

FLOW OF FUNDS ACCOUNTS

2017-18



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STATISTICS & DWH
State Bank of Pakistan

Preface

Statistics & DWH Department provides quality statistics on economic sectors of Pakistan. The department strives to cope with the data needs of internal and external stakeholders and to fulfill the requirements of international institutions. The data compilation methodologies and procedures are aligned with international guidelines for harmonization with the international standards and comparability.

The flow of funds accounts for FY18 have been prepared from the data collected from various sectors of the economy. The data has been transformed into sectoral balance sheets as per guidelines of SNA-2008. Flow of Funds Accounts of Pakistan for the year 2017-18 (Final) contain a brief description of theoretical framework pertaining to detailed flow of funds, financial, capital accounts and stocks of non-financial corporate, general government and other sectors of Pakistan economy. The flow of funds accounts highlights statistical relationship of financial activities of all sectors of the economy with one another and the non-financial activities that generate income and production. The system provides extensive sectoral and transaction coverage of financial developments in the economy, i.e. saving & investment, borrowing and lending.

We feel that these statistics would be useful for financial analysis, policy formulation, planning, and decision making. Comments and suggestions for further improving the publication are welcome.

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Director

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LIST OF ABBREVIATIONS

BOP	Balance of Payments
CB	Central Bank
DTC	Deposit Taking Corporations
FA	Financial Auxiliaries
FC	Financial Corporations
FOFs	Flow of Funds
Govt.	Government
HH	Households
IC	Insurance Companies
MMF	Money Market Fund
NBFC's	Non-Bank Financial Corporations
NFA	Non-Financial Assets
NFC	Non-Financial Corporations
NFPSE	Non-Financial Public Sector Enterprises
NMMF	Non-Money Market Fund
NPA	Non-Produced Assets
NPISH	Non Profit Institutions Serving Households
OFI	Other Financial Intermediaries
PF	Pension Fund
PIB's	Pakistan Investment Bonds
PSE's	Public Sector Enterprises
ROW	Rest of the World
SBP	State Bank of Pakistan
SDR's	Special Drawing Rights
SECP	Securities & Exchange Commission of Pakistan
SNA	System of National Accounts
T Bills	Treasury Bills
TFC	Term Finance Certificate

TABLE OF CONTENTS

Introduction	9
1.1 Conceptual Framework of Accounts	9
1.2 Purpose and Value of Accounts	11
1.3 The Structure of Accounts under SNA-2008	12
1.4 Sectors of Economy	12
Overview	14
2.1 Financial Assets and Liabilities	15
2.1.1 Financial Assets	15
2.1.2 Liabilities	16
2.1.3 Financial Assets and Liabilities of Households	16
2.2 Financial Transactions by Sector	20
2.2.1 Non-Financial Corporate Sector	20
2.2.2 Households & NPISH	21
2.2.3 General Government Sector	23
2.2.4 Rest of the World Sector	24
2.2.5 Financial Corporations Sector	25
2.2.5.1 Fund-Raising	25
2.2.5.2 Fund Utilization	26
2.2.5.3 Funds Supply to Non-Financial Sectors	27
Integrated Capital and Financial Account of Pakistan	28
Capital Account	31
Financial Account	34
Appendices	37
GLOSSARY	40



Introduction

The State Bank of Pakistan (SBP) initiated flow of funds accounts compilation in 1982 in collaboration with Pakistan Bureau of Statistics and Planning Commission of Pakistan. The framework including sectoral classification, transaction categorization, and compilation procedure was prepared by SBP under the guidelines of System of National Accounts - 68 (SNA-68). Since 2005, Pakistan has been compiling flow of funds according to SNA-93. State Bank of Pakistan (SBP) implemented SNA-2008 and compiled the Flow of Funds Accounts 2012-13 and onward accordingly. The compilation of accounts are in harmony with SNA guidelines for institutional sectors of the economy and classification of transactions, estimate of sectoral savings and investment together with financial flows classified by instruments.

1.1 Conceptual Framework of Accounts

Flow of funds arises from transactions taking place in an economy involving purchase or sale of goods and services or exchanges of assets and liabilities. These transactions reflect flow of funds from one agent to other and from one sector to other. National flow of funds accounts provide a record of these flows for the whole economy. The accounts covering institutional units' transactions are called resources-uses statements. Thus, the flow of funds accounts or accounts of financial flows record and summarize, in a systematic way, the financial transactions of all the sectors of the economy. The accounts record and maintain the borrowing and lending operations among various sectors of the

domestic economy and with the rest of the world and trace the flows of savings for capital formation. These accounts may be used to analyze financial developments. The links of financial economy integrated with the national accounting framework reflect associated financial flows with savings and capital formation. Flow of funds are transactions accounts, linked to balance sheet accounts prepared in conjunction with accounts of stocks of financial assets and liabilities of each sector.

The flow of funds accounts mainly consist of two parts, i.e. non-financial flows and financial flows. Non-financial flows are the flow of current income and expenditure, saving and investment. Income and outlay account of a sector is the incoming of factor income and outgoing of consumption expenditure including net current transfers and presents saving as a balancing entry. Saving is transferred from the income and outlay account to the capital account and is used for investment purposes. Lending/borrowing are the balancing entry of this account depending on whether uses are less or more than the resources of the sector. The essential feature of the non-financial flows is thus to present saving, investment and net lending/borrowing. The surplus/deficit in the non-financial flows indicates the saving investment gap. In fact, the non-financial flows in the flow of funds accounts are the same as the capital account with saving and investment as resources and uses.

The financial flows account is an extension of capital account and describes lending and borrowing operations of the different sectors in the economy. Sectors borrow by issuing claims on themselves or lend to others by accepting claims on them. A sector may carry out both of these activities in varying degrees. A sector is classified as a deficit sector when the claims issued are more than the claims accepted. Net lending to other sectors is the indication of a surplus sector. The borrowing transactions take the form of increase in liabilities, sale of financial assets or reduction of money balances. The lending operations are acquisition of financial assets, increase in money balances or repayment of past debts. Increase in liabilities and decrease in financial assets are termed as the financial resources of funds or incurrence of liabilities while increases in financial assets and decreases in liabilities are known as the financial uses of funds or acquisition of financial assets.

The flow of funds accounts are presented on from whom to whom basis classified by type of the financial instruments. Funds obtained (resources of funds) in any type of financial instrument should be equal to the uses of funds in that form as the financial claims issued by one sector are held by others. The non-financial flows display the current and capital receipts & payments while the financial flows display the changes in financial claims. The financial surplus/deficit shows the difference between financial resources and uses of a sector. The sum of the financial surplus/deficit across the sectors should be zero, since any change in one sector's

financial liabilities must be matched by change in another sector's financial assets.

A balanced resources and uses of funds account is drawn for each sector to record its savings and borrowings (resources of funds) and its real investment, lending and accumulation of money balances (uses of funds). The surplus/deficit of a sector can be analyzed into issue and acquisition of financial claims. On the pattern of double-entry system of book keeping, these sector accounts interlock because the issue of claims by one sector generates corresponding entry for acquisition of claims by other. The complete set of flow of funds accounts summary matrix for any year is, therefore, an interlocking set of resources and uses for the economy as a whole.

1.2 Purpose and Value of Accounts

The flow of funds accounts house many channels through which policies are implemented. Particularly if data for the sectors and sub-sectors responsible for implementing policies are presented separately from other sectors. For example, to analyze how changes in financial positions affect spending decisions and economic behavior, it is possible to trace the effects of monetary policy actions through the accounts of the central bank, other depository corporations, and non-financial sectors. The linkages examined in flow of funds accounts are more extensive than those presented in monetary statistics. Flow of funds accounts are useful for financial projections and forecasting, by ensuring both:

1. The internal consistency of financial forecasts and
2. The consistency of financial forecasts with national accounts forecasts.

The accounting constraints in the matrix can be built into economic models in which the variables are forecasted simultaneously, or they can be used as a consistency check on forecasts of variables that have been derived independently of one another.

Flow of funds accounts are useful in macroeconomic modeling and provide a framework for financial programming. These accounts demonstrate a number of sectoral relationships (including consistency of flows between sectors with macroeconomic objectives such as a sustainable balance of payments position, adequacy of credit from depository corporations to specified sectors, financing central government deficit, etc.). The accounts facilitate analysis of sectoral movements that balance supply and demand for funds coming from significant sectors of the economy. The quantum and nature of funds that are transferred directly from savers to the investors as also those routed through financial intermediaries are revealed. Changes in the liabilities

and assets of foreign countries/institutions are listed separately in the Rest of the World sector. Thus the level of domestic savings via financing by the Rest of the World may also be ascertained from these accounts. The flow of funds accounts provide a useful macro-economic framework for investment program analysis.

The intermediary role, played by the financial institutions such as banks, non-bank financial institutions and insurance companies in attracting funds and responding to the investment needs of the economy may be assessed from flow of funds accounts. The operations of the financial intermediaries in relation to sectoral flows and the structural changes in various forms of their borrowing and lending activities are important to analysts in many ways. This is more important for developing countries where demand for funds and for material resources normally exceeds supply. When sector accounts are placed side by side, the flow of funds matrix for the economy is constructed as a whole, a variety of analytical questions about capital market process, and problems of growth can be answered like how private and public capital formation is being financed in a plan period? How much capital is provided from domestic savings and how much from abroad?

Compilation of flow of funds accounts is important for Pakistan as it provides a framework for the analysis of a number of key financial problems in development planning. The financing of the public sector development program including financing of the federal budgetary deficit and the public sector enterprises, management of the balance of payments to ensure adequate foreign exchange reserves and the control of the monetary and banking system with a view to ensuring availability of adequate funds are the problems which can be tackled within the flow of funds framework.

1.3 The Structure of Accounts under SNA-2008

SNA-2008 contains a consistent and integrated set of economic accounts that cover all institutional sectors and sub-sectors of the economy and the economic relationships of an economy with the Rest of the World (RoW). The SNA contains a full set of interrelated accounts for transactions and other flows, as well as balance sheets that show the stocks of non-financial assets, financial assets, and liabilities.

1.4 Sectors of Economy

A significant element in the preparation of flow of funds accounts is the appropriate grouping of commonly identifiable economic units (institutional units) into sectors. A sector refers to a subdivision of the economy, in particular to a group of decision-making units within the economy that are more or less homogeneous in certain characteristics. The choice is governed by such considerations as the homogeneity of

groups of decision-making units, the availability of basic data, and ease in handling.

The sectors and sub-sectors classification is as following:

1. Non-financial corporations
 - a) Public non-financial corporations
 - b) National private non-financial corporations
 - c) Foreign controlled non-financial corporations
2. Financial corporations
 - a) Central bank
 - b) Deposit taking corporations except the central bank
 - c) Money market funds
 - d) Non-money market funds
 - e) Other financial intermediaries except insurance corporations and pension funds
 - f) Financial auxiliaries
 - g) Captive financial institutions
 - h) Insurance corporations
 - i) Pension funds
3. General government
 - a) Federal government including NPIs and excluding public corporations
 - b) Provincial & local governments including NPIs and excluding public corporations
4. Households and non -profit institutions serving households (NPISH)
5. Rest of the world

2

Overview

Total outstanding financial assets¹ amounted to Rs. 73,328.4 billion at the end of 2017-18, depicting an increase of Rs. 7,684.4 billion (11.7%) from the end of previous year. In similar fashion, total outstanding liabilities amounted to Rs. 104,633.3 billion at the end of period under review, reflected an increase of Rs. 13,171.2 billion (14.4%) from the end of previous year.

The outstanding financial assets of households and non-profit institutions serving households (NPISH) increased by Rs. 2,286.5 billion (14.1%) from the end of 2017-18 to Rs. 18,525.2 billion. Similarly, liabilities of the same increased by Rs. 796.8 billion (50.5%) to Rs. 2,375.7 billion. As the financial assets increased, the net financial assets (financial assets- liabilities) of households & NPISH increased by Rs. 1,489.7 billion (10.2%) from Rs. 14,659.9 billion at the end of previous year to Rs. 16,149.6 billion. Likewise, the ratio of financial assets to liabilities of households & NPISH dropped from 10.3 times at the end of previous year to 7.8 times.

The amount of non-financial corporate sector's fund-raising decreased from Rs. 3,213.4 billion over previous year to Rs. 2,667.3 billion, influenced by sharp decrease in share capital (Rs. 1,171.3 billion - Rs. 534.6 billion). Similarly, non-financial corporate sector's funds utilization decreased from previous year's Rs. 2,320.6 billion to Rs. 1,846.7 billion during 2017-18. The non-financial corporate sector's financial deficit also decreased from Rs. 892.8 billion in previous year to Rs. 820.6 billion.

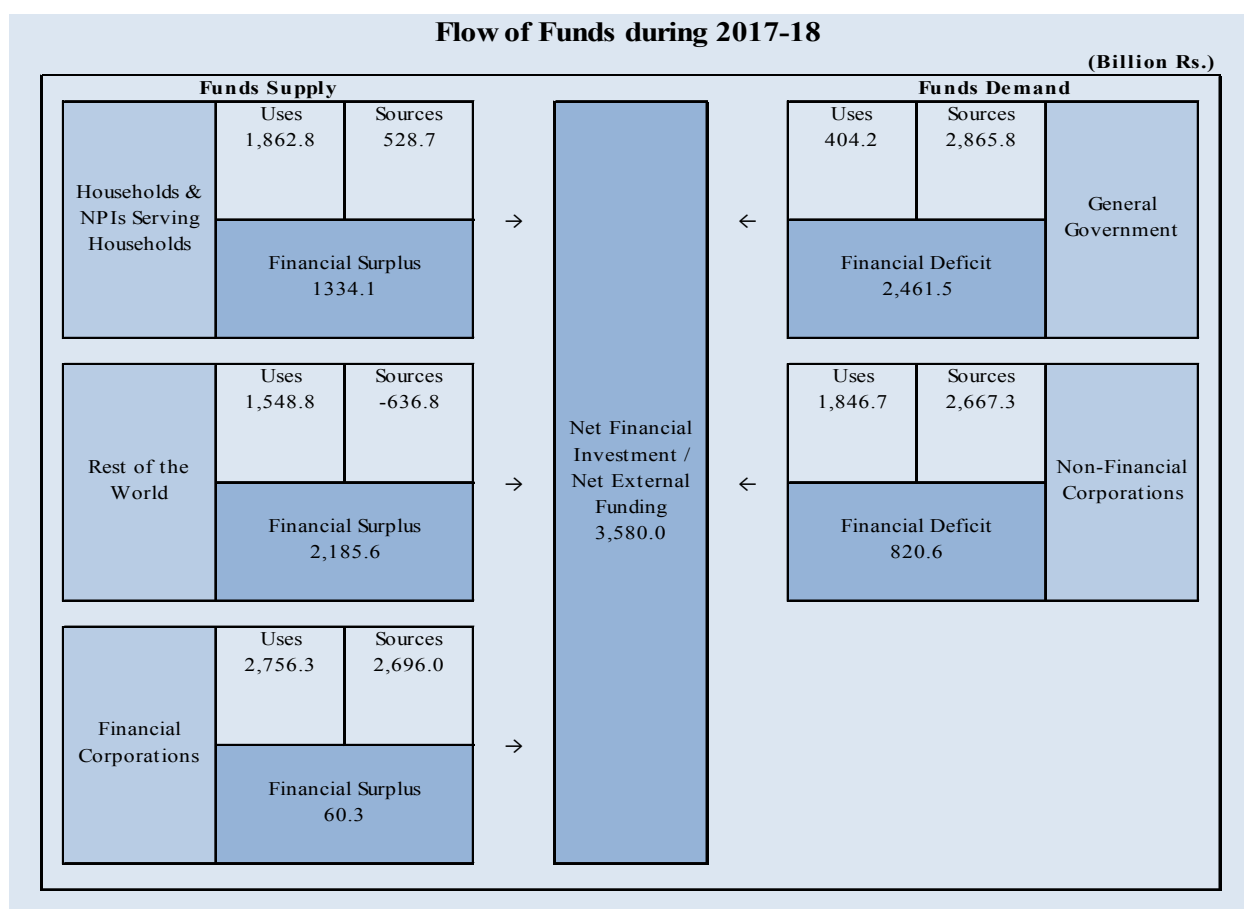
In case of fund raising and fund utilization by households & NPISH, there is decrease in funds surplus from Rs. 1,470.5 billion in the previous year to Rs. 1,334.1 billion. The funds raised by the government increased from Rs. 2,040.0 billion in previous year to Rs. 2,865.8 billion. Similarly, funds utilization increased as well from Rs. 228.4 billion in the previous year to Rs. 404.2 billion. As a result of increase in

¹ Total outstanding Financial Assets are derived from domestic financial assets & ROW Liabilities

fund raising, the scale of funds deficit increased from Rs. 1,811.6 billion to Rs. 2,461.5 billion in 2017-18. The rest of the world's funds utilization increased from Rs. 1,321.6 billion in previous year to Rs. 2,185.6 billion.

