Overview of the Economy

Pakistan's economy continues to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71 percent in FY 2016 which is the highest in eight years. GDP posted a reasonable growth over last year despite a major setback in agriculture growth on account of massive decline in cotton production. However, the loss to some extent is compensated by remarkable growth in industrial and services sector as both these sectors crossed their targets growth, while other key macroeconomic indicators like inflation, fiscal and current account balance recorded improvement.

Particularly, the external sector has become more stable on account of robust growth in workers' remittances; continued flows from IFIs; and a sharp decline in global oil prices. The country's FX reserves have reached all time high above US$ 21 billion in May 2016, which can finance over 5 months of the country's import bill. This improvement in the external sector was critical in maintaining the exchange rate stability during the year.

The stable PKR parity also helped in keeping the CPI inflation under control, and in lowering inflation expectations in the country. The average CPI inflation fell from 8.62 percent in FY 2014 to 4.53 percent in FY 2015 and further declined to 2.79 percent during July-April FY 2016 compared to 4.81 percent of the corresponding period last year. A stable outlook of inflation and balance of payments even allowed policymakers to implement pro-growth strategies.

Some impact of the policy stimulus was visible on GDP growth; for instance government's infrastructure spending led to buoyancy in construction activity, and increased production of cement and allied industries etc. Similarly, the rise in salaries and pensions spurred up growth in general government services.

The present government has been able to gain economic fundamentals due to a very focused approach towards resolving structural issues such as energy and gas shortages which were hampering the economic activities which had eaten away 2-3 percent of our growth, particularly the industrial sector was badly hit.

The present government when came into power sternly focused to resolve energy issues and followed a consistent reform agenda which remained crucial in achieving macroeconomic revival and stabilization. The industrial sector during FY 2016 recorded a remarkable growth of 6.8 percent against the target of 6.4 percent and is all time high in eight years. This was supported by the continuous improvement in electricity and gas supplies which also recorded an impressive growth of 12.18 percent. The construction activities also recorded an impressive growth of 13.10 percent. The construction related activities will gain further momentum on the back of increasing public sector development spending coupled with infrastructure and power sector development programme under CPEC. The LSM sector which contribute 80 percent in Manufacturing and 51.8 percent in industrial sector also registered an impressive growth of 4.70 percent during July-March FY 2016 compared to 2.81 percent of last year.

The major sector which remained instrumental in jacking up LSM growth were automobiles, fertilizer, chemicals, pharmaceutical, rubber and cement suggests vibes from domestic commerce are highly positive. Local construction industry is buoyant, on the back of 10.41 percent growth of cement and its dispatches are more than 17 percent over last year. The construction sector simultaneously supporting other allied industries like paints and varnish, steel, bricks etc. The hotel business is high, huge global standard shopping malls are coming up. Many skilled and semi skilled daily wage workers are now more engaged in the sector than last few years. The unemployment rate has seen a decline from 6.2 percent in FY 2013 to 5.9 percent in FY 2015.

The domestic car production continuous registering remarkable growth which implies that consumers are preferring domestic cars over used imported cars.

The enabling environment has also revived confidence of the investors, on the back of successful operation Zarb-e-Azb which remained instrumental in creating an enabling environment for the investors. The operation Zarb-e-Azb played a decisive role in maintaining peace and stability in the country. Similarly, implementation of National Action Plan (NAP) has also played an important role in reducing terrorism in the country. Besides, the destruction of terror base camps in tribal area, joint action of civilian and security agencies in the urban areas, particularly in Karachi, improved the overall law and order situation in the country. The international rating agencies also upgraded their rating for Pakistan. Pakistan has been able to complete eleventh successful reviews with IMF which has further strengthened the confidence of international investors and has placed Pakistan on their radar screen as future investment destination.

The capital market reaching historical levels is another sign of investor’s interest in Pakistan’s economy. Pakistan stock exchange is taking a quantum leap and its market fundamentals are strong and all set to joint MSCI Emerging Market Index in June 2016. The reclassification will change the dynamics of the Pakistan equity market. Many companies of the world are interested for investment in Pakistan, particularly in power, energy, oil and gas, automobiles and textile sector. There is continuous uptick in FDI and with CPEC investment programme it will further gain momentum going forward.

The expansion in credit to private sector remained remarkably strong, which helped the industrial, food, beverage, textiles, electricity & construction sectors. A welcome development is the rise in fixed investment as well working capital. Many firms are availing credit for expansion of their businesses. Banking sector performance also remained strong and its solvency has been strengthened. These bode well for a brighter outlook for development.

MCCI Overseas Investors Chamber of Commerce and Industry (OICCI) shared results of its latest Business Confidence Index (BCI) Survey- Wave 12, which reached a record level of 36 percent positive. This shows 14 percent improvement over Wave 11 results (22 percent) announced in November 2015. At 36 percent positive, the overall BCI score reflects a remarkable level of bullishness by the overall business community throughout the country–with the manufacturing sector leading the upswing with 30 percent positive sentiment, recording a 17 percent growth, depicting a move back to an expansionary cycle.

The reduced cost of ongoing business due to reduction in petroleum product prices, low single digit inflation and borrowing rates and expectations of better economic condition following CPEC and other ongoing energy projects based on coal and LNG have also contributed in boosting the confidence of the business community to a record level.

However, the worrisome factors is the decline in our export, particularly textile which to some extent moving but not to the level where it should be. The main reason attributed is the slowdown in Chinese economy resulted in huge unsold stock of yarns and fabric and stiff competitive and limited demand created uncertainty in this sector. In India, their textile sector is also passing through the same phenomena. The yarn and fabric prices also declined noticeably in India.

It may be noted that world cotton production declined by 15 percent as all major production areas except Australia saw declines and the four largest – India, China, United States, and Pakistan –fell sharply due to decline in prices. Central Asia, Turkey, Mexico and Greece likewise also showed significant production declines. Area fell in all four regions due to less attractive cotton prices. Brazil, the largest producer in the Southern Hemisphere, is forecasts to produce 6.7 million bales in 2016, down 4 percent from the previous year due to high input and financing costs. In contrast, Australia is expected to produce 2.4 million bales in 2015-16, a slight increase from the previous year due to improved reservoir levels and timely rainfall.

