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FOREWORD

In accordance with the mandate given by the National Economic Council, the Planning Commission releases with the budget an Annual Plan containing a brief review of economic framework and main features of Public Sector Development Programme. It also highlights sectoral priorities and programmes during the current year and projected for the next year. A Detailed Annual Plan is released later.

*Mian Tayyab Hassan
Secretary*

*Planning Commission
Islamabad June, 1998*

CHAPTER-I

ECONOMIC PERFORMANCE AND PROSPECTS

I. REVIEW OF ANNUAL PLAN 1997-98

As a result of various reforms and packages announced by the government, there has been a strong revival of the economy during 1997-98. Both the agricultural and industrial output have increased sharply and the inflation has been contained to a single digit. The balance of payments have shown strong improvements. Even though the revenues have fallen short of the target, the budgetary deficit has shown significant improvements and as a result the bank borrowing has been contained.

GDP and Sectoral Growth

1.2 The Annual Plan 1997-98 envisaged a GDP growth rate of 6.0 percent. This growth was planned to be contributed by the sectoral growth rates of 5.1 percent in agriculture, 6.8 percent in industry (with 6.5 percent in large-scale manufacturing) and 5.9 percent in services sectors. The investment requirement to sustain the GDP growth was projected at 19 percent of GDP, to be financed to the extent of 72.4 percent from national savings. Inflation was targeted at 9 percent.

1.3 The provisional estimates of economic performance suggest that the GDP is expected to grow by 5.4 percent. Agriculture sector is likely to achieve growth rate of 5.9 percent. The production of major crops is expected to increase by 8.4 percent. Output of large scale manufacturing sector has increased by 6.2 percent during the first 8 months of the year against the target of 6.5 percent. Performance of services sector is lower than expected due to slower growth in trade and banking and insurance sectors (See Annexure-1.1).

1.4 **Agriculture:** The agriculture sector was forecast to grow by 5.1 percent in 1997-98. The incentives provided under the Prime Minister's Agricultural Package have helped in improving the performance of the agriculture sector. As a result of increased and timely availability of agricultural credit, the farmers have been able to purchase and apply the required inputs well in time.

1.5 The package has resulted in higher input use leading to higher agricultural output. The distribution of improved seed of wheat has increased from 77 thousand tonnes in 1996-97 to 84 thousand tonnes in 1997-98. Similarly the fertilizer application trend has changed towards more balanced use of NPK. The nitrogen, phosphate and potash off-take has shown significant increase during the year.

1.6 A record rice production of 4.325 million tonnes has been achieved in 1997-98 as against 4.305 million tonnes in 1996-97. The sugarcane production is estimated around 53.1 million tonnes this year against last year's production of 42.0 million tonnes. The exceptional weather conditions during last quarter of 1997 due to unprecedented heavy rains followed by continuous cloudiness as well as pest attacks damaged the cotton crop both at flowering and boll formation stages particularly in Punjab. As a result, the production of

cotton is estimated at 9.2 million bales. This abnormal weather also caused delay in sowing of wheat crop. However, the area under wheat during 1997-98 has increased by 3.1 percent as compared to last year. The condition of wheat crop is good and production may reach 18.6 million tonnes as compared to the last year's production of 16.7 million tonnes. The position of gram crop is also satisfactory and production of 0.773 million tonnes is expected against last year's achievement of 0.594 million tonnes. The area under oilseed crops has increased substantially and it is expected that the production of oilseed crops will be considerably higher as compared to last year. The production of important minor crops like potatoes, onion and chillies is also expected to be substantially higher as compared to the last year. As a result, it is expected that the annual growth rate of agriculture sector during 1997-98 will be around 5.9 percent as compared to the last year's growth rate of 0.06 percent. (For details see Annexure-1.2).

1.7 **Mining and Quarrying:** In the mining and quarrying sector, the output of coal and crude oil has shown a decline of 21.6 percent and 4.9 percent respectively. Production of Natural Gas has shown a growth rate of only 0.4 percent. Therefore, the sector as a whole is expected to show a negative growth of 9.7 percent during 97-98.

1.8 **Manufacturing:** Based on 9 months data, the large scale manufacturing sector has shown a growth rate of 6.2 percent as against the target of 6.5 percent for 1997-98. Over the first 9 months, the increase in production has been observed in sugar (44.4%), cigarettes (4.0%), bicycles (5.6%), air conditioners (46.8%), petroleum products(3.7%), H & CR sheets (0.6%), electric motors (3.0%), cotton yarn (1.8%), cotton cloth (2.08%), jute goods (25.4%) and tractors (35.8%). On the other hand, decline in production has been observed in paper and board (4.6%) billets (6.1%), cement (1.5%), motor tyres (16.8%), trucks/buses (33.1%), LCVs/cars/jeeps (0.2%), cotton ginning (2.0%), sewing machines (44.4%), soda ash (4.2%), caustic soda (7.5%), and nitrogenous fertilizer (1.0%) (For details see Annexure-1.3).

1.9 **Electricity and Gas:** Like last few years, the Electricity and Gas sector has continued to show a healthy growth. This year it is expected to show a growth rate of 9.3 percent.

1.10 The installed capacity of power increased from 14993 MW in 1996-97 to 16696 MW by the end June 1998 by the addition of 1703 MW including 210 MW in Public sector and 1493 MW in Private Sector. The addition in system comprises of Bin Qasim Unit-6 (210 MW) in Public Sector and AES Lalpir (362 MW), AES Pakgen (365 MW), Gul Ahmed Energy (136 MW), Habibullah Energy (140 MW), Japan Power (120 MW), Southern Electric (115 MW), Liberty Power Co. (235 MW) and Eashatech (20 MW) in Private Sector.

1.11 The diversified peak demand of the national grid system was 10443 MW during 1997-98, of which computed peak demand in WAPDA system was 9155 MW and in KESC 1682 MW. During 1997-98, 696213 number of new electric connections were provided by WAPDA and KESC together, besides 4061 new villages/abadies were also electrified by WAPDA and KESC. The total energy generated during 1997-98 was 62769 Gwh out of which 38031 Gwh was generated by WAPDA, 7963 Gwh by KESC, 325 Gwh by KANNUP and 16450 Gwh by Private sector, both in WAPDA & KESC systems.

1.12 **Services:** In Services sectors growth in the trade sector is expected to be 3.0 percent against the target of 6.4 percent, due mainly to negative growth in imports. Growth in banking & insurance, transport & Communications, and public administration is expected to be around 0.8 percent, 8.8 percent and 2.0 percent respectively. Overall the services sector is estimated to show a growth rate of 4.8 percent against the target of 5.9 percent.

1.13 **Investment:** The tentative estimates for 1997-98 place the nominal fixed investment at Rs 405.0 billion as against the target of Rs 496.3 billion, showing an increase of 6.5 percent over last year's investment of Rs. 380.3 billion. The increase in total fixed investment would have been higher provided the public sector had not declined by 3.0 percent. The private sector, however, grew by 13.9 percent. (For details see Annexure-1.4).

1.14 **Foreign Investment:** The environment for foreign investment in Pakistan has improved on account of open economic policies together with attractive incentives package. In 1996-97, the total foreign private investment amounted to \$ 949.5 million as compared to \$ 1306.9 million in 1995-96. During July-March 1997-98, foreign investment has been recorded at \$ 639.9 million (including \$ 203.8 million portfolio investment) as against \$ 633.7 million (including \$ 185.3 million portfolio investment) in the corresponding period of 1996-97. It is expected to reach the level of \$ 1.02 billion during 1997-98.

1.15 **Prices:** The inflation (CPI) for 1997-98 was targeted at 9.0 percent against 11.8 percent witnessed in 1996-97. The price situation has improved during the first ten months of the year. All the three price indices have shown growth lower than that during the same period last year. SPI, CPI and WPI during July-April 1998, over the corresponding period last year increased by 7.95 percent, 8.18 percent and 6.90 percent, respectively.

Public Finance

1.16 The reduction of fiscal deficit to some sustainable level has been one of the main objective of the government. The inelastic tax system and built in rigidities in public expenditure, however, has continued to pose a serious challenge for the economy. For raising tax-GDP ratio specific measures since 1995-96 have been consistently adopted for effective implementation of a broad base low private consumption tax, documentation of the economy, expansion of direction tax base and inclusion of agriculture in direct tax. Besides, other measures include structural and procedural reforms in taxation, mobilization of additional resources and control of current as well as development expenditure. In the area of taxation, efforts were continuously made to improve elasticity and buoyancy, bring about transparency and simplicity in taxation structure and reduce tax exemption. On expenditure side there is a need to reduce stock of debts through fiscal consolidation and use of privatization proceeds to retire the most expensive debts.

1.17 The budget for 1997-98 envisaged an improvement in the fiscal position with the overall deficit expected to fall from 6.5 percent of GDP in 1996-97 to 5.4 percent of GDP during 1997-98. This improvement premised restraints on government expenditure, particularly current expenditure. The overall budgetary position is summarized in Table-1 below.

TABLE 1
CONSOLIDATED BUDGET 1996-97 AND 1997-98

(Billion Rupees)

	1996-97		1997-98	
	Budget	Prov/Act	Targets	Revised Estimates
Government Revenues	446.4	388.2	462.1	451.4
Tax	377.9	326.5	373.7	364.3
Non Tax	68.5	61.7	88.4	87.1
Government Expenditures	547.9	543.1	610.0	599.4
Current	462.7	458.0	519.9	510.3
Defence	131.4	127.4	134.0	133.0
Interest Payments	150.9	150.2	191.0	182.1
All Others	180.4	180.4	194.9	195.2
Development	85.2	85.1	90.1	89.1
Overall Fiscal Deficit	101.5	154.9	147.9	148.0
GDP (MP)	2503.2	2392.2	2843.9	2745.7
Fiscal deficit as % of GDP	4.0	6.5	5.2	5.4
Financing	101.5	154.9	147.9	148.0
Bank Borrowing	46.0	88.7	58.0	58.1
Non-Bank Borrowing	44.0	49.6	59.7	58.0
External Borrowing (net)	11.5	16.6	30.2	31.9

1.18 In order to ameliorate the fiscal position of the country the Government has undertaken fundamental reform of the tax system and revamping the tax administration system. The reform effort includes development of self-assessment schemes for tax purpose backed up by stronger audit and enforcement to deter evasion, increased consultations with the representative trade bodies, improved and integrated tax audits, fair and transparent system of rewards and punishment for tax officials, human resource development of CBR, development of integrated data bases on tax payers and economic transactions by use of

information technology and by outsourcing of data base for tax collection to private systems companies and reduction in the multiplicity of taxes. The budgetary measures adopted by the Government for 1997-98 aim at ensuring fiscal and financial stability by increasing revenues and controlling government expenditures. In this regard, necessary steps are being taken to reform the tax structure and administration, to down size the public sector to increase its efficiency and to encourage the private sector.

1.19 The performance of the Government in revenue collection for the period July-March 1997-98 has been mixed. The total taxes collected during this period amounted to Rs 199.7 billion as compared to Rs 202.5 billion collected during the same period last year, showing a decline of 1.4 percent. This has resulted from lower tax collection under customs duties due to reduction of import duties from 65 percent to 45 percent as agreed with IMF under ESAF/EFF programmes, and reduction in sale taxes on account of on-going recession. However, income and property taxes have increased during this period by 18.5 percent which shows greater reliance of the Government on direct taxes as a source of budgetary revenues. Excise duties have increased by 13.0 percent during this period from Rs 38.4 billion in July-March, 1996-97 to Rs 43.4 billion in July-March 1997-98. The details of Tax collection during July-March 1997-98 is at Table-2.

TABLE 2
FEDERAL TAX COLLECTIONS

(Rs Billion)

Heads	Revised Target 1997-98	Actual (July-March)		% Change
		1997-98	1996-97	
Direct Taxes	101.5	66.1	55.8	18.5
Custom Duties	81.0	54.0	65.4	-17.4
Federal Excise	65.8	43.4	38.4	13.0
Sales Tax	57.0	36.2	42.9	-15.6
Total	305.3	199.7	202.5	-1.4

1.20 While the tax revenue collection during the first nine months have been 1.4 percent less than the last year, the full year estimates suggest an increase of 11.6 per cent over the last year. Similarly, non-tax revenues would increase by about 41.2 percent. Containing the public expenditure to Rs. 600 billion as against Rs. 610 billion in the budget, the budgetary deficit would be Rs. 148 billion, i.e. 5.4 percent of GDP.

Monetary Trends and Development

1.21 The monetary expansion for 1997-98 is tentatively targeted at Rs 150 billion (14.24%). During the year substantial part of this credit i.e. Rs 79 billion or 52.7% of the monetary expansion would be provided by the commercial banks, while an amount of Rs. 3 billion would be financed by specialized banks and other financial institutions. Similarly budgetary borrowings of the Government are proposed at Rs 58 billion (38.7 percent of the total monetary expansion), while Rs 5.5 billion and Rs 2.5 billion would be for commodity operations of the Government and the five autonomous bodies respectively.

It has also been proposed that privatization proceeds would not be utilized to finance the budget deficit.

1.22 Monetary and credit data during July-May, 1997-98 (up to 9th May) reveals an expansion of about Rs 149.9 billion (14.2%) in the money supply (M2) compared with a much lower expansion of Rs 86.7 billion (9.2 %) during the last year. The analysis of factors causing expansion in monetary assets (M2) indicate that domestic credit expansion contributed 94.6 percent (Rs 141.8 billion), while rest of 5.4 percent (Rs 8.0 billion) was on account of build up of net foreign assets of the banking system. The breakup of domestic credit indicates that public sector expanded by about Rs 36.9 billion during the period under review compared with an expansion of Rs 85.7 billion in the corresponding period last year. Credit to the private sector and public sector commercial enterprises (PSCs) expanded by about Rs 84.0 billion as compared to an expansion of Rs 53.6 billion in the corresponding period last year.

1.23 Credit to private sector picked up fast from October, 1997 onwards largely attributable to financing of new cotton crop, start of crushing season for sugar manufacturing and sowing of *Rabi* crops besides a sustained growth in export credit under SBP's Export Finance Scheme. The unclassified items of the banking system also expanded by Rs 20.9 billion during July-May, 1997-98 (up to 9th May) reflecting mainly the credit creation by nationalized banks to finance the Golden Handshake schemes as against a contraction of about Rs 0.1 billion in the comparable period of last year.

1.24 Foreign Assets increased by 8.0 billion during the period compared with a contraction of Rs 52.4 billion during the corresponding period of 1996-97.

1.25 The share of the public sector in domestic credit expansion in the period under review is only 26.0 percent against share of 61.6 percent in corresponding period of 1996-97. The share of the private sector in domestic credit expansion during the period is 59.2 percent against the share of 38.5 percent in the comparable period of last year.

1.26 Annexure-1.5 gives details of causative factors of changes in monetary assets.

BALANCE OF PAYMENTS

1.27 The Annual Plan 1997-98 had projected the balance of payments to depict a significant improvement stemming from a strong growth in exports and marginal decline in imports. The latest estimates for the year 1997-98 indicate a marked improvement in the balance of payments. The improvement in the current account deficit has occurred due to a sharp decline in imports and increases in the flows of home remittances and the foreign currency accounts. The exports during the ten months period (July-April 1997-98) increased by 4.6 percent in nominal dollar terms while the imports declined by 12.9 percent resulting in a contraction of 54.2 percent in the trade deficit over the corresponding period last year. The workers remittances during the nine months of the year increased impressively by 18.4 percent to \$ 1175 million, while the foreign currency deposits depicted a larger increase of \$ 525 million to \$ 1486 million. Based on these trends, the current account deficit estimated at \$ 1469 million (2.3% of GDP) in 1997-98 would substantially be lower than last year's level of \$ 3846 million (6.3% of GDP) and the Plan target of \$ 3431 billion (5.2% of GDP).

1.28 **Exports:** Exports (fob) for 1997-98 were projected to grow by 10 percent to \$ 9003 million. This target was predicated on the assumption of 6 percent growth in the commodity producing sectors to attain a sizeable exportable surplus and improved competitiveness resulting from the incentives provided for the revival of industrial sector and exports. The actual data for the ten months of the current fiscal year indicates that the exports grew by 4.6 percent in nominal dollar terms. This achieved growth is largely shared by primary commodities (2.6%) and other category of exports (2.1%) while the contribution of the textile manufactures is negative to the tune of 0.3 percent. The exports of the primary commodities surged by 20.3 percent to \$ 1030 million mainly due to rise in the exports of rice, raw cotton, vegetables and fish & fish preparations. The exports of textile sector decreased marginally because the increase in exports of cotton cloth, textile made ups (including bedwear & towels), readymade garments, canvas goods and synthetic textiles was largely offset by a sharp decline in export receipts of cotton yarn and cotton bags. The share of the cotton based manufactures in total exports declined by 4.2 percentage points to 56.4 percent as compared to 60.6 percent over the same period last year. The exports of other manufactures, however, showed a little improvement due to the increased exports of sports goods, carpets, molasses and chemicals & pharmaceutical. This nominal growth in other manufactures exports conceals price effect. It is, therefore, appropriate to analyse it in real terms. The weighted price index for these exports increased by 2.4 percent resulting in a decline of 0.9 percent in real terms. The total exports, however, in real terms registered an increase of 4.8 percent as the weighted price index rose by 0.2 percent only.

1.29 The Government has taken a number of policy measures meant for promoting the export industries, viz., sharing the cost of ISO 9000 certification for manufacturers/exporters upto Rs 150 thousand in each case, reduction in mark up rate for export finance from 13 percent to 11 percent, export facilitating procedure of no duty no drawback for all export related industries (except polyester staple fibre) with a condition of 25 percent value addition, and involvement of the private sector in handling the textile quota allocation to ensure the transparency. Moreover, a devaluation of Pak Rupee by 8.01 percent was also effected in October, 1997 as it had become overvalued.