During the year 2017-18, the volume of fund-raising by financial corporations decreased to Rs. 2,696.0 billion from previous year Rs. 3,096.9 billion. Similarly, the scale of financial corporations' funds utilization decreased from Rs. 3,009.2 billion in previous year to Rs. 2,756.3 billion. The scale of financial corporations' funds deficit is Rs. 87.7 billion in previous year to funds surplus Rs. 60.3 billion.

Figure 2.1: Summary of Flow of Funds



2.1 Financial Assets and Liabilities

2.1.1 Financial Assets

Outstanding financial assets amounted to Rs. 73,328.4 billion at the end of 2017-18, with an increase of 11.7 percent from the end of previous year. Viewing the trends of the components of financial assets, the percentage share of share capital (6.8% - 5.3%) and currency & deposits (35.6% - 34.2%) decreased, whereas

those of loans & advances (15.6% - 16.0%), other accounts receivables (17.6% - 18.8%), debt securities (20.5% - 21.1%), trade credit & advances (4.0% - 4.6%) increased at the end of the review period.

Table 2.1 Trends of Financial Assets

	(Year End - Million Rs.)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Total Financial Assets	44,820,934	48,569,564	60,006,650	65,643,996	73,328,417
Changes (%)	11.1	8.4	23.5	9.4	11.7
Currency & Deposits	14,650,933	16,729,392	20,910,398	23,338,952	25,068,395
	<i>32.7</i>	<i>34.4</i>	<i>34.8</i>	<i>35.6</i>	<i>34.2</i>
Debt Securities	11,074,479	12,293,961	11,820,891	13,427,497	15,497,936
	<i>24.7</i>	<i>25.3</i>	<i>19.7</i>	<i>20.5</i>	<i>21.1</i>
Loans & Advances	5,676,786	6,742,540	9,071,461	10,237,245	11,742,769
	<i>12.7</i>	<i>13.9</i>	<i>15.1</i>	<i>15.6</i>	<i>16.0</i>
Shares Capital	3,008,441	2,797,543	3,798,029	4,495,591	3,877,031
	<i>6.7</i>	<i>5.8</i>	<i>6.3</i>	<i>6.8</i>	<i>5.3</i>
Trade Credit & Advances	3,644,350	3,256,983	3,537,590	2,614,468	3,361,386
	<i>8.1</i>	<i>6.7</i>	<i>5.9</i>	<i>4.0</i>	<i>4.6</i>
Other Accounts Receivables ²⁾	6,765,945	6,749,145	10,868,281	11,530,243	13,780,899
	<i>15.1</i>	<i>13.9</i>	<i>18.1</i>	<i>17.6</i>	<i>18.8</i>

Notes:

1) Figures in italic represent shares in total assets.

2) Includes monetary gold & SDR, Insurance & technical reserves, financial derivatives and miscellaneous financial assets.

2.1.2 LIABILITIES

Table 2.2 Trends of Liabilities

	(Year End - Million Rs.)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Total Financial Liabilities	63,236,819	69,170,853	82,404,823	91,462,119	104,633,314
Changes (%)	10.7	9.4	19.1	11.0	14.4
Currency & Deposits	14,646,258	16,165,450	20,597,339	22,938,421	25,126,968
	<i>23.2</i>	<i>23.4</i>	<i>25.0</i>	<i>25.1</i>	<i>24.0</i>
Debt Securities	11,269,897	12,613,308	12,105,277	13,985,041	16,795,258
	<i>17.8</i>	<i>18.2</i>	<i>14.7</i>	<i>15.3</i>	<i>16.1</i>
Loans & Advances	15,860,606	16,588,741	21,438,383	24,811,751	30,202,333
	<i>25.1</i>	<i>24.0</i>	<i>26.0</i>	<i>27.1</i>	<i>28.9</i>
Shares Capital	9,050,153	9,345,213	11,632,138	13,595,232	15,318,589
	<i>14.3</i>	<i>13.5</i>	<i>14.1</i>	<i>14.9</i>	<i>14.6</i>
Trade Credit & Advances	3,119,405	3,129,092	3,091,475	2,614,468	2,901,898
	<i>4.9</i>	<i>4.5</i>	<i>3.8</i>	<i>2.9</i>	<i>2.8</i>
Other Accounts Payables ²⁾	9,290,500	11,329,049	13,540,211	13,517,205	14,288,266
	<i>14.7</i>	<i>16.4</i>	<i>16.4</i>	<i>14.8</i>	<i>13.7</i>

Notes:

1) Figures in italic represent shares in total liabilities.

2) Includes monetary gold & SDR, Insurance & technical reserves, financial derivatives and miscellaneous financial liabilities. Where, Reserves & Valuation are excluded.

Outstanding liabilities² amounted to Rs. 104,633.3 billion at the end of 2017-18, with an increase of 14.4 percent from the end of previous year. Viewing the trends of the components of liabilities the percentage share of shares capital (14.9% - 14.6%), currency & deposits (25.1% - 24.0%), trade credit & advances (2.9% - 2.8%) and other accounts payable (14.9% - 14.6%) decreased. Whereas, those of loans (27.1% - 28.9%), and debt securities (15.3%-16.1%) increased.

2.1.3 FINANCIAL ASSETS AND LIABILITIES OF HOUSEHOLDS

Table 2.3 Financial Assets and Liabilities of the Households and NPISH

	(Year End - Million Rs.)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Financial Assets (A)	10,914,945	12,052,389	14,045,698	16,238,755	18,525,247
<i>Growth(%)</i>	<i>1.0</i>	<i>10.4</i>	<i>16.5</i>	<i>15.6</i>	<i>14.1</i>
<i>Changes</i>	<i>108799</i>	<i>1137444</i>	<i>1993309</i>	<i>2193057</i>	<i>2286492</i>
Currency & Deposits	7,527,497	8,691,260	11,805,776	13,147,203	14,434,219
Debt Securities	2,465,868	2,663,515	566,432	1,238,653	2,057,241
Insurance & Pension Reserves	101,047	141,710	741,262	874,473	1,088,830
Shares Capital	354,524	374,124	595,714	692,110	679,145
Other Accounts Receivables ²⁾	466,010	181,781	336,514	286,316	265,812
Financial Debt (B)	1,651,678	1,703,443	1,755,827	1,578,859	2,375,670
<i>Growth(%)</i>	<i>56.1</i>	<i>3.1</i>	<i>3.1</i>	<i>-10.1</i>	<i>50.5</i>
<i>Changes</i>	<i>593255</i>	<i>51765</i>	<i>52384</i>	<i>-176968</i>	<i>796812</i>
Borrowing From Central Bank	17,854	19,033	24,027	16,827	20,046
Borrowing From DTC's ³⁾	670,905	760,737	893,938	1,047,106	1,235,027
Borrowing From NBFC's ⁴⁾	165	107	159	166	190
Borrowing From NFC's ⁵⁾	19,999	27,980	48,533	33,979	30,929
Insurance & Pension Funds	701	948	1,811	225,209	83,405
Other Accounts Payables ⁶⁾	942,055	894,639	787,359	255,571	1,006,073
Net Financial Assets (A-B)	9,263,267	10,348,945	12,289,871	14,659,896	16,149,577
	<i>(484,456)</i>	<i>1,085,678</i>	<i>1,940,925</i>	<i>2,370,025</i>	<i>1,489,681</i>
Financial Ratio	6.61	7.08	8.00	10.29	7.80

1) Figures in italic represent changes from the ends of the previous years

2) Include trade credit & advances, loans etc

3) Loans extended by commercial banks

4) Loans extended by other accepting deposit institutions, other financial intermediaries and financial auxiliaries

5) Non-Financial Private and Public Sector Enterprises

6) Trade credits, miscellaneous financial debts, etc.

The financial assets of households & NPISH increased by 14.1 percent from Rs. 16,238.8 billion at the end of 2016-17 to Rs. 18,525.2 billion at the end of 2017-18.

² Total Financial Liabilities are derived from domestic financial liabilities excluding reserves & ROW Assets

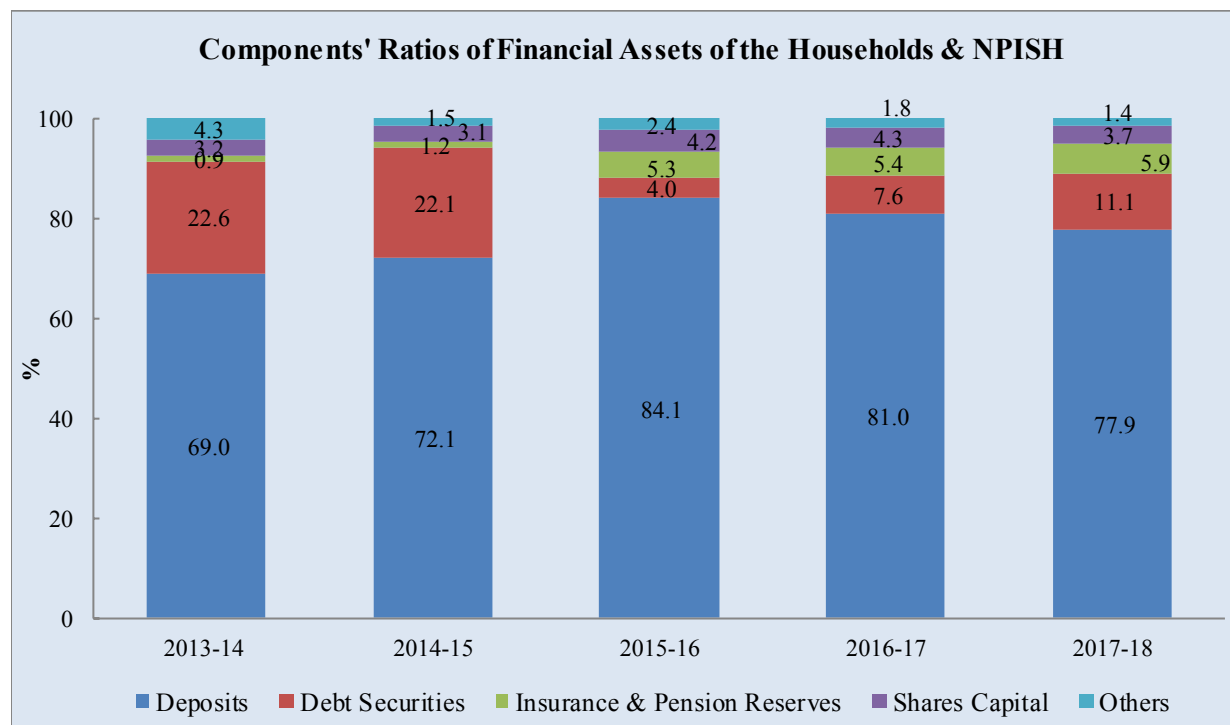


Figure 2.2: Components' Ratios of Financial Assets of Households & NPISH

Viewing the trends of the components of financial assets of households & NPISH, the percentage share of others (include trade credit & advances and loans) (1.8% - 1.4%), shares capital (4.3% - 3.7%) and currency & deposits (81.0% - 77.9%) decreased. Whereas, those of debt securities (7.6% - 11.1%) and insurance & pension (5.4% - 5.9%) have increased.

The liabilities of households & NPISH increased by 50.5 percent from Rs. 1,578.9 billion at the end of 2017-18 to Rs. 2,375.7 billion, compared to 10.1 percent decrease in the previous year. Viewing the details of the composition of liabilities of households & NPISH, and borrowings from non-financial corporate sector (2.2% - 1.3%), and borrowings from deposits taking corporations (66.3% - 52.0%) decreased, whereas that of the percentage share of borrowings from others (30.5% - 45.9%) increased.