Prime Minister has announced a Rs.341 billion relief package for farmers with a direct cash assistance to rice and cotton growers, subsidy on fertilizers and electricity and tax relief on import of machinery. The package provides a direct benefit of Rs.147 billion to small farmers across the country whereas an additional Rs.194 billion will be available to the agriculture sector loan. Under Crop Loan Insurance Scheme an amount of Rs.500 million has been allocated for FY 2016. A number of measures which include, Credit Guarantee Scheme for Small and Marginalized farmers, Crop Loan insurance Scheme and Livestock Insurance Scheme have been taken as per agenda of the government to protect, the farmers from vagaries of market fluctuations, and support them in the face of natural calamities.

Based on above positivities the economy is now all set to move towards high growth trajectory with single digit inflation at 6 percent. The foreign currency reserves which has reached to highest level is projected to rise even more. The fiscal deficit has also been projected to be brought down. The external sector will continue to remain stable on the back of improvement in trade balance, higher remittances, continuous flows from IFIs, and stable exchange rate.

On the social side, some strong positions have emerged as government continued to support the poor and destitute class with more vigor. The coverage is persistently extended along with increase in cash grants. Poverty rate has come down as estimated on both old and new methodology. The literacy rate has also improved to 60 percent in FY 2016 as compared to 58 percent in FY 2014.

National Health Insurance programme has been launched where poor families will be provided with free of cost health insurance to access secondary as well as primary diseases treatment without any financial obligation. About 10 million people will be benefited from this insurance scheme in the first phase which will get free of cost medical treatment.

Global Environment

Global growth remained slow in 2015 and is expected to recover at a slower pace. World output has grown by 3.1 percent in 2015 and growth is expected to only marginally increase to 3.2 percent in 2016. According to the IMF's April 2016 World Economic Outlook due to weak aggregate demands falling commodity prices and increasing market volatility in major economies.

Among the Advanced Economies, United States, United Kingdom and the Euro Area are Pakistan's most important export markets. Growth in the US is expected to remain stable at 2.4 percent in 2016, whereas it would marginally decline in the UK (from 2.2 percent in 2015 to 1.9 percent in 2016) and also decline in the Euro Area (from 1.6 to 1.5 percent).

The highest growing region is Emerging and Developing Asia where growth was estimated to attain 6.6 percent in 2015 and is forecast to decline to 6.4 percent in the current year. In this region, China's growth rate would go down from 6.9 percent to 6.5 percent in 2016, and the ASEAN-5 from 4.7 to 4.8 percent.

This economic outlook is conditioned by further economic slowdown and rebalancing in China, further decline in average commodity prices, slowdown in investment expenditures, significant decline in the volume of import growth in the Advanced Economies (from 4.3 percent in 2015 to 3.4 percent in 2016), and declining capital flows to emerging market and developing economies. Some of these economic shocks entail increased uncertainty, which contributes to lackluster growth performance.

The latter, together with the substantial declines in commodity prices have substantially increased deflation risks. In the Advanced Economies, consumer price inflation was only 0.3 percent in 2015 and is expected to increase only marginally to 0.7 over the whole 2016. In Emerging and Developing Economies, inflation would reduce from 4.7 percent in 2015 to 4.5 percent in 2016.

During the last two quarters of 2015 and the first quarter of 2016, the Real Effective Exchange Rates (REER) of the US, the Euro Area and especially Japan have tended to appreciate. In contrast, the REER of the UK has sharply depreciated, reflecting normalization of monetary policy and a potential Brexit.

The REER of the Chinese renminbi depreciated by about 2 percent. But the bilateral nominal renminbi/dollar exchange rate depreciated by nearly 6 percent. The sudden shock in the bilateral dollar rate gave rise to further depreciation expectations and led to considerable net capital outflows out of China and a substantial decline in China's foreign exchange rate reserves. It also added to the overall uncertainty concerning the world economic outlook.

Monetary policies in the advanced economies remained very accommodative. In January 2016, the Bank of Japan announced the negative interest rates on banks' excess reserves. The European central Bank announced in March 2016 an additional package of asset purchases, including corporate bonds. In the UK, the policy rate remained constant at 50 basis points. The main focus recently was on the monetary policy decisions of the Federal reserve's Federal Open Market Committee (FOMC). Expectations of future monetary policy decisions in the US have affected international movements in asset prices (such as bonds and stocks), especially in the advanced economies. But they also impacted on exchange rates and capital flows especially in emerging and developing economies. The FOMC's monetary policy decisions are based on its statutory mandate from the Congress of promoting maximum employment, stable prices and moderate long term interest rates. In December 2015, the Federal Reserve increased its policy rate above the zero lower bound for the first time since 2009. International financial markets participants are currently focusing on the potential most likely path of the Federal Funds rate in the near future.

Executive Summary

Growth and Investment:- Pakistan's economy during FY2016 recorded a growth of 4.71 percent which is the highest growth achieved since 2008-09. The economy could not achieve the targeted growth rate 5.5 percent due to lower growth of agriculture sector (-0.19) percent mainly due to decrease in production of cotton, rice and maize. However, Industrial sector recorded the growth of 6.80 percent and Services sector accelerated at the rate of 5.71 percent.

The commodity producing sector accounted 40.84 percent of GDP during this fiscal year has performed slightly lower in outgoing fiscal year as compared to last year; it grew by 3.29 percent fiscal year as compared to 3.65 percent last year.

The industrial sector contributes 21.02 percent in GDP recorded a growth of 6.80 percent as compared to 4.81percent last year. Industrial sector performance shows that it has surpassed the targeted growth of 6.4 percent, which is an indicator that industrial revival is taking place on fast track. Industrial sector has four sub-sectors including mining & quarrying, manufacturing, electricity generation & distribution and gas distribution and construction. Manufacturing registered a growth of 5.00 percent during this fiscal year as compared to 3.90 percent last year. Construction is considered as one of the potential components of industrial sector. This sector has recorded a growth of 13.10 percent against the growth of 6.24 percent last year. This sub sector has crossed the targeted growth of 8.5 percent. Mining and quarrying has recorded a growth of 6.80 percent against the growth of 3.97 percent last year. Electricity generation & distribution and Gas Distribution has registered a growth of 12.18 percent during this fiscal year as compared to 11.98 percent growth last year.

