind turbines have been installed to provide electricity to the houses situated there.

AEDB has also allocated land for wind power generation projects of 50MW each in Gharo, Jhimpir, Kuttikun, Bhambore. More projects are in the pipeline; for some IPPs, NEPRA has issued generation licence, for others feasibility studies are being conducted. Last year, Pakistan's first ever Wind Power Plant of commercial scale was inaugurated at Jhimpir, district Thatta.

The AEDB is also developing various sites which are potential sources of hydro. Gilgit Baltistan has maximum hydro electricity resources. Micro hydel power units have been set in this mountainous region. However, electricity generation from hydel source falls in winter season, due to a decrease in the flow. While diesel generators are available, operating them becomes expensive as diesel has to be transported all the way from Karachi.

Gilgit Baltistan has huge hydro resources

As a result, development has suffered in the region, few industrial units have been established and people are unemployed. Availability of adequate power would help usher in industrial activity and the region could develop and become the hub of trade because of its strategic location, as a gateway to China along the Karakoram Highway.

Renewable energy projects using various technologies (wind, hydel, biomass) are in operation, some are under construction, while there are others which have been planned for 2011-2014. These are mainly small hydel projects or those using wind technology; only a few are based on biomass. Most of the projects are being implemented by the private sector, but there are some which have been undertaken by the public sector. In the next few years, once the projects become operational, the electricity shortages could to some extent be reduced.

## Energy Security Action Plan 2005-2030

### Main Features:

- Additional power generation of 143,310 MW by 2030
- Investment requirement \$150 billion (public 50 and private 100)
- Ministries/agencies specific targets and action plan

### Oil, Gas and Coal

- Maximum utilization of indigenous natural resources.
- Oil & Gas: Maximize exploration. Number of exploratory and development wells to be drilled be increased to at least 150/200 wells per year in the first instance.
- Expedite development of deeper reserves of Sui (1 TCF).
- Expedite development of Tal (Kohat) which has potential to meet the entire demand of north of Pakistan.
- Early finalization of formal negotiations to arrive at the best and most economical solution out of three alternatives (Iran, Qatar and Turkmenistan). Pipeline gas should be available by 2010.
- Strategic oil reserve be increased to 45 days from the present level of 20 days.
- Gas from dormant fields be utilized as CNG for supply to far flung areas.
- Establish economic size refineries (coastal at Khalifa point preferably as joint venture with China and at Kohat to refine crude from Tal field).
- Coal (Share to be increased to at least 19 percent (about 20,000 MW) by 2030 and 50 percent by 2050)

**Action: Ministry of Petroleum and Natural Resources (MoP&NR)**

### Power

- Investigation on Skardu/Katzara to be initiated for its construction to start 2025.
- WAPDA to undertake a study for maximizing Hydel power generation from all rivers particularly mighty Indus.
- Decision to fast track small and medium dams like Thakot (about 500 MW) by encouraging joint ventures of WAPA, NWFP Government and private parties.
- Decision on mode of financing for execution of Neelum-Jhelum power project needs to be taken immediately.
- For double digit growth of LSM, WAPDA, KESC and PPIB must respond to this challenge and Fast Track the Private Sector Oil/Gas Power Projects to meet this additional demand.
- Encourage Public-Private partnership or BOT for Power generation on canals.
- Feasibility of bringing off-season sugar mills 2000 MW on national grid system may be explored.
- Demand management for optimal utilization of power.

**Action: WAPDA and Provincial Governments**

### Nuclear

- Capacity to increase from 400 MW to 8800 MW.

**Action: Pakistan Atomic Energy Commission**

### Alternative Energy

- Development of wind and solar energy be encouraged and at least 5 percent of total national power generation capacity be met through these resources by 2030 (i.e. 9700 MW).
- Encourage production and use of Ethanol from molasses for mixing with petrol.

**Action: Ministry Alternate Energy Development Board**

### Energy Conservation

- Necessary laws be enacted and enforcement be ensured for energy efficient building designs.

**Action: Ministry of Environment, National Energy Conservation Centre (ENERCON)**

### Implementation

- To ensure speedy decision making for implementation of the approved 'Energy Security Plan' Cabinet Committee on Energy should be reactivated and a Steering Committee of key stakeholders set up to assist CCE and to steer and coordinate all aspects of the Plan.

**Action: Cabinet Secretariat**

*Source: Mid Term Review of Medium Term Development Framework 2005-10, Planning Commission, Government of Pakistan, May 2008*

## Agriculture — Major Crops Update

### *Wheat*

Crop to be short of target

The size of the wheat crop during the current season is expected to be short of the target of 25 million tonnes by about 1.0–1.3 million tonnes. During the early months of the Rabi season, farmers faced scarcity of water due to which cultivated area declined against the target for the year. The area under cultivation declined in Khyber Pakhtunkhwa and Balochistan, whereas in Punjab, cultivated area improved and in Sindh there was no change against preceding year's figure.

Provincial estimates of production show; wheat production is concentrated in Punjab which produced a crop of 18.24 million tonnes, Sindh 3.65 million tonnes, Khyber Pakhtunkhwa 1.184 million tonnes and Balochistan 0.789 million tonnes. Wheat harvesting is in progress and in some districts of Punjab harvesting has been completed.

Wheat procurement target fixed

The government has fixed a wheat procurement target of 7.5 million tonnes for this season. It would purchase wheat from the farmers at the announced support price of Rs950 per 40 kg. For this purpose, the Pakistan Agricultural Supply & Storage Corporation (Passco) has established 187 procurement centres; 175 centres in Punjab and 12 centres in Sindh. Punjab has been given the target to procure about 4 million tonnes of wheat, Sindh would procure 1.5 million tonnes, Passco would procure about 1.6 million tonnes and Balochistan would purchase 0.3 million tonnes of the commodity.

Wheat procurement drive has begun in Punjab. Jute bags have been distributed among the farmers. By early April, the Punjab Food Department had procured 3.2 million tons of wheat directly from the growers. Passco has procured about 0.95 million metric tons of wheat against the target of 1.6 million metric tons for current season.

The government has carry over stocks of 3.5–4.5 million tonnes from last year's harvest.