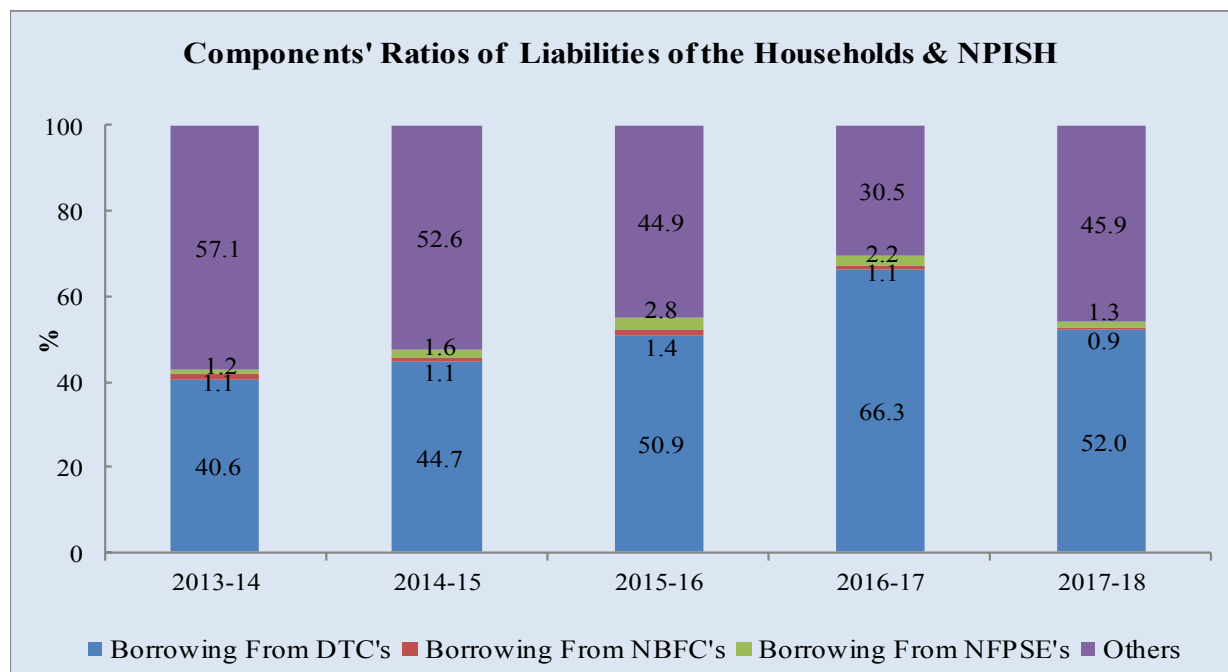


Figure 2.3: Components' Ratios of Liabilities of Households & NPISH

At the end of 2017-18, the net financial assets of households & NPISH stood at Rs. 16,149.6 billion showed an increase of Rs. 1,489.7 billion from Rs. 14,659.9 billion at the end of previous year. It showed an increase of Rs. 796.8 billion in the liabilities of households & NPISH and an expansion of Rs. 2,286.5 billion in holdings of financial assets. Meanwhile, the ratio of financial assets to liabilities of households & NPISH decreased from 10.3 times at the end of 2017-18 to 7.8 times.

2.2 Financial Transactions by Sector

Table 2.4 Fund Raising and Utilization by the Non-financial Corporation Sector

(During period - Million Rs.)

	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Raising	1,612,170	688,331	1,794,400	3,213,415	2,667,280
<i>Indirect Finance</i> ¹⁾	470,234	256,845	605,813	904,482	1,059,791
Borrowing From NFC's	(11,049)	(7,797)	41,851	9,684	5,529
Borrowing From Central Bank	-	(4,847)	-	(935)	-
Borrowing From DTC's	464,351	212,792	399,072	748,834	906,904
Borrowing From NBFC's	(1,029)	(1,305)	1,126	4,563	5,348
Borrowings from Government	15,746	12,060	122,077	107,721	112,582
Borrowings from Other Residen	2,216	45,941	41,687	34,616	29,428
<i>Direct Finance</i> ²⁾	885,043	420,490	648,745	1,458,993	753,304
Deposits	72,173	91,854	148,091	167,441	231,626
Debt Securities	28,894	16,467	24,460	120,292	(12,936)
Shares Capital	783,975	312,170	476,193	1,171,260	534,613
<i>Borrowings from Overseas</i>	(48,642)	12,315	111,012	190,456	275,270
<i>Other Accounts Payables</i> ³⁾	305,535	(1,319)	428,830	659,483	578,914
Fund Utilization	1,628,300	645,580	1,518,345	2,320,614	1,846,654
Currency & Deposits	348,295	400,645	43,848	516,801	301,072
<i>Currency</i>	(13,829)	(3,680)	6,703	(9,390)	434
<i>Transferable deposits</i>	308,827	395,695	(209,047)	320,488	191,286
<i>Other Transferable deposits</i>	56,067	64,366	95,305	90,144	94,129
<i>Other deposits</i>	(2,769)	(55,736)	150,887	115,560	15,223
Debt Securities	30,839	(76,223)	122,356	48,144	4,959
Loans Extended	(18,504)	4,974	(17,218)	(1,708)	11,161
Shares Capital	36,308	78,855	93,363	233,499	(7,770)
Insurance & Technical reserves	404,066	1,849	23,831	34,157	36,930
Foreign Claims	(8,880)	(412)	34,842	(63,274)	284
Other Accounts Receivable	836,176	235,893	1,217,322	1,552,996	1,500,019
Funds Shortage ⁴⁾	(16,130)	42,751	276,055	892,801	820,625

Notes:

- 1) Borrowings from financial & non financial corporations
- 2) Shares and other equity, securities, corporate bonds, etc
- 3) Trade credits, bills payable, etc
- 4) Positive figures represent financial surplus, negative figures represent financial deficit

2.2.1 Non-Financial Corporate Sector

During the year 2017-18, fund-raising of non-financial corporate sector decreased to Rs. 2,667.3 billion from Rs. 3,213.4 billion the previous year, centering on debt securities and shares capital. The amount of indirect financing increased to Rs. 1,059.8 billion from Rs. 904.5 billion of the previous year, direct financing decreased from Rs. 1,459.0 billion in the preceding year to Rs. 753.3 billion owing mainly to a decrease in

the share capital. Fund-raising from others account payables decreased from Rs. 659.5 billion in preceding year to Rs. 578.9 billion and borrowing from non-residents increased from Rs. 190.5 billion to Rs. 275.3 billion during the period under review.

The ratio of fund-raising through indirect financing during the year 2017-18 increased from 28.1 percent of the previous year to 39.7 percent and other accounts payable during the period under review increased from 20.5 percent of the previous year to 21.7 percent. Whereas, the ratio of fund-raising through borrowing from non-residents increased from 5.9 percent of the previous year to 10.3 percent and direct financing decreased from 45.4 percent of the previous year to 28.2 percent.

During 2017-18, the non-financial corporate sector's funds utilization decreased from previous year's Rs. 2,320.6 billion to Rs. 1,846.7 billion. Viewing the pattern of funds utilization by type of financial instrument, the sector's utilization of currency and deposit, other accounts receivable, shares capital and debt securities decreased, whereas foreign claims, loans and insurance & technical reserves increased significantly. In the year 2017-18, the financial deficit (fund raising - fund utilization = savings - investment) of the non-financial corporate sector decreased to Rs. 820.6 billion from Rs. 892.8 billion of the previous year.

2.2.2 Households & NPISH

During the year 2017-18, funds increased by households & NPISH came to Rs. 528.7 billion from the previous year of Rs. 471.7 billion. By type of financial institutions, fund raising through deposit taking corporations (Rs. 154.0 billion - Rs. 189.0 billion), central bank (Rs. -1.3 billion - Rs. 0.6 billion), others (Rs. 242.4 billion - Rs. 328.6 billion), non-financial corporations' (Rs. 2.1 billion - Rs. 3.1 billion) and non-banking financial corporation's (Rs. -0.05 billion - Rs. 0.02 billion) increased. Whereas, only insurance (Rs. 74.6 billion - Rs. 7.4 billion) decreased.

The volume of households & NPISH utilization of funds decreased to Rs. 1,862.8 billion from the previous year of Rs. 1,942.2 billion. Looking at the pattern of funds utilization, currency & deposits at financial institutions decreased from previous year of Rs. 1,378.4 billion to Rs. 1,286.5 billion due to decrease in currency and transferable deposits, although the other deposits increased.

Table 2.5 Fund Raising and Utilization by the Households and NPISH

(During period - Million Rs.)

	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Raising (A)	223,859	(44,433)	702,815	471,708	528,746
Borrowing From Central Bank	(7)	1,179	1,665	(1,290)	639
Borrowing From DTC's	(16,918)	87,819	127,419	153,968	188,999
Borrowing From NBFC's ¹⁾	72	(57)	44	(51)	24
Borrowing From NFC's	2,310	1,608	(1,583)	2,063	3,086
Borrowing from Insurance Compani	(27,390)	18	285	74,614	7,424
Others ²⁾	265,791	(135,000)	574,985	242,404	328,574
Fund Utilization (B)	950,096	1,063,869	1,921,072	1,942,197	1,862,848
Currency & Deposits	796,541	1,010,070	1,760,369	1,378,378	1,286,477
<i>Currency</i>	253,624	384,000	771,055	583,719	420,557
<i>Transferable deposits</i>	449,422	407,169	793,939	599,037	548,049
<i>Other Transferable deposits</i>	41,318	163,850	244,317	224,765	274,343
<i>Other deposits</i>	52,177	55,051	(48,942)	(29,143)	43,529
Debt Securities	409,523	751	(82,111)	252,476	303,215
Loans Extended	2,216	45,941	41,687	34,616	29,428
Shares Capital	11,647	25,163	90,213	130,086	52,445
Insurance & Technical reserves	(290,113)	15,573	99,580	133,211	190,724
Other Accounts Receivable ²⁾	20,283	(33,629)	11,335	13,429	559
Difference (B– A)³⁾	726,238	1,108,302	1,218,257	1,470,488	1,334,102

Notes:

- 1) Loans extended by securities institutions, other financial corporations and financial auxiliaries
- 2) Trade credits, miscellaneous financial debts, etc.
- 3) Positive figures represent financial surplus, negative figures represent financial deficit

The loans extended decreased from the previous year of Rs. 34.6 billion to Rs. 29.4 billion. Whereas, insurance & technical reserves increased from Rs. 133.2 billion to Rs. 190.7 billion, shares capital decreased from Rs. 130.1 billion to Rs. 52.4 billion, other account receivable decreased from Rs. 13.4 billion to Rs. 0.6 billion and debt securities increased from Rs. 252.5 billion to Rs. 303.2 billion. Funds surplus of households & NPISH decreased by Rs. 136.4 billion from previous year's of Rs. 1,470.5 billion to Rs. 1,334.1 billion.

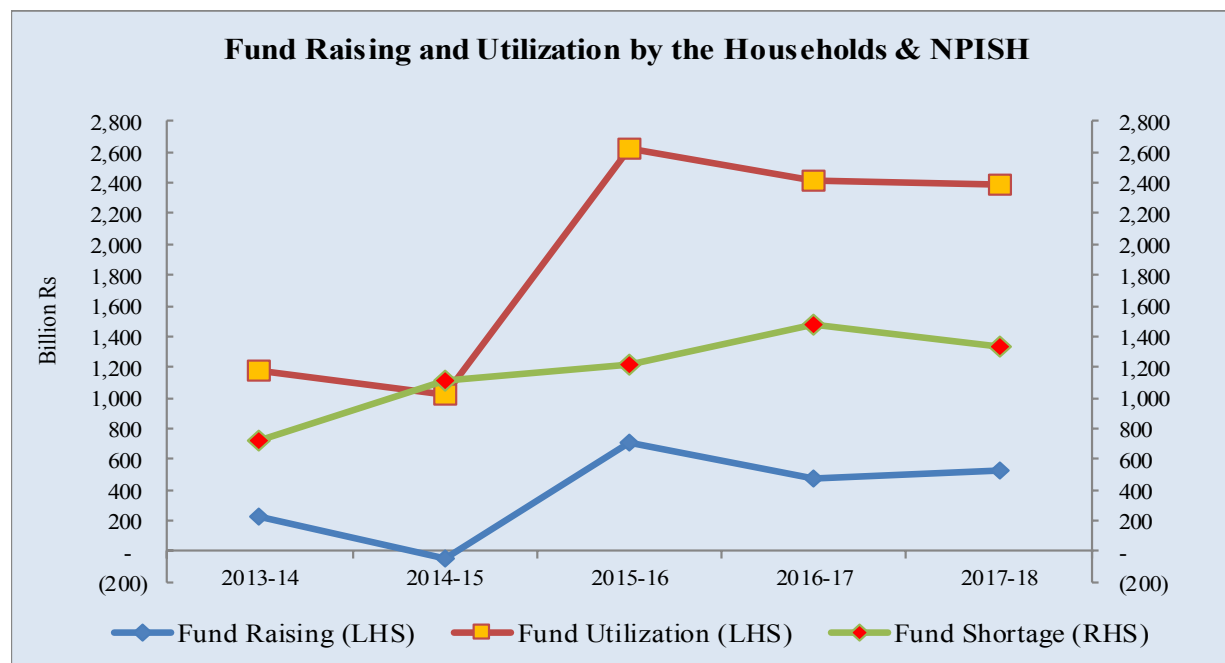


Figure 2.4: Fund Raising & Utilization by Households & NPISH

2.2.3 General Government Sector

During the year 2017-18, funds raised by the government sector increased to Rs. 2,865.8 billion from Rs. 2,040.0 billion in the previous year. The issuance of debt securities (Rs. 1,174.2 billion - Rs. 1,890.0 billion), and deposits (Rs. 52.6 billion - Rs. 102.0), other accounts payable (Rs. 179.7 billion - Rs. 195.1 billion) and borrowing (Rs. 633.5 billion - Rs. 678.7 billion) increased. Funds utilized by the government sector increased from Rs. 228.4 billion of the previous year to Rs. 404.2 billion as currency & deposits (Rs. -58.1 billion - Rs. 199.2 billion), loans extended (Rs. 110.0 billion - Rs. 118.3 billion) increased, other account receivable (Rs. 40.5 billion - Rs. -2.2 billion) and shares capital (Rs. 133.6 billion - Rs. 89.2 billion) decreased. As a result, fund deficit inflated from previous year's Rs. 1,811.6 billion to Rs. 2,461.5 billion.

Table 2.6 Fund Raising and Utilization by the General Government Sector

(During period - Million Rs.)

	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Raising (A)	1,984,482	1,364,184	2,140,419	2,039,965	2,865,767
Deposits	(15,247)	140,814	110,768	52,598	101,958
Debt Securities	1,657,817	819,332	1,290,514	1,174,175	1,889,972
Borrowing	168,792	291,604	556,168	633,458	678,731
Other Accounts Payables	173,121	112,434	182,969	179,734	195,106
Fund Utilization (B)	936,031	74,158	753,359	228,396	404,233
Currency & Deposits	537,493	20,018	466,475	(58,087)	199,187
Currency	-	-	-	-	0
Transferable deposits	507,551	(23,824)	379,631	(142,603)	120,930
Other Transferable deposits	29	1,378	862	5,612	(1,507)
Other deposits	29,913	42,464	85,982	78,904	79,765
Debt Securities	3,321	-	2,941	2,374	(249)
Loans Extended	14,122	18,109	122,391	110,006	118,326
Shares Capital	323,129	37,296	84,941	133,611	89,181
Other Accounts Receivable	57,966	(1,265)	76,611	40,493	(2,213)
Difference (B- A)	(1,048,451)	(1,290,025)	(1,387,060)	(1,811,569)	(2,461,535)

2.2.4 Rest of the World Sector

During the year 2017-18, fund-raising decreased from Rs. -69.3 billion in the previous year to Rs. -636.8 billion. On the contrary, the rest of the world's funds utilization increased from Rs. 1,252.3 billion in 2016-17 to Rs. 1,548.8 billion in 2017-18. Fund surplus significantly increased from the previous year of Rs. 1,321.6 billion to Rs. 2,185.6 billion.