1.30 In the aggregate, total exports receipts are expected to be \$ 8495 million in 97-98, an increase of 4.9 percent in current dollar terms over the preceding year and \$ 508 million less than the Plan target.

1.31 **Imports:** The imports (fob) for 1997-98 were projected to decline marginally to \$ 11368 million. This was based on the assumption of some stability in the import prices of crude oil, POL products and wheat as well as reduction in import quantum of sugar in view of the increased domestic production. During the ten months of the current year, total imports fell by 12.9 percent over the corresponding period last year with the sharpest decline having occurred in case of power generating machinery, electrical machinery & apparatus, road motor vehicles, crude oil, petroleum products, fertilizers, insecticides, medicinal products, iron & steel and sugar. The decline in the total imports is largely contributed by the fall in the overall import prices to the tune of 6.8 percent. However, the import payments for wheat increased due to larger import quantum and those for edible oils and tea on account of both volumes and prices. The terms of trade index (base 1980-81=100) has deteriorated during Jul-December 1997-98 over the corresponding period last year. The index has declined by 2.14 percentage point in Jul-December 1997-98 resulted

from an increase of 26.4 percent in export unit value index which was more than offset by 29.3 percent rise in the import unit value index.

1.32 It is expected that these declining trends in imports will slow down during the subsequent months in view of revival of the economic activities and the total imports (fob) for the full year 1997-98 will aggregate \$ 10078 million, showing a decrease of 10.3 percent over the preceding year.

1.33 **Invisibles Account:** The Annual Plan foresaw a deficit of \$ 1066 million in the invisibles balance for 1997-98. However, invisible account will be in surplus of \$ 114 million owing to an increase in the flows of private transfers and decline in services and other payments. The inflows under the private transfers had been projected to decline sharply. Workers's remittances, being a major contributor to the private transfers, were anticipated to be \$ 1400 million and inflow into the foreign currency accounts at \$ 1000 million. During nine months of the current year, the home remittances amounted to \$ 1175 million, higher by \$ 183 million over the same period last year. On the basis of these trends, the remittances for the full year 1997-98 have been assessed at \$ 1445 million, 2.6% higher than last year's level. The foreign currency accounts are expected to rise sharply to \$ 1986 million compared to a level of \$ 1347 million last year.

1.34 **Current Account Balance** With the trade deficit at \$ 1583 million and invisibles surplus of \$ 114 million, the current account deficit for 1997-98 is likely to be \$ 1469 million (2.3% of GDP) compared to the level of \$ 3846 million (6.3% of GDP) in the preceding year and \$ 3431 million (5.2% of GDP) as the target for the year.

1.35 **Capital Account:** The Plan for 1997-98 had projected the gross aid disbursement at \$ 2999 million. Latest estimates place it at \$ 2954 million as against 2233 million disbursed in 1996-97. The increase over the preceding year is expected largely in commodity aid disbursement. Allowing for other capital flows, the overall balance is expected to be a surplus of \$ 1135 million. After taking into account Pakistan's net position with IMF and other transactions of the banking system, the year 1997-98 is likely to witness a build up in gross foreign exchange reserves of \$ 594 million. This will enhance the reserves to a level of \$ 1614 million, equivalent to 7.6 weeks' imports.

II. PROSPECTS FOR 1998-99

Economic Growth

1.36 The growth prospect of economy in 1998-99 largely depends on recovery in the output of cotton, manufacturing, rapid growth in exports and higher level of investment. While the government has already taken appropriate measures to revive the economy, the results are expected to be more visible during 1998-99. The recent reduction in the mark up rate on bank loans and incentives for foreign investment are likely to boost investment. Keeping in view the prospects of key determining factors, a growth rate of 6.0 percent in GDP has been envisaged in 1998-99. The sectoral composition of growth is given at Annexure-1.1.

1.37 The Agriculture sector, after registering a growth rate of 5.9 percent in 1997-98, is forecast to show further recovery with 5.4 percent growth rate in output. The output of major crops is forecast to grow by 5.5 percent provided the cotton escapes the virus

attack next year. The output of minor crops is forecast to increase by 5.0 percent, livestock by 5.4 percent, fishing by 6.4 percent and forestry by 4.9 percent. For the development and promotion of crops, livestock, forestry and fishing sub-sectors, a comprehensive agriculture reforms package has already been announced with the agriculture policy of the government. The production targets of main crops are shown at Annexure-1.2.

1.38 **Mining and Quarrying:** The growth forecast for Mining and Quarrying sector is placed at 5.6 percent. The projected growth rate is mainly premised on 23.7 percent, 5.7 percent and 5.0 percent increase in the extraction of natural gas, crude oil and coal respectively.

1.39 **Manufacturing:** In the Manufacturing sector, revival of which has started during the current year is likely to continue during 1998-99. Small Scale Manufacturing is expected to grow at the rate of 8.4 percent. Large Scale Manufacturing is projected to grow at the rate of 6.5 percent. The production targets of main large scale manufacturing items are shown at Annexure-1.3.

1.40 **Electricity and Gas Distribution:** The prospects of Electricity & Gas Distribution sector in 1998-99 appear bright as hydel power policy is under preparation and will be announced shortly. It is expected that the sector will continue to attract foreign investment and will grow at a rate of 9.0 percent during 1998-99.

1.41 Additional capacity of 1418.3 MW both in Public and Private sectors has been envisaged to be commissioned during 1998-99. This addition is comprised of Fuji Kabirwala (157 MW), Saba Power Company (114 MW), Northern Electric Co. (6 MW), Power Generation System (116 MW), Uch Power Project (586 MW), Davis Energy Ltd (10 MW), Roush Pakistan Power Ltd (412 MW), Altern Energy (14 MW) in Private sector and Reshun Hydel (2.8 MW) in Public sector. Due to retirement of 157 Mw i.e. Multan steam (130 MW) and Shahdara (27 MW), the net addition in the system during 1998-99 would be 1261.3 MW. Thus the total installed generating capacity would increase from 16696 MW in 1997-98 to 17957 MW by the end of June 1999.

1.42 The diversified peak demand of the national grid system will increase from 10443 MW during 1997-98 to 11131 MW in 1998-99, out of which computed peak demand in WAPDA system is expected to be 9927 MW and in KESC system 1850 MW. During 1998-99, 661000 number of new electric connections will be provided by WAPDA and KESC altogether, beside 4060 new villages/abadies would also be electrified by WAPDA and KESC system. The target set for energy generation during 1998-99 is 67115 Gwh, out of which 35220 will be generated by WAPDA 8618 Gwh by KESC, 325 Gwh by KANNUP and 22952 Gwh by Private sector.

1.43 **Services:** The services sector as a whole is projected to grow by 5.7 percent. This growth target is supported by transport & communications (5.6%), trade (6.2%), banking & insurance (6.6%) and Public Admn. & Defense (3.5%).

1.44 **Savings & Investment:** Many programmes for reviving the economy were announced last year. These programmes included incentives ranging from standardization and scaling down of tariff rates on plants and machinery, exemption from sales taxes of both imported and locally manufactured machinery, and drastic reforms in the structure &

collection mechanism of personal and corporate income taxes. The reduced level of tariffs was meant to improve the relative profitability of investment in export oriented sectors. The reduction in tariffs on industrial raw-material was to stimulate industrial production and rationalization of tariffs on plant and machinery was intended to provide a major boost to investment generally while the more specific cascading of the tariff structure was to encourage investment in value added industries. These incentives have now started showing results. Thus total investment in 1998-99 is projected at Rs 588.9 billion, that is about 23.6 percent higher over the expected investment of Rs 476.4 billion in 1997-98. As a percent of GDP, investment is forecast to reach 18.7 percent against the current year's level of 17.4 percent.

1.45 The estimated fixed investment of Rs 538.6 billion for the year 1998-99 includes Rs 190.8 billion for public sector and Rs 347.8 billion in private sector. This implies that 64.6 percent of fixed investment will be covered by private sector. As a percent of GDP public and private sector shares are projected to grow to about 6.1 percent and 11.1 percent respectively. The macro-economic framework showing total resources and their uses is presented in Annexure-1.4.

1.46 National Savings are expected to rise to 17.2 percent of GDP and would finance 92.0 percent of total investment. External resources are projected to decline to 1.5 percent of GDP in 1998-99 against 2.3 percent in 1997-98. For Promotion of investment and savings, efforts will be made to enforce the fiscal discipline, enhance equity financing and improve the effectiveness of financial institutions along with reform packages in banking and financial sectors. The projected savings imply a marginal rate of national savings at 32.5 percent and that of domestic savings at 35.9 percent.

1.47 **Inflation:** Because of the increased production and revised expectations due to lower rate of inflation in the current year and prudent monetary policy it is expected that the inflation rate will fall to about 8 percent during 1998-99.

Fiscal Policy

1.48 The main focus of the fiscal policy would be to reduce the fiscal deficit further to 4.7 percent of GDP during 1998-99. This would be realised by cutting the non-development expenditures and improving the tax compliance rather than enhancing the tax rates. It is expected that the measures taken by the government over the last one year will result in higher levels of tax revenues.

Monetary Expansion

1.49 Monetary expansion will be determined by the Monetary Board but has to meet the two conflicting objectives. On the one hand the monetary expansion should be sufficient enough to meet the investment and working capital requirements and on the other hand it must not create inflationary tendencies in the economy. Considering that GDP is expected to grow at a rate of 6 percent, the safe limit for monetary expansion would be in the range of 12 to 14 percent.

Balance of Payments

1.50 There will be further improvement in the trade account reflecting a higher growth in exports than imports. The value of exports were earlier projected to grow by 8.0 percent while imports were projected to increase by 1.1 percent in nominal dollar terms. These estimates are under review and it is expected that because of sharp increase in cotton output, growth in exports will be significantly higher than 8 percent and the imports may infact decline especially due to import substitution in the agriculture sector. The export growth is based on revival in domestic production, favourable external demand conditions and competitive exchange rate. Non-traditional exports are anticipated to remain buoyant. The import payments for crude oil, and tea are envisaged to decline due to fall in their prices. Prospects for the invisibles balance will continue to be governed largely by the behaviour of the workers' remittances. For 1998-99, remittances have been projected at \$ 1600 million, in line with the trends witnessed in recent past. The deficit in current account balance is expected to be \$ 1.015 billion i.e. 1.5 percent of GDP.

CHAPTER 2

PUBLIC SECTOR DEVELOPMENT PROGRAMME 1998-99

The Public Sector Development Programme (PSDP) 1998-99 has been formulated within the frame-work of the policy agenda of the present Government. The ultimate objectives of the Government is i) to pursue the goal of structural and macro economic adjustment in order to bring stability in the economy, ii) to aim at accelerating development in production, social, environment, and physical infrastructure sectors so as to ensure sustained high growth, iii) wider dispersal of economic benefits amongst people at large and iv) removing regional disparities as far as possible.

2.2 The Public Sector Development Programme includes Federal Ministries/Divisions, Provincial Development Programme, Special Development Programmes (Tameer-e-Sindh Programme, Afghan Refugees Rehabilitation Programme and Grant for Local Development) and Corporation Development Programme (Investment Programme of WAPDA, OGDC, NHA and NMTA and other non-budgetary Federal Corporations). The Development Programme of National Highway Authority (NHA) and National Mass Transit Authority (NMTA) will be entirely financed through the budgetary resources. In case of WAPDA and OGDC only foreign aid channelled through budget is reflected in the budgetary programme.

Budgetary Development Programme

2.3 For the year 1997-98 as against the requirement of Rs 164 billion for budgetary PSDP, the NEC approved PSDP of Rs 95.0 billion which was reduced to Rs 90.1 billion in October, 1997 and the entire cut of Rs 5.0 billion was applied on rupee component of non-SAP Projects of the Federal PSDP which was reduced from 54.2 billion to Rs 49.2 billion. Until 25th May, 1998 the releases by the Ministry of Finance are estimated to be about Rs.38.422 billion which are 84.8% of the rupee allocations. The slow releases tend to hamper the overall development and also affect the pace of foreign aid utilization. In wake of foregoing scenario the throwforward of Federal on-going projects stands at about Rs.292.0 billion as on 1.7.98.

2.4 The total size of the budgetary development programme in 1998-99 is Rs. 110.6 billion which is about 22.7% higher than the revised budgetary development programme for 1997-98. The size of the revised Public Sector Development Programme during 1997-98 was Rs.90.1 billion. Despite severe resource constraints, efforts have been made to provide adequate funds to ongoing projects of national importance such as Saindak Copper Gold Project Chaghai District, Balochistan, Chashma Right Bank Canal, Stage I+II+III, Pat Feeder Canal, Drainage and Reclamation Projects (Punjab, Sindh and NWFP), National Drainage Programme (NDP) Chashma Nuclear Power Project (300 MW), District Mianwali, Petroleum Concession Projects, New Passengers Terminal Complex and Allied Facilities at Lahore Airport, Acquisition of Land for new Sialkot International Airport, Prime Minister's Programme for Family Planning and Primary Health Care, Population Welfare Programme, Lahore Islamabad Motorway, Islamabad Peshawar Motorway and Village Electrification by WAPDA.

2.5 Out of total allocation of Rs. 110.6 billion, Rs. 36.5 billion have been allocated to the Development Programme of Federal Ministries/ Divisions, Rs. 32.0 billion have been earmarked for provinces, Rs. 4.0 billion for Special Areas, Rs.4.1 billion for Special Programmes and Rs. 34.0 billion for the Corporations Programme to be financed from the budget.

2.6 The comparative position for the year 1997-98 and 1998-99 is summarized in the table below, whereas the sector-wise comparative position is given in Annexure-2.1.

PSDP ALLOCATION

(Million Rs)

PROGRAMME	ALLOCATION FOR 1997-98		ALLOCATION FOR 1998-99	
	TOTAL	F.AID	TOTAL	F.AID
1 Federal Ministries	33094.20	12830.90	36455.40	13636.20
2. Special Programmes				
i) Tameer-i-Sindh Programme	869.0	0.0	1000.0	0.0
ii) Afghan Refugees Rehabilitation Programme	70.0	0.0	100.0	0.0
iii) Grant for Local Bodies	0.0	0.0	3000.0	0.0
3. Special Areas	3337.1	1123.0	4005.0	1276.0
4. WAPDA, OGDC, NHA & NMTA (Budgetary Position)	26730.0	16980.0	34021.0	18546.0
5. Provincial Programme	26000.0	10000.0	32000.0	13000.0
TOTAL BDP	<u>90100.3</u>	<u>40933.9</u>	<u>110581.4</u>	<u>46458.2</u>

2.7 In terms of priorities, 19.4% of the total Budgetary PSDP allocation for 1998-99 has been provided to T & C, NHA and NMTA. 18.1% has been allocated to Power Sector including budgetary part of WAPDA's corporate programme and village Electrification. Water Sector claims about 12.1 %. The project-wise allocative strategy of the plan is to concentrate on completion of on-going projects rather than spreading the funds thinly. An allocation of Rs.5.8 billion has also been earmarked to new projects in PSDP 1998-99 whereas moratorium had been applied to new projects in PSDP 1997-98. Some of the prominent features of various sectors are detailed in the following paragraphs.

- i) In the Mineral sector, Saindak Copper Gold project which had gone into trial production during 1996-97. In order to enable the project to commence commercial production before a company takes it over, an allocation of Rs.0.4

billion has been made to the Project in PSDP 1997-98. Accordingly Rs.0.6 billion has been allocated to the Project in PSDP 1998-99 for this purpose.

- ii) As development and management of water resources is high in our development priorities, an allocation of Rs.13.4 billion has been made to the sector in PSDP 1998-99. Major programmes which would be covered; are Drainage & Reclamation, Onfarm Water Management, of M/o Food, Agriculture, Livestock Division, Flood Sector and irrigation projects such as Chashma Right Bank Canal, Pat Feeder Canal and the National Drainage Programme (NDP) etc.
- iii) An amount of Rs.4.4 billion has been provided to Power Sector in PSDP 1998-99 as against Rs. 4.3 billion showing an increase of 2.3%. The important projects included in the Sector are Chashma Nuclear Power Project, Nuclear Mineral Survey, Phase-IV, Lahore, Detailed Exploration of Uranium in DG.Khan Phase-V and Reshun Hydro Power Project.
- iv) In Fuel sector allocation has been enhanced from Rs. 1.1 billion in the current year to Rs. 1.2 billion in 1998-99, showing an increase of 9.1 %. The allocation is almost on the same level during the current year, however, the slight increase is mainly due to including a new Project entitled " Energy Management & Environment Planning (CIDA Grant).
- v) Adequate funds (Rs.4.2 billion) have been provided to Transport and Communications sector. Major projects to be covered would be Track Rehabilitation, Rehabilitation of 102 Diesel Locomotives, Tract Circuiting of 94 Stations and Procurement of 30 Locos (3000 HP) under Railways Division and Special Communication Organization (SCO), Gawader Fish Harbour and Pakistan Telecommunications Regulation and Privatization Support Project under Communications Division.
- vi) Physical Planning sector has been provided adequate funds (1.8 billion). Major Projects would include Rural Water Supply Schemes, Khanpur Dam, Dualization of Kashmir Highway, on-going schemes for Govt. Offices and Buildings, Govt Servants and Houses, Election Commission Office Building and Construction of FPSC and AGPR Buildings etc.
- vii) Adequate allocation of Rs.0.9 billion in PSDP 1998-99 has been made to Education sector which, amongst other, would cover Primary Education, Vocational Training Programme, 10,000 Non Formal Basic Education Schools and University Education.
- viii) Consistent with the policy of the government to provide health cover to a large segment of population, Rs.2.7 billion have been allocated to Health Sector in PSDP 1998-99. The Major Projects are; Extended Programme of Immunization, Malaria Control and Aids Programmes, Bolan Medical College, P.M's

Programme for Family Planning and Primary Health Care (Lady Health Workers), MCH unit at PIMS, Islamabad, Upgradation of six Nuclear Medical Centres at Karachi, Jamshoro, Lahore, Islamabad, Peshawar and Quetta and Karachi Institute of Radiotherapy and Nuclear Medicine (KIRAN) has been expanded in view of its success and the total allocation for these major projects stands at Rs.2.5 billion during 1997-98.