Availability of wheat to rise

The total availability of wheat during the current season would rise to 27.87 million tonnes. After meeting the domestic requirements (estimated at 21.7 million tonnes) the government would have some surplus stocks, a part of which would be kept as reserves and some quantity would be exported. This would be around 2 million tonnes. Countries like Iran, Iraq, Afghanistan and Bangladesh have shown an interest in importing wheat from Pakistan.

Export of wheat from Pakistan may add to losses in global prices of the commodity. Its price has fallen by nearly 30 percent from last year's high of \$6.77 a bushel in Chicago amid increasing world supplies.

The Pakistan Flour Mills Association has suggested to the government to export wheat flour, instead of wheat as local rates of wheat are high compared to rates offered by other wheat exporting countries in the international market, thus giving them an edge. The government would decide about the level of exports after the arrival of new crop. The country has storage capacity of 4–5 million tonnes but this proves to be inadequate in case of a good crop. The government has initiated a project which would help increase the storage capacity.

### *Rice*

Higher output expected

Rice crop during the current season 2009-10 is expected to have exceeded the target both in terms of area cultivated and production. Output is estimated at 6.37 million tonnes against the target of 5.95 million, while area sown increased by nearly 13 percent to 2.85 million hectares against the target of 2.52 million hectares. For next year, the crop size is targeted at 6 million tonnes.

Province-wise break up shows that Punjab produced 3.48 million tonnes, Sindh 2.22 million tonnes, Khyber Pakhtunkhwa 0.115 million tonnes and Balochistan 0.552 million tonnes.

Different varieties of rice are grown in Pakistan; Basmati mainly grown in Punjab and Irri mainly grown in Sindh and Punjab.

The government had announced support price of rice crop 2009-10; Rs1250 per 40 kgs for super basmati and Rs600 for Irri-6.

Exports higher

During the first nine months (July-March) of FY10, rice exports from Pakistan fetched \$1.62 billion against earnings of \$1.52 billion in the corresponding period a year earlier. While export of basmati declined to \$611 million compared to \$829 million a year earlier, export of other varieties of rice was higher at \$1.0 billion against \$693.8 million a year ago.

### *Cotton*

Target at 14 mn bales

The Pakistan Cotton Crop Assessment Committee has estimated the 2009-10 season's cotton crop at 12.7 million bales, as against the target of 13.1 million bales. Earlier the crop size was put at 12.1 million bales. The crop was affected by Cotton Leaf Curl Virus, which resulted in lower production. The Federal Committee on Agriculture has increased the target for cotton crop 2010-11 to 14 million bales, against last year's production of 12.7 million bales.

The new cotton crop maybe somewhat late in Sindh due to lesser water availability earlier in the season in some areas. Overall sowing of the crop is reported to have been good during the season.

Province-wise, Punjab has produced some 8.4 million bales, Sindh has harvested a crop of 4.3 million bales; Bt cotton seed was widely sown in Sindh and it has shown good results. This year too, Bt cotton would be sown extensively in the province.

Higher consumption results in imports

By early March 2010, the unsold stock of cotton were some 0.4–0.6 million bales. As the industry has added to its spinning capacity, its cotton consumption has grown to about 15–16 million bales. As demand falls short of domestic output, Pakistan has to import

Price of cotton rises

cotton. During July-April 2009-10, Pakistan imported 285 thousand metric tons of raw cotton worth \$492 million.

The price of cotton has risen in the local market to about Rs6000 per maund (37.32 kgs), as stock of unsold cotton are low, there have been reports of damage to the cotton crop in Punjab and strong demand of cotton, yarn and textile goods especially from China, and the recent ban on raw cotton exports from India has changed the market scenario. Markets have become bullish, following global firmness of physical and futures prices of cotton and other commodities.

The Cabinet Committee on Textiles has imposed 15 percent regulatory duty on all types of yarn to meet the yarn shortage in the local market. The spinning industry has protested against this decision.

### *Sugarcane*

Pakistan is among the top five sugarcane producing countries, behind Brazil (the world's largest producer of sugarcane), India, China and Thailand.

Production target

The Federal Agriculture Committee in its meeting in early April has fixed sugarcane production target at 53.7 million tonnes for Kharif season 2010-11, against 47 million tonnes production last season (2009-10) with an expected 3.1 to 3.3 million tonnes of sugar out of it, which is less than the domestic consumption of 4–4.3 million tonnes.

Province-wise break up of last year's annual production target of 56.527 million tonnes was; Punjab 33.846 million tonnes, Sindh 15.170 million tonnes, Khyber Pakhtunkhwa 4.614 million tonnes and Balochistan 0.035 million tonnes.

If water shortages persist, achieving the target would be difficult in the coming Kharif season. Last Kharif season the estimated water availability was 67 MAF but this year water shortages would affect both sugarcane and rice output.

## Non-Performing Loans of Selected Commercial Banks Operating in Pakistan

(Rs. Bn)

Banks	Gross Advances									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Major Banks</b>	<b>665.42</b>	<b>713.47</b>	<b>667.68</b>	<b>796.10</b>	<b>1129.87</b>	<b>1449.11</b>	<b>1810.97</b>	<b>2017.90</b>	<b>2345.03</b>	<b>2449.86</b>
National Bank of Pakistan	158.62	196.34	166.08	189.0	249.84	299.42	348.72	374.73	457.83	530.86
Habib Bank Limited	204.75	199.00	200.07	213.74	292.40	350.43	371.36	403.48	435.71	432.28
United Bank Limited	99.34	105.55	88.39	111.55	160.03	219.27	260.91	325.67	390.90	382.48
MCB Bank	90.98	82.84	85.14	104.01	144.01	188.14	206.85	229.73	272.85	269.72
Allied Bank Limited	62.30	59.90	54.00	49.99	69.95	119.51	151.70	178.53	223.64	249.89
Bank Alfalah	16.36	20.22	29.44	50.37	90.29	120.42	152.24	175.68	197.93	197.40
Standard Chartered Pakistan	-	-	-	-	-	-	142.31	135.27	137.72	141.23
Askari Bank	18.56	24.24	31.34	46.35	71.62	88.40	102.73	108.19	139.83	147.62
Faysal Bank	14.51	25.38	23.23	31.15	51.73	63.52	74.50	86.62	88.62	98.38