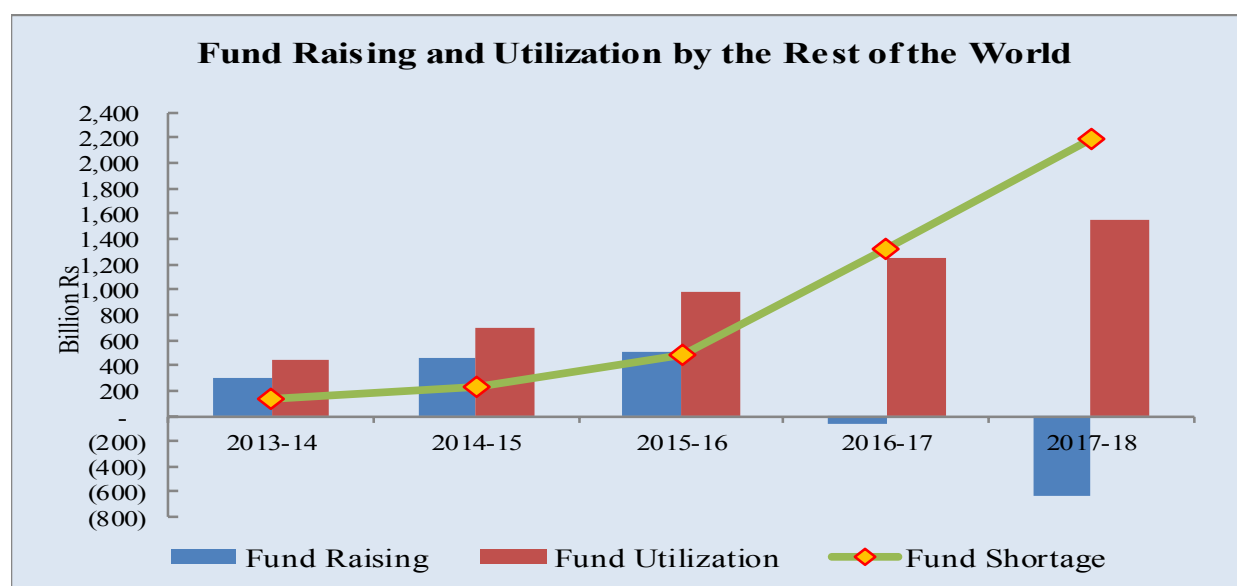


Figure 2.5: Fund Raising and Utilization of the Rest of the World Sector

Table 2.7 Fund Raising and Utilization by the Rest of the World Sector

(During period - Million Rs.)

	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Raising (A)	307,104	455,235	499,824	(69,256)	(636,785)
SDRs	(5,675)	(3,841)	(6,463)	(3,668)	(14,060)
Foreign Exchange Holdings	311,452	465,663	475,416	(120,239)	(667,102)
Foreign Direct Investment	10,652	3,282	12,422	8,905	(879)
Others ³	(9,325)	(9,868)	18,449	45,746	45,256
Fund Utilization (B)	438,191	690,816	980,035	1,252,308	1,548,789
Foreign Exchange Holdings	(7,471)	107,302	41,616	170,376	195,193
Overseas Securities ¹⁾	206,027	93,900	(917)	27,440	269,169
Loans	50,256	297,560	703,392	771,668	785,168
Shares Investment by Non-residen	247,008	186,434	207,064	234,134	354,830
Trade credits	2,767	14,985	(9,782)	5,234	879
Others ⁴	(60,396)	(9,365)	38,662	43,456	(56,450)
Difference (B– A)²⁾	131,087	235,581	480,211	1,321,564	2,185,574

Notes:

- 1) Debt securities held by non-residents
- 2) Positive figures represent financial surplus, negative figures represent financial deficit
- 3) Loans & Trade Credit
- 4) Error & Omission and Capital Transfers

2.2.5 Financial Corporations Sector

2.2.5.1 Fund-Raising

During the year 2017-18, fund-raising by financial corporations decreased to Rs. 2,696.0 billion from the previous year's Rs. 3,096.9 billion. Looking at the pattern of fund-raising by financial institution type, insurance companies & pension funds (Rs. 179.5 billion to Rs. 215.6 billion) and central bank (Rs. 457.0 billion to Rs. 903.8 billion) increased from the preceding year. Whereas, other financial corporation's (Rs. 254.1 billion to Rs. 14.0 billion), financial auxiliaries (Rs. 14.2 billion to Rs. 9.3 billion) and deposit taking corporations (Rs. 2,192.1 billion to Rs. 1,553.3 billion) decreased.

Viewing the pattern by financial instrument, fund raising through debt securities (Rs. -1.2 billion to Rs. 4.6 billion), other account payable (Rs. 52.5 billion to Rs. 67.6 billion) and financial derivative (Rs. -12.8 billion to Rs. 205.4 billion) increased from the previous year. Whereas, shares capital (Rs. 286.2 billion to Rs. 53.3 billion), borrowing from non-residents (Rs. 171.5 billion to Rs. -14.4 billion), fund-raising through currency & deposits (Rs. 2,070.4 billion to Rs. 1,901.1 billion) and borrowings from deposit taking corporations (Rs. 356.4 billion to Rs. 273.5 billion) decreased.

Table 2.8 Fund Raising by the Financial Corporations Sector

(During period - Million Rs.)

	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Raising	1,805,110	2,290,966	3,749,252	3,096,861	2,695,973
<i>By Financial Institution Type</i>					
Central Bank	691,948	549,127	1,259,309	456,955	903,836
Deposit Taking Corp.	982,456	1,727,695	2,241,489	2,192,125	1,553,284
Financial Auxiliaries	(26,549)	(7,155)	15,523	14,235	9,296
Other Financial Corporations	31,608	5,852	96,084	254,069	14,006
Insurance Companies & Pension Fund	125,647	15,447	136,847	179,476	215,551
<i>By Financial Instrument</i>					
Currency & Deposits	1,679,391	1,319,212	2,615,745	2,070,426	1,901,119
Debt Securities	(6,492)	(17,889)	(3,651)	(1,203)	4,593
Borrowings from Domestic Institution	(123,761)	531,589	878,783	356,412	273,497
Borrowings from Overseas	47,463	17,787	40,580	171,497	(14,420)
Shares Capital	17,808	(31,546)	162,986	286,182	53,334
Insurance & Technical reserves	123,555	16,922	126,696	173,895	204,859
Financial Derivative	(12,684)	33,526	(15,606)	(12,829)	205,375
Other Accounts Payable	79,829	421,363	(56,281)	52,481	67,617

2.2.5.2 Fund Utilization

During 2017-18, the financial corporation sector's funds utilization decreased from the Rs. 3,009.2 billion of the previous year to Rs. 2,756.3 billion. Viewing the financial corporation sector's funds utilization by type of financial institution, deposit taking corporations decreased by Rs. 530.7 billion, financial auxiliaries by Rs. 11.2 billion and other financial corporation's decreased by Rs. 165.7 billion. Central bank, and insurance companies & pension funds was increased by Rs. 454.2 billion, and Rs. 0.5 billion respectively. Viewing the pattern by type of financial instrument, the financial corporation sector's holdings of financial derivative, share capital and currency & deposits decreased when compare to the previous year. On the other hand monetary gold & SDR's, debt securities, loans extended, insurance and technical reserves and other account receivable increased in 2017-18.

Table 2.9 Fund Utilization by the Financial Corporations Sector

	(During period - Million Rs.)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Fund Utilization	1,930,845	2,300,380	3,713,899	3,009,177	2,756,293
By Financial Institution Type					
Central Bank	776,743	367,571	1,259,950	447,466	901,664
Deposit Taking Corp.	1,022,828	1,875,134	2,147,765	2,115,525	1,584,863
Financial Auxiliaries	(26,776)	(7,274)	17,984	11,602	393
Other Financial Corporations	27,532	24,964	133,296	203,742	38,043
Insurance Com & Pension Funds	130,517	39,985	154,904	230,842	231,330
By Financial Instrument					
Monetary Gold & SDR	(5,362)	(27,431)	(6,463)	(20,603)	39,135
Currency & Deposits	552,929	306,122	627,474	553,557	(352,182)
Debt Securities	877,530	882,683	1,394,172	736,120	1,378,351
Loans Extended	308,796	1,093,788	1,421,015	1,347,843	1,522,554
Shares Capital	110,062	(76,923)	128,800	317,599	44,110
Insurance & Technical Reserves	2	43,838	10,334	(30,445)	476
Financial Derivative	(21,285)	(26,225)	(7,968)	(4,598)	(14,436)
Other Accounts Receivable	108,172	104,529	146,534	109,703	138,286

2.2.5.3 Funds Supply to Non-Financial Sectors

During the year 2017-18, the volume of funds supplied to domestic non-financial sectors (non-financial corporations, government, households and NPISH) by financial corporations including the SBP increased from the previous year's Rs. 2,053.8 billion to Rs. 2,553.6 billion. This was mainly attributable to increase in securities.

Table 2.10 Volume of Funds Supplied to Non-financial Sectors by the Financial Sectors

	(During period - Million Rs.)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Funds Supplied¹	1,466,257	1,146,880	1,904,631	2,053,828	2,553,553
By Sectors					
Non-financial Corporations	467,834	227,526	445,007	874,046	908,921
Government Sector	1,040,866	827,299	1,332,659	947,435	1,447,573
Households	(42,443)	92,055	126,966	232,347	197,058
By Financial Instrument					
Loans	431,510	347,855	585,036	1,099,961	1,249,365
<i>Percent</i>	<i>29.43</i>	<i>30.33</i>	<i>30.72</i>	<i>53.56</i>	<i>48.93</i>
Depository Corporations ²	468,753	348,495	582,233	933,973	1,238,728
Other Financial Corporations ³	(37,243)	(640)	2,802	165,988	10,638
Securities	1,034,746	799,026	1,319,596	953,867	1,304,187
<i>Percent</i>	<i>70.57</i>	<i>69.67</i>	<i>69.28</i>	<i>46.44</i>	<i>51.07</i>
Depository Corporations	301,766	1,445,019	1,490,765	484,860	(15,814)
Other Financial Corporations	732,980	(645,994)	(171,169)	469,007	1,320,001

Notes:

- 1) Securities and Loans
- 2) Including Auxiliaries
- 3) All other Financial Institutions excluding DTC's & FA.
- 4) Figures in *Italic* represent the share of the type of instrument in total funds supplied



Integrated Capital and Financial Account of Pakistan

A sector's non-financial transactions generate changes in financial assets or liabilities. These changes are in turn, recorded as the sector's financial transactions. This interrelationship sets the stage for the development of the flow of funds account, which provides a record of non-financial and financial transactions among the main macroeconomic sectors in a consistent and comprehensive framework. The integrated financial and capital account is a two dimensional matrix that covers all institutional sectors and financial assets categories. For each sector and for the total economy, it presents net incurrence of liabilities (resources) and net acquisition of financial assets (uses). The account shows movements in financial assets and liabilities along with non-financial saving and investment of all sectors of economy. The sectoral accounts of deposit taking corporations, financial auxiliaries, other financial corporations, money market funds, non money market funds, pension funds, insurance corporations, central bank, rest of the world, non-financial public sector enterprise's sectors' accounts do not reflect any discrepancy between financial and non-financial lending and borrowing because the two sets of data sources are same, i.e. sectoral balance sheets using original source, while general government sector showing discrepancy of Rs. -703.7 billion and other resident sector which is residual sector shows discrepancy of Rs. 333.6 billion. This was because we used estimates of non-financial saving and investment for the compilation of the accounts as reported by Planning Commission of Pakistan and PBS.

Table 3.1: Integrated Capital & Financial Accounts 2017-18

Transactions and Balancing Items	Financial sectors							
	DTC	Fa	OFI	MMF	NMMF	PF	IC	SBP
	Million Rs							
1 Saving less Investment (2+5-7)	31,578	(8,902)	3,511	5,019	15,395	113	15,780	(2,173)
2 Saving, Gross	113,210	(8,050)	4,520	5,019	15,147	113	21,702	(1,372)
3 Consumption of fixed capital	9,145	211	874	-	-	-	-	2,181
4 Net Saving (2 less 3)	104,065	(8,261)	3,645	5,019	15,147	113	21,702	(3,554)
5 Capital transfers, net	-	-	-	-	-	-	-	-
6 Current external balance	-	-	-	-	-	-	-	-
7 Acquisitions less disposals of Non-financial Assets	81,632	852	1,009	-	(248)	-	5,922	800
8 Gross fixed capital formation	50,695	556	1,155	-	-	-	4,229	837
9 Other non-financial assets	30,937	296	(146)	-	(248)	-	1,694	(37)
10 Net lending(+)/net borrowing(-) (11-29)	31,579	(8,903)	3,511	5,019	15,395	112	15,779	(2,172)
11 Net acquisition of financial assets	1,584,863	393	13,889	61,384	(39,819)	2,589	231,330	901,664
12 Monetary gold and SDRs	-	-	-	-	-	-	-	39,135
13 Currency and deposits	164,042	(7,416)	(36,711)	60,442	(17,728)	3,387	8,960	(527,157)
14 Currency	(5,644)	6,637	(2)	-	-	876	1,141	1,861
15 Transferable deposits	185,927	(10,308)	(38,151)	46,912	(2,124)	1,628	13,118	(528,933)
16 Other deposits	(16,241)	(3,744)	1,441	13,530	(15,604)	883	(5,300)	(85)
17 Securities other than shares	5,235	(798)	1,256	1,875	286	(1,297)	102,693	1,269,101
18 Short-term	944,394	(1,077)	1,899	1,860	(3,780)	66	20,411	1,268,693
19 Long-term	(939,160)	280	(643)	15	4,066	(1,363)	82,282	408
20 Loans	1,377,435	844	21,361	682	845	(156)	7,424	114,119
21 Short-term	780,558	(41)	2,765	682	979	(156)	2	93,829
22 Long-term	596,878	885	18,595	-	(134)	(0)	7,421	20,290
23 Shares and other equity	15,124	(427)	2,312	-	(15,047)	672	60,355	(18,879)
24 Financial derivatives	(13,186)	-	-	-	(47)	-	-	(1,203)
25 Insurance technical reserves	68	-	-	-	-	-	409	(2)
26 Other accounts receivable/payable	36,145	8,189	25,672	(1,615)	(8,127)	(17)	51,490	26,549
27 Trade credits and advances	10	-	-	-	-	-	-	-
28 Other accounts receivable/payable	36,136	8,189	25,672	(1,615)	(8,127)	(17)	51,490	26,549
29 Net incurrence of liabilities	1,553,284	9,296	10,378	56,365	(55,213)	2,477	215,551	903,836
30 Monetary gold and SDRs	-	-	-	-	-	-	-	-
31 Currency and deposits	1,189,260	(17)	3	-	-	-	1,474	710,399
32 Currency	-	-	-	-	-	-	-	468,011
33 Transferable deposits	1,042,971	-	-	-	-	-	-	226,496
34 Other deposits	146,289	(17)	3	-	-	-	1,474	15,892
35 Securities other than shares	14,181	-	(9,728)	-	5	0	136	-
36 Short-term	6	-	(8,913)	-	5	0	136	-
37 Long-term	14,175	-	(815)	-	-	-	-	-
38 Loans	237,653	175	22,353	-	-	-	(1,104)	(0)
39 Short-term	168,542	403	9,061	-	-	-	(1,530)	-
40 Long-term	69,110	(228)	13,292	-	-	-	426	(0)
41 Shares and other equity	28,084	8,245	679	56,166	(43,791)	2,244	1,707	-
42 Financial derivatives	(9,484)	-	-	-	-	-	-	214,859
43 Insurance technical reserves	-	-	-	-	-	(14)	204,873	-
44 Other accounts receivable/payable	93,591	892	(2,929)	199	(11,427)	246	8,465	(21,422)
45 Trade credits and advances	-	-	-	-	-	-	-	-
46 Other accounts receivable/payable	93,591	892	(2,929)	199	(11,427)	246	8,465	(21,422)
47 Statistical Discrepancy (1-10)¹	0	0	0	0	0	0	0	0

Continue...