Services sector also met the planned target and has emerged as the most significant driver of economic growth and contributing a major role in augmenting and sustaining economic growth in the country. The share of the services sector has increased from 56.6 percent of GDP FY 2009 to 59.16 percent in FY 2016. Services sector has witnessed a growth of 5.71 percent in this fiscal year as compared to 4.31 percent last year. Services sector performance remained broad based, as all components of services contributed positively, as Wholesale and Retail Trade grew by 4.57 percent, Transport, Storage and

Communication by 4.06 percent, Finance and Insurance by 7.84 percent, Housing Services by 3.99 percent, General Government Services by 11.13 percent and Other Private Services by6.64 percent.

On the expenditure side main growth drivers are consumption, investment and exports. The private consumption expenditure in nominal terms reached to 80.1 percent of GDP in FY 2016 as compared to 80.0 percent of GDP last year, whereas public consumption expenditures are 11.8 percent of GDP as compared to 11.0 percent last year. Investment is the second important component of aggregate demand. Total investment has reached to the level of Rs 4502 billion as compared to the Rs 4256 billion last year, showing the growth of 5.78 percent in FY 2016. Investment to GDP ratio has reached to 15.21 percent in FY 2016. Fixed investment have increased to Rs. 4028 billion as compared to Rs 3816 billion last year, it has recorded growth of 5.57 and fixed investment as percentage of GDP is recorded at 13.61 percent. Private investment has recorded a growth of 3.71 percent and private investment as percentage of GDP reached to 9.79 percent. Whereas public investment grew by 10.63 percent and as percentage of GDP it has increased from 3.72 percent to 3.82 percent, which is an indicator that government expenditure strategy is development oriented.

Per capita income reflects average standards of living of people in the country. The per capita income in dollar terms has increased from $ 1,516.8 in FY 2015 to $ 1,560.7 in FY 2016. The contributing factors for the increase in per capita income include acceleration in real GDP growth, lower growth in population and stability of Pak Rupee.

Saving is a key determinant of achieving higher level of investment in the country. National savings increased to 14.6 percent of GDP in this fiscal year against 14.5 percent last year. Domestic savings are recorded at 8.3 percent of GDP in this fiscal year as compared to 8.4 percent of GDP the last year. Net foreign resource inflows finance the saving investment gap. It is essential for the sustainable growth that saving investment gap should be filled in a prudent way.

Worker’s Remittances is the largest source of foreign exchange earnings after exports. Pakistan is one of the largest labour exporting countries in the region. During July-April FY 2016, the remittances have reached to $16.034 billion as compared to $15.235 billion in same period last year, recorded a growth of 5.25 percent over the last year. The growth in remittances is due to number of initiatives taken by the present government under Pakistan Remittance Initiatives. The remittances data provide clear evidence that overseas Pakistanis are playing significant contribution in socio-economic development of the country.

Agriculture:- Agriculture sector is a vital component of Pakistan’s economy as it provides the raw materials to down the line industries and helps in poverty alleviation impact. This sector contributed 19.8 percent in GDP and it remains the largest employer absorbing 42.3 percent of the country’s total labour force. The agriculture sector growth is contingent on favorable weather condition. There is a strong relationship between agriculture and climate -temperature, precipitation, floods and other aspects of weather that finally affect economic performance including agriculture production, commodity prices and finally economic growth. The emerging challenges of national food security and climate change have shifted the policy focus globally towards the development of agriculture sector during past few years.

During FY 2016, the performance of agriculture sector as a whole remained dismal as it witnessed a growth of (-0.19) percent against 2.53 percent growth during the same period last year. The growth of crops declined by 6.25 percent, while the other sub component of Agriculture sector like Livestock, Forestry and Fishing posted positive growth of 3.63 percent, 8.84 percent and 3.25 percent, respectively. The growth of sub Sector of crops included important crops, other crops and cotton ginning remained negative as it posted a growth of (-7.18) percent, (-0.31) percent and -21.26 percent which impacted negatively on crops. Important crops having a share of 23.55 percent in agricultural value added has witnessed growth of (-7.18) percent during FY 2016 against growth of (-0.52) percent during the same period of last year on account of large decline in cotton production (27.83 percent), rice production (2.74 percent) and maize production (0.35 percent) while only wheat and sugarcane production witnessed a positive growth of 1.58 percent and 4.22 percent, respectively, as compared to last year. Other crops contributed 11.36 percent in value addition of agriculture witnessed a decline of 0.31 percent during FY 2016 against positive growth of 3.09 percent during the same period last year due to decline in the production of pulses, fruits and oilseeds posting growth of (-12.49) percent, (-2.48) percent and (-9.56) percent, respectively. With drop in cotton production by around 27.83 percent this year the Cotton ginning having a share of 2.32 percent in value addition of agriculture has suffered badly and posted a growth of (-21.26) percent compared to 7.24 percent growth during the same period last year.

The Livestock sector having contribution of 58.55 percent in the agriculture recorded a positive growth of 3.63 percent during FY 2016 compared to 3.99 percent growth during the same period last year. The Fishing sector having contribution of 2.17 percent in agriculture value addition recorded a growth of 3.25 percent compared to 5.75 percent growth of last year. Forestry sector having contribution of 2.06 in the agriculture value addition posted a growth of 8.84 percent this year as compared to the negative growth of 10.43 percent last year.

Pakistan's agricultural output is closely linked with the availability of irrigation water. During 2015-16, the availability of water for Kharif 2015 stood at 65.5 million acre feet (MAF) showing a decrease of 5.5 percent over Kharif 2014 and 2.4 percent less than the normal supplies of 67.1 MAF. During Rabi season 2015-16, the water availability remained at 32.9 MAF, which is 0.6 percent less than Rabi 2014-15 and 9.6 percent less than the normal availability of 36.4 MAF.

In perspective of the likely scenario of increased water availability at reservoirs is 22 percent more than last year, therefore the water distribution amongst provinces is shifted from Average System Usage (67.100 MAF) to (74.682 MAF) with no shortage for Kharif 2016 Season.

The domestic production of fertilizers during 2015-16 (July-March) of the current fiscal year increased significantly by 14.4 percent over the same period of previous fiscal year. On account of addition of Liquefied Natural Gas (LNG) as source of feed to three plants of Pak Arab Fertilizer Company since March 2015 has considerably increased the fertilizer Production. The imported supplies of fertilizer decreased by 3.9 percent. However, the total availability of fertilizer surged by 9.7 percent during current fiscal year. Total off take of fertilizer nutrients witnessed decrease by 10.1 percent. Nitrogen off take decreased by 14 percent while phosphate increased by 2.9 percent. Prices of all phosphatic fertilizers decreased during current fiscal year as a result of announcement of subsidy by the government from 15th October, 2015 at the rate of Rs.500 per bag of Diammonium Phosphate.