- ix) In order to arrest the high rate of population growth, increased allocations have been made to Population Welfare sector during the past three years. Accordingly, it has been allocated Rs. 2.0 billion for the programme in 1998-99 as compared to Rs.1.9 billion during 1997-98 showing an increase of 5.3%.
- x) Financial accountability presupposes upgradation of accounting system in the country. Accordingly in 1998-99 allocation to Research, Statistics and Planning sector has been increased by 51.3 million over the last year level so that the World Bank assisted project, namely, Project for Improvement of Financial Reporting and Auditing in Pakistan gets underway in full gear during 1998-99.
- xi) As environmental degradation adversely affects population's health and productivity and causes a reduction in the country's natural resources, a special emphasis has been laid on this sector during the last three years. Keeping in view its high priority, an allocation of Rs.0.3 billion has been made in 1998-99. Major projects to be covered in this sector relate to Water Shed Management Projects, Rechna Duab Afforestation, Maintaining Biodiversity in Pakistan and Fuel efficiency in Road Transport Sector with Rural Community Development.

Special Areas Programme

2.8 An allocation of Rs 4.0 billion has been proposed in the Federal PSDP 1998-99 for Special Areas (AJK, Northern Areas, FATA and FATA-DC) as against provision of Rs 3.3 billion during 1997-98. The area-wise allocation as compared to 1997-98 is shown below:-

SPECIAL AREAS ALLOCATION

(Million Rs.)

Special Areas	Allocations for 1997-98		Allocations for 1998-99	
	Total	Foreign Aid	Total	Foreign Aid
1	2	3	4	5
AJK	1742.8	700.0	2091.7	795.0
NA	721.4	200.0	865.7	227.0
FATA	769.2	200.0	923.0	227.0
FATA-DC	103.8	23.0	124.6	27.0
Total:-	3337.2	1123.0	4005.0	1276.0

Programme of WAPDA, OGDC, NHA and NMTA.

2.9 In the corporate sector, the programme of NHA and NMTA will be entirely financed from the budget. As regards WAPDA (Power) and OGDC, foreign loans which pass through the budget to these Corporations, would be part of budgetary programme, as in the past. For the rest of their programmes, they would either finance it through own resources or from capital market or foreign loan/equity

Budgetary Corporations Development Programme 1998-99

(Million Rs)

Corporations	Total	Budgeted Rupees	Budgeted Aid	Self Financing	Bank Borrowing	Foreign Loan/Equity
WAPDA*	28310.4	800.0	14824.0	0.0	12161.0	525.4
OGDC	6069.2	0.0	1132.0	4368.6	568.6	0.0
NHA	16640.0	14050.0	2590.0	0.0	0.0	0.0
NMTA	625.0	625.0	0.0	0.0	0.0	0.0
TOTAL:	51644.6	15475.0	18546.0	4368.6	12729.6	525.4

* Includes Village Electrification

2.10 As can be seen from Para 2.9, the total investment programme of NHA has been sizably increased which will boost provision/improvement of infrastructural facilities enhancing the well-being of common man and indirectly adding to the productive capacity of the economy. The non budgetary corporations in the T & C, Industry, Fuel and Power sectors are planning an investment programme of Rs. 63234.6 million. As for these Corporations, special care has been taken this year to limit their investment programme within resource availability so that these Corporations do not take recourse to net incremental bank borrowing or withhold Government or other dues to finance their development commitments. These Corporations would be allowed bank borrowing only to the extent of their principal payments during the year. This was essentially needed to ensure that their excessive commitments do not destabilise fiscal or monetary targets. The Ministry of Finance would finalize the programme of non-budgetary Public Sector Corporations Programme for 1998-99 in the light of overall fiscal and monetary position. The Ministries concerned should also ensure strict compliance of the cap placed on their investment programme and adherence to financing plan so that the objective of monetary and fiscal stability is achieved.

CHAPTER-3

MAIN FEATURES OF SECTORAL PROGRAMMES

AGRICULTURE

Review of 1997-98

Financial: The agriculture sector was allocated an amount of Rs.459.8 million in the Federal PSDP 1997-98. The entire amount is expected to be utilized during the year.

3.2. Physical: The agriculture sector registered a growth rate of 5.9 per cent against a target of 5.1 per cent. The remarkable performance of the agriculture sector is attributed to the incentives provided under the Prime Minister's Agricultural Package. The increased and timely availability of agricultural credit and higher output prices enabled the farmers to purchase and apply the required inputs which has resulted in improvement in productivity. All the major crops except cotton have either achieved or surpassed the targets fixed for 1997-98. The cotton crop was badly damaged due to un-precedented heavy rains and hail storm in September and October, 1997 in the main cotton growing areas. Its production was 9.2 million bales against a target of 10.0 million bales. An all time high sugarcane production of 53.0 million tonnes was achieved against a target of 48.0 million tonnes. The rice production of 4.32 million tonnes was close to the target. There was a record production of 18.6 million tonnes of wheat against a target of 18.0 million tonnes. The expected wheat production will be 12 per cent higher than last year's production of 16.6 million tonnes. The gram production was 773 thousand tonnes against a target of 680 thousand tonnes. The production of rapeseed and mustard is estimated at 297 thousand tonnes against a target of 250 thousand tonnes. A bumper crop of 1.3 million tonnes of potato has been harvested against last year's production of 1.0 million tonnes. The target of 1.2 million tonnes for onion is expected to be achieved.

3.3. The growth rate of major and minor crops was 8.4 and 3.3 per cent against target of 6.2 and 5.0 per cent, respectively. The growth rates of livestock, fisheries and forestry sub-sectors were 4.8, 6.7 and (-) 23.2 per cent, respectively. The low growth rate of forestry is mainly due to ban on cutting of trees and conservation of forest resources.

Programme for 1998-99

3.4 Financial: An allocation of Rs.490.591 million has been made in the Federal PSDP 1998-99 for the agriculture sector.

3.5 Physical: Consistent with the policy of reviving the economy and maintaining high growth rate, the agriculture sector's growth rate is projected at 5.4 per cent for 1998-99. The major and minor crops will contribute 5.5 and 5.0 per cent, respectively. The share of livestock, fisheries and forestry sub-sectors will be 5.4, 6.4 and 4.9 per cent, respectively. The present policy of the Government for agriculture sector viz; provision of adequate credit facilities; timely and adequate availability of inputs like water, improved seed and fertilizer, arresting adulteration

and other mal-practices in the sale of fertilizer and pesticides; provision of support prices will be continued. These policies will help in achieving the proposed targets.

3.6 A fertilizer off-take target of 2,790 thousand nutrient tonnes has been fixed for 1998-99, which is 5.3 per cent higher than the estimated off-take of 2,650 thousand nutrient tonnes in 1997-98. The target for improved seed has been fixed at 133.4 thousand tonnes, which is 16 per cent higher than last year's achievement of 115.0 thousand tonnes.

Major Programmes

3.7 Besides on-going projects, 11 new priority research and development projects with innovative technologies will be launched during the year to improve the agricultural productivity. The on-going and new programmes are discussed in the subsequent paragraphs.

Agricultural Research

3.8 Research on cultivation of oil crops in Cholistan areas will be continued. It will require intensive research based information generation of technology, on-farm demonstration and training of the local people. Research studies on production sustainability, fertilizer use efficiency and insect pest resistance on rice-based cropping systems will be continued. Tea Research and Development Project will be started to undertake extension/development activities on tea plantation on farmers' fields in NWFP. It will provide nursery plants and other inputs to tea growers, assist them in establishment of tea plantation, impart training on tea cultivation and tea campaign through audio-visual programmes. Project on National Sugar Crop Research Institute, Thatta, Sindh will be started. Research will be conducted on development of disease resistant and high sucrose content varieties of sugarcane. Coastal Zone Agricultural Research and Development Project will be started with a view to conduct research on different crops suitable for growing in coastal areas of Sindh and Balochistan in order to improve their productivity. Package of technology for different crops will be developed for increasing production by the growers in the coastal areas. Oilpalm nurseries will be developed on private and Government farms for distribution of seedlings to growers in Sindh and Balochistan under the "Oilpalm Development Pilot Project".

Agricultural Extension

3.9 The implementation of project "Increasing Productivity of Kitchen Crops" will be continued. Development and research activities for improvement of productivity of arid areas in Punjab will be continued. Priority will be given to dry-land farming, agro-forestry, soil/water conservation, range/livestock and wild life development. Project for dissemination of agricultural skills through training of women of barani areas will be started. A new scheme for strengthening of Agricultural Commodity Research will be started. It will carry out survey of marketing conditions and formulate grades and quality specifications for commodities having export potential.

Agricultural Education

3.10 Improvement and strengthening of teaching, research and laboratory facilities in Agricultural University, Faisalabad will be continued. The civil works at Agricultural Colleges at Dokri, Larkana and Multan will also be continued. The project on "Establishment of Centre for Agricultural Biochemistry and Biotechnology" at University of Agriculture, Faisalabad will be completed. Repair and renovation works of old buildings at Universities of Agriculture, Faisalabad and Peshawar and construction of hostel for 250 students at Agricultural University, Tandojam will be started.

Livestock

3.11 The project for the establishment of a National Veterinary Laboratory at Islamabad will be initiated. It will serve as a national reference laboratory and provide vaccine quality control services to the Federal and Provincial Livestock Departments. It will also help in evaluating veterinary drugs for safety, potency and efficiency.

Soils and Fertilizer

3.12 The project for the up-gradation of laboratory facilities and strengthening of Soil Survey of Pakistan will be completed. The promotional activities for increasing the use of phosphatic fertilizer will be continued. A new research programme on the use of potash for enhancing crop activity will be started.

WATER RESOURCES

Review of 1997-98

3.13 **Financial:** Against financial allocation of Rs. 9892.238 million, an amount of Rs.9775.800 million (98.8 %) is expected to be utilized up to the end of June 1998.

3.14 **Physical:** The overall water availability in the irrigation system increased by 0.15 MHM from 16.29 MHM in 1996-97 to 16.44 MHM in 1997-98 (10.11 MHM surface and 6.33 MHM groundwater). Out of total water available during 1997-98, about 9.49 MHM was available during Kharif and 6.95 MHM during Rabi. Sub-sector-wise physical achievements are given in the following Table.

Physical Targets and Achievements during 1997-98

S.No.	Item	Unit	Targets 1997-98	Achievements 1997-98 (Exp.)	Percent Ach.
1.	Water Availability	MHM	16.44	16.44	100
2.	Disastrous area Protected from Waterlogging and Salinity	MH	0.30	0.28	93
3.	SCARP Tubewells				
	a) Drilling	NO	94	117	124
	b) Energization	NO	1053	45	5
	c) Transition to Private Sector	NO	400	400	100
4.	Surface Drains	MCM	9.60	9.00	94
5.	Sub-surface Drain	HA	4399	10031	228
6.	Structure	No	1528	1230	81
7.	Flood Control				
	- Earth work	MCM	3.09	2.15	70
	- Stone work	MCM	0.30	0.20	67
8.	OFWM Programme				
	- Watercourse Improvement	No.	1325	1000	75
	- Precision Land Levelling	HA	6400	4000	63

Programme for 1998-99

3.15 **Financial:** Total allocation during 1998-99 under the Public Sector Development Programme for Water Sector is Rs. 13404.880 million including foreign aid of Rs. 5741.630 million.

3.16 **Physical:** It is expected that water availability will be increased from 16.44 MHM in 1997-98 to 16.62 MHM in 1998-99. Out of total of 16.62 MHM, about 10.24 MHM will be available from surface water supplies through watercourse improvement, canal remodelling and small irrigation schemes. The remaining 6.38 MHM will be extracted from underground fresh water aquifer mainly by private and SCARP tubewells. About 0.24 MH of salt affected land will be reclaimed by drilling and energization of 288 SCARP tubewells. Further, 6000 private tubewells will be installed during the year. Moreover, excavation of 9.54 MCM (950 Km) of

earth for surface drains, construction of 238 Km of interceptor and disposal drains, and laying tile drains in an area of 15000 hectares will be carried out. In addition about 5000 water-courses will be improved and 14998 hectares land precisely levelled. Main programmes/projects to be implemented during 1998-99 are given below:

i) **Drainage and Reclamation Programme**

3.17 This programme will continue to receive major share i.e Rs. 7701.14 million (57%), of total Water Sector financial allocation including NDP. The programme envisages drilling and energization of 288 SCARP tubewells respectively, excavation of 9.54 MCM (950 Km) earth for surface drains, construction of 238 Km of interceptor and disposal drains and laying tile drains in an area of 15000 hectares. It is expected that 0.24 MH will be protected from waterlogging and salinity. The programme includes 12 drainage projects (7 in Punjab, 4 in Sindh and 1 in NWFP) in addition to NDP which has been shown separately. Adequate allocations have been made for Left Bank Out-fall Drain, Right Bank Out-fall Drain, Khushab Sub-unit, Fordwah Sadiqia (South), Fordwah Sadiqia Remaining and Swabi SCARP for their timely completion.

3.18 The National Drainage Programme costing Rs. 31400 million will be accelerated to restore the sustainability of irrigated agriculture in an environmentally sound manner by (a) minimizing drainable surplus and (b) evacuation of drainable surplus from the Indus Basin to the sea. For this purpose a sum of Rs. 3000.00 million (Rs. 2000.00 million in F.Aid and Rs. 1000 million in local) has been allocated.

ii) **Irrigation**

a. **Chashma Right Bank Canal Project.**

3.19 Stage-I and II of CRBC project have been completed whereas work on Stage-III, including construction of main canal, distributaries/minors, flood carrier channels and a number of structures will be undertaken. An amount of Rs. 2800 million including foreign aid of Rs.2000 million has been allocated for this project during the year 1998-99.

b. **Pat Feeder Canal Project.**

3.20 Remodelling work on the main canal, disposal and carrier drains have been completed. Works on distributaries and minors will be continued. The balance amount of Rs.1000.00 million including foreign aid of Rs. 400 million has been allocated for 1998-99.

iii) **On-Farm Water Management(OFWM)**

3.21 It is an on-going programme being implemented with the assistance of Government of Japan and World Bank. Physical work includes renovation of 5000 watercourses and precision land levelling of 14998 hectares for on-going and new programme. Allocation to this programme during 1998-99, will be reflected in the Provincial ADPs. However, Rs. 42.00 million have been allocated to Federal OFWM Cell under OFWM Japan assisted. A new component of the same programme " Accelerated National OFWM " has been initiated so as to

improve 18000 watercourses, construct 1400 storage tanks, train 194000 farmers and establish 3880 demonstration centers. For this Programme a sum of Rs. 110 million has been allocated in the PSDP 1997-98. On-farm Water Management -IV (World Bank assisted) is planned to start during the year 1998-99. For this purpose an amount of Rs. 500 million (all in local) has been allocated.

v) **Flood Protection Programme.**

3.22 The on-going ADB assisted Flood Sector Project is almost complete. For this an amount of Rs. 20 million (all in local) has been allocated to continue work on Flood forecasting and Warning component. Phase-II of this programme costing Rs. 8000 million including foreign aid of Rs. 6000 million has been started to cover the remaining works of Phase-I and other new projects of all the four Provinces. The emergent nature of flood works would be accommodated under Normal Flood Programme, for which a sum of Rs. 400.00 million have been allocated. The programme during 1998-99 envisages execution of different small schemes in Punjab, Sindh, NWFP and Balochistan. A total of Rs. 995 million including foreign aid of Rs. 240.00 million have been allocated for the Flood Sector Programmes. It is expected that 78 Kms of embankments 18 spurs and hill torrent structures (having Earthwork 13.19 MCM and Stonework of 1.24 MCM) will be constructed during the year.

vi) **Survey, Investigation and Research.**

3.23 Survey, Investigation and Research is a continuing programme being carried out by WAPDA. During the year 1998-99, the work will continue on a number of important projects such as International Waterlogging and Salinity Research Institute, Ground Water Development in D.G. Khan district Phase-II, Ground Water Investigation-cum-development in Barani areas of Gujrat district and Boring/Installation of Tubewells in Balochistan. An amount of Rs. 39.00 million including foreign aid of Rs. 10.00 million have been allocated to this programme.

ENERGY

Power

Review of 1997-98

3.24 **Financial:** An allocation of Rs. 31342.413 million has been made for Power Sub-sector during 1997-98 including budgetary Corporation but excluding Non-budgetary Corporations. Against the above allocation, the revised estimates for 1997-98 are Rs. 31498.12 million.

3.25 **Physical:** The installed capacity of power has increased from 14993 MW in 1996-97 to 16696 MW by the end June 1998 by the addition of 1703 MW including 210 MW in Public sector and 1493 MW in Private Sector. The addition in system comprises of Bin Qasim Unit-6 (210 MW) in Public Sector and AES Lalpir (362 MW), AES Pakgen (365 MW), Gul Ahmed Energy (136 MW), Habibullah Energy (140 MW), Japan Power (120 MW), Southern Electric (115 MW), Liberty Power Co. (235 MW) and Eashatech (20 MW) in Private Sector.