Table 3.1: Integrated Capital & Financial Accounts 2017-18

Transactions and Balancing Items	Non-Financial Sectors						Million Rs
	NFC Pvt	NFC Pub	Govt.	HH	ROW	Total	
	1 Saving less Investment (2+5-7)	(196,101)	(624,524)	(3,165,204)	1,667,682	2,185,574	(72,253)
2 Saving, Gross	797,870	(177,031)	(1,802,864)	4,640,737	-	3,609,000	
3 Consumption of fixed capital	527,009	784,405	-	-	-	1,323,826	
4 Net Saving (2 less 3)	270,861	(961,435)	(1,802,864)	4,640,737	-	2,285,174	
5 Capital transfers, net	-	-	-	-	41,241	41,241	
6 Current external balance	-	-	-	-	2,144,333	2,144,333	
7 Acquisitions less disposals of Non-financial Assets	993,971	447,494	1,362,340	2,973,055	-	5,866,827	
8 Gross fixed capital formation	614,981	200,882	1,362,340	3,005,269	-	5,240,944	
9 Other non-financial assets	378,989	246,612	-	(32,214)	-	625,883	
10 Net lending(+)/net borrowing(-) (11-29)	(196,101)	(624,525)	(2,461,535)	1,334,102	2,185,574	297,836	
11 Net acquisition of financial assets	1,468,999	377,656	404,233	1,862,848	1,548,789	8,418,816	
12 Monetary gold and SDRs	-	-	-	-	-	39,135	
13 Currency and deposits	222,844	78,228	199,187	1,286,477	195,193	1,629,748	
14 Currency	2,280	(1,846)	0	420,557	-	425,860	
15 Transferable deposits	136,436	54,850	120,930	548,049	-	528,332	
16 Other deposits	84,129	25,223	78,258	317,872	195,193	675,556	
17 Securities other than shares	58,958	(53,999)	(249)	303,215	269,169	1,955,445	
18 Short-term	39,697	37,231	-	211,673	-	2,521,066	
19 Long-term	19,261	(91,230)	(249)	91,542	269,169	(565,621)	
20 Loans	9,692	1,469	118,326	29,428	785,168	2,466,636	
21 Short-term	5,258	801	(13,602)	206	-	871,282	
22 Long-term	4,434	668	131,928	29,222	785,168	1,595,355	
23 Shares and other equity	9,285	(17,055)	89,181	52,445	354,830	532,796	
24 Financial derivatives	-	-	-	-	-	(14,436)	
25 Insurance technical reserves	6,571	30,359	-	190,724	-	228,129	
26 Other accounts receivable/payable	1,161,648	338,654	(2,213)	559	(55,572)	1,581,363	
27 Trade credits and advances	335,454	217,089	157	-	879	553,589	
28 Other accounts receivable/payable	826,194	121,565	(2,370)	559	(56,450)	1,027,774	
29 Net incurrence of liabilities	1,665,099	1,002,181	2,865,767	528,746	(636,785)	8,120,981	
30 Monetary gold and SDRs	-	-	-	-	(14,060)	(14,060)	
31 Currency and deposits	22,509	209,117	101,958	-	(667,102)	1,567,601	
32 Currency	-	-	-	-	10,701	478,712	
33 Transferable deposits	-	-	-	-	(677,804)	591,663	
34 Other deposits	22,509	209,117	101,958	-	-	497,226	
35 Securities other than shares	10,922	(23,857)	1,889,972	-	(3,295)	1,878,334	
36 Short-term	(1,097)	(34,234)	2,510,364	-	-	2,466,265	
37 Long-term	12,019	10,377	(620,392)	-	(3,295)	(587,931)	
38 Loans	917,421	417,640	678,731	200,171	(2,636)	2,470,404	
39 Short-term	491,816	(16,994)	125,291	36,066	-	812,655	
40 Long-term	425,605	434,634	553,440	164,106	(2,636)	1,657,749	
41 Shares and other equity	428,471	106,143	-	-	(879)	587,069	
42 Financial derivatives	-	-	-	-	-	205,375	
43 Insurance technical reserves	-	-	-	-	-	204,859	
44 Other accounts receivable/payable	285,776	293,138	195,106	328,574	51,187	1,221,399	
45 Trade credits and advances	207,625	31,987	(171)	334,965	51,187	625,593	
46 Other accounts receivable/payable	78,152	261,151	195,277	(6,391)	-	595,806	
47 Statistical Discrepancy (1-10)¹	0	0	(703,670)	333,580	0	(370,089)	

¹Reason for these discrepancies is due to inconsistencies in methodologies used for preparation of estimates of gross fixed capital formation and gross saving published by Pakistan Bureau of Statistics and Planning Commission of Pakistan respectively.



Capital Account

The Capital Account of Pakistan 2017-18 shows gross savings related to all sectors of the domestic economy and Rest of the World. The saving of Rs. 4,640.7 billion is related to other resident sector including household & NPISH's. While the savings investment gap is filled by rest of the world sector, estimated as current account deficit of Rs. 2,185.6 billion, as reported in BOP. The general government sector comprising of Federal, Provincial Governments and NPI's, showing a composite saving of Rs. -1,802.9 billion and gross capital formation of Rs. 1,362.3 billion compared to Rs. -510.4 billion and Rs. 1,087.7 billion in FY17, with net deficit of Rs. 3,165.2 billion (Rs. 1,598.1 billion in FY17). The resources gap was largely met through issue of Debt Securities. The non-financial private corporate sector recorded gross savings of Rs. 797.9 billion while the gross capital formation amounted to Rs. 615.0 billion resulting in a deficit of Rs. 196.1 billion. The other resident sector showed a surplus/lending of Rs. 1,667.7 billion and recorded a statistical discrepancy of Rs. -333.6 billion compared to surplus of Rs. 1,725.6 billion and Rs. -255.1 billion in FY17. The overall economy is in deficit during FY18, with inflow (borrowing) of Rs. 2,185.6 billion from rest of the world sector compared to inflow of Rs. 1,321.6 billion in FY17 leaving Rs 370.1 billion statistical discrepancy in FY18.

Table 4.1: Capital Account of Pakistan 2017-18

Transaction and Balancing Items		Financial sectors							Million Rs
		DTC	FA	OFI	MMF	NMMF	PF	IC	SBP
1	Saving, Gross (2 plus 3)	113,210	(8,050)	4,520	5,019	15,147	113	21,702	(1,372)
2	Retain earning	57,024	(7,011)	4,201	5,022	14,580	112	5,052	29,856
3	General & Special Reserve	56,186	(1,039)	318	(3)	568	1	16,650	(31,229)
4	Consumption of fixed capital	9,145	211	874	-	-	-	-	2,181
5	Net Saving (1 less 4)	104,065	(8,261)	3,645	5,019	15,147	113	21,702	(3,554)
6	Current external balance								
7	Acquisitions less disposals of Fixed Assets	81,632	852	1,009	-	(248)	-	5,922	800
8	Gross fixed capital formation	50,695	556	1,155	-	-	-	4,229	837
9	Acquisitions less disposals of tangible fixed assets	50,695	556	1,155	-	-	-	4,229	837
10	Acquisitions of new tangible fixed assets								
11	Acquisitions of existing tangible fixed assets	57,018	904	4,661	-	-	-	6,838	6,811
12	Dwelling, Buildings & Structure	35,733	107	76	-	-	-	3,346	116
13	Machinery	17,210	728	4,529	-	-	-	2,587	6,270
14	Weapons System	-	-	-	-	-	-	-	-
15	Cultivated Biological Resources	-	-	-	-	-	-	-	-
16	Intellectual property products	4,075	70	56	-	-	-	905	425
17	Disposals of existing tangible fixed assets	6,323	348	3,507	-	-	-	2,610	5,974
18	Dwelling, Buildings & Structure	36	100	4	-	-	-	467	71
19	Machinery	3,685	223	3,448	-	-	-	2,070	5,651
20	Weapons System	-	-	-	-	-	-	-	-
21	Cultivated Biological Resources	-	-	-	-	-	-	-	-
22	Intellectual property products	2,602	25	54	-	-	-	73	252
23	Acquisitions less disposals of intangible fixed assets	-	-	-	-	-	-	-	-
24	Acquisitions of new intangible fixed assets								
25	Acquisitions of existing intangible fixed assets								
26	Disposals of existing intangible fixed assets								
27	Additions to the value of non-produced non-financial assets	-	-	-	-	-	-	-	-
28	Major improvements to non-produced non-financial assets								
29	Costs of ownership transfer on non-produced non-financial assets								
30	Changes in inventories	-	-	-	-	-	-	-	-
31	Acquisitions less disposals of valuables	-	2	-	-	(209)	-	-	(67)
32	Acquisitions less disposals of non-produced non-financial assets	30,937	294	(146)	-	(39)	-	1,694	30
33	Acquisitions less disposals of land and other tangible non-produced assets	30,508	30	(148)	-	-	-	1,694	30
34	Acquisitions less disposals of intangible non-produced assets	429	264	1	-	(39)	-	-	-
35	Capital transfers, receivable	-	-	-	-	-	-	-	-
36	Capital taxes								
37	Investment grants								
38	Other capital transfers								
39	Capital transfers, payable	-	-	-	-	-	-	-	-
40	Capital taxes, payable								
41	Investment grants, payable								
42	Other capital transfers, payable								
43	Net Surplus (+) / net Deficit (-) (1 plus 35 less 39 less 7)	31,578	(8,902)	3,511	5,019	15,395	113	15,780	(2,173)
44	Changes in net worth due to saving and capital transfers	104,065	(8,261)	3,645	5,019	15,147	113	21,702	(3,554)
45	Flow of Funds Accounts Net lending(+) / Net borrowing(-)	31,579	(8,903)	3,511	5,019	15,395	112	15,779	(2,172)
46	Statistical Discrepancy¹	0	0	0	0	0	0	0	0

Continue...

Table 4.1: Capital Account of Pakistan 2017-18

Transaction and Balancing Items		Non-Financial Sectors					Million Rs
		NFC Pvt	NFC Pub	Govt.	HH	ROW	Total
1	Saving, Gross (2 plus 3)	797,870	(177,031)	(1,802,864)	4,640,737	-	3,609,000
2	Retain earning	499,710	(3,409,239)			-	(2,800,693)
3	General & Special Reserve	298,160	3,232,208	(1,802,864)	4,640,737		6,409,693
4	Consumption of fixed capital	527,009	784,405				1,323,826
5	Net Saving (1 less 4)	270,861	(961,435)	(1,802,864)	4,640,737	-	2,285,174
6	Current external balance					2,144,333	2,144,333
7	Acquisitions less disposals of Fixed Assets	993,971	447,494	1,362,340	2,973,055	-	5,866,827
8	Gross fixed capital formation	614,981	200,882	1,362,340	3,005,269	-	5,240,944
9	Acquisitions less disposals of tangible fixed assets	614,981	200,882	1,362,340	3,005,269	-	-
10	Acquisitions of new tangible fixed assets						-
11	Acquisitions of existing tangible fixed assets	725,990	210,385	1,362,340	3,005,269		5,380,218
12	Dwelling, Buildings & Structure	119,986	9,134				
13	Machinery	592,506	187,293				
14	Weapons System	15	0				
15	Cultivated Biological Resources	200	-				
16	Intellectual property products	13,281	13,958				
17	Disposals of existing tangible fixed assets	111,009	9,503	-			139,274
18	Dwelling, Buildings & Structure	6,912	492				
19	Machinery	102,380	4,520				
20	Weapons System	1	-				
21	Cultivated Biological Resources	52	-				
22	Intellectual property products	1,663	4,491				
23	Acquisitions less disposals of intangible fixed assets	-	-	-	-	-	-
24	Acquisitions of new intangible fixed assets						
25	Acquisitions of existing intangible fixed assets						
26	Disposals of existing intangible fixed assets						
27	Additions to the value of non-produced non-financial assets	-	-	-	-	-	-
28	Major improvements to non-produced non-financial assets						
29	Costs of ownership transfer on non-produced non-financial assets						
30	Changes in inventories	368,065	218,046		(32,214)		553,897
31	Acquisitions less disposals of valuables	437	-				162
32	Acquisitions less disposals of non-produced non-financial assets	10,487	28,566	-	-	-	71,823
33	Acquisitions less disposals of land and other tangible non-produced assets	17,178	28,566				77,859
34	Acquisitions less disposals of intangible non-produced assets	(6,691)	-				(6,036)
35	Capital transfers, receivable	-	-	-	-	41,241	41,241
36	Capital taxes						-
37	Investment grants						-
38	Other capital transfers					41,241	41,241
39	Capital transfers, payable	-	-	-	-	-	-
40	Capital taxes, payable						-
41	Investment grants, payable						-
42	Other capital transfers, payable					-	-
43	Net Surplus (+)/ net Deficit (-) (1 plus 35 less 39 less 7)	(196,101)	(624,524)	(3,165,204)	1,667,682	2,185,574	(72,253)
44	Changes in net worth due to saving and capital transfers	270,861	(961,435)	(1,802,864)	4,640,737	2,185,574	4,470,748
45	Flow of Funds Accounts Net lending(+)/Net borrowing(-)	(196,101)	(624,525)	(2,461,535)	1,334,102	2,185,574	297,836
46	Statistical Discrepancy¹	0	0	703,670	(333,580)	0	370,089

¹Reason for these discrepancies is due to inconsistencies in methodologies used for preparation of estimates of gross fixed capital formation and gross saving published by Pakistan Bureau of Statistics and Planning Commission of Pakistan respectively.