In line with government's priority for promotion of agriculture sector, State Bank of Pakistan (SBP) has allocated credit disbursement targets of Rs 600 billion for FY 2016 to 36 participating institutions including 20 Commercial banks, two specialized Banks, five Islamic Banks and nine Microfinance Banks which are engaged in provision of agriculture credit facility to farming community. This current year agriculture credit target of Rs 600 billion is 20 percent higher than the last year's target of Rs 500 billion and 16.3 percent higher than the actual disbursement of Rs 515.9 billion for FY 2015.

Manufacturing Sector:- Large Scale Manufacturing (LSM) witnessed a growth of 6.8 percent during March 2016 as compared to growth 5.8 percent in the comparable period of last year. On average July-March FY 2016 LSM registered a growth of 4.70 percent as compared to 2.8 percent in the comparable period of last year.

The industry specific data shows that most of the sub sectors recorded positive growth during the period July-March FY 2016 over corresponding period of last year i.e. Automobiles 23.43 percent, Fertilizers 15.92 percent, Leather Products 12.18 percent, Rubber products 11.68 percent, Non Metallic mineral products 10.23 percent, Chemicals 10.01 percent, Pharmaceuticals 7.21

percent, Food Beverage and Tobacco 3.66 percent, Coke & Petroleum Products 2.40 percent and Textile 0.62 percent**.**

The other sectors which recorded negative growth during the period under review are Wood Product declined by 58.03 percent, Engineering Products 17.64 percent, Electronics 9.98 percent, Iron & Steel Products 7.48 percent and Paper & Board 2.90 percent.

In Automobile sector such as buses, LCVs, trucks and jeeps & cars registered growth of 81.95 percent, 68.53 percent, 41.68 percent and 29.73 percent, respectively. The only decline witnessed in the production of tractors which declined by 38.63 percent.

The Mining and Quarrying sector grew by 6.8 percent in FY 2016 as against 4.0 percent last year. Calcite, Rock Salt, Phosphate, Marble, Gypsum, Dolomite, Soap Stone, Lime Stone and Natural Gas posted a positive growth rate of 123.79 percent, 65.16 percent, 53.96 percent, 50.50 percent, 47.57 percent, 33.28 percent, 26.10 percent, 23.19 percent and 1.49 percent. However, some witnessed negative growth rate during the period under review such as Magnesite 58.14 percent, Barytes 42.12 percent, Sulphur 37.18 percent, Crude oil 8.21 percent, Chromite 3.85 percent and Coal 0.66 percent.

Fiscal Development:- The fiscal sector of the economy has witnessed a notable improvement on account of contained expenditures and increased revenues. The budget deficit has witnessed a substantial decline from 8.2 percent of GDP in FY2013 to 5.3 in FY2015 in response to the efforts taken by the government to reduce power subsidies together with raising tax revenues. During the current fiscal year. the fiscal deficit has been contained at 3.4 percent of GDP during July-March, FY2016 against 3.8 percent of GDP in the same period of last year. A fiscal deficit target for the FY2016 has been set at 4.3 percent which will be further brought down to 3.5 percent of GDP by FY2018.

Similarly, overall tax-to-GDP ratio increased from 9.8 percent of GDP in FY2013 to 11.0 percent of GDP during FY2015. FBR tax revenues posted a growth of 14.9 percent during FY2015 and stood at 9.4 percent of GDP against 9.0 percent of GDP in the FY2014. The fiscal consolidation achieved without compromising development expenditures and social assistance. During FY2016, the overall size of PSDP has been increased to Rs.1,513.7 billion which is 85.8 percent higher than the revised allocation of Rs.814.7 billion in FY2014. While the allocation under the BISP (development expenditure outside PSDP) has also increased significantly from Rs.70.3 billion (revised) in FY2014 to Rs.102.0 billion in FY2016, posting an increase of 45.1 percent.

Total revenue grew at 10.4 percent and stood at Rs.2,961.9 billion during July-March, FY2016 against Rs.2,682.6 billion in the same period of FY2015. Within total revenues, total tax collection reached at Rs.2,481.0 billion during the first nine month of current fiscal year from Rs.2,063.2 billion recorded in the same period of FY2016, thus registered a growth of 20.2 percent. Whereas, non-tax revenues witnessed a negative growth of 22.4 percent and stood at Rs.480.9 billion during first nine months of current fiscal year against Rs.619.5 billion in the same period of last fiscal year.

Total expenditure registered a growth of 6.4 percent during July-March, FY2016 and stood at Rs.3,971.3 billion against Rs.3,731.6 billion in the comparable period of last year. As percentage of GDP, total expenditures reduced to 13.4 percent during first nine months of current fiscal year against 13.6 percent recorded in the same period of last fiscal year. Current expenditure amounted to Rs.3,407.0 billion during first nine months of current fiscal year against Rs.3,199.1 billion in the same period of preceding fiscal year, thus posted a growth of 6.5 percent. Of which, expenditure on mark up payments stood at Rs.1,079.4 billion during July-March, FY2016 and defence expenditure remained at Rs.482.9 billion during the first nine months of current fiscal year. While current subsidies amounted to Rs.119.5 billion during July-March, FY2016 against Rs.185.9 billion in the same period of FY2015, thus reduced by 35.7 percent.

Development expenditure (excluding net lending) grew by 20.6 percent and stood at Rs.699.4 billion during July-March, FY2016 against Rs.579.7

billion in the comparable period of fiscal year 2014-15.

During July-April, FY2016, FBR has collected Rs.2,346.1 billion as provisional tax revenues against Rs.1,973.6 billion in the same period last year, thus reflecting a growth of 18.9 percent. While as percentage of GDP, FBR tax revenues stood at 7.9 percent during (Jul-Apr, FY2016) against 7.2 percent in the same period last year. The present government has initiated an ambitious agenda of tax policy and administration reforms with an aim to increase the tax to GDP ratio to 11.3 percent by FY2018.

