## Contents

## Chapters

1. Economic Outlook	
1.1 Introduction	1
1.2 Assessment of the Year FY14	2
1.3 Outlook	11
2. Economic Growth, Investment and Savings	
2.1 Real GDP	13
2.2 Agriculture	14
2.2.1 Major Crops	15
2.2.2 Minor Crops	16
2.2.3 Livestock	18
2.3 Large Scale Manufacturing	19
2.4 Services	30
3. Energy	
3.1 Overview	37
3.2 Power	39
3.3 Natural Gas	46
3.3.1 Gas Reserves and Wellhead Price	46
3.3.2 Gas Tariffs and Consumption Demand	46
3.3.3 Unaccounted for Gas	50
4. Monetary Policy and Inflation	
4.1 Overview	57
4.2 Liquidity Management	60
4.3 Monetary Aggregates	61
4.4 Credit to Private Sector	65
4.5 Inflation	70
5. Fiscal Policy	
5.1 Overview	75
5.2 Revenues	77
5.3 Expenditures	79
5.4 Provincial Fiscal Operations	81
6. Domestic and External Debt	
6.1 Overview	87
6.2 Domestic Debt	89
6.3 External Debt & Liabilities	93
6.3.1 External Debt Sustainability	96
6.3.2 Servicing of External Debt	96

7. Balance of Payments		
7.1 Global Economic Review	99	
7.2 Pakistan's External Account	100	
7.3 Current Account	105	
7.4 Capital and Financial Account	110	
7.5 Reserves and Exchange Rate	113	
7.6 Trade	115	
Annexure: Data Explanatory Notes	127	
List of Acronyms	131	
Special Sections		
Special Section 2.1: Comparison with India: Where Does Pakistan Stand in Automobiles Production?		33
Special Section 3.1: Gas allocation: Power vs Fertilizer		52
Special Section 3.2: Coal: the Potential Game Changer		54
Box Items		
Box 2.1: Why Crop Yields are Low in Pakistan?		17
Box 2.2: Coverage Issues Undermining LSM Growth		21
Box 2.3: Cement – Large Firms Dominate the Market		25
Box 2.4: Pharmaceuticals – Regulatory Issues in Pakistan		27
Box 3.1: Key Initiatives in the Energy Sector Taken by the Government		38
Box 3.2: Power Networks in Pakistan		45
Box 3.3: Comparative Impact of Gas Subsidy		47
Box 7.1: Measures Taken By Bangladesh And Philippines To Increase Home Remittances		113