(Rs. Bn)

Banks	Non Performing Loans (NPLs)									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Major Banks</b>	<b>158.00</b>	<b>170.12</b>	<b>154.21</b>	<b>142.57</b>	<b>131.37</b>	<b>118.97</b>	<b>116.89</b>	<b>134.70</b>	<b>197.011</b>	<b>257.81</b>
National Bank of Pakistan	30.32	44.26	43.71	39.77	36.10	33.74	36.26	38.32	56.46	70.92
Habib Bank Limited	54.05	56.22	53.01	47.73	44.51	41.36	26.92	24.59	36.08	42.30
United Bank Limited	38.08	32.18	21.03	18.92	20.10	16.96	16.26	22.35	27.84	39.10
MCB Bank	12.44	13.44	12.03	11.00	8.84	8.40	8.57	10.73	18.27	23.24
Allied Bank Limited	16.77	16.88	18.24	17.83	15.38	12.58	10.48	11.36	13.77	16.28
Bank Alfalah	1.55	1.58	1.54	2.85	2.94	1.06	2.31	4.71	8.93	16.19
Standard Chartered Pakistan	-	-	-	-	-	-	8.90	10.99	16.53	21.39
Askari Bank	1.09	1.16	1.25	1.28	1.10	2.37	3.66	6.91	11.69	17.72
Faysal Bank	3.70	4.40	3.40	3.20	2.40	2.50	3.54	4.75	7.44	10.67

*Source: Annual Reports of Various Banks*

## Gross Advances By Sectors - Selected Banks

(Rs. Mn)

Type of Business	National Bank of Pakistan			Habib Bank			United Bank											
	2007	2008	2009	2007	2008	2009	2007	2008	2009									
	% Share	% Share	% Share	% Share	% Share	% Share	% Share	% Share	% Share									
Chemicals & Pharmaceuticals	2657	0.7	5213	1.1	3156	0.6	15809	3.9	26611	5.8	24589	5.3	4363	1.4	4970	1.3	6082	1.6
Agribusiness	22040	5.9	23195	5.1	19982	3.8	26530	6.6	24740	5.4	23030	5.0	14368	4.5	28392	7.3	50894	13.3
Textiles	57239	15.3	67390	14.7	71668	13.5	84870	21.0	90730	19.7	83341	18.0	64585	20.4	65703	16.8	61665	16.1
Cement	9701	2.6	10463	2.3	8936	1.7	11946	3.0	15010	3.3	15783	3.4	8279	2.6	5748	1.5	6508	1.7
Sugar	7891	2.1	7481	1.6	8898	1.7	3306	0.8	5526	1.2	3229	0.7	8114	2.6	7126	1.8	7069	1.8
Rice Processing	10786	2.9	8751	1.9	8128	1.5	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	656	0.2	775	0.2	833	0.2	2639	0.7	2492	0.5	2134	0.5	2755	0.9	3084	0.8	2200	0.6
Automobile & Transport Equipment	5655	1.5	3667	0.8	3664	0.7	10211	2.5	9875	2.1	8568	1.8	6213	2.0	9315	2.4	5213	1.4
Transportation & Telecommunication	22882	6.1	24727	5.4	24824	4.7	12458	3.1	20131	4.4	19466	4.2	11773	3.7	20416	5.2	17110	4.5
Real Estate/Construction	7363	2.0	7307	1.6	7893	1.5	-	-	-	-	-	-	10108	3.2	21889	5.6	26088	6.8
Electronics & Electrical Appliances	13627	3.6	7453	1.6	7268	1.4	11535	2.9	10779	2.3	13116	2.8	4560	1.4	2543	0.7	2144	0.6
Food & Tobacco	1814	0.5	1884	0.4	1581	0.3	5189	1.3	6159	1.3	5441	1.2	4828	1.5	7421	1.9	7301	1.9
Fertilizers	3239	0.9	12837	2.8	14461	2.7	-	-	-	-	-	-	4997	1.6	5397	1.4	5729	1.5
Metal Products	2824	0.8	3237	0.7	16579	3.1	3183	0.8	7039	1.5	5521	1.2	5636	1.8	929	0.2	567	0.1
Production & Transmission of Energy	36694	9.8	41783	9.1	62871	11.8	22127	5.5	38016	8.3	38642	8.3	30270	9.6	39135	10.0	41179	10.8
Hotel & Services	6300	1.7	10633	2.3	14208	2.7	-	-	-	-	-	-	2714	0.9	3199	0.8	2692	0.7
Individuals	83972	22.4	74831	16.3	83794	15.8	41494	10.3	33466	7.3	36902	8.0	68664	21.7	90398	23.1	78997	20.7
General Traders	15476	4.1	18728	4.1	18422	3.5	13758	3.4	37308	8.1	32846	7.1	15064	4.8	13195	3.4	11559	3.0
Public/Govt	15882	4.2	34656	7.6	71800	13.5	50698	12.6	70099	15.2	97917	21.1	-	-	-	-	-	-
Financial	13531	3.6	9638	2.1	12557	2.4	13946	3.5	16042	3.5	9614	2.1	4875	1.5	6817	1.7	5485	1.4
Others	34861	9.3	83179	18.2	69339	20.5	73780	18.3	46222	10.0	43246	9.3	44571	14.1	51504	13.2	43996	11.5
<b>Total</b>	<b>375090</b>	<b>100.0</b>	<b>457828</b>	<b>100.0</b>	<b>530862</b>	<b>100.0</b>	<b>403479</b>	<b>100.0</b>	<b>460245</b>	<b>100.0</b>	<b>463385</b>	<b>100.0</b>	<b>316737</b>	<b>100.0</b>	<b>390903</b>	<b>100.0</b>	<b>382478</b>	<b>100.0</b>
<i>Public/Govt</i>	<i>67503.0</i>	<i>18.0</i>	<i>103659</i>	<i>22.6</i>	<i>152317</i>	<i>28.7</i>	<i>50698</i>	<i>12.6</i>	<i>70099</i>	<i>15.2</i>	<i>97917</i>	<i>21.1</i>	<i>36559</i>	<i>11.5</i>	<i>44845</i>	<i>11.5</i>	<i>66894</i>	<i>17.5</i>
<i>Private</i>	<i>307587</i>	<i>82.0</i>	<i>354169</i>	<i>77.4</i>	<i>378546</i>	<i>71.3</i>	<i>352780</i>	<i>87.4</i>	<i>390146</i>	<i>84.8</i>	<i>365468</i>	<i>78.9</i>	<i>280179</i>	<i>88.5</i>	<i>346037</i>	<i>88.5</i>	<i>315584</i>	<i>82.5</i>