Financial Account

The financial accounts of Pakistan 2017-18 shows main sectors & sub sectors, main financial assets and liabilities including, monetary gold & SDR's, currency & deposits, securities other than shares, loans, share & equity, insurance technical reserves and accounts receivable/payable. The balancing entry on top of the accounts shows net lending/net borrowing, i.e. change in assets acquired less change in liabilities incurred, because incurrence of liabilities reflects sources of funds while acquisition of assets shows uses of funds. The accounts record acquisition of assets in the first part of accounts and changes in liabilities in the second part of the accounts, showing incurrence of liabilities to the sectors. Deposit taking corporations sector was surplus and net lender of Rs. 31.6 billion (net borrower of Rs. 76.6 billion in FY17), as it incurred net liability of Rs. 1,553.3 billion mainly through deposits of Rs. 1,189.3 billion and acquired net financial assets of Rs. 1,584.9 billion mainly through loans of Rs. 1,377.4 billion. The central bank incurred net liability of Rs. 903.8 billion and acquired net financial assets of Rs. 901.7 billion and have deficit of Rs. 2.2 billion (Rs. 9.5 billion deficit in FY17). The non-financial private sector showed net borrower of Rs. 196.1 billion (net borrower of Rs. 350.7 billion in FY17), by incurrence of net liability of Rs. 1,665.1 billion. In FY18 federal government remained deficit and the largest net borrower in the economy of Rs. 2,351.0 billion (Rs. 1,738.2 billion in FY17) and incurred net liability of Rs. 2,697.0 billion mainly by issuing debt securities of Rs. 1,890.0 billion and acquired net financial assets of Rs. 346.0 billion. The sectoral data may be under estimated as the data has been compiled by using related data of different sectors.

The other resident sector including household & NPISH remained surplus and the largest lender sector of the domestic economy providing Rs. 1,334.1 billion (Rs. 1,470.5 billion in FY17). This is the residual sector and having cross sector data including leftover. It maintained currency & deposits of Rs. 1,286.5 billion. Rest of the World sector shows surplus/net lender to the domestic economy by Rs. 2,185.6 billion (Rs. 1,321.6 billion surplus in FY17) as it reduced net liability by Rs. 636.8 billion mostly through transferable deposits. This sector invested Rs. 354.8 billion in shares & equity of the economy.

Table 5.1: Financial Account of Pakistan 2017-18

		Million Rs.							
Transaction and Balancing Items		Financial sectors							
		DTC	Fa	OFI	MMF	NMMF	PF	IC	SBP
1	Net lending(+)/net borrowing(-) (2-20)	31,579	(8,903)	3,511	5,019	15,395	112	15,779	(2,172)
2	Net acquisition of financial assets	1,584,863	393	13,889	61,384	(39,819)	2,589	231,330	901,664
3	Monetary gold and SDRs	-	-	-	-	-	-	-	39,135
4	Currency and deposits	164,042	(7,416)	(36,711)	60,442	(17,728)	3,387	8,960	(527,157)
5	Currency	(5,644)	6,637	(2)	-	-	876	1,141	1,861
6	Interbank Position	-	-	-	-	-	-	-	-
7	Transferable deposits	185,927	(10,308)	(38,151)	46,912	(2,124)	1,628	13,118	(528,933)
8	Other deposits	(16,241)	(3,744)	1,441	13,530	(15,604)	883	(5,300)	(85)
9	Securities other than shares	5,235	(798)	1,256	1,875	286	(1,297)	102,693	1,269,101
10	Short-term	944,394	(1,077)	1,899	1,860	(3,780)	66	20,411	1,268,693
11	Long-term	(939,160)	280	(643)	15	4,066	(1,363)	82,282	408
12	Loans	1,377,435	844	21,361	682	845	(156)	7,424	114,119
13	Short-term	780,558	(41)	2,765	682	979	(156)	2	93,829
14	Long-term	596,878	885	18,595	-	(134)	(0)	7,421	20,290
15	Shares and other equity	15,124	(427)	2,312	-	(15,047)	672	60,355	(18,879)
16	Financial derivatives	(13,186)	-	-	-	(47)	-	-	(1,203)
17	Insurance technical reserves	68	-	-	-	-	-	409	(2)
18	Other accounts receivable/payable	36,145	8,189	25,672	(1,615)	(8,127)	(17)	51,490	26,549
19	Trade credits and advances	10	-	-	-	-	-	-	-
20	Other accounts receivable/payable	36,136	8,189	25,672	(1,615)	(8,127)	(17)	51,490	26,549
21	Net incurrence of liabilities	1,553,284	9,296	10,378	56,365	(55,213)	2,477	215,551	903,836
22	Monetary gold and SDRs	-	-	-	-	-	-	-	-
23	Currency and deposits	1,189,260	(17)	3	-	-	-	1,474	710,399
24	Currency	-	-	-	-	-	-	-	468,011
25	Interbank Position	-	-	-	-	-	-	-	-
26	Transferable deposits	1,042,971	-	-	-	-	-	-	226,496
27	Other deposits	146,289	(17)	3	-	-	-	1,474	15,892
28	Securities other than shares	14,181	-	(9,728)	-	5	0	136	-
29	Short-term	6	-	(8,913)	-	5	0	136	-
30	Long-term	14,175	-	(815)	-	-	-	-	-
31	Loans	237,653	175	22,353	-	-	-	(1,104)	(0)
32	Short-term	168,542	403	9,061	-	-	-	(1,530)	-
33	Long-term	69,110	(228)	13,292	-	-	-	426	(0)
34	Shares and other equity	28,084	8,245	679	56,166	(43,791)	2,244	1,707	-
35	Financial derivatives	(9,484)	-	-	-	-	-	-	214,859
36	Insurance technical reserves	-	-	-	-	-	(14)	204,873	-
37	Other accounts receivable/payable	93,591	892	(2,929)	199	(11,427)	246	8,465	(21,422)
38	Trade credits and advances	-	-	-	-	-	-	-	-
39	Other accounts receivable/payable	93,591	892	(2,929)	199	(11,427)	246	8,465	(21,422)

Continue...

Table 5.1: Financial Account of Pakistan 2017-18

		Non-Financial Sectors						Million Rs.
Transaction and Balancing Items		NFC Pvt	NFC Pub	Pro Govt.	Fed Govt.	HH	ROW	Total
1	Net lending(+)/net borrowing(-) (2-20)	(196,101)	(624,525)	(110,486)	(2,351,049)	1,334,102	2,185,574	297,836
2	Net acquisition of financial assets	1,468,999	377,656	58,259	345,974	1,862,848	1,548,789	8,418,816
3	Monetary gold and SDRs	-	-	-	-	-	-	39,135
4	Currency and deposits	222,844	78,228	57,849	141,338	1,286,477	195,193	1,629,748
5	Currency	2,280	(1,846)	-	0	420,557	-	425,860
6	Interbank Position							
7	Transferable deposits	136,436	54,850	24,123	96,806	548,049	-	528,332
8	Other deposits	84,129	25,223	33,726	44,531	317,872	195,193	675,556
9	Securities other than shares	58,958	(53,999)	-	(249)	303,215	269,169	1,955,445
10	Short-term	39,697	37,231	-	-	211,673	-	2,521,066
11	Long-term	19,261	(91,230)	-	(249)	91,542	269,169	(565,621)
12	Loans	9,692	1,469	484	117,842	29,428	785,168	2,466,636
13	Short-term	5,258	801	-	(13,602)	206	-	871,282
14	Long-term	4,434	668	484	131,444	29,222	785,168	1,595,355
15	Shares and other equity	9,285	(17,055)	(75)	89,256	52,445	354,830	532,796
16	Financial derivatives	-	-	-	-	-	-	(14,436)
17	Insurance technical reserves	6,571	30,359	-	-	190,724	-	228,129
18	Other accounts receivable/payable	1,161,648	338,654	-	(2,213)	559	(55,572)	1,581,363
19	Trade credits and advances	335,454	217,089	-	157	-	879	553,589
20	Other accounts receivable/payable	826,194	121,565	-	(2,370)	559	(56,450)	1,027,774
21	Net incurrence of liabilities	1,665,099	1,002,181	168,745	2,697,022	528,746	(636,785)	8,120,981
22	Monetary gold and SDRs	-	-	-	-	-	(14,060)	(14,060)
23	Currency and deposits	22,509	209,117	(0)	101,958	-	(667,102)	1,567,601
24	Currency	-	-	-	-	-	10,701	478,712
25	Interbank Position							
26	Transferable deposits	-	-	-	-	-	(677,804)	591,663
27	Other deposits	22,509	209,117	(0)	101,958	-	-	497,226
28	Securities other than shares	10,922	(23,857)	-	1,889,972	-	(3,295)	1,878,334
29	Short-term	(1,097)	(34,234)	-	2,510,364	-	-	2,466,265
30	Long-term	12,019	10,377	-	(620,392)	-	(3,295)	(587,931)
31	Loans	917,421	417,640	168,745	509,986	200,171	(2,636)	2,470,404
32	Short-term	491,816	(16,994)	151,901	(26,610)	36,066	-	812,655
33	Long-term	425,605	434,634	16,844	536,596	164,106	(2,636)	1,657,749
34	Shares and other equity	428,471	106,143	-	-	-	(879)	587,069
35	Financial derivatives	-	-	-	-	-	-	205,375
36	Insurance technical reserves	-	-	-	-	-	-	204,859
37	Other accounts receivable/payable	285,776	293,138	-	195,106	328,574	51,187	1,221,399
38	Trade credits and advances	207,625	31,987	-	(171)	334,965	51,187	625,593
39	Other accounts receivable/payable	78,152	261,151	-	195,277	(6,391)	-	595,806



Appendices

Table A.1: Main Indices of Flow of Funds as on 2017-18

(year end - Million Rs.)

		2013-14	2014-15	2015-16	2016-17	2017-18
All Sectors	Financial Assets (A)	44,820,934	48,569,564	60,006,650	65,643,996	73,328,417
	Changes	4,466,669	3,748,631	11,437,086	5,637,346	7,684,420
	<i>Growth (%)</i>	11.1	8.4	23.5	9.4	11.7
	Financial Liabilities (B)	63,236,819	69,170,853	82,404,823	91,462,119	104,633,314
	Changes	6,090,073	5,934,035	13,233,969	9,057,296	13,171,195
	<i>Growth (%)</i>	10.7	9.4	19.1	11.0	14.4
Households and NPIs serving household	Financial Assets (A)	10,914,945	12,052,389	14,045,698	16,238,755	18,525,247
	Changes	108,799	1,137,444	1,993,309	2,193,057	2,286,492
	<i>Growth (%)</i>	1.0	10.4	16.5	15.6	14.1
	Financial Liabilities (B)	1,651,678	1,703,443	1,755,827	1,578,859	2,375,670
	Changes	593,255	51,765	52,384	(176,968)	796,812
	<i>Growth (%)</i>	56.1	3.1	3.1	(10.1)	50.5
	Net Financial Assets (A-B)	9,263,267	10,348,945	12,289,871	14,659,896	16,149,577
	Changes	(484,456)	1,085,678	1,940,925	2,370,025	1,489,681
	<i>Growth (%)</i>	(5.0)	11.7	18.8	19.3	10.2
Ratio to Financial Assets/Liabilities (A/B)	6.61	7.08	8.00	10.29	7.80	
Non-financial Corporations	Financial Assets (A)	10,516,315	10,374,738	13,768,757	15,052,054	17,368,533
	Changes	1,975,410	(141,577)	3,394,020	1,283,296	2,316,479
	<i>Growth (%)</i>	23.1	(1.3)	32.7	9.3	15.4
	Financial Liabilities (B)	17,849,037	19,063,673	25,196,624	27,584,576	28,792,981
	Changes	1,386,412	1,214,635	6,132,952	2,387,951	1,208,406
	<i>Growth (%)</i>	8.4	6.8	32.2	9.5	4.4
	Net Financial Assets (A-B)	(7,332,722)	(8,688,935)	(11,427,867)	(12,532,522)	(11,424,449)
	Changes	588,998	(1,356,213)	(2,738,932)	(1,104,655)	1,108,073
	<i>Growth (%)</i>	(7.4)	18.5	31.5	9.7	(8.8)
Financial Corporations	Funds Supplied	1,466,257	1,146,880	1,904,631	2,053,828	2,553,553
	<i>Growth (%)</i>	(2.5)	(21.8)	66.1	7.8	24.3
	Non-financial corporate sector	467,834	227,526	445,007	874,046	908,921
	Government sector	1,040,866	827,299	1,332,659	947,435	1,447,573
	Households and NPIs serving household	(42,443)	92,055	126,966	232,347	197,058

Notes:

- 1) Changes from the ends of the previous years.
- 2) The volume of funds supplied to domestic non-financial sectors by financial corporations including

Table A.2: Sectoral Positions 2017-18

Million Rs.							
Items	DTC	Fa	OFI	MMF	NMMF	PF	IC
Assets	20,133,925	119,898	271,101	144,893	533,474	26,899	1,485,774
1. Monetary Gold and SDRs							
2. Currency and deposits	1,637,436	65,139	119,648	137,042	127,044	9,542	94,242
a. Currency	295,858	8,097	176	-	-	1,705	1,371
b. Transferable deposits	1,206,847	51,236	100,934	112,719	106,429	6,022	59,657
i. In national currency	963,163	50,099	100,934	112,719	104,618	6,022	59,641
ii. In foreign currency	243,684	1,137	0	-	1,812	-	16
c. Other deposits	134,731	5,806	18,537	24,323	20,615	1,815	33,214
i. In national currency	31,822	4,777	18,537	24,323	20,610	1,815	33,214
ii. In foreign currency	102,910	1,029	-	(0)	5	0	-
2. Securities other than share	8,105,597	5,783	16,430	6,380	64,727	3,903	806,678
a. Short Term	4,916,887	4,893	7,845	6,365	28,112	1,552	38,825
b. Long Term	3,188,709	890	8,585	15	36,615	2,351	767,852
3. Loans	8,400,305	1,381	49,791	682	1,930	94	83,405
a. Short Term	5,098,263	114	13,718	682	1,843	94	766
b. Long Term	3,302,042	1,267	36,073	-	87	-	82,639
4. Shares & Other Equity	487,470	22,693	31,996	-	331,525	12,969	324,478
5. Insurance technical reserves	82	-	-	-	-	-	760
6. Financial derivatives	25,678	-	0	-	7	-	-
7. Other accounts receivable/ payable	871,409	16,936	37,379	789	8,026	348	137,971
a. Trade credit and advances	136	-	-	-	-	-	-
b. Other	871,272	16,936	37,379	789	8,026	348	137,971
8. Fixed Assets	605,948	7,965	15,857	-	215	43	38,241
Liabilities	20,133,924	119,897	271,102	144,893	533,474	26,899	1,485,774
1. Currency and deposits	13,767,804	2	20	-	-	-	7,404
a. Notes in circulation							
b. Transferable deposits	10,679,311	-	-	-	-	-	-
i. In national currency	9,970,765	-	-	-	-	-	-
ii. In foreign currency	708,546	-	-	-	-	-	-
c. Other deposits	3,088,493	2	20	-	-	-	7,404
i. In national currency	2,854,951	2	20	-	-	-	7,404
ii. In foreign currency	233,542	-	-	-	-	-	-
2. Securities other than share	61,197	-	26,193	-	5	0	438
a. Short Term	16	-	23,035	-	5	0	198
b. Long Term	61,181	-	3,158	-	-	-	240
3. Loans	3,152,696	22,064	47,468	-	-	-	3,534
a. Short Term	2,878,525	16,770	19,466	-	-	-	292
b. Long Term	274,171	5,294	28,001	-	-	-	3,242
4. Shares & Other Equity	610,096	30,196	58,569	134,056	464,311	22,242	41,359
5. Insurance technical reserves	-	-	-	-	-	188	1,239,118
6. Financial derivatives	19,319	-	0	-	-	-	-
7. Other accounts receivable/ payable	1,458,359	58,648	134,074	5,787	18,753	640	64,160
a. Trade credit and advances	-	-	-	-	-	-	-
b. Other	1,458,359	58,648	134,074	5,787	18,753	640	64,160
8. Reserve	867,488	8,253	10,052	5,104	70,005	5,119	130,417
9. Valuation	196,966	735	(5,274)	(55)	(19,599)	(1,290)	(655)
10. SDR allocations	-	-	-	-	-	-	-

Continue...