3.26 The diversified peak demand of the national grid system was 10443 MW during 1997-98, of which computed peak demand in WAPDA system was 9155 MW and in KESC 1682 MW. During 1997-98, 696213 number of new electric connection were provided by WAPDA and KESC together, besides 4061 new villages/abadies were also electrified by WAPDA and KESC. The total energy generated during 1997-98 was 62769 Gwh out of which 38031 Gwh was generated by WAPDA, 7963 Gwh by KESC, 325 Gwh by KANNUP and 16450 Gwh by Private sector, both in WAPDA & KESC systems.

Programme for 1998-99

3.27 **Financial:** An allocation of Rs. 32745.80 million has been proposed for Power Sub-sector including budgetary Corporation but excluding Non-budgetary Corporations.

3.28 **Physical:** Additional capacity of 1418.3 MW both in Public and Private sector has been envisaged to be commissioned during 1998-99. This addition is comprised of Fuji Kabirwala (157 MW), Saba Power Company (114 MW), Northern Electric Co. (6 MW), Power Generation System (116 MW), Uch Power Project (586 MW), Davis Energy Ltd (10 MW), Roush Pakistan Power Ltd (412 MW), Altern Energy (14 MW) in Private sector and Reshun Hydel (2.8 MW) in Public sector. Due to retirement of 157 MW i.e. Multan steam (130 MW) and Shahdara (27 MW), the net addition in the system during 1998-99 would be 1261.3 MW. Thus the total installed generating capacity would increase from 16696 MW in 1997-98 to 17957 MW by the end of June 1999.

3.29 The diversified peak demand of the national grid system will increase from 10443 MW during 1997-98 to 11131 MW in 1998-99, out of which computed peak demand in WAPDA system is expected to be 9927 MW and in KESC system 1850 MW. During 1998-99, 661000 number of new electric connection will be provided by WAPDA and KESC altogether, beside 4060 new villages/abadies would also be electrified by WAPDA and KESC system. The target set for energy generation during 1998-99 is 67115 Gwh, out of which 35220 Gwh will be generated by WAPDA, 8618 Gwh by KESC, 325 Gwh by KANNUP and 22952 Gwh by Private sector respectively.

Fuel

Review of 1997-98

3.30 **Financial:** An allocation of Rs. 7212.311 million was made for Fuel Sector during 1997-98, including budgetary corporations but excluding non-budgetary corporations. Against the above allocation, the revised estimates are Rs. 7062.9 million.

3.31 **Physical:** Oil production during 1997-98 is expected to be about 55498 BPD against the target of 57882 BPD showing 96 percent achievement. Gas production is expected to be 1930 MMCFD against the target of 2210 MMCFD, showing 87 percent achievement against the target. A total of 58 wells both in public and private sector comprising of 32 exploratory and 26 development/appraisal wells, are expected to be drilled against the target of 58 wells showing 100 percent achievement. The LPG production is expected to be 535 Metric tons per day in 1997-98 showing 100 percent achievement. Estimated production of coal during 1997-98 is

3.48 million tons as compared to target of 3.52 million tons showing 98.9 percent achievement.

Programme for 1998-99

3.32 **Financial:** An allocation of Rs. 7226.2 million has been proposed for Fuel sector including budgetary corporation but excluding non-budgetary corporations.

3.33 **Physical:** During 1998-99, the crude oil production is planned to be 58559 BPD against estimated production of 55498 BPD in 1997-98 showing 5.5 percent increase over previous year. The gas production is planned to be 2372 MMCFD against estimated production of 1930 MMCFD in 1997-98 showing 22.9 percent increase over previous year. A total of 62 wells both in Public and Private Sectors are planned to be drilled during 1998-99, comprising of 27 exploratory and 35 appraisal/development wells. The coal production is planned to be 4.40 million tons during 1998-99 as compared to 3.48 million tons during 1997-98 showing 26.4 percent increase over previous year.

MANUFACTURING

Review of 1997-98

3.34 **Financial:** An expenditure of Rs.650.69 million is estimated to be incurred by June, 1998 against the revised PSDP allocations of Rs.530.08 million in the manufacturing sector indicating 123 percent utilisation during 1997-98. The major projects carried out through Government Budget during 1997-98 were Rehabilitation of Peoples Steel Mills and Special Industrial Zone (SIZ) Nawabshah.

3.35 **Physical:** An overall growth rate of 6.2 percent is estimated to be achieved in Manufacturing Sector against the target of 6.8 percent during 1997-98. Large Scale and Small Scale Manufacturing is expected to achieve 6.2 percent and 8.4 percent against targets of 6.5 percent and 8.4 percent respectively. The small scale manufacturing sector maintained its historical growth rate of 8.4 percent. The main reasons for slow progress of large scale manufacturing sector was due to increased utility charges, abundance of smuggled items, lower productivity and lower capacity utilisation.

Industrial Production

3.36 Major items which showed positive growth during 1997-98 included sugar (44.4%), jute goods (25.4%), tractors (35.8%) and air conditioners (46.8%).

Programme for 1998-99

3.37 **Financial:** An allocation of Rs.597.00 million has been proposed for the manufacturing sector for the year 1998-99 as compared with the estimated expenditure of Rs.650.69 million during 1997-98. The higher allocation during 1998-99 is due to enhanced provision of funds for Peoples Steel Mills, Karachi, which is to be completed by June, 1999. The allocation in the manufacturing sector include Rs.567 million for Rehabilitation of Peoples Steel Mills (PSM), Karachi and Rs.30 million for Special Industrial Zone, Nawabshah.

3.38 **Physical:** An overall growth rate of 7.2 percent has been targeted for 1998-99 in the manufacturing Sector with 6.5 percent in large and 8.4 percent in small scale industries.

MINERALS

Review of 1997-98

3.39 **Financial:** Due to financial constraints and policy for encouraging the private sector, mineral sector restricted its role to the on-going projects only and no new project was initiated in the public sector. Against PSDP allocation of Rs 384.758 million, 100% utilization is expected during 1997-98. The two projects in Mineral Sector were "GSP-JICA Follow up Technical co-operation in the Geoscience Laboratory, Islamabad and Saindak Copper Gold Project District Chagai Balochistan. Geoscience Laboratories, Islamabad utilized its allocation of Rs 26.08 million (including Rs 20 million as JICA Grant-in Aid) whereas Saindak Metals Limited has spent Rs 358.68 million during 1997-98.

PROGRAMME 1998-99

3.40 **Financial:** An allocation of Rs 648.00 million has been earmarked for the two mineral sector projects namely "GSP-JICA Follow-up Technical Co-operation in the Geoscience Laboratory Islamabad and Saindak Copper Gold Project District chagai Balochistan" during 1998-99 as compared to the previous year's revised PSDP allocation of Rs 384.758 million, The details about the two mineral sector projects is as under:

- i Geosciences Laboratory Islamabad (GSP-JICA collaborative Project) is undertaking research work pertaining to the assessment of mineral and other High-tech collaborative research with the Japanese experts and implementation of the technology transfer programme for which PSDP (1998-99) allocation of Rs 10.00 million has been made to complete the project.
- ii. A provision of Rs 638.457 million in PSDP (1998-99) has been made for operation of Saindak Copper Gold Project. Apart from this PSDP allocation, ECC of the Cabinet has already approved Rs 1500 million for the financial restructuring of the project to reactivate and operate the Project. According to the Saindak Metals Limited (SML), the project will start its production during 1998-99.

3.41 **Physical** A growth rate of 5.6 percent in Mining and quarrying sector has been targeted for the year 1998-99 as compared with negative achievement during 1997-98.

TRANSPORT AND COMMUNICATIONS

Review OF 1997-98

3.42 The Federal Public Sector Development Programme for 1997-98 envisaged an outlay of Rs.39,565.838 million comprising of Rs.5,583.838 million for the budgetary programme, Rs.12,200 million for the budgetary corporation (NHA) and Rs.21,782 million for non-budgetary corporations viz. PTCL, PIAC, CAA and PNSC. Against this the expenditure expected to be incurred stood at Rs.33772.441 million which includes Rs.4,990.621 million for the budgetary programme, Rs.13600.00 million for the budgetary corporation (NHA) and Rs.15,181.82 million for non-budgetary corporations viz. PTCL, PIAC, CAA and PNSC; giving an overall utilization of 85.36 per cent. Salient features of implementation programme are given below:

I- RAILWAYS

3.43 An allocation of Rs.4,887.358 million was made for Pakistan Railways against which an expenditure of Rs.4,154.828 million is expected to be incurred. Work progressed on rehabilitation of track, rehabilitation of 101 DE Locos, spares for unit exchange and inventory, track circuiting on 94 stations, procurement of 30 locos. The projects viz: Procurement of 18 DE locomotives and Procurement of 200 new and rehabilitation of 548 traction motors were completed during 1997-98.

II. D.G. PORTS & SHIPPING.

3.44 Against an allocation of Rs.60.83 million an expenditure of Rs.145.29 million is expected to be incurred for the acceleration of work on bulk water supply from Gujoo canal to the Port Qasim industrial area and Gwadar Fish Harbour cum mini port and to meet the liabilities of Port Qasim Phase-I project.

III. NATIONAL HIGHWAYS & BRIDGES (NHA)

3.45 Against an allocation of Rs. 12,200 million an expenditure of Rs. 13600.00 million has been incurred on the development programme of National Highways giving a utilization of 111.48 percent. Work on dualization of National Highway (N-5) on different sections, Maintenance Backlog Reduction, Re-surfacing/Strengthening Programme, improvement of 1,189 Km long Indus Highway, restoration of 1992 flood damages and construction work on Lahore Bypass progressed while Islamabad-Lahore Motorway (M-2) was completed and opened to traffic.

NATIONAL LOGISTIC CELL (NLC)

3.46. The entire allocation of Rs.8.69 million was incurred on continuation of work on the Kalabagh-Shakardara road project by the NLC.

V. AIR TRANSPORT

CIVIL AVIATION AUTHORITY

3.47 The entire allocation of Rs.1,181 million was incurred on continuation of work on Aeronautical Communications and Control (AC&C) project, Procurement of 19 large crash fire and rescue vehicles for CAA airports, completion of work on improvement of runway at Islamabad, international departure lounge at Lahore concourse at Quetta, development of airport at Nawab Shah as alternate to Karachi, upgradation of Moenjodaro airport for Boeing 737 operations, acquisition of land for extension of runway/terminal building at Rahim Yar Khan and establishment of new airport at Sehwan Sharif and D.G. Khan. Work on rebuilding of Secondary runway at Karachi also started.

AIRPORT SECURITY FORCE

3.48 The entire allocation of Rs.4.67 million was incurred on construction of residential accommodation at Quetta and five small airports.

P.M.D.

3.49 Against an allocation of Rs.3.58 million an expenditure of Rs.154.12 million was incurred on establishment of radars at D.I. Khan and Rahim Yar Khan.

VI. Research (NTRC)

3.50 The entire allocation of Rs.4.78 million was incurred on continuation of research programme during 1997-98, by the National Transport Research Centre.

VII. TELECOMMUNICATION (PTCL)

3.51 Against the allocation of Rs.20,000 million an expenditure of Rs.14,000.82 million was incurred for providing new telephone connections, long distance PCOs and other telecommunication facilities by the PTCL.

SPECIAL COMMUNICATION ORGANIZATION (S.C.O.)

3.52 Against an allocation of Rs.142.79 million an expenditure of Rs.47.8 million was incurred for providing new telephone connections, VHF links and PCOs etc in AJ&K and Northern Areas.

PROGRAMME FOR 1998-99

3.53 An allocation of Rs.43,565.45 million has been made for development of Transport & Communications. This includes Rs.4,854.45 million for the budgetary programme, Rs.16,640 million for budgetary corporations (NHA) and Rs.22,071 million for non budgetary corporations i.e. PTCL, PIAC, CAA and PNSC.

I. PAKISTAN RAILWAYS

3.54 An allocation of Rs.2,123.74 million has been made for completion of work on track circuiting on 94 stations, acceleration of work on track rehabilitation, rehabilitation of 101 DE Locos, procurement of 30 DE Locos, signalling works, bridge works, Wagah Railway Station, renovation of passenger coaches, overhead bridge at Pattoki and start of work on Gojra underpass during 1998-99.

II. PORTS & SHIPPING

D.G. Ports & Shipping (D.G. P&S)

3.55 An allocation of Rs.40 million has been made for completion of remaining work on Gwadar Fish Harbour project.

III. NATIONAL HIGHWAY AND BRIDGES

3.56 An allocation of Rs.16,640 million has been made for the National Highways development Programme. The main thrust of the programme is aimed at the acceleration of work on the dualization of National Highway N-5, improvement of Indus Highway N-55, restoration of 1992 flood damages, Maintenance Backlog Reduction, pavement re-surfacing/strengthening Programme Quetta-Dalbandin-Taftan section (N-40), improvement of KKH (N-35), Sukkur bridge, start of work on Kohat Tunnel project and completion of work on Transport Sector project, Lahore bypass, and completion of Lahore-Islamabad Motorway linkages at both ends.

NATIONAL MASS TRANSIT AUTHORITY

3.57 An allocation of Rs.625 million has been made establishment of Mass Transit Systems at Lahore and Karachi. This comprises of equipment of US \$ 1.005 million for Lahore Light Rail and the balance amount is for Karachi Mass Transit project.

IV. AIR TRANSPORT

CIVIL AVIATION AUTHORITY

3.58 An allocation of Rs.5,257 million has been made for acceleration of work on Aeronautical Communications and Control (AC&C) Systems project, refurbishment of CAA calibration aircraft, construction of runway at Skurdu, Strengthening of runway at D.I. Khan, rebuilding of secondary runway at Karachi, terminal building at Sukkur, upgradation of Nawabshah as alternate to Karachi and acceleration of work on construction/upgradation of

terminal building at Rahim Yar Khan. Work on construction of new air terminal at Lahore would be started while land for construction of international airport at Sialkot would be procured for execution of the project on BOT basis.

PAKISTAN INTERNATIONAL AIRLINES (PIA)

3.59 An allocation of Rs.1,184 million has been made for procurement of two Simulators for Boeing 737 and Airbus A310 aircraft.

AIRPORT SECURITY FORCE (ASF)

3.60 An allocation of Rs.5.56 million has been made for completion of work on construction of barrack accommodation at Quetta and five small airports.

PAKISTAN METEOROLOGICAL DEPARTMENT (PMD)

3.61 An allocation of Rs.319.15 million has been made for completion of work on provision of additional meteorological facilities in northern region and acceleration of work on improvement of Meteorological radar network including installation of two radars at D.I. Khan and Rahim Yar Khan.

V. Research.

National Transport Research Centre

3.62 An allocation of Rs.5 million has been made to NTRC for continuation of research programme during the year.

VI. TELECOMMUNICATION (PTCL)

3.63 An allocation of Rs.15,000 million has been made for development of telecommunication facilities viz providing new telephone connections and long distance PCOs during 1998-99.

SPECIAL COMMUNICATION ORGANIZATION (SCO)

3.64 An allocation of Rs.500 million has been made for providing new and upgrading existing telecommunication facilities in AJ&K and Northern Areas.

VII. PAKISTAN POST OFFICES

3.65 An allocation of Rs.10 million has been made for acceleration of work on post office buildings and residential quarters.

PHYSICAL PLANNING AND HOUSING

Review of 1997-98 Programme:

3.66 **Financial:** Within the policy framework of 8th Five Year Plan and SAP the sectoral ongoing programme for 1997-98 focused on completing the Sectoral projects during 1997-98, a total allocation of Rs 10018 million was provided, against which an expenditure of Rs 8706 million is expected to have been incurred upto June, 1998 showing an utilization of 87% percent. Details of sectoral allocations and estimated expenditure are given below:-

ALLOCATION AND EXPENDITURE

(Million Rs.)

Agency	Allocation	Expenditure as per Rev. Estimates	Percentage Utilization
<u>Federal</u>	<u>2077</u>	<u>2074</u>	<u>99%</u>
<u>Provincial</u>	<u>7941</u>	<u>6632</u>	<u>83%</u>
Punjab	5461	4591	84%
Sindh	710	590	83%
NWFP	989	811	82%
Balochistan	781	640	82%
Total	10018	8706	87%

- Note: (1) PP&H include Urban Development, Urban Water Supply, Government Servant Housing, Govt. Office Buildings and Regional Planning.
- (2) RWS&S - Rural Water Supply & Sanitation funded under Social Action Programme.

3.67 **Physical:** The Sectoral programmes mainly comprised of urban and rural water supply and sanitation, provision of 7-Marla residential plots to low income families, improvement of Katchi Abadis/slums and construction of houses for Public Servants and Government Offices/Buildings. Details of physical targets and expected achievements during 1997-98 are given below:

PHYSICAL TARGETS AND ACHIEVEMENTS

Item	Unit	Target	Achievements	Percentage Achievements
a. Urban Resid. Plots	No	100,000	85,000	67%
b. Urban Water Supply	Addl. Pop. to be served (in million)	2.000	1.75	87%
c. Urban Sewerage Drainage	-do-	2.500	2.000	80%
d. Govt. Servants Housing	No.	2000	1440	72%
e. Urban Dev./Slum Improvement.	Population benefitted (in million)	1.000	0.50	50%
f. 7-Marla Resident Plots in Rural Areas.	No. of Plots (in million)	0.253	0.150	60%
S A P Funded				
g. Rural Water Supply	Additional Pop. served (in million)	6.500	5.850	90%
e. Rural Sanitation	-do-	4.500	3.200	71%

Programme for 1998-99 (Federal)

3.68 **Financial:** For 1998-99 an amount of Rs. 1748.009 million has been allocated in Federal PSDP for PP&H Sector.