## Gross Advances By Sectors - Selected Banks

(Rs. Mn)

Type of Business	MCB			Allied Bank			Bank Alfalah			Standard Chartered Bank Pakistan														
	2007 Share	2008 Share	2009 Share	2007 Share	2008 Share	2009 Share	2007 Share	2008 Share	2009 Share	2007 Share	2008 Share	2009 Share												
Chemicals & Pharmaceuticals	8061	3.5	13931	5.1	15198	5.6	-	-	-	13154	5.3	3749	2.1	3917	2.0	5917	3.0	1540	1.1	3336	2.4	7806	5.5	
Agribusiness	2023	0.9	10415	3.8	2606	1.0	12553	7.0	21817	9.8	450	0.2	7831	4.5	4206	2.1	13784	7.0	2453	1.8	1160	0.8	2346	1.7
Textiles	35742	15.6	35241	12.9	31378	11.6	38739	21.7	45226	20.2	45258	18.1	29603	16.9	27348	13.8	28301	14.3	14564	10.8	17975	13.1	22818	16.2
Cement	5310	2.3	4611	1.7	3886	1.4	11891	6.7	13174	5.9	15133	6.1	2817	1.6	3371	1.7	3005	1.5	4293	3.2	6592	4.8	5935	4.2
Sugar	5936	2.6	6490	2.4	6328	2.3	4907	2.7	4386	2.0	3315	1.3	2716	1.5	2872	1.4	3081	1.6	1957	1.4	2976	2.2	2250	1.6
Rice Processing	-	-	-	-	-	-	-	-	-	-	-	-	4354	2.5	5404	2.7	4919	2.5	-	-	-	-	-	-
Shoe & Leather Garments	2063	0.9	2024	0.7	2279	0.8	-	-	-	-	802	0.3	743	0.4	797	0.4	792	0.4	490	0.4	572	0.4	797	0.6
Automobile & Transport Equipment	480	0.2	2423	0.9	2293	0.9	-	-	-	-	3206	1.3	5816	3.3	3929	2.0	3048	1.5	4337	3.2	6691	4.9	1604	1.1
Transportation & Telecommunication	11370	4.9	33182	12.1	58748	21.8	15423	8.6	8092	3.6	5274	2.1	2106	1.2	4240	2.1	5264	2.7	5126	3.8	6552	4.8	4816	3.4
Real Estate/Construction	-	-	-	-	-	-	-	-	-	-	14015	5.6	5835	3.3	7771	3.9	5651	2.9	-	-	-	-	-	-
Electronics & Electrical Appliances	1681	0.7	2769	1.0	2205	0.8	-	-	-	-	-	-	2173	1.2	3751	1.9	1627	0.8	1516	1.1	1741	1.3	3912	2.8
Food & Tobacco	-	-	-	-	-	-	9911	5.6	17145	7.7	-	-	3229	1.8	3770	1.9	4176	2.1	-	-	-	-	-	-
Fertilizers	-	-	-	-	-	-	-	-	-	-	-	-	2298	1.3	4570	2.3	4847	2.5	-	-	-	-	-	-
Metal Products	-	-	-	-	-	-	3661	2.1	3182	1.4	2296	0.9	3625	2.1	4646	2.3	4951	2.5	-	-	-	-	-	-
Production & Transmission of Energy	14838	6.5	48481	17.7	37941	14.1	19449	10.9	40497	18.1	35973	14.4	11185	6.4	13862	7.0	15618	7.9	11073	8.2	19869	14.4	22963	16.3
Hotel & Services	3796	1.7	4121	1.5	6643	2.5	-	-	-	-	186	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Individuals	31855	13.9	32721	12.0	27050	10.0	5450	3.1	5453	2.4	6122	2.4	43497	24.8	44006	22.1	35800	18.1	56599	41.8	38097	27.7	29315	20.8
General Traders	23022	10.0	24868	9.1	18565	6.9	7563	4.2	10601	4.7	10912	4.4	7893	4.5	7893	4.0	7745	3.9	-	-	-	-	-	-
Public/Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	15369	6.7	10491	3.8	6866	2.5	9344	5.2	5524	2.5	5544	2.2	4264	2.4	3409	1.7	4066	2.1	1381	1.0	2770	2.0	5691	4.0
Others	68187	29.7	41454	15.2	47736	17.7	39633	22.2	48543	21.7	88247	35.3	31945	18.2	49050	26.3	44811	22.8	29942	22.1	29385	23.1	30977	21.9
<b>Total</b>	<b>229733</b>	<b>100.0</b>	<b>273222</b>	<b>100.0</b>	<b>269722</b>	<b>100.0</b>	<b>178524</b>	<b>100.0</b>	<b>223640</b>	<b>100.0</b>	<b>249887</b>	<b>100.0</b>	<b>175679</b>	<b>100.0</b>	<b>198812</b>	<b>100.0</b>	<b>197403</b>	<b>100.0</b>	<b>135271</b>	<b>100.0</b>	<b>137716</b>	<b>100.0</b>	<b>141230</b>	<b>100.0</b>
Public/Govt	27213	11.8	60292	22.1	79707	29.6	19758	11.1	37409	16.7	50892	20.4	12720	7.2	18188	9.1	32019	16.2	13462	10.0	13274	9.4	24498	17.3
Private	202520	88.2	212930	77.9	190015	70.4	158766	88.9	186231	83.3	198995	79.6	162959	92.8	180624	90.9	165384	83.8	121809	90.0	128129	90.6	116732	82.7

