Contents

Cha	pters	
1.		
	1.1 Overview	1
2.	Economic Growth, Savings and Investment	
	2.1 Real GDP Growth	7
	2.2 Performance of Agriculture Sector	10
	2.3 Industry	23
	2.4 Services	33
	2.5 Savings 2.6 Investment	36 37
	2.6.1 Real Fixed Investment	38
	2.7 Saving-Investment Gap	41
3.	Prices	
-	3.1 Global Inflation Scenario	43
	3.2 Domestic Scenario	44
	3.3 Consumer Price Index	46
	3.3.1 CPI Food Group	48
	3.3.2 CPI Non Food Group	50
	3.4 Incidence of Inflation	50
	3.5 Wholesale Price Index (WPI)3.6 Sensitive Price Indicator	51 52
4.	Money & Banking	
	4.1 Monetary Policy	57
	4.2 Development in Monetary Aggregates	62
	4.2.1 Net Foreign Assets	63
	4.2.2 Net Domestic Assets	65
	4.3 Monetary and Banking Indicators	76
	4.3.1 Monetary Indicators	76
	4.3.2 Banking Sector Soundness Indicators	78
	4.4 Money Market	83
5.	Public Finance and Fiscal Policy 5.1 Overview	85
	5.2 Fiscal Performance Indicators	86
	5.3 Revenues	86
	5.3.1 FBR Tax Performance	88
	5.3.1.1 Direct Taxes	88
	5.3.1.2 Indirect Taxes	89
	5.4 Expenditures	91
	5.5 Provincial Fiscal Operations	91
6.	Domestic and External Debt	05
	6.1 Overview 6.2 Domestic Debt	95 95
	6.2.1 Composition of Domestic Debt	99
	6.2.2 Interest Payments on Domestic Debt	102
	6.3 External Debt	103
	6.3.1 Debt Sustainability Indicators	105
	6.3.2 Structure of External Debt and Liabilities	105
	6.3.3 External Debt & Liabilities Servicing	108

Special Section 6.1: External Debt Vulnerability and Risk Indicators in Pakistan

110

7.	Balance of Payments	
	7.1 International Developments	117
	7.2 Pakistan External Account	118
	7.2.1 Current Account Balance	121
	7.3 Exchange Rate	131
	7.3.3 Real Effective Exchange Rate (REER)	136
	7.4 Foreign Exchange Reserves	137
	7.4.1Reserve Adequacy 7.5 Trade Account	140 141
	7.5 Trade Account	141
8.	Social Sector Developments	
	8.1 Population	155
	8.2 Poverty	157
	8.3 Employment	161
	8.4 Education	165
	8.5 Health	167
	8.6 Environment	171
Boxe	28	
		11
2.2.1	Agri-Package Federal Budget FY09	11
2.2.2	Poinsettias plantation in Pakistan	15
2.2.3	A SWOT for Livestock/Meat Sector	17
2.2.4	White Revolution Initiative	22
2.3.1	What Does the Growth in Capital Goods Industry in Pakistan imply	31
3.1	Policy Responses to Recent Food and Oil price Increase	53
4.1	Implications for High Fiscal Deficit for Monetary Policy	67
6.1	Fiscal Responsibility and Debt Limitation Act 2005: A Progress Report	75
6.2	Performance of Pakistani Bonds in the International Market	106
7.1	Global Patterns of Current Account Adjustment-Lesson for Pakistan	119
7.2	Current Account Balance Determinants: medium to long term	120
7.3	FE-25 Loans and Forex Market Liquidity	136
7.4	Exchange rate and Textile Export Competitiveness	149
7.5	Domestic high speed diesel consumption elasticity with respect to domestic diesel prices	151
8.1	MTDF (2005-10) Target of Population Welfare sector	156
8.2	Pillars of Poverty Reduction Strategy PRSP-II	160
8.3	Recent Poverty Reduction Initiatives of the Government	161
8.4	Government Employment Generation Initiatives	163
8.5	Indicators of Vulnerable Employment	164
8.6	Translating Vision 2030 into a Reality	169
8.7	Major initiatives to protect the environment	172