3.69 **Physical:** During 1998-99, the development works will be geared up for completing the nearing completion project of Water Supply from Khanpur Dam to Islamabad/Rawalpindi and Augmentation of Islamabad Water Supply with Seepage water from Rawal Dam and Tubewells in National Park areas and to expedite implementation of project of Improvement of STP Phase I,II,III & Construction of Phase IV. Work on Dualization of Kashmir Highway from Zero Point to Peshawar Chowk on GT Road is completed and now from Zero Point to Dhokri Chowk will be started. The Government buildings including Parliament Lodges, CBR House, Election House, AGPR Offices, will be completed. Low priority will be assigned to initiate the projects relating to construction of new office buildings. In case of Government Servants Housing, the ongoing works like Construction of Residential Accommodation for FGE's, (P.M's Staff Colony), Construction of Houses for FGE at Islamabad, Peshawar and Lahore, Const. of Federal Minister's Residences, etc. will be undertaken.

3.70 Under the aegis of Social Action Programme, it is planned to extend overall coverage of the water supply to 70 percent of total rural population and 30 percent villages will have hygienic sanitation facility i.e. in rural areas additional 4 million souls will be served with water supply and 3 million with the sanitation.

3.71 In the Special Areas including Islamabad Capital Territory, Azad Kashmir, FATA, FANA, the implementation of Rural Water Supply and Sanitation Projects under Social Action Programme and PP&H schemes relating to Housing and Office buildings will be continue.

MASS MEDIA

Review of 1997-98

3.72 **Financial:** During the year 1997-98, an amount of Rs.49.599 million was allocated to Mass Media Sector. The total releases till April 15, comes to Rs.26.887 million.

Pakistan Television Corporation

3.73 Television sub-sector was allocated Rs.15.251 million. By April 15, the agency was released Rs.11.43 million. Three video playback centres at Panjgoor, Zhob and Pasni will be completed by the end of the year. Second Phase of PTV-2 will be completed this year, on which PTV has spent Rs.44.5 million Japanese grant as well.

Pakistan Broadcasting Corporation

3.74 The sub-sector's allocation was Rs.34.348 million for ongoing projects of Rawalpindi, Karachi, Mirpur, Larkana and Hyderabad. By 15th April the agency was released Rs.15.457 million for two quarters: Physical progress on these schemes was envisaged.

Programme for 1998-99

3.75 **Financial:** An amount of Rs.95.346 million has been allocated to Mass Media Sector for the year 1998-99 against last year's allocation of Rs.49.599 million, which includes Rs.30.932 million for new projects. Sub-sectoral picture is given below:

P.T.V.

The sub-sector has been earmarked Rs.29.946 million for the video playback centres at Daroosh, Booni, Lasbella, Dukki and Wad. Except video playback centre Wad all projects will be completed, during the year.

P.B.C.

Pakistan Broadcasting Corporation has been allocated Rs.45.000 million for the year 1998-99 against last year's allocation of Rs.34.348 million. The recommended allocation for ongoing schemes includes the major scheme of B.H. Karachi to install elevators and other equipment. During the year 100 Kilowatt Medium Wave (KWMW) transmitter at Karachi, Hyderabad and 10 KWMW transmitter Larkana will be completed. An amount of Rs.5.532 million has been provided for transfer of sound archives on compact disc, Rs.5.00 million for damaged Aerial System at Karachi and Rs.15.00 million to 100 KWMW transmitter and B.H. Mirpur.

APP

An amount of Rs.3.400 million has been provided to APP for High Speed teleprinter and computerization of news system. This will enhance the coverage as well and speed up the new transmission system.

Ministry of Information and Media Development

3.76 During the year, Ministry has been provided Rs.17.00 million for four new projects. An amount of Rs.5.00 million each has been provided to Government Information System, Information House, Information Services Academy and Rs.2.00 million for strengthening of Economic Information Wing.

CULTURE, SPORTS TOURISM AND YOUTH

Review of 1997-98

3.77 The sector was allocated a sum of Rs.88.969 million out of which Rs.32.1 million have been released uptill 15th of April, 1998.

Culture

3.78 An amount of Rs 18.324 million was allocated for various projects of preservation and restoration including Lahore Fort, Jehangir's Tomb, expansion of Taxila Museum, Mughal Gardens Wah and Quaid-e-Azam's Residency at Ziarat. Only the project of survey of archaeological sites in ancient Gandhara could be completed.

3.79 Civil works on the ongoing project of National Art Gallery Islamabad, continued.

Sports

3.80 Sports sub sector was allocated Rs.5.709 million, of which Rs.3.478 million were utilised on Synthetic Athelitic Track at NSTCC, Karachi and Sports Stadium Mansehara.

Youth

3.81 A sum of Rs.4.279 million was earmarked for the Youth related schemes. Civil works of Youth Hostel Larkana and improvement of recreational facilities in existing 13 youth hostels, were the main schemes.

Tourism Division

3.82 A total of Rs.41.00 million inclusive of an Austrian Grant of Rs.35.00 million were provided for Pakistan Austrian Institute of Tourism and Hotel Management at Swat and Pakistan Institute of Tourism and Hotel Management, Karachi. Civil works of both the projects are in progress.

PTDC

3.83 The civil works on various motels are in progress. These include motels at Satpara Lake, Phandar, Bumborate, Mastuj, Gupis, Besham, Birmoglast, Rama Lake, Khaplu, Chakdara, Dir, Saidu Sharif, Hunza and Chitral. The total allocation for 1997-98 was Rs 19.657 million for these schemes.

PROGRAMME FOR 1998-99

3.84 The allocation for Culture, Sports, Tourism and Youth is Rs.212.721 million for the year 1998-99 against the current year's allocation of Rs.88.837 million. The increase is about 139.4%. The sub-sector wise allocation is as follows:

Culture

3.85 The Culture Sector has been allocated Rs.60.647 million for the year 1998-99. The amount will be spent on ongoing projects for conservation and restoration of Jehangir's tomb, Lahore Fort, Expansion of Taxila Museum, and survey of archaeological site and Tehrik-e-Pakistan Museum. Rs.25.00 million are provided to National Art Gallery and Rs.20.00 million for renovation of national monuments at Lahore.

Sports

3.86 An amount of Rs.86.884 million has been earmarked for sports sub sector, out of which Rupees 8.884 million are earmarked for Sports for hockey turfs at Gojra and Bannu and Rs.78.00 million have been allocated for payment of custom duty on account of import of score board and display screen for Pakistan Sports Complex.

Youth

3.87 Youth sub-sector is allocated Rs.4.5 million. Youth Development Centre at Quetta will receive Rs.3.00 million, Rs.1.00 million will be spent on Youth Hostel at Jamshoro, and Rs.0.5 million will go to Youth Hostel Gilgit.

Tourism

3.88 The allocation for Tourism is Rs.60.690 million. Rupees 27.00 million have been allocated for Institute of Tourism and Hotel Management, Gulibagh Swat including Rs.26.00 million foreign grant. Institute of Hotel Management, Karachi will receive Rs.4.00 million and Rs.1.00 million as token allocation have been provided for Tourism Development Master Plan. An amount of Rs.28.69 million has been allocated for ongoing projects of PTDC.

EDUCATION AND TRAINING

Review of 1997-98

3.89 **Financial:** For the financial year 1997-98 Rs.837.539 million were allocated for the development and expansion of education sector which are expected to be utilized in the year under review.

3.90 **Physical:** Major programmes implemented during the year are expansion and development of higher education facilities and award of scholarships. An amount of Rs.409 million (48%) was earmarked for universities. Various urgent development works of the universities were undertaken. Rs.217 million were allocated for establishment of Third World Centre for Science & Technology in Chemical Sciences, University of Karachi. Rs. 150 million

were spent on local foreign scholarships supporting expenditures on higher education of deserving students in the country and abroad. During the year about 60 scholars were sent abroad while 50 returned back after completion of their studies. About 600 foreign students sought admission in various institutions of the country on self-finance basis. Expansion of primary education, literacy and mass educational were the other priority projects. During the year under review funds provided to the already established 7000 Non-Formal Basic Education Schools and 350 Non-Formal Basic Education Schools were established. Physical facilities of primary and secondary schools in Islamabad and Cantts/Garrisons were improved by constructing new buildings of schools and adding new classrooms in the required schools.

Programme for 1998-99

3.91 Under Federal PSDP 1998-99 Rs. 889.296 million have been allocated for Education and Training Sector against the last year's allocation of Rs.837.539 million.

3.92 A summary of Division-wise allocations for 1997-98 and allocations for 1998-99 are given in the following table:

(Million Rs.)

<u>Division</u>	<u>Revised Allocation 1997-98</u>	<u>Allocation 1998-99</u>	<u>%age increase</u>
Education	819.443	867.401	6
Defence	14.246	15.864	1
Establishment	3.850	6.031	57
Total	837.539	889.296	6

3.93 In overall terms allocation for the next year's PSDP (1998-99) for Education & Training sector have been increased by 6% compared to the last years PSDP (1997-98).

3.94 Out of total provision of Rs.889.296 million an amount of Rs.207 million as local component has been allocated for expansion and development of University Education. Out of which Rs. 85 million have been earmarked for establishment of 3rd World Centre for Science and Technology in Chemical Science, University of Karachi. Rs. 167 million have been earmarked for award of scholarships to deserving students and teachers on merit to pursue their higher education in the country and abroad. During this year about 40 scholars will be sent abroad for higher studies. It is expected that during the year 1998-99 about 600 foreign students will seek admission in various institutions of the country on self-finance basis. Rs.140 million have been allocated for establishment of Non-Formal Basic Education Schools. Work on provision of physical facilities to primary and secondary schools will continue.

SCIENCE AND TECHNOLOGY

Review of 1997-98

3.95 **Financial:** A total of Rs 210.839 million was allocated for S&T programmes against which expenditure of Rs 209.839 million has been incurred, showing utilization of 99.5 percent.
Sub-sector wise details are given in Table below:

Sub-Sector	Allocation	Utilization	(Million Rs) %Utilization
Education & Training	141.303	141.303	100
Industries	64.936	63.936	98
Water	4.6	4.6	100
Total:	210.839	209.839	99.5

3.96 **Physical:** Ministry of Science and Technology continued its Manpower Development Programme in High Tech fields for funding scholars studying abroad. National University of Sciences and Technology (NUST) is functioning and imparting knowledge to students in different science and engineering disciplines. New disciplines of aerospace engineering, avionics engineering, medicine & dental surgery has been included in the NUST academic programmes. A joint revolving fund of US \$ 1.0 million (with equal contribution) between Government of Pakistan and Kazakhstan has been established for cooperation in the fields of S&T to establish close link between the scientific institutions of both countries.

3.97 In view of the importance of food, oil and fats, leather and solar energy to the economy, PCSIR expanded its activities for development of technologies in these fields. The equipment received under French Credit is being installed at the Technical Training Centre Quetta. PCRWR expanded its research activities in the fields of water logging, salinity control and surface and ground water irrigation. The Council has developed catchment area over 2 km radius in Cholistan desert for better collection of rain water in excavated reservoirs and irrigation distribution system. The process for strengthening of testing facilities at CTL, Karachi and Lahore is in offing to keep pace with the fast moving technology and analytical techniques.

3.98 NIBGE continued its R&D activities for the development of disease resistant cotton varieties. The health care biotechnology has been expanded with emphasis on PCR/DNA based diagnosis of all infectious diseases and genetically linked diseases.

Programme for 1998-99

3.99 An allocation of Rs 170.06 million has been made for S&T programmes including Rs 30.00 million for new projects. The share of Ministry of Science and Technology and its organizations is Rs 140.06 million (foreign aid Rs 5.7 million). Out of this Rs 20.00 million will be utilized to support scholars already studying abroad under HRD Programme. NUST will upgrade existing facilities and provide R&D support to the local industry and other government organizations in various field of economic development. NUST will also start split programme at post graduate level with universities in USA, UK and Australia. An amount of Rs. 9.66 million has been allocated for funding ongoing projects under Technology Development Action Plan. PCSIR, in addition to its research work, will acquire equipment for Institute of Industrial Electronics Engineering, Karachi. PCRWR will continue its R&D activities on surface water development for agriculture in Cholistan area through rain water harvesting. NIE will set up Electronic Industry Promotion Centre and Electronic Instrumentation Laboratory. NIBGE will be greatly strengthening and expanding its activities for improvement of cotton varieties and support the industry in the field of agriculture, medicine and environment. For new projects, an amount of Rs 10.00 million has been allocated for establishment of Jhang Institute of Engineering Sciences & Technology (JIEST) and Rs 20.00 million for Acquisition of Oceanographic Research Vessel.

HEALTH AND NUTRITION

Annual Plan 1997-98

3.100 The 1997-98 PSDP has been conceptualized to promote the development efforts for improving the negative social indicators through the instrument of Social Action Programme (SAP) which aims at improving the quality and access of Primary Health Care (PHC) services by: up-gradating static PHC facilities (RHCs, BHUs, MCH centres); expanding out-reach services for preventive and MCH services through traditional birth attendants (TBAs), Lady Health Workers (LHWs), out-reach immunization, malaria health education, diarrhoea management, upgradation of first referral institute as backup support for PHC; and community participation. Policy reform include enhancing PHC budget and introduction of essential drugs list improving females participation as service providers; introduction of family planning services as part of maternal and child health services; decentralization of administrative and financial power to the lower formations of health managers; and initiation of steps for introducing strategic planning mechanisms.

Review 1997-98

3.101 **Financial:** The total allocation of Health Sector was Rs.20146.162 million during 1997-98. Rs.13586.906 million has been allocated as recurrent budget and RS. 6559.256 million as development budget which includes Rs.2505.603 million as federal allocation. Revised estimates for federal allocation is Rs.2079.224 million which shows about 82 percent utilization during 1997-98.

3.102 **Physical:** Achievements for 1997-98 include new construction of 20 RHCs and 80 BHUs, upgradation of 75 RHCs and 275 BHUs, construction of 7 urban health centres; a total of 1900 hospital beds, will be established, Manpower production targets are graduation of 4000 doctors, 400 dentists, 2500 nurses 6000 paramedics, and 8100 TBAs/CHWs. Immunization programme has planned to protect 9.00 million children (above 70 percent of new births), while management of diarrhoea through ORS will be managed by provision of 25 million ORS packets.

Programme for 1998-99

3.103 **Financial:** An amount of Rs.2711.244 million has been allocated for Federal Health Sector during 1997-98. Major allocation are; Rs.1100 million for Pms Programme of Family Planning and Primary Health Care, Rs.110 million for Malaria Control Programme, Rs.50 million for AIDs, and Rs.546 million for Expanded Programme of Immunization.

3.104 **Physical:** Priority has been given to the Preventive Programmes followed by health manpower. Main preventive programmes are is follows:-

Expanded Programme of Immunization

3.105 Expanded programme of Immunization was launched in 1979 after Alma Atta's declaration of 'Health For All by the year 2000'. Till the closure of financial year 1993-94, the national coverage of immunization against six preventable disease was about 80%. To gain sustainable achievements, the programme was extended for another period of 5 years.

3.106 As a global signatory to 'Eradication of Polio by year 2000' Pakistan has adopted the established strategy of National Immunization Days. In February and March 1994, with the interval of one month, the first NID provided a resultant coverage of 100% against polio. The events are to be celebrated for three consecutive years.

Prime Minister Programme for Family Planning and Primary Health Care

3.107 The Prime Minister's Programme for Family Planning and Primary Health Care was launched in April, 1994 to extend outreach services, particularly in the rural and less developed urban areas. The first phase of the programme was implemented in 42 districts throughout the country with 8334 Lady Health Workers (LHWs), who were given 3 months of comprehensive training at 1040 Basic Health Units (BHUs) and Rural Health Centres (RHCs). A first-phase evaluation study was conducted in six regions of the country-NWFP, Punjab, Sindh, Balochistan, Federally Administered Northern Areas(FANA), and Azad Jammu and Kashmir (AJK), between January and April 1995. Its objectives were to determine the relevance and adequacy to the programme the progress of the programme implementation, and the community's perceptions regarding health problems and services. The first-phase of Prime Minister's Programme has been implemented with a good deal of success in a relatively short period of time. Administrative arrangements in launching the programme were overall satisfactory, with a majority of the managers affirming that the programme objectives address the urgent needs for family planning and primary health care in the country.

Malaria Control Programme

3.108 Malaria Control Programme was started in 1974 after its conversion from Malaria Eradication Programme started in 1960. Current extension of the project started in 1993-94 and is for the duration of three years.

3.109 Prevalence of malaria has been declined for 13/100 in 1973 to 6/1000 in 1990. Malaria Control Programme project is intended to reduce to further upto 0.5/1000 in 1997-98. Since 1978, no epidemic of malaria has been reported which is an approachable achievement of the Programme in a sub-tropical country like Pakistan.

3.110 Urban malaria has been given due consideration for the first time under the current project of Malaria Control Programme where the strategy has been changed from prevention of Malaria to treatment of active case. ACD & PCD activities are well in progress.

AIDs Control Programme

3.111 GOP is committed to prevent and control the most danger disease of AIDs in the country. The development project for AIDs prevention is under implementation at a cost of Rs.774 million. The screening centres have been established and still work is going on the project.