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

## Non Performing Loans By Business Segments - Selected Banks

Type of Business	National Bank of Pakistan		Habib Bank		United Bank		MCB Bank		Allied Bank		Bank Al Falah		Standard Chartered Bank Pakistan					
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009			
Chemicals & Pharmaceuticals	1528	3884	3801	99	381	484	780	165	309	192	151	133	33	49	60	144	496	186
Agribusiness	1698	1602	2219	4806	3026	3744	1356	1625	1508	335	6	11	210	338	426	477	2	2
Textiles	14556	17965	22977	8718	14093	15121	5540	6154	9841	1591	-	3504	717	2059	2620	3166	5655	7092
Cement	1193	2506	5125	15	500	500	20	32	4	-	-	-	11	3	1	-	-	-
Sugar	1340	1721	2832	-	514	432	35	35	34	-	-	-	-	-	-	-	-	-
Rice Processing	819	1806	1869	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	108	264	215	487	521	219	8	97	242	-	2323	2698	-	-	-	15	12	20
Automobile & Transport Equipment	362	935	893	525	751	1276	150	783	751	-	-	-	77	98	73	30	829	615
Transportation & Telecommunication	70	2564	3397	-	251	261	3	14	-	945	679	358	-	-	-	-	-	-
Real Estate/Construction	335	376	908	-	2034	1805	2270	3059	4106	-	356	799	-	-	-	-	-	-
Electronics & Electrical Appliances	168	1456	2426	178	2801	2707	150	240	543	-	-	-	-	-	-	275	-	-
Food & Tobacco	969	1074	1291	1519	450	446	786	714	795	-	352	-	-	-	-	-	-	-
Fertilizers	211	256	380	-	-	-	71	37	6	-	-	-	-	-	-	-	-	-
Metal Products	1994	1403	1468	118	1157	491	258	44	2	-	-	-	-	-	-	-	-	-
Production & Transmission of Energy	1216	1148	1685	27	29	1614	-	154	2928	2	4	-	-	-	-	-	492	550
Hotel & Services	57	531	787	-	-	-	127	202	489	288	296	-	-	-	-	-	-	-
Individuals	896	2358	3013	630	2093	2522	6601	8206	11143	189	288	239	1749	2489	3491	3068	2709	3552
General Traders	1662	3770	4776	1821	2138	3549	848	963	1025	624	1518	1863	797	636	795	-	-	-
Public/Govt	-	-	-	101	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	60	105	529	2338	5	5	133	20	10	-	786	650	-	-	-	64	-	-
Others	9076	10738	10332	6311	5342	7133	2876	5295	5365	7127	7355	6026	1111	3262	8720	3751	6339	9371
<b>Total</b>	<b>38318</b>	<b>56462</b>	<b>70923</b>	<b>27693</b>	<b>36086</b>	<b>42309</b>	<b>22012</b>	<b>27839</b>	<b>39101</b>	<b>11355</b>	<b>13772</b>	<b>16281</b>	<b>4705</b>	<b>8934</b>	<b>16186</b>	<b>10990</b>	<b>16534</b>	<b>21388</b>

## NPLs to Gross Advances Ratio

Type of Business	National Bank of Pakistan		Habib Bank		United Bank		MCB Bank		Allied Bank		Bank Al Falah		Standard Chartered Bank Pakistan					
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009			
Chemicals & Pharmaceuticals	57.5	74.5	123.0	0.6	1.4	2.0	17.9	3.3	5.1	0.3	0.8	1.0	0.9	1.3	1.0	9.4	1.3	2.4
Agribusiness	7.7	6.9	11.1	18.1	12.2	16.3	9.4	5.7	3.0	13.2	8.8	27.4	2.7	8.0	3.1	19.4	29.1	0.1
Textiles	25.4	26.7	34.1	10.3	15.5	18.1	8.6	9.1	16.0	3.6	8.3	12.3	2.4	7.5	9.3	21.7	11.5	31.1
Cement	12.3	24.0	57.4	0.1	3.3	3.2	0.2	0.6	0.1	-	-	-	0.4	0.1	0.03	-	-	-
Sugar	17.0	23.0	31.8	-	9.3	13.4	0.4	0.5	0.5	0.4	6.0	18.6	-	-	-	-	-	-
Rice Processing	7.6	20.6	23.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shoe & Leather Garments	16.5	34.1	25.8	18.5	20.9	10.3	0.3	3.1	11.0	3.4	5.3	5.2	-	-	-	3.1	-	2.5
Automobile & Transport Equipment	6.4	25.5	24.4	5.1	7.6	14.9	2.4	8.4	14.4	0.6	4.8	5.8	1.3	2.5	2.4	0.7	1.5	38.3
Transportation & Telecommunication	0.3	10.4	13.7	-	1.2	1.3	0	0.1	-	0.3	0.2	0.1	-	-	-	6.1	8.4	6.8
Real Estate/Construction	4.5	5.1	11.5	-	-	-	22.5	14.0	15.7	-	-	-	-	-	-	-	-	-
Electronics & Electrical Appliances	1.2	19.5	33.4	1.5	26.0	20.6	3.3	5.1	25.3	7.9	20.2	14.8	-	-	-	-	-	18.1
Food & Tobacco	53.4	57.0	81.7	29.3	7.3	8.2	16.3	9.6	10.9	-	-	-	-	-	-	3.6	1.81	-
Fertilizers	6.5	2.0	2.6	-	-	-	1.4	0.7	0.1	-	-	-	-	-	-	-	-	-
Metal Products	70.6	43.3	8.9	3.7	16.4	8.9	4.6	4.7	0.4	-	-	-	-	-	-	-	-	-
Production & Transmission of Energy	3.3	2.7	2.7	0.1	0.1	4.2	0	0.4	7.1	-	-	-	-	-	-	-	-	2.5
Hotel & Services	0.9	5.0	5.5	-	-	-	4.7	6.3	18.2	7.6	7.2	-	-	-	-	-	-	-
Individuals	1.1	3.2	3.6	1.5	6.3	6.8	9.6	9.1	14.1	2.5	4.4	10.4	4.0	5.7	9.8	5.4	7.1	12.1
General Traders	10.7	20.1	25.9	13.2	5.7	10.8	5.6	7.3	8.9	22.5	12.7	27.0	10.1	8.1	10.3	-	-	-
Public/Govt	-	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial	0.4	1.1	4.2	16.8	0	0.1	2.7	0.3	0.2	0.3	20.0	12.7	-	-	-	-	-	4.6
Others	26.0	12.9	9.4	8.6	11.6	16.5	6.5	10.3	12.2	3.7	14.5	16.7	3.5	6.3	19.4	12.5	10.0	30.3
<b>Total</b>	<b>10.2</b>	<b>12.3</b>	<b>13.4</b>	<b>6.9</b>	<b>7.8</b>	<b>9.1</b>	<b>6.9</b>	<b>7.1</b>	<b>10.2</b>	<b>4.7</b>	<b>6.7</b>	<b>8.6</b>	<b>2.7</b>	<b>4.5</b>	<b>8.2</b>	<b>8.1</b>	<b>12.0</b>	<b>15.1</b>