During the first nine months of current fiscal year, provinces posted a surplus of Rs.221.2 billion against Rs.194.0 billion in the same period of last fiscal year. During July-March, FY2016 tax revenues posted a growth of 14.9 percent and stood at Rs.1, 439.9 billion against Rs.1, 252.8 billion in the same period last year. Within tax revenues, provincial taxes grew at 28.6 percent, while share in federal taxes registered a growth of 13.1 percent during the period under review.

Money and Credit:- The outgoing fiscal year FY 2016 has seen more expansion in credit to private sector due to expansionary monetary policy stance by SBP. SBP cut its policy rate significantly to 5.75 percent in May, 2016 which is the lowest in 44 year. The flows of Credit to Private Sector (CPS) have seen expansion of 82.0 percent compared to the contraction of 41.5 percent during same period last year. The flows of CPS stood at Rs.311.7 billion during Jul-06th May, FY2016 against Rs.171.2 billion in the same period of last year.

Broad Money (M2) increased to Rs.781.8 billion (6.93 percent) during July-06th May, FY2016 against the expansion of Rs.690.0 (6.92 percent) in the same period last year. Within Broad Money, NFA of the banking system during Jul-06th May, FY2016 observed an expansion of Rs.105.2 billion against the net expansion of Rs.222.3 billion during the corresponding period of FY2015. The NDA of the banking system showed an increase of Rs.676.6 billion during Jul-06th May, FY 2016 against an increase of Rs.467.6 billion in the same period of last year. Higher increase was on the back of significant rise in Private Sector Credit (PSC). A welcome development is the gradual rise in net credit disbursement for fixed investment. It appeared that many firms are expanding their operations by availing fixed investment loan.

Government sector borrowing (net) reached to Rs.567.5 billion during Jul-06th May, FY 2016 as compared to an increase of Rs.539.4 billion in the same period of FY 2015. Net budgetary borrowing from banking system remained at Rs.643.0 billion during Jul-06 May FY 2016 as compared to Rs.560.8 billion in the same period last year. Government borrowing from scheduled banks remained lower and stood at Rs.702.9 billion against Rs.1,093.2 billion in comparable period of last year. While, government retired Rs.59.8 billion to the State Bank of Pakistan during the period Jul-06 May, FY 2016 against the retirement of Rs.532.3 billion in the same period of FY 2015.

The overall performance of the banking sector during the last couple of years has been quite impressive. The momentum continued in the FY2016 with asset base reaching to Rs.14.3 trillion by end March, 2016 (Rs.12.1 trillion as of end March, 2015). Similarly, asset quality has also improved and gross NPLs to loans ratio reduced from 12.3 percent in CY14 to 11.4 percent in CY15. Whereas, Capital Adequacy Ratio (CAR) increased to 16.3 percent by end March, 2016 that is much strong and higher than the minimum required level of 10.25 percent.

Capital market-Overview:- Pakistan has entered into a new era of equity trading after merger of all the three stock exchanges i.e. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange into a single Pakistan Stock Exchange (PSX) during current fiscal year.

Fiscal year 2015-16 has witnessed a significant and an overall steady rise in the stock market indices where historic and unprecedented levels are being crossed. During current year PSX 100-index reached 36,266.23 levels on 11th May, 2016, the highest level in Pakistan stock market history. During the period, July, 2015-11th May, 2016 of current fiscal year, the Pakistan Stock Exchange (PSX) benchmark-100 Index increased by 1,867 points and closed at 36,266.23 points level on 11th

May, 2016 against 34,398.86 on June 30, 2015 showing a gain of 5.4 percent despite recession in global equity markets and outflow of foreign equity investment internationally.

All the major world stock markets witnessed sluggish trends during this period. China Shanghai Composite index showed a steep fall of 31.3 percent, Japan Nikkei declined by 17.6 percent while Hong Kong Hang Seng down by 19.7, India Sensex by 7.8 percent, US Nasdaq composite by 4.2, UK FTSE by 4.3 percent, etc. Most of the other international markets also witnessed declining trend. The relatively better performance of the Pakistan stock market during current fiscal year can be attributed to a number of positive factors including stable macroeconomic indicators, relative stable exchange rate, downward inflationary trend, prudent monetary policies and Pakistan's possible reclassification from a frontier market to an emerging market.

Inflation:- The present government when came into power sternly focused to anchor the inflation and remained successful in containing inflation at 8.62 percent in FY2014 and further to 4.53 percent in FY2015. Inflation during July-April FY2016 has been further contained at 2.79 percent, which is the lowest in 13 years. Food and non-food inflation have been estimated at 2.1 percent and 3.3 percent as compared to 3.6 percent and 5.7 percent in the same period last year. The slower increase in food inflation over the last year is due to moderate increase in prices of major consumable food items. The core inflation has also been anchored through appropriate fiscal and monetary policies. Core inflation during July-April FY 2016 recorded at 4.1 percent as against 6.9 percent during the same period last year.

National Price Monitoring Committee (NPMC) also kept a constant watch over prices and the supply of essential commodities in its regular meetings. Provincial Governments also took proactive measures during the year to maintain price stability through better price check.

Trade and Payments:- The overall external account balance recorded US$ 0.9 billion during July-April FY2016 compared to US$ 2.1 billion during the same period last year, on the back of higher financial inflows and lower international oil prices. The current account balance shrinked by 17.7 percent during July-April FY2016 as compared to last year (US$ 1.519 billion in FY2016 against US$ 1.846 billion). As a percentage of GDP it stood at -0.6 percent compared to -0.8 percent of the comparing period last year. The overall trade deficit posted an increase of 2.1 percent during July-April FY2016, mainly reflecting decline in exports._During July-April FY 2016 exports declined by 9.5 percent and stood at US$ 18.2 billion as compared to US$ 20.1 billion in July-April FY2015. The imports declined by 4.7 percent in July – April FY2016 compared to last year.

Services trade deficit fell by 16.6 percent during the first ten months of FY2016 supported by lower imports. This year Pakistan has received inflows amounting to US$ 937 million on account of CSF during July –April of FY2016 against US$ 1.5 billion in the same period of last fiscal year. During the period under review services exports declined by 14.5 percent overall exports of services were US$ 4.4 billion in July –April FY 2016 against US$ 5.1 billion in the same period last year, depicting a decline of US$ 748 million. Moreover, services import fell by 15.1 percent from US$ 7.3 billion in July –April FY2015 to US$ 6.2 billion in the period under review. Remittances continued its upward growth trajectory during July-April FY 2016, the remittances reached to US$ 16.034 billion as compared to 15.236 billion last year. The growth is satisfactory, despite a high base and is expected that the target of US$ 19 billion for FY 2016 will be achieved. The foreign direct investment during July-April FY 2016 crossed US$ 1 billion. During the period the FDI received were US$ 1016.3 million compared to US$ 963.8 million in the same period last year.