NUTRITION

Review of 1997-98

3.112 Rs.19.7 million were allocated for nutrition programmes during 1997-98. Out of this, Rs.2 million were allocated for Federal programmes which is expected to be utilized by the end of 1997-98. The Provincial expenditure is not available. A review of Federal programmes under-taken during 1997-98 is given below:-

a. Iodine Deficiency Disorders Control Programme

3.113 This programme mainly comprise of Production and marketing of iodised salt country wide through Utility Stores Corporation (USC) outlets and private sector with the collaboration of UNICEF/SMP. About 8000 tonnes iodised salt was marketed through USC cutlets while in the private sector 120,000 tonnes salt was produced and marketed. About 400 salt processors (77% of total) were involved in protection and marketing of iodized salt. Promotional campaign was carried out through 17 radio stations and TV network besides printed material and inter-personal communication.

b. **Promotional, Protection of Breastfeeding**

3.114 In order to reduce infants/Child mal-nutrition 40 hospitals were awarded status of Baby Friendly Hospitals. Lactation Management courses were organized and a number of awareness activities were organized during the World Breastfeeding week.

c. **Prime Minister's Programme for Primary Health and Family Planning**

3.115 The capacity of Lady Health Workers in Prime Minister programme was enhanced to deliver of nutrition services through supply of inputs and services for protection and management of breastfeeding, elimination of micro-nutrient mal-nutrition and counselling for antenatal care and promotional activities.

d. **Development of Indicators for Monitoring Evaluation of Social Action Programmes**

3.116 A series of workshops were held to evolve detailed sectoral indicators for monitoring and evaluation of SAP programme. These indicators would supplement the existing SAP indicators and help to develop a comprehensive sectoral baseline for monitoring and evaluation of programme.

II. **Programme for 1998-99**

3.117 Rs.40.449 million have been allocated for nutrition programme for 1998-99. The following programmes will be implemented during 1998-99.

a. **IDD Control Programme**

3.118 Protection and marketing of iodised salt through out the country will continue. The USC marketing channel will be used for sale of iodized salt. The private salt processors will be motivated to produce and market iodised salt. Promotional campaign through radio and TV network and other media will continue.

b. **Promotion and Protection of Breastfeeding**

3.119 The Baby Friendly Hospital initiative will be extended to 6.5 hospitals in all the provinces. Promotional activities will be carried out through multi-media campaign.

c. **Prime Minister's Programme for Basic Health and Family Planning.**

3.120 Support will be provided to 50,000 LHW's in Prime Minister Programme to deliver inputs and nutrition services for benefit of women and young children. This will cover the rural population which is not being served through the static basic health service.

d. **Monitoring and Evaluation of Social Sector Programmes**

3.121 The GOP and UNICEF collaboration for monitoring and evaluation of social sector programme will continue. The social indicators developed will be finalized, printed and circulated to the concerned agencies for collection of base-line information for monitoring of the programmes.

e. **SAP-II Nutrition Programme**

3.122 Provincial governments will be assisted to develop provincial programmes and PC-I documents for improvements of nutrition status of vulnerable groups on sustainable basis.

POPULATION & SOCIAL PLANNING

3.123 Population Welfare Programme is a component of five year national development plan and operates within the framework of nationally accepted, broad-based and strategically focused population and development policies. It is accorded priority as a strategic component of Social Action Programme.

Review of 1997-98

3.124 The programme during the period under review maintained its progress in terms of physical and contraceptive performance, communication strategy particularly the print and electronic media remained effective as compared to provision of services to target population.

3.125 **Financial:** Against the PSDP allocation of Rs.1920.891 million the sector utilized Rs.909.384 million (47 %) by April, 1998. The pace of utilization has been slow during ten months period. The new envisaged infrastructure could not be put on ground as there was ban on recruitment. The total utilization is estimated to be Rs.1550 million (81 %) by the end of the year.

3.126 **Physical:** The performance of the population welfare programme during the year 1997-98 was not up to the mark. The Ministry of Population Welfare could not add any additional service outlets. They however, maintained 1344 family welfare centres, 131 Mobile Service Units and 93 Reproductive Health Services 'A' centres. The programme could involve 7100 village based family planning workers, 4831 traditional birth attendants, 13997 registered medical practitioners and 19940 hakeems and homoeopaths.

3.127 The programme involved 405 service outlets of NGOs, 450 of target group Institutions and 41000 sale points of Social Marketing of Contraceptives project.

Training Performance

3.128 This component includes clinical and non-clinical training. Three PWTIs provided training to 365 programme personnel, 3400 employees of other nation building departments and 1650 community based groups.

Contraceptive and Demographic Performance

3.129 The average total fertility rate (TFR) for the year 1998 is estimated to be 5.3 children. Awareness of family planning is widespread. Among currently married women, 94 percent are aware of any method of family planning, 93 percent know at least one modern method, and 54 percent know traditional methods. Method wise analysis shows that condoms, IUD and injectables achieved 73%, 63% and 24% targets respectively.

Programme for 1998-99

3.130 The programme is targeted to raise the contraceptive prevalence rate from 24.8 percent (1997-98) to 38 percent and bringing down the population growth rate from 2.7 percent to 2.4 percent by the end of next plan period.

3.131 **Financial:** A PSDP allocation of Rs.2000 million including foreign assistance of Rs.1100 million has been earmarked for the population welfare sector, for the year 1998-99.

3.132 **Physical:** The population Welfare Programme 1998-99 envisages to increase the number of Family Welfare Centres to 1531, Mobile Service Units (MSUs) to 132 and Reproductive Health Service "A" Centres (RHS "A" Centres) to 105. The programme also plans to increase the number of village based family planning workers to 12,077, health outlets of Health Department and other Provincial Line Departments to 7191. The involvement of Registered Medical Practitioners (RMPs) would be increased to 23145, Hakeems to 13592 and Homoeopaths to 7450. The number of outlets of Non-Governmental Organizations (NGOs) and Target Group Institutions involved in the programme, would be increased to 500 each. The sale points working under social marketing of contraceptives will be increased to 60000.

Training Targets (1998-99)

3.133 The programme envisages to impart clinical training to 2209 personnel including teachers, field officers, paramedics, NGOs paramedics and others.

3.134 Non-clinical training would be provided to 24000 personnel including programme personnel, employees of National Building Department and Community Based Groups.

MANPOWER AND EMPLOYMENT

Employment Policy

3.135 The present Government is paying special attention to improve the employment situation in the country. The 9th Plan has postulated a strategy aiming at promotion of labour intensive activities through industrial expansion, particularly in informal/small-scale sectors and programmes of self-employment and skill development. The shift towards labour intensive sectors is to be achieved through emphasis on provision of more infra-structural, financial and training facilities.

3.136 The Government has embarked upon a series of economic and social reforms such as, decentralization, privatization and deregulation to improve the environment of savings/investment and growth, to improve efficiency and equity, and to transform the agrarian economy into an industrial open state.

3.137 In line with the present policy, the employment policy of the Government will continue to focus on promotion of investment and growth, encouragement of labour intensive sectors, viz. small scale industry, social sectors and rural development, provision of credit facilities for self-employment, encouraging overseas migration and expansion of technical training facilities. The policy will, however, lay more emphasis on decentralized decision making and involvement of the private sector to arrest the increasing unemployment

REVIEW OF PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP) 1997-98.

3.138 An allocation of Rs. 178.54 million were provided for the Federal projects in 1997-98. The thrust of the programmes continued to be on skill development and training programmes. The project-wise detail is given below:

I. NATIONAL VOCATIONAL TRAINING PROJECT PHASE-II.

3.139 The Restructured/Revised project was approved by ECNEC on February 11, 1993 at a total cost of Rs. 2882.18 million including FEC of Rs. 1884.02 million. The total expenditure upto June 1997 comes to Rs. 2579.773 (Rs. 828.503 million local and FEC 1751.270 million).

3.140 The project utilized an amount of Rs. 173.8 million in 1997-98 for completion of ongoing construction work at new TTCs i.e. Attock, Leiah, Sanghar, Nowsheroferoz, Abbottabad and Gwadar through the respective provincial Governments. Besides, the construction work on office of National Training Bureau and National Staff Training Institute also continued. The VTCs at Okara, Dera Murad Jamali, Shikarpur, Khairpur have been completed. The equipment were also installed at existing centres. An allocation of Rs. 32.2 million has been made for installation of equipment and completion of outstanding civil works during 1998-99.

II. WORKER'S POPULATION EDUCATION PROGRAMME.

3.141 The project with the assistance of UNDP/UNFPA was approved in February, 1993 at a cost of Rs.43 million with FEC of Rs.30 million. An amount of Rs. 4.74 million including FEC of Rs. 3.0 million was allocated in 1997-98 to expand the scope of workers population education to new areas, i.e. Hub, Haripur (Hattar), D.I. Khan and Sukkar which is expected to be utilized fully. An allocation of Rs. 14.20 million with FEC of Rs. 12.20 million has been made for 1998-99 to achieve the residue of the project.

III. HOSTEL BUILDING FOR PAKISTAN MANPOWER INSTITUTE.

3.142 The original project was approved by DDWP in May, 1991 at a total cost of Rs.12.42 million. The revised PC-I amounting to Rs. 19.104 million was approved in March, 1995. The second revised project has been approved by the CDWP on 16-3-98 at a cost of Rs.26.555 million. So far Rs. 18.70 million have been utilized on the project. No allocation was made during the financial years 1996-97 and 1997-98 due to un approved status of project. An allocation of Rs. 7.854 million has been made in 1998-99 to complete remaining civil works and furnishing the Hostel building.

PROGRAMME FOR 1998-99.

3.143 An allocation of Rs. 54.3 million has been made for three ongoing projects National Vocational Project PH-II (Rs. 32.2 million), Workers population education Programme (Rs. 14.20 million with FEC of Rs. 12.20 million) and Hostel Building For Pakistan manpower Institute, Islamabad (Rs. 7.854 million)

WOMEN IN DEVELOPMENT

3.144 The Ministry of Women Development sponsors a variety of small projects of women development to cater for special concerns of women. These projects are planned and implemented in collaboration with federal agencies, provincial line departments, and NGOs. The projects consist of community/welfare centres, dispensaries, eye units, gynecology wards, day care centres, women hostels, industrial homes, training centres, water supply schemes, women cooperatives, darul falah/amans, legal aid centres, credit schemes, strengthening of female educational/technical institutions, grant-in-aid for women programmes and to NGOs. The programme is divided under two main heads viz regular programme and special women action programme (SWAP).

REVIEW OF 1997-98

3.145 The projects for the current year were prepared keeping in view the improvement in the conditions of poor/needy women & children, development programme for overall welfare of female population. The PSDP allocation for the year 1997-98 was Rs. 43.45 million both for regular programme and Special Women Action Programme (SWAP).

FINANCIAL ALLOCATION FOR 1998-99

3.146 For the ongoing and new projects of Ministry of Women Development Rs.75.982 million have been provided in PSDP 1998-99, out of which Rs.50 million have been earmarked for the 58 ongoing projects.

SOCIAL WELFARE

Review of 1997-98

3.147 **Financial:** The Social Welfare Sector during the year 1997-98 was allocated an amount of Rs. 71.136 million. The breakdown of this allocation included Rs. 48.41 million for Special Education and Rehabilitation services, Rs. 1.0 million for Social Welfare Services, Rs. 2.172 million for the Promotion of Voluntary Social Welfare Services through Nos, and Rs. 19.123 million for the development of Staff Welfare Programmes. The agency wise financial allocation was Rs. 52.013 million for Special Education and Social Welfare Division and Rs. 19.123 for Establishment Division(Staff Welfare Organization). These allocations are expected to be fully utilized by the end of the current fiscal year (1997-98).

3.148 **Physical:** The executing agencies during the current fiscal year laid more emphasis on the construction of buildings to house Special Education, Social Welfare and Staff Welfare Centers functioning at the national provincial and divisional levels. The Federal Government provided financial assistance to start a sequence of teachers training in Special Education Programme at the master's degree level. The other achievements included the expansion of Social Welfare services in rural areas through NGOs. The National Council of Social Welfare provided financial Assistance to 500 NGOs for strengthening up-gradation and revitalization of Social Welfare Services in the private sector.

Programme for 1998-99

3.149 **Financial:** An amount of Rs. 78.575 million has been provided for Social Welfare Sector in the PSDP 1998-99. The sub-sector wise breakdown of this allocation includes Rs.52.000 million for Special Education and Rehabilitation Services of the Handicapped, Rs.1.000 million for Social Welfare Services, Rs. 2.00 for the Promotion of Social Welfare through NGOs and Rs. 23.575 million for Staff Welfare Organization. The Ministry wise financial allocation is Rs. 55.000 million for Special Education and Social Welfare Division and Rs. 23.575 million for the Establishment Division (Staff Welfare Organization).

3.150 **Physical:** The main physical targets during the next fiscal year would be the completion of construction work on the project which have reached fairly at an advanced stage and physical progress is more than 80%. It is expected that 11 schemes which contain the construction of multipurpose community Centers, lady industrial homes, holiday homes and other infrastructure of the Staff Welfare Organization will be completed. The emphasis in the field of Staff Welfare would continue to be on the construction of multipurpose community centres, lady

industrial homes, holiday homes and other infrastructure required for catering to the needs of the Federal Government Employees. The construction of purpose built buildings for the handicapped children at various levels where the construction work is already in progress will be geared up to provide a conducive learning and teaching atmosphere to the handicapped children.

3.151 The necessary equipment would be provided to the National Special Education Centres for the deaf and blind located at Islamabad where the construction has already been completed. The Universities of Karachi, Punjab and Allama Iqbal will complete their first Master's Degree course in Special Education during the next financial year. It is expected that more than 70 post-graduates would be available for absorption in the special education centres which will help in solving the problem of scarcity of trained and professional staff. The National Council of Social Welfare would provide financial and technical assistance to 400 NGOs for strengthening and extending their programmes to rural areas.

RURAL DEVELOPMENT

Review of 1997-98

3.152 During the financial year 1997-98, an amount of Rs. 2147.853 million including foreign aid of Rs. 1905.000 million was allocated for rural development sector. Out of total of allocation, Ministry of Environment, Local Government and Rural Development was allocated Rs.1986.359 million including Rs.1758.000 million of foreign aid mainly for ADB Assisted Farm to Market Roads Phase-II, Japanese Assistant Rural Roads Construction Phase-I and ADB assisted Rural Access Roads phase-I projects. Interior Division was allocated Rs. 2.694 million for rural roads projects and Narcotics Control Division was provided Rs. 158.800 million including Rs. 147.000 million of foreign aid by the US Government and the UNDCP for projects which aim at eradication of poppy cultivation and providing alternative means of income to the poppy growers.

Agency-wise allocation and utilization is given in Table below:-

		(Million Rupees)			
Sl. No.	Agency	Alloc. 1997-98		Utiliz. 1997-98	
		Total	F.Aid	Total	F.Aid.
1	2	3	4	5	6
1.	Ministry of Environment Local Government & Rural Development.	1986.359	1758.000	1466.720	1237.720
2.	Narcotics Control Division.	158.800	147.000	158.800	147.000
3.	Interior Division.	2.694	0.000	2.694	0.000
Total		2147.853	1905.000	1628.214	1384.720

3.153 It is estimated that Ministry of Environment, Local Government & Rural Development would be able to utilize Rs. 1466.720 million including Rs. 1237.720 million of foreign aid for construction of about 500 kilometers of farm-to-market/rural roads under ADB Assisted farm to market Roads projects. ADB Assisted farm-to-market road phase-II has been completed during 1997-98 and about 1450 kilometer of farm-to-market roads have been constructed under this project. Narcotics Control Division is expected to utilize Rs 158.800 million including Rs 147.000 million of foreign aid on Integrated Area Development projects in Bajaur, Mohmand agencies and Dir district in the NWFP. Interior Division will be able to utilize Rs. 2.694 million on construction of about 3 kilometer of rural roads in Islamabad Capital Territory.

Programme for 1998-99

3.154 During 1998-99, an amount of Rs. 2735.239 million including Rs. 2706.760 million of foreign aid has been proposed for rural development sector. Out of Rs. 2735.239 million Ministry of Environment, Local Government & Rural Development have been provided Rs. 2550.000 million including Rs. 2541.000 million of foreign aid for construction/rehabilitation of farm-to-market/rural roads. During 1998-99 construction of 400 km farm-to-market/rural roads under ADB assisted Rural Access Roads project will be started. Interior Division have been provided Rs. 5.263 million for construction of 2 kilometer of rural roads, Women development and income generating programs in Islamabad Capital Territory. Narcotics Control Division has been provided Rs. 179.976 million including Rs. 165.760 million of foreign aid for Agricultural & Areas Development projects in poppy growing areas of NWFP.

Agency-wise allocations for the financial year 1998-99 are given in Table below:-

Sl. Agency	(Million Rupees)	
	Allocation 1998-99	
	Total	F.Aid
1. Ministry of Environment, Local Government & Rural Development.	2550.000	2541.000
2. Narcotics Control Division.	179.976	165.760
3. Interior Division.	5.263	0.000
Total	2735.239	2706.760

ENVIRONMENT

3.155 Pakistan is facing numerous environmental pollution and natural resources degradation problems. These include industrial, municipal vehicular and air pollution, deforestation, desertification, waterlogging and salinity. Pakistan generates over 50,000 tons of solid waste per day; out of which only 20 to 25 percent are collected and disposed of through improper manner causing serious air, water and land pollution and; health problems. Only 3 percent of the industry treats their wastes according to the National Environmental Quality Standards (NEQS) while the rest discharge their effluents untreated into rivers, lakes and sea. About 47 percent of the population is still without access to safe drinking water, and nearly 84 percent of rural population is without sanitation facilities. Water borne diseases account for 20 to 30 percent of all hospital cases.