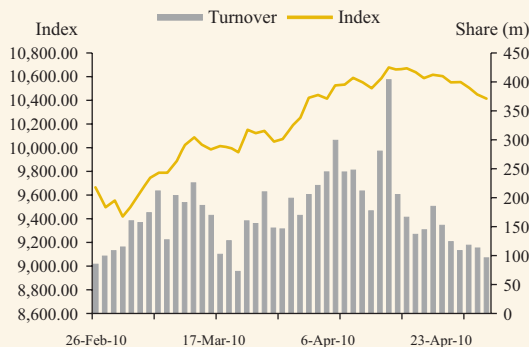
- Indicates figures not given for that sector in the bank's annual report

**Market Analysis**

*Market Review – March To April 2010*

The market during the period under review posted modest gains mostly due to the momentum built up in March while the month of April was mixed and ended on a dull note. Overall, the KSE-100 Index during March to April 2010 jumped by 770 points or 8.0 percent to close at 10,428 on average daily turnover of 175.92m.

KSE-100 Index (March - April 2010)



The first few days of the month saw the KSE-100 Index following the same sluggish pattern that was witnessed near the end of February. The circular debt issue and its ramifications on the profitability and dividend payout of major stocks such as OGDC, PPL and PSO had a negative impact on share prices. Fortunately, the lackluster activity did not continue for long, as the Index began to rally and inch towards the 10,000 psychological barrier over the next 10 days. The KSE-100 Index gained 606 points from March 3 to 12 to close at 10,025, the first time the benchmark index closed above 10,000 in the last 17 months. The main impetus behind this achievement was the net inflow of foreign funds in the equity bourses that went towards purchasing of heavyweight stocks in sectors such as oil, banking and chemicals. In addition, there was improvement reported in macroeconomic indicators such as workers' remittances and the continued reduction in the trade deficit.

March madness

The third week of March saw the KSE-100 Index trading in a narrow band due to profit

taking and concerns over the circular debt issue. Fortunately, the market snapped out of its sluggishness during the following week on the back of positive news flow regarding the Pakistan-U.S. strategic dialogue that was held in Washington during the middle of the week. Appreciation was expressed by the U.S. over Pakistan's efforts in fighting the war on terrorism and also, U.S. officials made commitments to aid Pakistan in its energy crisis.

Earlier a roadshow was held in New York to highlight Pakistani equity markets in which the KSE Managing Director was a participant. The KSE Managing Director later met the President of MSCI Index and other leading portfolio managers resulting in speculation among investors that Pakistan may return to the MSCI emerging market index. The KSE-100 Index gained 137 points from March 19 to 26 to close at 10,137. The last 3 trading days of the month saw the Index end on a strong note due to buying interest in selective Index heavyweight stocks. The KSE-100 Index closed out the month at 10,178.

Mixed april

The market was mixed with the first half of the month being slightly bullish while the second half was dull and range bound. The KSE-100 Index gained 249 points or 2.45% during April 2010 to close at 10,428 while the KSE-30 Index improved by 64 points or 0.62 percent to 10,490. The average daily turnover during April was 194.32m shares compared to 157.52m shares during March.

The KSE-100 Index continued to march forward from where it left off in the previous month. In the first nine days of April, the benchmark Index gained 408 points or 4.0 percent to close at 10,586. The main factor behind this surge was the net foreign buying activity in major stocks from sectors such as oil & gas, banking and chemicals. The sanguine sentiments among investors could be justified by the positive developments during this period such as:

- The passage of the 18th Amendment Bill in the National Assembly.
- Moody's affirmation of Pakistan's sovereign rating with a stable outlook.
- Yields on Pakistan Eurobond falling below 8 percent for the first time in nearly 2 years and;
- Slight recovery in banking credit to the private sector.

However, the second week of the month saw the market become flat, as foreign inflows into the bourse began to slow down. It appears that foreign investors were heading to the sidelines while the activity shifted from top tier scrips to lower tier scrips, as local investors stole the spotlight. Besides the slowdown in foreign flows, the market was adversely impacted by news flow such as the compliance problems between the GoP and the IMF over the approval of the fifth tranche and the March 2010 inflation data continued to show a rising trend causing uncertainty about future monetary policy direction by the SBP. Fortunately, the KSE-100 Index displayed some resilience during mid-week gaining 72 points to close on April 16 at 10,659.

The KSE-100 Index continued to be sluggish during the third week of April. Despite some positive developments on the economic front such as 67.75 percent YoY decline in the 9mFY10 current account deficit and 3 percent growth recorded in the LSM sector during 8mFY10 and also solid quarterly results posted by major Index stocks from the oil and banking sectors, the market was reeling from the decrease in foreign inflows and news reports that the Finance Ministry was re-evaluating the capital gains tax mechanism expected for FY11 that was agreed upon between the then Finance Minister Shaukat Tarin and the KSE back in February.

The final week of the month was not any better than the previous week as the KSE-100 Index remained dull and lackluster due to profit taking in most stocks, as there were concerns among investors about the circular

debt issue and the impact of gas curtailment to the fertilizer sector. The Index shed 178 points in the final week to end the month at 10,428.

The Pakistan market PE is 7.40x and trading at a 45 percent discount to the regional average of 13.51x. Based on dividend yield, Thailand is the most attractive at 8.89 percent as compared to the regional average of 2.67 percent, followed by Pakistan (5.68 percent) and Malaysia (2.84 percent).