The country's total foreign exchange reserves reached to highest level to US$ 21.4 billion by May18, 2016, compared to US$ 18.6 billion in end June 2015 Exchange rate remained at Rs.104.75 per US$ in May FY2016, compared to Rs 101.78 per US$ at end June 2015. The Pak Rupee's deprecation was around 2.9 percent during July-May FY2016

Public Debt:- Public debt was recorded at Rs.19,168 billion as at end March 2016 registering an increase of Rs.1,787 billion during first nine month of current fiscal year. Out of this total increase, increase in domestic debt was Rs.1,200 billion while government borrowing from domestic sources for financing of fiscal deficit was Rs.786 billion. This differential is mainly attributed to increase in government credit balances with State Bank of Pakistan/commercial banks. Similarly, increase in external debt contributed Rs.588 billion to public debt. Apart from fresh external inflows, revaluation loss on account of depreciation of US Dollar against other international currencies as well as depreciation of Pak Rupee against US Dollar contributed to this increase.

Similar to the last year's trend, composition of public debt further improved due to increased mobilization through medium to long term domestic debt instruments and higher disbursements from external sources. Some of the positive developments are as follow:

- The conducive economic environment coupled with supportive monetary policy provided opportunity for the government to reduce the interest rates on its wholesales debt instruments along with aligning the rates on retail debt instruments with the market yields. As a result, the cost of domestic borrowing is expected to reduce in the coming years on account of new debt issuance/rollover of existing debt.
- Government updated its Medium Term Debt Management Strategy to ensure that both the level and rate of growth in public debt is fundamentally sustainable and can be serviced under different circumstances while meeting cost and risks objectives;
- Major debt sustainability indicators have improved in the last two fiscal years, a fact that is acknowledged by global stakeholders;
- Government's vision is to further reduce the statutory debt limit from existing 60 percent to 50 percent of GDP in 15 years, starting from 2018-19 and to limit statutorily the federal fiscal deficit to 4 percent through introduction of an amendment bill in the parliament for necessary changes in the Fiscal Responsibility and Debt Limitation Act;

An improvement was observed in most of the public debt risks indicators during last two fiscal years in-line with the objectives set forth in Medium Term Debt Management Strategy of Pakistan. The refinancing risk of the domestic debt reduced at the end of 2014-15 as percentage of domestic debt maturing in one year reduced to 47 percent compared with 64 percent at the end of 2012-13. Exposure to interest rate risk reduced as percentage of debt re-fixing in one year decreased to 40 percent at the end of 2014-15 as compared with 52 percent at the end of 2012-13. Share of external loans maturing within one year was equal to around 28 percent of official liquid reserves at the end of 2014-15 as compared with around 69 percent at the end of 2012-13 indicating improvement in foreign exchange stability and repayment capacity.

External Debt and Liabilities stock was recorded at US$ 69.6 billion as at end March 2016 out of which external public debt was US$ 55.1 billion. Apart from net external inflows from International Financial Institutions (IFIs) and mobilization of US$ 500 million through issuance of Eurobonds, public external debt witnessed an increase on account of revaluation loss due to depreciation of US Dollar against other major currencies.

After hefty repayments in 2013-14, public external debt servicing witnessed a decline of 25 percent during 2014-15 and recorded at US$ 4,475 million as compared with US$ 5,995 million in the last fiscal year. The decline in external debt servicing during 2014-15 was mainly due to lower repayments to the IMF that peaked out in 2013-14. Servicing of public external debt increased by US$ 188 million in first nine months of 2015-16 compared to the same period last year and recorded at US$ 3,560 million.

Education:- According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey FY2015, the literacy rate of the population improved to 60 percent as compared to 58 percent in FY2014. Literacy remained much higher in urban areas than in rural areas and higher among male than female. Province wise data suggest that Punjab leads with 63 percent followed by Sindh with 60 percent, Khyber Pakhtunkhwa with 53 percent and Balochistan have the lowest literacy rate of 44 percent.

The overall education system is based on key indicators such as enrolments, number of institutes and teachers, has witnessed slight improvement. At national level, the total number of enrolments during FY2015 was recorded at 43.95 million as compared to 42.09 million during the same period last year. This indicates an increase of 4.4 percent and it is estimated to increase to 45.17 million during FY2016. At national level, the total number of institutes stood at 252.56 thousands during FY2015 as compared to 241.61thousands during last year, showing an increase of 4.5 percent. However, the number of institutes is estimated to increase to 257.47 thousands during FY2016. The total number of teachers during FY2015 was recorded at 1.59 million as compared to 1.53 million during last year showing an increase of 3.9 percent. This number of teachers is estimated to increase further to 1.62 million during the year FY2016.

Public Expenditure on Education as percentage to GDP is estimated at 2.2 percentage in FY2015 as compared to 2.1 percentage of GDP in FY2014 showing an increase of 4.8 percent. The Government of Pakistan is determined to enhance the resources to education sector by ensuring proper and timely utilization of funds in order to achieve the target of 4.0 percent of GDP by 2018. The provincial governments are also spending sizeable amount of their Annual Development Plans (ADPs) on education to achieve the targets.

HEC is also contributing its role in running different scholarships programme to enhance academic qualification at various levels on merit basis in line with specific criteria. During FY 2016, overall 42,963 scholarships were awarded under different programmes of HEC. Prime Minister’s Fee Reimbursement Scheme for less developed areas (selected regions) was successfully executed, and is continued for FY 2016.

Health and Nutrition:- To promote human welfare and attain better health, the federal and provincial governments spend sufficient amount on health and education. The federal government recently initiated several programmes to keep the people healthy, such as introduction of national health insurance scheme, notification of drug pricing policy 2015 and continued a strong focus on polio eradication.

The provincial governments have also devised long term health sector strategies (2012-20) to improve health outcomes and enhance the coverage of essential health services. With regard to nutrition activities, all the four provinces have promulgated law on breast feeding and allied issues. Various health programs like TB, Malaria, Cancer treatment and AIDs control programs have been carried out. The new health facilities added to the overall health services system during 2015-16 included establishments of 7 Rural Health Centers (RHCs) 32 Basic Health Units (BHUs) and up gradation of 10 existing RHCs and 37 BHUs. The manpower included the addition of 4,500 new doctors, 450 dentists, 3,500 nurses, 4,550 paramedics and 475 Traditional Birth Attendants.