Table A.2: Sectoral Positions 2017-18

Million Rs.							
Items	SBP	NFC Pvt	NFC Pub	Pro Govt.	Fed Govt.	HH	ROW
Assets	8,129,394	22,593,104	15,051,068	963,544	5,955,170	26,151,503	17,012,667
1. Monetary Gold and SDRs	374,977						
2. Currency and deposits	1,121,279	3,963,083	1,100,307	869,218	1,179,378	14,434,219	261,819
a. Currency	13,267	8,884	6,433	-	8	4,299,347	
b. Transferable deposits	1,101,890	2,503,532	369,188	610,006	882,806	5,652,955	
i. In national currency	-	2,360,364	334,565	608,748	859,930	5,193,621	
ii. In foreign currency	1,101,890	143,167	34,623	1,258	22,876	459,334	
c. Other deposits	6,122	1,450,667	724,687	259,212	296,565	4,481,917	
i. In national currency	6,122	1,407,480	645,788	258,654	288,554	4,383,872	
ii. In foreign currency	-	43,187	78,899	557	8,011	98,045	
2. Securities other than share	3,927,483	293,405	172,455	-	564	2,057,241	886,890
a. Short Term	3,872,682	264,310	43,539	-	-	1,157,692	
b. Long Term	54,801	29,095	128,916	-	564	899,549	
3. Loans	2,107,622	115,690	21,222	6,047	772,100	167,369	9,284,767
a. Short Term	2,012,058	19,301	4,067	-	839	6,641	
b. Long Term	95,564	96,389	17,155	6,047	771,261	160,728	
4. Shares & Other Equity	93,456	817,518	131,096	88,279	594,999	679,145	5,903,961
5. Insurance technical reserves	-	93,035	30,521	-	-	1,088,830	
6. Financial derivatives	77	-	-	-	-	-	2,564
7. Other accounts receivable/ payable	437,690	7,821,097	2,809,104	-	896,172	98,443	672,667
a. Trade credit and advances	-	1,442,543	1,339,202	-	741	-	88,896
b. Other	437,690	6,378,554	1,469,901	-	895,431	98,443	583,770
8. Fixed Assets	66,809	9,489,276	10,786,363	-	2,511,957	7,626,256	
Liabilities	8,129,394	22,593,104	15,051,068	652,076	24,613,523	14,286,754	2,917,601.7
1. Currency and deposits	6,853,289	283,248	1,131,897	0	2,821,487	-	210,817
a. Notes in circulation	4,635,147						
b. Transferable deposits	2,054,107	-	-	-	-	-	
i. In national currency	1,853,988	-	-	-	-	-	
ii. In foreign currency	200,119	-	-	-	-	-	
c. Other deposits	164,035	283,248	1,131,897	0	2,821,487	-	
i. In national currency	148,210	283,248	1,131,897	0	2,821,487	-	
ii. In foreign currency	15,825	-	-	-	-	-	
2. Securities other than share	-	144,800	153,016	0	15,522,719	-	37,292
a. Short Term	-	17,636	21,519	0	10,052,734	-	
b. Long Term	-	127,165	131,498	-	5,469,986	-	
3. Loans	-	5,596,524	3,083,137	652,076	6,990,472	1,369,597	15,131
a. Short Term	-	2,836,825	285,756	620,220	277,638	490,022	
b. Long Term	-	2,759,699	2,797,381	31,856	6,712,834	879,575	
4. Shares & Other Equity	100	7,344,342	709,356	-	-	-	261,408
5. Insurance technical reserves	-	-	-	-	-	-	
6. Financial derivatives	370,409	-	-	-	-	-	3,592
7. Other accounts receivable/ payable	161,519	5,787,032	4,559,629	-	1,462,127	1,006,073	698,824
a. Trade credit and advances	-	1,169,246	644,511	-	474	998,771	578,763
b. Other	161,519	4,617,785	3,915,118	-	1,461,654	7,302	120,061
8. Reserve	182,541	3,406,646	1,584,054	-	(2,183,286)	11,911,084	1,690,537
9. Valuation	392,436	30,512	3,829,978	-	4	-	-
10. SDR allocations	169,101	-	-	-	-	-	-



GLOSSARY

Financial Corporations

Financial Corporations consist of all resident corporations that are principally engaged in providing financial services, including insurance and pension funding services, to other institutional units. The production of financial services is the result of financial intermediation, financial risk management, liquidity transformation or auxiliary financial activities. The financial corporations sector can be divided into eight sub sectors according to its activity in the market and the liquidity of its liabilities.

Deposit Taking Corporations

Deposit taking corporations except the central bank have financial intermediation as their principal activity. To this end, they have liabilities in the form of deposits or financial instruments (such as short term certificates of deposit) that are close substitutes for deposits. The liabilities of deposit taking corporations are typically included in measures of money broadly defined. These include commercial banks, specialized banks, DFI, monetary & financial institutions and NBFC's.

Other Financial Intermediaries

Other financial intermediaries except insurance corporations and pension funds consist of financial corporations that are engaged in providing financial services by incurring liabilities, in forms other than currency, deposits or close substitutes for deposits, on their own account for acquiring financial assets by engaging in financial transactions on the market. These include discount houses, venture capital companies, mutual funds, housing finance companies, exchange companies and cooperative banks except Punjab Provincial Cooperative Bank.

Financial Auxiliaries

Financial auxiliaries consist of financial corporations that are principally engaged in activities associated with transactions in financial assets and liabilities or with providing the regulatory context for these transactions but in circumstances that do not involve the auxiliary taking

ownership of the financial assets and liabilities being transacted. Financial Auxiliaries include money changers, stock brokers and other institutions that provide auxiliary services.

Money Market Funds (MMF)

The money market funds are those that invest in money market instruments. Money market funds are collective investment schemes that raise funds by issuing shares or units to the public. The proceeds are invested primarily in money market instruments, MMF shares or units, transferable debt instruments with a residual maturity of not more than one year, bank deposits and instruments that pursue a rate of return that approaches the interest rates.

Non-Money-Market Funds (NMMF)

The non-money market funds are those that invest in stock markets and other non- money market instruments. Non-money market Funds are collective investment schemes that raise funds by issuing shares or units to the public. The proceeds are invested predominantly in financial assets other than short term assets and in non-financial assets (usually real estate). Investment fund shares or units are generally not close substitutes for deposits. They are not transferable by means of cheque or direct third-party payments.

Pension Funds

Pension liabilities arise when an employer or government obliges or encourages members of households to participate in a social insurance scheme that will provide income in retirement. The social insurance schemes may be organized by employers or by government, they may be organized by insurance corporations on behalf of employees or separate institutional units may be established to hold and manage the assets to be used to meet the pensions and to distribute the pensions. The pension fund sub-sector consists of only those social insurance pension funds that are institutional units separate from the units that create them.

Insurance Companies

Insurance corporations consist of incorporated, mutual and other entities whose principal function is to provide life, accident, sickness, fire or other forms of insurance to individual institutional units or groups of units or reinsurance services to other insurance corporations. Captive insurance is included, that is, an insurance company that serves only its owners. Deposit insurers, issuers of deposit guarantees and other issuers of standardized guarantees that are separate entities and act like insurers by charging premiums and have reserves, are classified as insurance corporations. Postal Life Insurance is also covered under this sector.

Central Bank

The central bank is the national financial institution that exercises control over key aspects of the financial system. As long as the central bank is a separate institutional unit, it is always allocated to the financial corporations sector even if it is primarily a non-market producer.

Non-Financial Corporations

Non-financial corporations are corporations whose principal activity is the production of market goods or nonfinancial services.

Non-Financial Private Corporations

This includes privately owned and/or controlled enterprises primarily engaged in non-financial activities, which are: Incorporated enterprises, e.g. corporations, joint stock companies, limited liability partnerships, non-credit cooperatives and other forms of business associations which are registered under company and similar laws, acts or regulations and recognized as legal entities.

Non-Financial Public Corporations

This sub-sector covers enterprises principally engaged in non-financial activities owned or controlled by public authorities incorporating public corporations by virtue of company law or other public acts, special legislation or administrative regulations. It also holds and manages the financial assets and liabilities as well as the tangible assets involved in the business and that sells most of the goods or non-financial services it provides to the public. These enterprises do not hold and manage financial assets and liabilities apart from their working balances and accounts receivables/payable. As a practical rule, government corporations are considered publicly owned or controlled if either the government holds major shares or the government representatives constitute a majority on the board or government effectively controls the operations of the organization. This also includes the quasi-corporations, which are financially integrated with the federal government (government enterprises) e.g. Pakistan Railways, Pakistan Post Office. These include both listed and non-listed companies having effective government control/management.

General Government

General Government includes federal government, provincial governments, local governments and governmental NPI's. The data related to provincial and federal NPI's have been merged into respective governments.

Federal Government

This includes all departments, offices, establishments and other bodies, an instrument of the federal government (other than those included elsewhere as financial institutions and non-financial public enterprises) irrespective of whether these agencies are covered in ordinary or extra ordinary government budgetary accounts or extra-budgetary funds.

Provincial Government

All departments, offices, establishments and bodies, constitute provincial and local governments. Included are the four provincial and the local government institutions e.g. district councils, municipal committees / corporations, town committees, union councils and rural works programs.

Federal and Provincial Government NPI's

Non-profit institutions are legal or social entities created for the purpose of producing goods and services, whose status does not permit them to be a source of income, profit or financial gain. The NPI's financed and controlled by federal or provincial governments are properly constituted legal entities exist separately from governments but are financed and regulated mainly by governments. The universities, colleges, boards of educations, research institutions and academies are included in this category.

Other Residents' Sector

This is the residual sector comprising the individuals, households, non-government non-corporate enterprises of farm/firm business and non-farm/firm business (like sole proprietorship and partnership), trusts and non-profit institutions. It is defined as a group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. In general, each member of a household should have some claim upon the collective resources of the household. At least some decisions affecting consumption or other economic activities must be taken for the household as a whole.

Rest of the World

The rest of the world consists of all non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units. It is not a sector for which complete sets of accounts have to be compiled, although it is often convenient to describe the rest of the world as if it were a sector. The accounts, or tables, for the rest of the world are confined to those that record transactions between residents and non-residents or other economic relationships, such as claims by residents on non-residents, and vice versa. The rest of the world includes certain institutional units that may be physically located within the geographic boundary of a country; for example, foreign enclaves such as embassies, consulates or military bases, and also international organizations. It covers transactions of resident units with all non-resident units covering Pakistan nationals abroad, foreign nationals and international institutions.

Currency and Deposits

National Currency

Notes and coins of fixed nominal values accepted as legal tender in an economy, issued by the central bank and/or government. Notes are promissory notes (or bank notes) issued by State Bank of Pakistan in various denominations, with the promise to pay the said denomination (face value) in Pakistani rupee when called for payment. These are issued with the guarantee of the government of Pakistan. Coins are the currency coins issued with various denominations of currency units. This category should also include currency that is no longer legal tender, but that can be exchanged immediately for current legal tender. The commemorative coins have been excluded and counted as valuables under non-financial assets while analyzing the balance sheets of various sectors of the economy.

Foreign Currency

All foreign currency notes and coins are liability of the foreign governments or non-resident issuing authorities/central banks. These are claims of the economy upon non-residents. While analyzing the balance sheets of various sectors of the economy the valuation changes were estimated by applying \$ rate of reference date on the opening/closing balances and average \$ rate on the transactions and item valuation adjustment on liability side has been used to set off its effect.

Transferable Deposits

All demand deposits in national or in foreign currency, i.e. exchangeable on demand at par without penalty or restriction, freely transferable by cheque or otherwise, commonly used to make payments are known as transferable deposits. These deposits include special savings accounts with a possibility of direct payments to third parties, savings accounts balances subject to automatic transfer to regular transferable deposits, and money-market fund that have unrestricted third-party transferability privileges. Transferable deposits that are held in banks in the process of liquidation have been excluded and classified as restricted deposits because these cannot be immediately used for direct third-party payments. Deposits denominated in national currency have been taken at book value (outstanding amount plus accrued interest). This category includes transferable deposits with SBP, deposit money institutions, or with non-residents.

Other Transferable Deposits

Other transferable deposits are those where one party or both parties to the transaction, or either the creditor or debtor or both of the positions, is not a bank.

Other Deposits

Other deposits comprise all claims and obligations other than transferable deposits in national currency or in foreign currency that are represented by evidence of deposits. Other deposits include: Sight deposits (which permit immediate cash withdrawals but not direct third-party transfers). Non-transferable savings deposits and term deposits, financial corporations' liabilities in the form of shares or similar evidence of deposits that are legal or in practice, redeemable immediately or at relatively short notice, shares of money-market funds that have restrictions on third-party transferability, call money deposits, margin payments related to options or futures contracts are very short-term repurchase agreements.

Restricted Deposits

The deposits for which withdrawals are restricted on the basis of legal, regulatory, or commercial requirements are called restricted deposits. Restricted deposits include compulsory savings deposits like import deposits, and similar types of deposits related to international trade, security deposits, margin deposits, sundry deposits, and deposits in financial corporations that are closed pending liquidation or reorganization.

Inter-bank Positions

Though not strictly accurate, the term bank is frequently used as a synonym for the central bank and other deposit taking corporations. Banks take deposits from and make loans to all other sectors. There may also be substantial borrowing and lending within the banking sub sector, but this is of different economic significance from their intermediation activities involving other sectors.

Debt Securities

Debt securities are negotiable instruments serving as evidence of a debt. Financial assets that are normally traded in the financial markets and give the holders unconditional right to receive stated fixed sums on a specific dates or unconditional right to fixed money incomes or contractually determined variable money incomes. These securities have been classified as short-term and long-term securities other than shares. These include Government treasury bills, Federal government bonds, Federal investment bonds, Commodity bonds, Pakistan investment bonds, Corporate bonds and Debentures, Negotiable certificates of deposits (non negotiable have been categorized under deposits), Commercial paper, TFC's, PTC's, Modaraba certificates, and negotiable securities backed by loans or other assets. Preferred stock or shares that pay a fixed income but do not provide for participation in the distribution of residual value of an incorporated enterprise on dissolution have also been included in this category.