3.156 Vehicular pollution is one of the largest source of air pollution in our cities. The total vehicles in the country which were about 0.85 million in 1992 are estimated to exceed 4.5 million by the year 2000. The level of air pollution in our cities is as high as three times the acceptable limits. It has been estimated that average vehicle in Pakistan emits 15-20 times more pollutants than the average vehicle in developed country.

3.157 Forests occupy only 5 percent of the total land area of Pakistan which are being depleted increasingly. According to the World Bank Report, Pakistan is facing one of the highest rate of deforestation in the World. According to an estimate, the country is losing 25 percent of its potential crop production with a total value of \$ 2.5 billion every year. Only about 30 percent of our canal water reaches the crop due to high level of losses in existing canal and water courses network. The Government has accorded high priority to this problem and launched a US\$ 3 billion National Drainage Programme with the help of international donors, spread over 25 years.

3.158 Despite all constraints, there is a marked headway for enactment of a new legislation for the protection and conservation of the environment in the country. The Environmental Protection Act 1997 has been promulgated which provides the framework for implementation of National Conservation Strategy, Establishment of Provincial Sustainable Development Funds; protection and conservation of wildlife, habitats and biodiversity; Conservation of Renewable Resources; Formulation of Standards for Ambient Air Quality; Establishment of Environmental Tribunals and appointment of Environmental Magistrates, Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA), and promotion of public education and awareness of environmental issues through mass media.

3.159 The new Act provides for award of compensation to any person or organization for losses/damages sustained by him from a polluter. It also empowers the federal government to make rules for implementing important international environmental agreements, to which Pakistan is a party. Pakistan is also playing active part internationally by supporting and establishing new global partnerships to protect the environment at national, regional and global level and has become signatory to many international Conventions/Protocols/Agreements like Agenda-21, UN Framework Convention on Climate Change (UNFCCC), Montreal Protocol on Ozone Depleting Substances,

Review of 1997-1998

3.160 Financial: An allocation of Rs 269.665 million with FEC Rs 183.422 million was made in PSDP 1997-98 for Environment Sector. The estimated expenditure was Rs. 257.685 million or 96 percent of the allocation.

3.161 Physical: Following are the major sectoral programmes in order to facilitate both the short and long-term environmental achievements:

a) Legislation

The Environmental Protection Act 1997 provides basis for developing legal frame work and implementation strategy in the country. The Environmental Impact Assessment Guide lines were drafted for sectoral projects.

b) Institutional Strengthening

An amount of Rs. 53.487 million was spent on the institutional strengthening which included hiring of international and local consultants, training (local and international) of officials, workshops/seminars, procurement of office and pollution monitoring equipment, establishment charges, contingencies etc. The overall progress of these projects range from 23 percent to 86 percent.

c) Mass Awareness

Public awareness on environmental issues is of fore-most importance to overcome environmental problems in a coordinated and sustained manner. M/o Environment, LG&RD has prepared environmental education programmes and projected them through print and electronic media, discussions and seminars. Rs. 5.00 million were utilized during 1997-98. The overall utilization was 79 percent.

d) Watershed Management

The overall progress achieved upto June, 1998 was 68 and 49 percent for Terbela and Mangla Watershed Management Projects respectively. Activities continued to save dams from silting due to upland erosions and deforestation. Community participation for developing private nurseries and planting was encouraged.

e) Afforestation

Considering the depleting forest resources, public and private agencies and the Provincial Forest Departments, launched a massive afforestation campaign throughout the country. The programme aimed at to increase in the country's forest

area i.e. from existing 5 percent to 10 percent in the next few years. The World Bank and the Global Environment Facility's (GEF) supported "Environmental Protection and Resource Conservation" (EPRC) and "Bio-diversity Conservation" Projects, were being efficiently implemented with overall progress of 50 to 86 percent respectively. In addition, the afforestation activities were also undertaken on "Rachna Doab" envisaging planting and protecting the forests over 30,000.00 acres area in the Punjab, at an overall cost of Rs. 550.00 million. The progress achieved so far was 22 percent.

Programme for 1998-1999

3.162 An allocation of Rs. 333.647 million has been made for the Environment Sector in the PSDP 1998-99. The projects at advance stage of completion and foreign funded have been protected so that these could be completed on time. A sum of Rs. 68.948 million have been earmarked for institutional strengthening of the M/o Environment, LG&RD, Statistics Division, Forestry Wing at Federal level, Pak EPA and DEPM; Peshawar University in terms of manpower, equipment, consultancy, research studies and training to increase their functional capacity. The activity relating to mass awareness will continue and Rs. 4.092 million have been earmarked for 1998-99. An allocation of Rs. 179.000 million have been made for Terbela Watershed and Mangla Watershed Management projects. The project for preparation of the Master Plan for Urban Waste Water (Municipal and Industrial) treatment facilities in Pakistan has been started at the cost of Rs. 4.462 million. An amount of Rs. 2,000 million has been earmarked in PSDP 1998-99 for this purpose.

POVERTY ALLEVIATION

3.163 Poverty alleviation requires a comprehensive and holistic approach; multi-sectoral and multidimensional, acting synergistically to gain the most impact of the Government efforts to reduce the incidence of poverty from the country through social development. The Government during the Ninth Five Year Plan (1988-2003) period will reinforce process of sustained and integrated economic growth and social development towards the enhancement of the quality life of all people. The Government recognizes that success of achieving the poverty alleviation targets of the Ninth Plan is largely based on social mobilization and empowerment of the poor. The Government's social agenda during the Ninth Plan period will be based on three core areas; (i) poverty alleviation, which encompass both the eradication of absolute poverty and the reduction of relative poverty; (ii) employment expansion, which covers the expansion of opportunities for productive employment leading to the reduction of unemployment and underemployment; (iii) social integration which refers to the enabling of all social groups to live together in productive and cooperative harmony.

3.164 The Annual Plan 1998-99, first year of the Ninth Plan aims at reducing the incidence of poverty through combination of macroeconomics policies, generating high economic growth and strengthening the linkages and coordination among key areas. The government attention will be focused more on the development of the social sectors. Efforts will be made to further improve number of bodies in the public and private sector for social development, increase budgetary

allocations for social development and increase intergovernmental coordination and collaboration of increased effectiveness of social development and to the attaining time based targets.

3.165 The government will play a catalyst role in policies and programmes of poverty alleviation and will provide necessary and continuous support to successful implementation to the alleviation of poverty and to the provision of social services to the vast majority of people with special attention to the needs of social groups whose specific disadvantages and vulnerability impede their full participation in development.

3.166 As major thrust in bringing direct intervention for poverty alleviation to scale Pakistan Poverty Alleviation Fund (PPAF) has been launched as a non-profit company. PPAF will act as a) a wholesaler for micro credit and development of micro enterprises; b) a catalyst for institution building; c) a focal point for training; and d) promoting community based organizations. PPAF has started selecting non-governmental organizations to act as its Partner Organizations to work together for poverty alleviation.

CHAPTER -4

SOCIAL ACTION PROGRAMME 1998-99

The SAP envelop in its scope primary/elementary (middle and technical), non-formal, teacher education, primary health care, rural water supply and sanitation and family planning programmes. The programme envisaged 79 percent funding through government contribution and 21 percent by the foreign donors. The SAP programme emphasizes the resolution of key implementation issues by an overall strengthening of institutional capacity to better utilize increased funds by restructuring social sector priorities towards delivery of primary level services to the beneficiary communities. The programme has helped to: (a) improve programme design to expand access to basic services for poor particularly for females and to improve service quality, (b) strengthen implementation capacity of social service programmes, (c) increase the real level of expenditure (both development and recurrent) by the government in the social sectors, particularly for key non-salary inputs, and (d) generate bureaucratic support and political will to reform social sectors for better delivery of services to the target groups. The overall emphasis of programme was to improve socio-economic conditions of the peoples of Pakistan through improvement in level of human resources development.

Review of SAP 1997-98

4.2 During 1997-98, an allocation of Rs 64.2 billion was earmarked for SAP - Rs 21.675 billion for development expenditure and Rs 42.525 billion for current budget. The development expenditure earmarked to provinces was Rs 16.730 billion while the balance Rs. 4.945 billion to federal areas and concerned ministries. All these funds are expected to be spent, as budgetary allocations made under SAP are protected from economy cuts and are non-fungible.

4.3 **Elementary Education:** Official policy of co-education in primary education sector witnessed some positive impacts on enrolment and school participation rates especially for girls. The participation rate increased from 73.0 percent in 1995-96 to 75 percent in 1997-98. The female enrollment rate increased from 56 percent to 60 percent for the same period. The demand of education put pressure on teacher student ratio which increased from 42 in 1996-97 to 63 in 1997-98. A number of female teachers were appointed and provided necessary training. The relaxation in qualifications and age requirements and posting of female teachers near their homes encouraged female employment and helped in reducing gender gaps. In all the Provinces Education Foundations (Efs) provided assistance to NGOs and private sector for establishment of non-formal schools. To involve community, Teachers-Parents Committees (TPCs) were established and some of schools were given in the supervision of local community organizations.

4.4 **Primary Health Care (PHC):** The non-salary budget under PHC was raised to improve quality of services. Issues relating to staff absenteeism and non-availability of drugs were resolved by providing incentives and decentralizing administrative and financial powers down to Basic Health Units (BHUs) level. The issues facing the female paramedic staff were also resolved by streamlining the system. For formulation of integrated health policy and making health services more effective and efficient, Health Management Information System (HMIS) was developed, and on the basis of information collected through HMIS more effective and

efficient policies were designed for ensuring benefits for paramedic staff and better service delivery to the communities. The new constructions in the health sector remained limited. However, the focus remained on the provision of quality health services and consolidation of available health and family planning outlets/facilities for delivery of quality health and family planning services. To ensure quality of health services effort are being taken by the health departments to discourage non-qualified health practitioners.

4.5 Rural Water Supply and Sanitation (RWSS): Uniform policies for RWSS were formulated at national level and communities were made responsible for Operations and Maintenance (O&M) costs of water supply and sanitation system. As per new policy, water tariff will be collected by "village water users committee" and would be used for improvement of RWSS scheme for which water and sanitation tariff rates in all provinces increased as per decision of Social Sector Coordination Committee (SSCC) of the Cabinet. All the provinces handed over a number of completed RWSS schemes to the communities on experimental basis and there were positive indications of betterment in the RWSS system. The proposal was prepared by various provincial governments which included community motivation/education programme, rehabilitation programme and system development to ensure continuous involvement of communities in RWSS scheme with professional and expertise support.

4.6 Family Planning: The un-reached rural areas were covered through village based female workers (VBFWs). Recruitment, training and deployment of Lady Health Workers (LHWs) helped to ensure delivery of Family Welfare Services at door-steps of the rural people. There were positive and progressive results of LHWs in provision of the Family Welfare Services. The recent survey of social sectors done by the Federal Bureau of Statistics confirmed this impact. Information, Education and Communication (IEC) strategy now was focused on both male and female motivation. To enhance demand of family welfare services, T.V, radio and the print media were involved to motivate target groups in a scientific way.

4.7 Participatory Development Programme (PDP): In a search for new and innovative approaches, a pilot project outside PSDP namely Participatory Development Programme (PDP) was launched with the financial assistance of IDA during 1995-96 for a period of two years. The primary objective of the PDP was to encourage community involvement in the institutional options available for promoting SAP related activities. The PDP continued to assist community organizations, NGOs, private institutions and the foundations (Education, Health etc) to explore strong linkage with communities in expanding quality and availability of social services.

4.8 Financial assistance of Rs 191.351 million was extended to 28 NGO's sponsored projects after completion of scrutiny and site verification from over three hundred applicants. The assistance provided by the Government out of \$5 million soft loan from IDA for PDP support amounted to Rs 156.372 million upto May 1998 for implementation of projects. Under these projects primary schools, basic health units, population welfare facilities and water supply schemes were covered. The phase-I of NGOs has already completed their targets by end of December 1997. A distinctive feature of these projects were the creation and strengthening of community based organizations to implement and manage the projects with emphasis on training and up-gradation of the skills of the people. PDP assistance to these projects was for two years and, thereafter, the sponsors and the community were expected to sustain the activity from their

own resources. The programme will be merged with normal PSDP and responsibilities will be provincialized during the financial year 1998-99. However, the NGOs working in the Federal Areas of AJK, FATA, FANA and ICT will be administered by the Federal SAP Secretariat and selected with assistance of regional PDP Committee already formed in each area.

Programme During 1998-99

4.9 In 1998-99, the focus of SAP will be on three aspects (i) to integrate social sector policies for improving the delivery of social sectors, (ii) to mitigate the institutional rigidity and overcome procedural inadequacies that impede efficient execution of SAP and (iii) consolidation and expansion of services/programmes launched and benefits achieved during SAPP-I and (iv) supplementing policies with results of Health Management Information System (HIMS), Education Management Information System (EMIS) and Geographical Information System (GIS). These systems will be consolidated at national level for proper feedback.

4.10 Salient features of SAP for the fiscal year 1998-99 are articulated as under:

Education The quality of learning will be improved by providing better qualified teachers, quality textbooks and school aid materials. Increasing the availability of female teachers will remain a central concern. Access to primary, middle and technical schooling and teacher training will be increased, especially for girls. Transparency and accountability in management will be strengthened through decentralization and revamping the procedures. Service delivery will be streamlined by ensuring greater involvement of parents, NGO's and private sector. The planning capacity will be improved, and monitoring and supervision will be strengthened to institute accountability at all levels. The overall goal of these reforms is to attain objective universal basic education.

Primary Health Care A basic cost-effective package of essential health services and nutrition activities will be clearly defined. The Basic Health Care delivery system will be strengthened, and logistics for essential medicines and other supplies at service delivery points will be improved. Measures will be initiated for providing quality family planning services through all primary health outlets. The private sector will be encouraged to participate in service delivery, especially the curative services in urban areas. The service quality also will be improved by ensuring elimination and discouraging non-qualified service providers. The overall aim of these reforms is to reduce mortality and morbidity, eliminate malnutrition particularly in infant and mothers and increase quality of health services.

Population Welfare The quality and access to family planning services will be improved, especially in rural areas. A stronger technical and logistical cooperation will be forged between the Ministry of Population Welfare and Health Departments. IEC programmes and other activities will be devised to increase the demand for family planning, and to improve female education and children's survival prospects. A number of fundamental changes have been made in this regard. The overall goal is to slow down the population growth, by promoting idea of small family norms.

Water Supply and Sanitation The beneficiaries will be made responsible for selecting the type of system/service levels, so that they are able to contribute cost of operation and maintenance of schemes according to their ability to pay. Partnerships will be established and strengthened between the beneficiaries and the Government in scheme implementation, and capacity of beneficiaries will be strengthened for better management of services. A strategy will be introduced for sustainable service delivery in urban slums. The overall goal is to promote maximum population access to drinking water supply and sanitation services in a sustainable manner.

4.11 SAP phase-II has been designed for an extended covering the period 1997-2002, with an outlay of Rs 498.8 billion, after fairly detailed exercises carried out by the provinces, Federal Ministries of Health, Education, Population Welfare and area administration i.e. FATA, FANA, AJK and ICT to programme. SAPP has workout physical targets and required financial allocations; alongwith a set of reforms and appropriate strategies to carry on with the SAP process with greater vigour. There are a number of points which would be focused upon by the Government (also approved by NEC in 1997) and the SAP Donors during SAP phase-II as discussed below:

- (a) Elimination of political interference in the implementation of the SAP. The first important steps have already been undertaken with the abolition of Social Action Boards and the restriction of the politically motivated programmes (e.g Peoples Programme) to on-going and contractual obligations before final termination;
- (b) Further decentralization of administrative and financial powers to the tehsil and district levels with enabling mechanisms to exercise them effectively;
- (c) Notification of a criteria for merit-based site selection and its validation by the Auditor General through sample physical checks;
- (d) Notification of a merit-based criteria for all recruitment, preparation of recruitment plans and validation by the Auditor General through sample checks that the criteria has been followed, staff recruited has been deployed and is in position;
- (e) Preparation of procurement plans and the extension of the scope of the Procurement Regulatory Authority approved recently by the Cabinet to the SAP also;
- (f) Prudent implementation of (c), (d) and (e) requires that the SAP should not be subjected to cuts in allocation/slow releases and recruitment bans;
- (g) Setting up of Special Inspection Committees at the level of Planning and Development Departments for third-party checks on staff absenteeism through linkages with communities;

- (h) Ensuring greater community participation by expanding and provincialising the implementation of Participatory Development Programme and by encouraging line agencies to enter into partnerships with NGOs/CBOs;
- (i) Involving Private Sector through partnerships on the basis of land grant wherever possible in rural areas and one-third construction cost;
- (j) Strengthening of Institutional arrangements for the SAP Secretariat both at Federal and Provincial levels and establishment of a computerized Management Information System (MIS).
- (k) Posting of Primary and Middle school teachers (particularly the females) close to their homes.
- (l) Encouragement of unemployed educated persons with teachers training (particularly the females), to open primary and middle schools in their areas with suitable grants.
- (m) Use of selected "Masajids" for primary schools, wherever justified feasible.
- (n) Leasing out non-functional Basic Health Units (BHUs) to Private Practitioners for a specific period, with the condition that they would also carry out vaccination, maternity care and Population Welfare services.