Under the preventive program, about 7 million children have been immunized and 21 million packets of ORS have been distributed during 2015-16.

Population, Labour force and Employment:- Pakistan continues to be the sixth most populated country in the world with an estimated population of 195.4 millions. The population growth rate is 1.89 which is higher as compared to neighbouring countries. The government is well aware of this issue and trying to tackle this issue of high population growth rate through introducing different programmes like Family Welfare Centers (FWC), Reproductive Health Services Centers (RHS-A), Regional Training Institutes and Mobile Services Units.

According to the Labour Force Survey 2014-15, Pakistan has 61.04 million labour force. Out of this labour force only 57.42 million people got employment and 3.62 million people are unemployed. The government is cognizant of labour market situation and started different programmes like Youth Business Loan Scheme, Interest Free Loans Scheme, Youth Training Scheme and Youth Skill Development Programme to utilize the potential of youth. As a result unemployment rate has decreased from 6.24 percent in 2012-13 to 5.9 percent in 2014-15. Most of the labour force in Pakistan works in the rural areas where agriculture is the dominant activity. The total labour force working in the agricultural sector decreased from 43.7 percent in 2012-13 to 42.3 percent in 2014-15. In manufacturing sector the labour force participation rate has increased from 14.1 percent in 2012-13 to 15.3 percent in 2014-15.

Pakistan is one of the largest labour exporting countries in the region and remittances from the overseas is one of the major source of income not for families but also for the development of the country. The government is committed on producing skilled workers in order to send them abroad. During 1971 - 2015 periods, almost 8.77 million Pakistanis proceeded abroad for employment through the Bureau of Emigration. Out of this total manpower exports, about 96 percent have proceeded only to Gulf Cooperation Council (GCC) countries, 1 percent to European countries and 3 percent in other countries for employment. The government has initiated many programmes for their skill development and also explores overseas employment opportunities and is planning to send one million workers to other countries to further support foreign remittances. The Ministry of Overseas Pakistanis is in process of setting up more protector offices in the country as per need of the people.

Transport and Communications:- The government is trying its best with limited resources, to enhance and modernize road, railways, air services and all kinds of communication links. In order to ensure smooth and efficient movement of goods and passengers in healthy environment, NHA has planned to develop approximately 2,395 km long China-Pak Economic Corridor (CPEC) connecting Gwadar to Kashghar (China) and Karachi - Lahore Motorway (KLM) 6-lane controlled access.

NHA through its roads network also aims to ensure reduction in transportation cost, safety in mobility, effective connectivity between rural and urban areas and also high capacity transportation corridors connecting major regional trading partners. Under its new initiatives NHA succeeded in awarding few important projects like M-9 (Karachi-Hyderabad Motorway), Habibabad Flyover. NHA is also in preparation stage of bid awards on PPP/BOT mode of i) Hyderabad – Sukkur Motorway (PKM), ii) Tarnol-FatehJang (N-80) Nowshera–Peshawar (N-5), iii) two Service Areas at River Kabul on M-1 & two Service Areas on M-4 and iv) Sialkot – Lahore Motorway. PSDP FY 2016 included 26 ongoing and 29 new schemes to improve further the network of roads.

Ministry of Railways is gaining its reputation due to new initiatives/ programmes undertaken during past years. Ministry of Railways is preparing a strategic plan to provide a long term framework for railway sector development. New initiatives include rehabilitation of 400 coaches project, procurement of 500 High Capacity Bogie Wagons and 40 Power Vans, special repair of 150 DE Locomotives to improve availability and reliability, rehabilitation of twenty seven (27 Nos) held up locomotives (HGMU-30), special repairs of 150 + 100 locomotives to improve their reliability and performance, tender for the Procurement of 55 Locomotives (4000-4500 HP) out of 75 locomotives has been awarded and tender for procurement of 20 DE (2000-2500 HP) Locos is under process. Special repairs of 100 locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.4967.000 million.

The present government has strategized to convert PIAC into a company under Companies Ordinance 1984 in order to improve corporate governance that can help in attracting strategic private sector partnership in the core airline operations, and move PIA under a more efficient and up to date legal framework. The government has also set up another airline company by the name of “Pakistan Airways” to undertake business operations of an airline company, provide greater choices to consumers and act as a prospective national carrier.

A business plan for PIA has been developed, which envisages the introduction of fuel efficient aircrafts, route rationalization, focus on separation of core and noncore activities and HR rationalization with the objective of making PIA a sustainable and profitable entity in the long run.

Pakistan International Airline posted a growth of 5.5 percent in passenger revenues and revenue hours flown increased to 111,455 hours during 2015, as compared to 101,556 hours flown in 2014. Strong growth is witnessed in the market of Asia and Middle East while profits were higher for North America followed by Asia Pacific.

Ports and shipping including PNSC, KPT, PQ and Gwadar port also played an important role to ensure well in time movement of national and international goods between different countries. PNSC lifted cargo of 9.9 million tones, KPT 36.516 million tones, Port Qasim Authority handled 23.9 million tones during July-March FY 2016 and Gwadar port lifted 6.329 million tones since 2008.

Telecom sector is playing its due role to the well being of the society with the objective of transforming Pakistan into an information society and knowledge. As part of its effort to encourage the use of mobile broadband, PTA has launched a web portal named "Smart-Pakistan" (www.smartpakistan.pk). This web portal is providing one stop repository and directory of mobile applications focusing on different thematic areas such as m-Education, m-Health, m-Government, etc. Total number of mobile subscription by end March, 2016 reached at 131.4 million and during last five years (FY2011-15) telecom sector has contributed Rs. 744.6 billion in terms of regulatory duties and taxes to the government. Telecom operators have invested a significant amount of US$ 589 million during July-March FY 2016. 3G and 4G LTE subscribers have reached at 27.87 million at the end of March 2016 as compared to 13.49 million as of June 2015 whereas, at the end of March 2016, broadband subscribers stood at 30.99 million as compared to 16.89 million at the end of last fiscal year depicting 83 percent growth over the last nine months. The number of net subscriber additions in the period stood at 14.10 million.