Loans

Loans are financial or other assets by a lender to a borrower in return for an obligation to repay on a specified date or dates, or on demand, usually with mark-up or interest. The value of a domestic currency loan is the amount of the creditor's outstanding claim (equal to the debtor's obligation), which comprises the outstanding principal amount plus any accrued interest (i.e., interest earned but not yet due for payment). Financial liabilities of corporations are created when creditors (financial institutions) directly lend funds to them. They include repurchase arrangements not included in national broad money definitions (Repo), money at call, export refinance from SBP, borrowing under LMM / LMFR from SBP, borrowings from financial institutions abroad, financial leases, subordinated Loans. Borrowings have further been classified by short-term and long-term.

Equity and Investment Fund Shares

All instruments and records acknowledging claims to the residual value of companies/corporations, after the claims of all creditors have been met are categorized as shares and other equity. Stock or share most commonly refers to a share of ownership in a company including the right to a fraction of the assets of the company, a fraction of the decision-making power, and potentially a fraction of the profits, which the company may issue as dividends. Preferred stocks or shares have also been included in this category. Investment in mutual funds and NIT units has also been put under this category, for the reason that it gives rise to the equity of issuing institution.

Listed Shares

Listed shares are equity securities listed on an exchange (SECP). They are also referred to as quoted shares. The existence of quoted prices of shares listed on an exchange means that current market prices are usually readily available.

Unlisted Shares

Unlisted shares are equity securities not listed on an Exchange (SECP). Unlisted shares tend to be issued by subsidiaries and smaller scale enterprises and typically have different regulatory requirements but neither qualification is necessarily the case.

Insurance, Pension and Standardized Guarantee Schemes

Insurance, pension and standardized guarantee schemes all function as a form of redistribution of income or wealth mediated by financial institutions. The redistribution may be between individual institutional units in the same period or for the same institutional unit over different periods or a combination of the two. Units participating in the schemes contribute to them and may receive benefits (or have claims settled) in the same or later periods. While they hold the funds, insurance

corporations invest them on behalf of the participants. The part of the investment income that is distributed to the participants as property income is returned as extra contributions.

Non-Life Insurance Technical Reserves

Non-life insurance technical reserves consist of prepayments of net non-life insurance premiums and reserves to meet outstanding non-life insurance claims.

Life Insurance & Annuities Entitlements

Life insurance and annuities entitlements show the extent of financial claims policyholders have against an enterprise offering life insurance or providing annuities. The only transaction for life insurance and annuity entitlements recorded in the financial account is the difference between net premiums receivable and claims payable.

Financial Derivatives

Financial derivatives are financial instruments that are linked to a specific financial instrument or indicator or commodity, through which specific financial risks can be traded in financial markets in their own right.

Options

Options are contracts that give the purchaser of the option the right, but not the obligation, to buy (a call option) or to sell (a put option) a particular financial instrument or commodity at a predetermined price (the strike price) within a given time span (American option) or on a given date (European option).

Forwards

Under a forward contract, the two counter parties agree to exchange a specified quantity of an underlying item (a particular product or financial asset) at an agreed contract price (the strike price) on a specified date. Futures contracts are forward contracts traded on organized exchanges. A forward contract is an unconditional financial contract that represents an obligation for settlement on a specified date. Futures and other forward contracts are typically, but not always, settled by the payment of cash or the provision of some other financial instrument rather than the actual delivery of the underlying item and therefore are valued and traded separately from the underlying item.

Employee Stock Options (ESO's)

An employee stock option is an agreement made on a given date (the grant date) under which an employee may purchase a given number of shares of the employer's stock at a stated price (the strike price) either at a stated time (the vesting date) or within a period of time (the exercise period) immediately follow the vesting date.

Other Accounts Receivable/Payable

Other accounts receivable are assets consisting of trade credit and advances, dividends receivable, settlement accounts, items in the process of collection, accrued income, head office/ inter-branch adjustment, expenditure account, suspense items and miscellaneous asset items, etc. Other accounts payable consist of provision for loan losses, provision for other losses, accumulated depreciation, adjustment for head office / branch, dividends payable, settlement accounts, suspense accounts, deferred tax liabilities, accrued wages, rent, social contributions, accrued taxes, mark-up/return/interest payable, mark-up on NPL & investment, income account, miscellaneous liability items.

Non-Financial Assets

Entities that give its owners economic benefits by holding them or using them over a period of time are called nonfinancial assets. Non-financial assets consist of tangible assets, both produced and non-produced, and intangible assets for which no corresponding liabilities are recorded.

Produced Assets

Produced assets comprise non-financial assets acquired as outputs from production processes. There are three main types of produced assets: fixed assets, inventories and valuables. Both fixed assets and inventories are assets that are held only by producers for purposes of production. Valuables may be held by any institutional unit and are primarily held as stores of value.

Fixed assets that are used repeatedly, or continuously, in production processes for more than one year and that may be tangible (dwellings, other buildings and structures, machinery and equipment, and cultivated assets, such as livestock for breeding and plantations) or intangible (mineral exploration, computer software, and entertainment, literary, or artistic originals).

Inventories are produced assets that consist of goods and services, which came into existence in the current period or in an earlier period, and that are held for sale, use in production or other use at a later date. Inventories consist of materials and supplies, work-in-progress, finished goods, and goods for resale.

Valuables are produced goods of considerable value that are not used primarily for purposes of production or consumption but are held as stores of value over time. They consist of precious metals and stones, jewelry, works of art, commemorative coins etc.

Non-Produced Assets

These are both tangible and intangible assets acquired through other than processes of production. Tangible non-produced assets include land, subsoil assets, water resources, etc. Intangible non-produced assets include patents, leases, and purchased goodwill.

Valuation Adjustment

Valuation adjustment represents the net opposite of all changes (surplus/deficit on revaluation) in the values of assets and liabilities on the balance sheets of a corporation except for valuation changes recorded in the profit and loss accounts. The valuation adjustment is market valued by definition.

Capital Account

This account records acquisitions and disposals of non-financial assets resulting from transactions with other units or internal book keeping transactions linked to production (own account capital formation, changes in inventories, and consumption of fixed capital), and measures the changes in net worth as a result of saving and capital transfers received from abroad. The balancing item is net lending or net borrowing, depending on whether saving plus capital transfers is less than the net acquisition of non-financial assets.

Savings

In the major capital account components, saving is the final balancing item of the current accounts, the part of disposable income that is not spent on final consumption of goods and services and therefore is available for acquisition of non-financial or financial assets or repayment of liabilities. Saving is presented on both gross and net basis. The difference between gross and net saving is consumption of fixed capital. When positive, net saving represents that part of disposable income that is not spent on consumption goods and services and must, therefore, be used to acquire non-financial or financial assets of one kind or another, including cash, or to repay liabilities. When negative, net saving measures the amount by which final consumption expenditure exceeds disposable income: the excess must be financed by disposing of assets or incurring new liabilities.

Current External Balance

Current external balance represents the balance with the rest of the world on exports and imports of goods and services, net primary income from abroad, and net current transfers from abroad. It is also equal in magnitude, but opposite in sign, to the current account balance of the BOP. The current external balance is an integral part of an economy's saving and is equal in magnitude, but opposite in sign, to the domestic economy's the saving investment gap, is thus equal to the difference between an economy's saving plus net capital transfers and capital formation.

Capital Transfers

Capital transfers receivable/payable are unrequited transactions, which may be in kind or in cash. Capital transfers in kind arise when ownership of an asset other than inventories and cash is transferred from one unit to another or liabilities are canceled by a creditor (debt forgiveness). A transfer in cash is capital when it is linked to, or conditional on the acquisition or disposal of an asset (other than inventories or cash) by one or both parties to the transaction. Both capital transfer receivable and payable are recorded on the right side of the account because they directly affect net worth. A capital transfer receivable increases net worth, while a capital transfer payable reduces net worth. Capital transfer are often large and irregular but neither of these are necessary conditions for a transfer to be considered a capital rather than a current transfer. If there is doubt about whether a transfer should be treated as current or capital, it should be treated as current.

Changes in net worth due to Saving and Capital Transfers

The total of the entries on the right-hand side of the account is explicitly shown and described as changes in net worth due to saving and capital transfers. It is not a balancing item. Changes in net worth due to saving and capital transfers represent the positive or negative amount available to the unit or sector for the acquisition of non-financial and financial assets.

Gross Capital Formation

Gross capital formation shows the acquisition less disposal of produced assets for purposes of fixed capital formation, inventories or valuables. Gross capital formation is measured by the total value of the gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables.

Gross Fixed Capital Formation

Gross fixed capital formation includes acquisitions less disposals of new and existing fixed assets. Fixed assets are tangible and intangible assets created as outputs of production processes that are used repeatedly in production for a period of more than a year. Consumption of fixed capital during the accounting period is shown as a separate item, consumption of fixed capital rather than as disposal of an asset.

Dwellings are buildings, or designated parts of buildings, that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences. Houseboats, barges, mobile homes and caravans used as principal residences of households are also included, as are public monuments identified primarily as dwellings.

Other buildings and structures comprise of non-residential buildings, other structures and land improvements. Buildings other than dwellings include whole buildings or parts of buildings not designated as dwellings. Fixtures, facilities and equipment that are integral parts of the structures are included.

Machinery and equipment cover transport equipment, machinery for information, communication and telecommunications (ICT) equipment, and other machinery and equipment.

Weapons systems include vehicles and other equipment such as warships, submarines, military aircraft, tanks, missile carriers and launchers, etc.

Cultivated biological resources cover animal resources yielding repeat products and tree, crop and plant resources yielding repeat products whose natural growth and regeneration are under the direct control, responsibility and management of institutional units.

Intellectual property products are the result of research, development, investigation or innovation leading to knowledge that the developers can market or use to their own benefit in production because use of the knowledge is restricted by means of legal or other protection. Examples of intellectual property products are the results of research and development, mineral exploration and evaluation, computer software and databases, and entertainment, literary or artistic originals. They are characterized by the fact that most of their value is attributable to intellectual endeavor.

Changes in Inventories & Valuables

Change in inventories comprises the value of the inventories acquired by an enterprise less the value of the inventories disposed of during an accounting period. Acquisitions less disposals of valuables refers to net transactions in goods (artwork, antiques, numismatic coins of precious metal, etc.) that are held as stores of value over time or to realize holding gains.

Materials and supplies consist of all products that an enterprise holds in inventory with the intention of using them as intermediate inputs into production.

Work-in-progress consists of output produced by an enterprise that is not yet sufficiently processed to be in a state in which it is normally supplied to other institutional units.

Finished goods consist of goods produced as outputs that their producer does not intend to process further before supplying them to other institutional units.

Military inventories consist of single-use items, such as ammunition, missiles, rockets, bombs, etc., delivered by weapons or weapons systems.

Goods for resale are goods acquired by enterprises, such as wholesalers or retailers, for the purpose of reselling them to their customers.

Acquisitions less Disposals of Valuables

Valuables include precious metals and stones, antiques and other art objects and other valuables. However, not all items that may be described by one of these titles should necessarily be included as a valuable in the balance sheet of the owner. The intent of the heading is to capture those items that are often regarded as alternative forms of investment.

Precious metals and stones are treated as valuables when they are not held by enterprises for sale or use as inputs into processes of production nor are held as monetary gold and are not held as a financial asset in the form of un-allocated metal accounts.

Antiques and other art objects such as Paintings, sculptures, etc., recognized as works of art and antiques are treated as valuables when they are not held by enterprises for sale.

Other valuables not elsewhere classified include such items as collections of stamps, coins, china, books etc. that have a recognized market value and fine jewelry, fashioned out of precious stones, and metals of significant and realizable value.

Consumption of Fixed Capital Expenditure

Consumption of fixed capital reflects the decline in the value of the stock of fixed assets used in production as a result of physical deterioration, normal obsolescence and normal accidental damage. It excludes the value of fixed assets destroyed by acts of war or exceptional events such as natural disasters. Gross fixed capital formation less consumption of fixed capital equals net fixed capital formation.

Changes in Non-produced Assets

Acquisitions less disposals of non-produced non-financial assets refers to acquisitions less disposals of land, other non-produced tangible assets (e.g. subsoil assets) and intangible non-produced assets (e.g. patented entities, leases and purchased goodwill). Net lending/net borrowing is the balancing item of the capital account, calculated as net saving plus capital transfers receivable less capital transfers payable less acquisition less disposals of non-produced non-financial assets. The net resources available to an economy or sector from saving and net capital transfers that are not used for capital accumulation are the amount of resources available for net acquisition of financial assets, that is, net lending.

Natural Resources consist of Land, Mineral and energy resources, Non-cultivated biological resources, Water resources.

Contracts, leases and licenses are treated as assets only when the terms of the contract, lease or license specify price for the use of an asset or provision of a service that differs from the price that would prevail in the absence of the contract, lease or license. One party to the contract must be able legally and practically to realize this price difference. There are four classes of contracts, leases and licenses considered to be assets in the SNA: marketable operating leases, permits to use natural resources, permits to undertake specific activities and entitlement to future goods and services on an exclusive basis.

Goodwill is the potential purchasers of an enterprise that are often prepared to pay a premium above the net value of its individually identified and valued assets and liabilities. Marketing assets consist of items such as brand names, mastheads, trademarks, logos and domain names.

Statistical Discrepancy

The statistical discrepancy could be raised due to any of the following reasons:

1. Statistical discrepancy for a sector indicates the extent to which net lending/borrowing differs from the financial surplus/deficit for that sector. Net financial investment is always equal in concept to net lending/borrowing.
2. Discrepancy can arise in practice because of gaps in coverage or non measurement of any of the items in the full sequence of accounts.
3. Statistical discrepancy is mainly attributable to data deficiencies in terms of reporting, coverage, classification, timing, valuation, etc.
4. The raising up of various assets/liabilities items on the basis of paid-up capital/sanctions by the Securities & Exchange Commission of Pakistan may be responsible for various discrepancies.
5. The flow of funds accounts have been drawn on June 30th basis. To match the resources and uses, it is necessary that all the data should relate to this date which is not the case. Sectors as well as constituent units of the sector may not follow uniform accounting periods. Joint stock companies adopt different accounting periods and deposit money institutions, insurance companies and non-bank financial institutions mostly publish their accounts on calendar year basis.

Financial Account

This account shows financial transactions among domestic institutional units and between domestic units and the rest of the world. Financial transactions cover all transactions involving change of ownership of financial assets, including the creation and liquidation of financial claims. Net lending/borrowing equals net acquisition of financial assets less net incurrence of liabilities.

Financial Assets: These consist of all financial claims, shares or other equity in corporations plus gold bullion held by monetary authorities as a reserve assets.

Financial Liabilities: These are financial obligations of institutional units placed against financial assets of other units. Although financial account shows the net financial assets acquired and the net liabilities incurred by type of financial asset and by sector, the account does not link specific assets to specific liabilities. Net lending/borrowing is carried forward to the financial account as a resource. Within this framework, net incurrence of financial liabilities is treated as a source of funds, and the total of net lending/borrowing and net incurrence of liabilities can be used for net acquisition of financial assets as a use of funds.