### Regional valuation

#### Regional Valuation Comparison

Country	12m F	12m F
	PEx	Dividend Yield (%)
China	17.27	1.21
Hong Kong	14.06	2.41
India	14.78	1.07
Indonesia	14.03	1.37
Malaysia	13.64	2.84
Pakistan	7.40	5.68
Philippines	12.67	2.36
Singapore	13.84	2.81
South Korea	9.66	1.29
Taiwan	14.42	2.41
Thailand	10.72	8.89

Source: Thomson One Analytics, Date: August 15, 2010

### Looking ahead

The status of the next IMF tranche appears a bit uncertain as the Executive Board meeting has been postponed to mid-May, as the issues of VAT introduction and hike in power tariffs have been the main hurdles in gaining approval for the release of the funds. However, it seems that the GoP will likely acquiesce to the IMF demands since the government had earlier agreed to these conditions and may not have a strong argument to delay implementation and also, the funds are needed, as the balance of payment may regress going forward if commodity prices and oil prices begin to climb on the back of global economic recovery expected this year.

In addition, the federal budget is expected to be late May or early June and so, we expect the market activity to be cautious in the immediate term.

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

**Book/Report Reviews**

*Report of the Panel of Economists  
On Medium-Term Development  
Imperatives and Strategy for Pakistan  
Planning Commission  
Government of Pakistan - April 2010*

The above mentioned Report has been prepared by the Advisory Panel of Economists to the Planning Commission, Government of Pakistan. With relevant chapters on growth strategies and development priorities, institutional framework for development and social policy & social problem, it is expected that the Report would be an important input in the preparation of the Tenth Five Year Plan.

The purpose of this Report was to propose strategies and development priorities for broad based sustainable growth. However, missing from the Report are recommendations for a major challenge, perhaps the major challenge facing the economy, the current energy crisis which is a major constraint to the country's sustained economic growth and hence, its ability to alleviate poverty. The power supply deficit has crossed 5000MW during summer peak of 2009. Extended power outages and gas shortages have had a negative effect on people and businesses.

The Report has been divided into four parts; macroeconomic framework, growth strategies and development priorities, institutional framework for development and social policy and social protection.

After providing a macroeconomic framework for the Tenth Five Year Plan, the Report discusses the development priorities. While the economy has been able to achieve fairly decent rates of economic growth, the process has not been sustainable. To move to higher sustainable growth rate it is necessary to tackle the lack of domestic savings.

Recommendations have been given in this part of the Report to improve financial intermediation, to enhance competitiveness of the economy, to facilitate trade, to reduce cost of doing business, to improve housing

and commerce, to strengthen SMEs, for the agricultural sector, etc.

The Report has discussed that the failure to achieve sustained growth and overcome poverty are rooted in an institutional structure that excludes the majority of the population from the process of investment, access over high quality education, health and equitable access over markets. It is on the basis of this exclusion that a small elite is able to appropriate rents while leaving the majority of the population in a state of economic deprivation. Such an institutional structure not only generates mass poverty, acute inter personal and inter regional inequalities but also places severe stresses on both state and society.

Part IV of the Report analyses the role of social protection in addressing the present crisis. The various instruments of social protection have been discussed. There are a number of structural inequalities in society and economy that require attention. Some of these need to be addressed through proactive social policy of the state. The Report has reemphasized the manner in which the immediate response to the crisis should be shaped.

*Compendium on Gender Statistics  
of Pakistan - 2009  
Federal Bureau of Statistics, March 2010*

The Report presents gender disaggregated data on population, education, health, family planning, employment, time use pattern and public representation. The information on the content and range of unremunerated work is imperative to formulating and implementing socioeconomic development plans with gender equality.

One of the chapters of the Report briefly describes certain aspects of women participation in public life, such as elected representative in the Parliament, ministerial positions, women associations, women in media and women in development activities.

There is an exhaustive Statistical appendix of over 200 pages.

## Pakistan Economy – Key Economic Indicators

	Unit	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Output and Prices</b>									
GNP Size (MP)	Rs.bn	4476	5027	5765	6634	7773	8831	10494	13503
GDP Size (FC)	Rs.bn	4146	4534	5250	6123	7158	8235	9962	12459
Income Per Capita	\$	504	579	669	733	836	921	1042	1046
Real Growth	(%)								
GNP		5.1	7.9	6.4	8.3	5.6	6.7	4.1	2.6
GDP		3.1	4.7	7.5	9.0	5.8	6.8	4.1	2.0
Agriculture		0.1	4.1	2.4	6.5	6.3	4.1	1.1	4.7
Manufacturing		4.5	6.9	14.0	15.5	8.7	8.3	4.8	-3.3
Services Sector		4.8	5.2	5.8	8.5	6.5	7.0	6.6	3.6
<b>Prices</b>									
Consumer Price Inflation*	(%)	3.5	3.1	4.6	9.3	7.9	7.8	12.0	20.8
Wholesale Price Inflation*	(%)	2.1	5.6	7.9	6.8	10.1	6.9	16.4	18.2
Food Inflation*	(%)	2.5	2.8	6.0	12.5	6.9	10.3	17.6	23.7
Non Food Inflation*	(%)	4.2	3.3	3.6	7.1	8.6	6.0	7.9	18.4
Core Inflation*	(%)	2.0	2.5	3.8	7.2	7.5	5.9	8.4	18.1
Gold Tezabi (Karachi)	Rs./10 grams	5865	6378	7328	8216	10317	12619	16695	22195
Motor Gasoline Premium	Rs/Ltr	31.60	33.08	33.91	40.75	55.21	56.09	57.83	61.12
Kerosene oil	Rs/Ltr	18.58	22.48	24.95	29.11	36.19	39.09	43.44	60.62
Diesel	Rs/Ltr	16.70	21.15	22.72	26.50	36.45	38.40	40.97	54.95
GDP Deflator	%	2.49	4.42	7.74	7.02	10.5	7.70	16.21	22.62
<b>Savings and Investment</b>									
National Savings	% GDP	18.4	20.6	17.9	17.5	17.7	17.4	13.4	14.3
Domestic Savings	% GDP	17.9	17.4	15.7	15.4	15.7	15.6	11.3	11.2
Gross Fixed Investment	% GDP	15.5	15.3	15.0	17.5	20.5	20.9	20.4	18.1
Public	% GDP	4.1	3.9	4.0	4.3	4.8	5.6	5.4	4.9
Private	%GDP	11.2	11.2	10.9	13.1	15.7	15.4	15.0	13.2
<b>Public Finance</b>									
Revenue Receipts	% GDP	14.1	14.5	13.5	13.5	13.4	14.0	13.6	13.6
Tax Revenue	% GDP	10.4	10.9	10.3	9.5	9.4	9.7	9.8	9.0
Total Expenditure	% GDP	21.6	17.9	15.9	15.4	15.6	15.7	18.7	16.1
Fiscal Deficit	% GDP	4.3	3.7	2.4	3.3	4.3	4.3	7.5	4.3
Domestic Debt	Rs.bn	1718	1854	1979	2150	2322	2601	3266	3853
Funded	% Domestic Debt	53.9	51.0	54.6	59.4	62.0	63.9	68.8	67.0
Non Funded	% Domestic Debt	46.1	49.0	45.4	40.6	38.0	36.1	31.2	33.0
FBR Tax Collection	Rs.bn	404	461	521	590	713	847	1007	1157
Direct Taxes	% share	35.3	33.0	31.7	31.0	31.6	39.4	38.5	38.0
Indirect Taxes	% share	64.7	67.0	68.3	69.0	68.4	60.6	61.7	62.0
<b>Monetary Sector</b>									
Net Domestic Assets (NDA)**	Rs.bn	1531	1539	1903	2329	2697	3080	4022	4620
Net Foreign Assets (NFA)**	Rs.bn	231	540	583	637	710	985	667	517