Energy:- With concrete and sincere efforts of the government, almost 12 percent growth has been observed in real value addition of electricity generation & distribution and Gas distribution during FY 2015 and FY 2016 which in turn helped the real GDP growth of 4.7 percent during FY 2016.

Government of Pakistan is also pursuing to enhance gas production in order to meet the increasing demand of energy in the country. One of the milestone is import of LNG. In this regard a license for construction of LNG terminal was granted to M/s Engro Elengy Terminal Limited (EETL) with a construction validity period of two years. During July to Feb FY 2016, 175 mmcfd volume of Re-gasified liquid natural gas (RLNG) was imported. In the next couple of years Pakistan is expected to become a mature LNG import market with few more projects to come online along with natural gas pipeline capacity enhancement projects of the country. The government has planned to establish 2nd LNG terminal which shall be built at Port Qasim Karachi, to be operational by around mid-2017. Another company naming Bahria Foundation has also applied to OGRA for grant of LNG Terminal construction License.

The government is also taking all possible measures to ensure energy security and sustainable development in the country. Efforts are underway to improve power sector fuel mix in the country to reduce price of power basket and improve financial viability. Under the reforms, large capacity addition is planned from wind, solar, nuclear, hydel and coal power projects in the medium term. The emphasis is towards achieving a less oil dependent power generation mix through development of indigenous energy resources particularly hydel, coal and renewable energy resources for sustainable and affordable energy supply in the country. Three hydel plants Tarbela-4th extension, Chashma, Neelum-Jehlum and few other small dams are expected to provide additional generation within next two years. Independent power producers (IPPs) and Generation Companies (GENCOs) are also being encouraged to convert from oil to coal based power generation, with the current coal tariff of 8.9 cents per unit being a significant incentive in this regard. In addition, 1000MW under Central Asia-South Asia-1000 (CASA-1000) power project is also included in the plan. Power sector has been given priority in terms of allocation of gas for power generation. All these efforts will improve the energy mix whereby, reducing dependence on oil for power generation, and ensure reasonable tariffs for consumers, ultimately leading to financial sustainability. The government is doing its utmost to address the energy sector challenges. It is evident from the fact that the energy sector is now one of the major recipients of federal PSDP share. Further special attention is being given to Diamir Basha dam project. The government is also determined to complete the 969 MW Naleum Jhelum Hydropower project at the earliest. The China-Pakistan Economic Corridor (CPEC) is expected to add 10,400 MW to the grid by the year 2018. The projects include coal, hydro and wind. It will also significantly change the energy mix, replacing expensive oil and resulting in reduction of the average cost of generation. It is believed that with sincere efforts of the government, it will be possible to build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

Poverty and Social Safety Nets:- Planning Commission adopted a new poverty line based on Cost of Basic Needs (CBN) approach which focuses on the consumption patterns of households in the reference group and it comes to Rs. 3030 per adult equivalent per month using the latest available HIES 2013-14 data. According to CBN methodology, 29.5 percent of the population is estimated to live below poverty line during FY 2014. Using the old Food Energy intake (FEI) methodology, only 9.3 percent people are found below poverty line in 2013-14 which means that 17 million people were living below the poverty line. Back-casting this new poverty line to 2001-02, using the CPI, shows that the headcount rate using this new higher line would have been 64.3 percent in 2001-02—more than double the rate while using the old poverty line.

The government has prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the related budget allocations. During July-December FY 2016, Rs. 1,123 billion expenditures have been made in these sectors for improving the quality of life compared to Rs. 963.4 billion over the corresponding period of last year, showing an increase of 16.6 percent.

The present government has increased the BISP budgetary allocations from Rs.70 billion in FY2013 to Rs. 75 billion in FY2014, which has subsequently been enhanced to Rs. 97 billion in FY2015 and for the current fiscal FY2016 year it has been enhanced to Rs. 102 billion. The annual instalment is enhanced by the government from Rs.12,000/ to Rs. 14,400/ per family in July, 2013 which has subsequently been increased to Rs. 18,000/ per family in 2014.The present government has again increased the annual stipends from Rs. 18,000 per annum to Rs. 18,800 per annum per beneficiary w.e.f. 1st July, 2015.

The number of BISP beneficiaries has also been enhanced from 5.0 million in FY 2015 to 5.3 million by the end of FY 2016. International donor agencies have acknowledged the targeting mechanism and wide coverage of BISP by providing assistance to the execution of schemes. So far, BISP has achieved all the targets which has been acknowledged by IMF in eleventh review meeting held in May 2016.

Pakistan Poverty Alleviation Fund (PPAF) is also contributing a large amount of funds throughout Pakistan to its core projects like microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. The core operating units of the PPAF delivered range of development interventions at the grassroots/community level through a network of 134 Partner Organizations across the country. During July 2015 to March 2016, Pakistan Poverty Alleviation Fund (PPAF) has disbursed an amount of approximately Rs.11.96 billion to its partner organizations (POs) under PPAF core interventions administered under various operational units.

Environment:- Pakistan like many other countries is facing environmental challenges. It is located in a warm climate region and is more vulnerable to expected climate changes due to its diverse topographic and demographic settings. The country is affected by the drastic effects of climate change due to its geographical location and socio-economic situation. In the recent years highly variable monsoon rains and severe climatic events such as floods and droughts have affected the socio-economic structure of the country. Due to this climate change, the country is facing water pollution, desertification, soil erosion, water logging and salinity, solid waste management and deforestation.

The government has undertaken several projects and programmes to support the environmental goals. Many projects have been completed such as capacity building, provision of clean drinking water, environmental management, biodiversity, air pollution control and watershed management, urban development, promotion of tourism, restoration of lakes and water bodies, environmental awareness, waste management, and wetlands management, etc. One of the major issues which are being faced in the country is desertification and land degradation. To combat desertification and land degradation, the government started an umbrella project with the assistance of UNDP. Present government is taking keen interest to increase the forest area. In this regard the Prime Minister has approved 'Green Pakistan Programme' to improve forestry and wildlife sectors. This programme targets to add 100 million plants over the next five years all over the country alongwith protection and management of wildlife. In this regard relevant federal and provincial ministries and agencies including FATA, GB and AJK will actively participate in this programme to achieve the desired objectives of forests preservation and wildlife protection. This initiative will ensure far-reaching reforms in forestry and wildlife sectors of the country.