Financial Allocations

4.12 During 1998-99: An allocation of Rs 77.112 billion (20.1 percent higher than 1997-98) has been projected for SAP, of which Rs 25.955 billion have been provided in development budget and Rs 51.157 billion for recurrent budget. Rs 6.823 billion or 13.3 percent of recurrent budget has been earmarked for non-salary budget. The above allocation include federal budgetary support grant of Rs 16.0 billion, half in local and half in foreign assistance (Loans and Grants) to the provinces. These funds are to be utilized on SAP tied development projects sponsored by the Federal Ministries of Education, Health and Population Welfare, Provincial Governments and Area/Agency administrations. The amount would be spent on development and provision of primary/middle level education, non-formal, technical, and Teacher Training, primary health care, nutrition, family planning, rural water supply and sanitation facilities. The table 4.1 provides utilization for 1997-98 and outlays for 1998-99 and Annexure 4.1 provides sector wise, details of financial utilization and outlays for the fiscal year 1997-98 and 1998-99 respectively.

Table-4.1

SAP TIED DEVELOPMENT AND RECURRENT EXPENDITURE

(Billion Rs)

Agency	Expected Utilization 97-98	Outlays 98-99	% Increase Over 97-98
A. DEVELOPMENT:	<u>21.675</u>	<u>25.578</u>	<u>18.0</u>
(a) Provinces	16.730	19.969	19.4
(b) F.Areas/Ministries	4.845	5.609	15.8
B. RECURRENT:	<u>42.525</u>	<u>51.143</u>	<u>20.3</u>
(a) Provinces	40.128	48.381	20.6
(b) F.Areas/Ministries	2.397	2.762	15.2
TOTAL (A + B)	<u>64.200</u>	<u>77.112</u>	<u>20.1</u>
(a) Provinces	56.858	68.350	20.2
(b) F.Areas/Ministries	7.342	8.371	14.0

SOURCE: Provincial Governments, Area Administrations and Federal Ministries of Education, Health and Population Welfare.

4.13 The SAP has an increased focus on improving the quality of social services. Some other policy areas receiving greater and sustained attention include improving service delivery through management at local level, minimizing gender biases in the service design and delivery, improving accessibility of services for the poor and involving community in planning, designing and management of the projects through increased participation of the private sector and NGOs in community mobilization efforts and in actual service delivery. While enforcing these reforms, the overall focus will be on cost effectiveness and sustainability of social services delivery.

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ANNEXURES

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**GROSS DOMESTIC PRODUCT
(AT 1980-81 MILLION RS)**

Item	1996-97	1997-98		1998-99	% Change		
	Rev.	Target	Prov.	Target	1997-98		1998-99
					Target	Prov.	Target
I. AGRICULTURE	141032	148443	149357	157445	5.1	5.9	5.4
Major crops	59235	63844	64194	67733	6.2	8.4	5.5
Minor crops	26934	28493	27820	29215	5.0	3.3	5.0
Livestocks	48762	50023	51119	53885	3.8	4.8	5.4
Fishing	5139	5165	5485	5837	4.5	6.7	6.4
Forestry	962	918	739	775	5.0	-23.2	4.9
II. INDUSTRY	152982	164362	162527	174259	6.8	6.2	7.2
Mining & quarrying	2886	3036	2606	2752	5.0	-9.7	5.6
Manufacturing	104161	111856	111413	119437	7.2	7.0	7.2
Large Scale	67831	72474	72031	76747	6.5	6.2	6.5
Small Scale	36330	39382	39382	42690	8.4	8.4	8.4
Construction	22183	23802	22553	23784	5.9	1.7	5.5
Electricity & gas distribution	23752	25668	25955	28286	6.5	9.3	9.0
III. SERVICES	281985	304556	295441	312303	5.9	4.8	5.7
Transport & Communication	55165	60996	60021	63384	6.2	8.8	5.6
Trade	93555	101163	96326	102303	6.4	3.0	6.2
Banking & Insurance	13597	15837	13704	14604	6.2	0.8	6.6
Ownership of dwelling	33095	34842	34842	36682	5.3	5.3	5.3
Public Administration & Defence	36719	38609	37439	38753	3.8	2.0	3.5
Services (other)	49854	53109	53109	56577	6.5	6.5	6.5
GDP (fc)	575999	617351	607325	644007	6.0	5.4	6.0

OUTPUT OF AGRICULTURE

ITEMS	UNIT	1996-97	1997-98		1998-99 Targets	Percent Change	
			Targets	Prov.		97-98	98-99
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I. KHARIF CROPS							
Rice	(000 MT)	4304.8	4394.0	4324.6	4394.0	0.5	1.6
Basmati	(000 MT)	1555.9	1486.0	1413.5	1486.0	-9.2	5.1
Others	(000 MT)	2748.9	2908.0	2911.1	2908.0	5.9	-0.1
Bajra	(000 MT)	145.6	174.7	211.6	176.0	45.3	-16.8
Maize	(000 MT)	1259.4	1501.3	1251.1	1501.3	-0.7	20.0
Jawar	(000 MT)	219.2	264.0	235.8	266.0	7.6	12.8
Sugarcane	(000 MT)	41998.4	48000.0	53095.7	51210.0	26.4	-3.6
Cotton	(Min Bales)	9.4	10.0	9.2	10.5	-2.0	14.3
II. RABI CROPS							
Wheat	(000 MT)	16650.5	18000.0	18633.6	19500.0	11.9	4.6
Barley	(000 MT)	150.0	164.0	152.6	165.0	1.7	8.1
Gram	(000 MT)	594.4	680.0	773.1	800.0	30.1	3.5
Rapeseed & Mustard	(000 MT)	285.6	250.0	296.9	305.0	4.0	2.7
Tobacco	(000 MT)	91.6	85.0	96.1	100.0	4.9	4.1
III. LIVESTOCK							
Milk	(000 MT)	20950.0	22039.0	22039.0	23185.0	5.2	5.2
Meat	(000 MT)	2416.0	2541.0	2544.0	2743.0	5.3	7.8
Wool	(000 MT)	55.8	57.2	57.2	58.6	2.4	2.5
Hides	(Min No)	6.5	6.7	6.7	6.8	1.8	1.8
Skins	(000 No)	42181.0	44000.0	43722.0	45324.0	3.7	3.7

INDUSTRIAL AND MINERAL PRODUCTION

ITEMS	UNIT	1996-97 (Rev.)	1997-98		1998-99 Targets	Percent Change	
			Targets	Prov.		1997-98	1998-99
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

A. INDUSTRIAL PRODUCTION

Sugar	(000 MT)	2383.0	2706.0	3441.1	3500.0	44.4	1.7
Jute Goods	(000 MT)	68.7	70.5	86.1	98.0	25.4	13.8
Cement	(000 MT)	9536.0	9935.6	9393.0	10465.0	-1.5	11.4
Paper & Board	(000 MT)	346.6	360.1	330.7	332.0	-4.6	0.4
Fertilizer (N)	(000 NT)	1682.4	1825.6	1665.6	1900.0	-1.0	14.1
Soda Ash	(000 MT)	247.0	276.0	236.7	246.0	-4.2	3.9
Caustic Soda	(000 MT)	118.2	127.7	109.3	121.0	-7.5	10.7
Billets	(000 MT)	378.5	415.3	355.4	380.0	-6.1	6.9
H & CR Sheets	(000 MT)	672.7	731.3	676.8	700.0	0.6	3.4
Cotton Yarn	(000 MT)	1520.8	1634.9	1548.2	1634.0	1.8	5.5
Cotton Cloth	(Min Sq M)	333.5	366.7	340.2	360.0	2.0	5.8
Cigarettes	(Bin Nos)	46.1	49.2	47.9	51.0	4.0	6.4
Motor Tyres	(000 Nos)	525.0	574.1	436.8	500.0	-16.8	14.5
Trucks/ Buses	(000 Nos)	3.3	1.8	2.2	2.5	-33.1	14.0
LCVs/ Cars/ Vehicles	(000 Nos)	44.1	53.3	44.0	51.0	-0.2	16.0
Bicycles	(000 Nos)	432.4	436.8	456.7	460.0	5.6	0.7
Tractors	(000 Nos)	10.4	12.0	14.1	15.0	35.8	6.0
Sewing Machines	(000 Nos)	50.6	60.8	28.1	35.0	-44.4	24.5
Air Conditioners	(000 Nos)	56.0	55.7	82.2	100.0	46.8	21.7
Electric Motors	(000 Nos)	22.6	25.2	23.3	25.0	3.0	7.3
Cotton Ginning	(Mln Bales)	9.4	10.0	9.2	10.5	-2.0	14.3
Petroleum Products	(Mln Ltr)	7166.8	7864.1	7432.0	7700.0	3.7	3.6

B. MINERAL PRODUCTION

Crude Oil	(BPD)	58250.7	58000.0	55396.4	58559.0	-4.9	5.7
Natural Gas	(MMCF)	697591.0	806650.0	700032.6	865780.0	0.4	23.7
Coal	(000 MT)	3400.8	3050.0	2666.5	2800.0	-21.6	5.0
Limestone	(000 MT)	9488.2	16000.0	10035.7	10500.3	5.8	4.6
Rock Salt	(000 MT)	1066.4	1000.0	869.6	850.0	-18.5	-2.3

MACRO-ECONOMIC FRAMEWORK
(Current Billion Rs)

	1996-97 (R)	1997-98		1998-99 (I)	Percentage Change	
		(I)	(P)		1997-98 (P)	1998-99 (I)
GDP (fc)	2189.5	2591.4	2519.4	2883.1	15.1	14.4
Indirect Taxes (Net)	202.7	252.5	226.2	258.9	11.6	14.4
GDP (MP)	2392.2	2843.9	2745.6	3142.0	14.8	14.4
Net Factor Income from abroad	-29.6	-39.0	-41.3	-55.1	-39.9	-33.1
GNP (MP)	2362.6	2804.9	2704.3	3086.9	14.5	14.1
External Resource Inflow (Net)	150.0	148.9	63.4	47.1	-57.7	-25.7
<u>Total Resources/Uses</u>	<u>2512.6</u>	<u>2953.8</u>	<u>2767.7</u>	<u>3134.0</u>	<u>10.2</u>	<u>13.2</u>
Total Consumption	2094.1	2413.2	2291.3	2545.1	9.4	11.1
Total Investment	418.5	540.6	476.4	588.9	13.8	23.6
Fixed Investment	380.2	496.3	405.0	538.6	6.5	33.0
Public	166.0	215.8	161.1	190.8	-3.0	18.4
Private	214.2	280.6	243.9	347.8	13.9	42.6
Changes in Stocks	38.3	44.3	71.4	50.3	-	-
<u>Memo Items:</u>						
<u>AS % of GDP</u>						
Investment	17.5	19.0	17.4	18.7	-	-
Fixed Investment	15.9	17.5	14.8	17.1	-	-
Public	6.9	7.6	5.9	6.1	-	-
Private	9.0	9.9	8.9	11.1	-	-
External Resources	6.3	5.2	2.3	1.5	-	-
National Savings	11.2	13.8	15.0	17.2	-	-

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ANNEXURE 1.5

CAUSATIVE FACTORS OF CHANGES IN MONETARY ASSETS

	1997-98 Credit Plan	Actual 1.7.97 to 9.5.98	(Billion Rs) Actual 1.7.96 to 10.5.97
Public Sector	66.0	36.9	85.7
Budgetary Support	58.0	48.9	92.3
Commodity Operations	5.5	-9.0	-8.3
Autonomous Bodies	2.5	-1.0	-1.5
Others*	-	-2.0	3.2
Private Sector & PSCE's	82.0	84.0	53.6
Other Items	2.0	20.9	-0.1
Domestic Credit Expansion (% Change)	150.0 (13.46)	141.8 (12.7)	139.3 (14.4)
Foreign Assets (Net)	-	8.0	-52.4
Monetary Expansion (M2) (% Change)	150.0 (14.24)	149.9 (14.2)	86.7* (9.2)

* It includes effect of Zakat Fund, privatization proceeds by Government, NDRP fund for debt retirement, payments to HC&EB etc.

BUDGETARY PSDP 1998-99 (Sector-wise Summary)

Sl. No.	Sectors	(Million Rupees)					
		PSDP 1997-98			PSDP 1998-99		
		Total	Foreign Aid	Rupee	Total	Foreign Aid	Rupee
1	2	3	4	5	6	7	8
					38455.401	13636.157	22819.244
A.	FEDERAL MINISTRIES	33094.173	12830.812	20263.281			
1	Agriculture	459.824	307.461	152.363	490.591	338.740	151.851
2	Industry	530.081	0.000	530.081	597.000	0.000	597.000
3	Minerals	384.758	20.000	364.758	648.457	0.000	648.457
4	Water	9892.238	4751.000	5141.238	13404.880	5741.630	7663.250
5	Power	4376.733	0.000	4376.733	4435.400	0.000	4435.400
6	Fuels	1128.911	113.000	1015.911	1157.000	10.000	1147.000
7	Transport and Communications	5583.835	2694.780	2889.055	4229.450	1877.000	2352.450
8	Physical Planning and Housing	2076.772	681.650	1395.122	1748.009	652.650	1095.359
9	Education and Training	837.539	328.165	509.374	889.296	182.629	706.667
10	Science and Technology	210.839	26.749	184.090	170.060	5.700	164.360
11	Health and Nutrition	2505.603	597.060	1908.543	2711.244	435.232	2276.012
12	Rural Development	2147.853	1905.000	242.853	2735.239	2706.760	28.479
13	Mass Media	49.599	0.000	49.599	95.346	0.000	95.346
14	Culture, Sports, Tourism & Youth	88.969	35.000	53.969	212.721	26.000	186.721
15	Manpower and Employment	178.535	3.000	175.535	54.254	12.200	42.054
16	Women Development	43.449	0.000	43.449	75.982	0.000	75.982
17	Population Welfare	1920.891	912.000	1008.891	2000.000	1100.000	900.000
18	Social Welfare	71.136	0.000	71.136	78.575	0.000	78.575
19	Research, Statistics & Planning	336.943	272.625	64.318	388.250	316.397	71.853
20	Environment	269.665	183.422	86.243	333.647	231.219	102.428
B.	SPECIAL AREAS	3337.173	1123.000	2214.173	4005.000	1276.000	2729.000
(a)	Azad Kashmir	1742.772	700.000	1042.772	2091.719	795.000	1296.719
(b)	Northern Areas	721.400	200.000	521.400	865.680	227.000	638.680
(c)	FATA	769.184	200.000	569.184	923.021	227.000	696.021
(d)	FATA-DC	103.817	23.000	80.817	124.580	27.000	97.580
C.	SPECIAL PROGRAMMES	838.984	0.000	838.984	4100.000	0.000	4100.000
1.	Tameer-e-Sindh Programme	868.984	0.000	868.984	1000.000	0.000	1000.000
2.	Afghan Refugees Programme	70.000	0.000	70.000	100.000	0.000	100.000
3.	Grant for Local Development	0.000	0.000	0.000	3000.000	0.000	3000.000
D.	CORPORATIONS	26730.000	16880.000	9750.000	34021.000	18546.000	15475.000
(a)	WAPDA	12000.000	12000.000	0.000	13124.000	13124.000	0.000
(b)	Village Electrification	1829.680	700.000	1129.680	2500.000	1700.000	800.000
(c)	OGDC	700.000	700.000	0.000	1132.000	1132.000	0.000
(d)	NHA	12200.325	3580.000	8620.325	16640.000	2590.000	14050.000
(e)	NMTA	0.000	0.000	0.000	625.000	0.000	625.000
Total (Federal)		64100.335	30833.812	33168.423	78581.401	33458.157	45123.244
E.	PROVINCES	28000.000	18000.000	18000.000	32000.000	13000.000	18000.000
1.	SAP	10000.000	4000.000	6000.000	16000.000	8000.000	8000.000
2.	Non-SAP	18000.000	8000.000	10000.000	16000.000	5000.000	10000.000
Total (Budgetary PSDP)		92100.335	48833.812	49168.423	110581.401	46458.157	63123.244

PHYSICAL ACHIEVEMENTS 1997-98 AND TARGETS 1998-99

Item	Unit	Achievements 1997-98	Targets 1998-99
I. PRIMARY EDUCATION			
New Primary Schools	Nos	1464	1879
Additional Class Rooms	Nos	4347	4066
Buildings for Shelterless Schools	Nos	810	1265
Up-gradation of PS to Middle	Nos	1513	1061
Opening Middle School	Nos	160	50
II. PRIMARY HEALTH			
New BHUs	Nos	77	24
New RHCs	Nos	71	33
Up-gradation of BHUs	Nos	389	65
Up-gradation of RHCs	Nos	73	57
LHW Recruited & Trained	Nos	50263	13000
Immunization	Million Nos	4.63	3.34
III. FAMILY PLANNING			
TBAs Trained	Nos	22514	4454
Contraceptive Prevalence rate	%	24.8	30.1
TFR	%	5.2	5.1
IV. RWSS			
Rural Water Supply (% Pop)	%	43.01	61.14
Rural Sanitation (% Pop.)	%	20.48	26.78

Source: Provincial Governments, Area Administrations and Federal Ministries of Education, Health and Population Welfare.

UTILIZATIONS DURING 1997-98 AND OUTLAYS FOR 1998-99
(Million Rs)

Sector	Utilization 1997-98	Outlays 1998-99	% Increase Over 1997-98
Elementary Education	42.907	51.425	19.9
Primary Health Care	11.219	14.484	29.1
Rural Water Supply & Sanitation	8.100	8.407	3.8
Population Welfare	1.817	2.000	10.1
PDP, Monitoring, Evaluation & Technical Assistance	0.157	0.796	407.0
Total	64.200	77.112	20.1

Source: Provincial Governments, Area Administrations and Federal Ministries of Education, Health and Population Welfare and Programming Section.