MP=Market Prices FC=Factor Cost \* Period Average

	Unit	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Credit to Private Sector	Rs.bn	841	949	1274	1712	2114	2480	2888	2907
Credit to Public Sector	Rs.bn	677	599	657	747	834	927	1510	2034
Borrowings for Budgetary Support	Rs.bn	567	511	575	641	708	810	1365	1681
Broad Money (M2)	growth %	15.4	18.0	15.6	19.1	15.1	19.3	15.3	9.6
Reserve Money (Mo)	growth %	9.6	14.5	15.4	17.6	10.2	20.9	22.3	1.9
<b>Capital Market</b>									
KSE 100 Index	1991=1000	1770	3402	5279	7450	9989	13772	12289	7162
Market Capitalisation	\$ bn	408	746	1403	2068	2801	4019	3778	2121
Listed Companies at KSE	Nos	712	702	668	659	658	658	652	651
National Saving Schemes*	Rs.bn	847	982	984	940	936	1004	1094	1359
<b>Banking Sector</b>									
Scheduled Banks Deposits	Rs.bn	1421.1	1681.5	2002.3	2428.3	2817.4	3372.6	3812.2	4137.6
Scheduled Banks Advances	Rs.bn	885.0	970.0	1242.4	1694.2	2071.1	2376.2	2815.6	3080.3
Non-Performing Loans All Banks**	Rs.bn	231.5	211.3	199.8	177.2	173.2	214.2	345.3	397.4
Lending and Deposit Rates	weighted average								
Deposits	% pa	3.61	1.61	0.95	1.37	1.96	2.60	4.13	4.44
Advances	% pa	13.20	9.40	7.28	8.81	10.91	11.55	12.49	14.25
<b>Open Market Operation</b>									
SBP 3-Day Repo	% pa	9.00	7.50	7.50	9.00	9.00	9.50	12.00	14.00
Treasury Bills Yield - 6 Months	% pa	6.28	1.66	2.08	7.96	8.49	8.90	11.47	12.0
KIBOR - 6 Months	% pa	6.21	2.15	2.69	8.46	9.36	9.77	13.94	14.0
Pakistan Investment Bonds - 5 yrs	% pa	9.39	4.16	5.27	7.50	9.65	9.53	10.80	12.4
Interbank Call Rates	%	6.74	4.23	2.7	6.1	8.8	8.9	9.9	13.2
SBP Export Finance Rate	%	6.50	2.00	1.50	6.50	7.50	6.50	6.50	6.5
<b>External Sector</b>									
Exports	\$ bn	9.14	11.16	12.31	14.40	16.45	16.98	19.05	17.78
Imports	\$ bn	10.34	12.22	15.59	20.60	28.58	30.54	39.96	34.82
Balance of Trade <sup>†</sup>	\$ bn	-1.15	-1.02	-2.87	-6.18	-12.01	-13.40	-20.20	-16.83
Current Account Balance	\$ bn	2.8	4.07	1.81	-1.53	-5.0	-6.88	-13.87	-8.86
	% GDP	3.95	4.94	1.85	-1.40	-3.92	-4.81	-8.44	-5.31
Worker's Remittances	\$ mn	2389	4237	3872	4168	4600	5494	6451	7811
Foreign Private Investment	\$ mn	475	820	922	1677	3872	6960	5429	3209
Direct	\$ mn	485	798	950	1525	3521	5140	5410	3720
Portfolio	\$ mn	-10	22	-28	153	351	1820	19	-511
External Debt and Liabilities	\$ bn	36.5	35.5	35.3	35.8	37.6	40.5	46.3	52.8
Domestic Debt	Rs.bn	1718	1854	1980	2150	2322	2601	3266	3853
Total Debt Servicing	Rs.bn	592.4	440.4	492.1	359.0	424.7	538.5	680.0	938.2
Gold & Forex Reserves	\$ mn	7065	11472	13155	12956	14303	17924	13299	13593
Gold	\$ mn	667	725	831	917	1288	1366	1957	1966
Liquid Foreign Reserves	\$ mn	6398	10747	12324	12039	13015	16558	11342	11627
Crude Oil Spot Prices (Brent)	\$/barrel	25.5	28.2	33.0	55.4	73.3	71.9	141.0	70.16
Exchange Rate (End Period)	Rs/US\$	60.0729	57.8090	58.1566	59.6738	60.1765	60.4381	68.1684	81.2551

\* Outstanding Amount

\*\*Its on calendar year basis

† Balance of Trade=Exports+Re-exports-Imports-Re-imports