

**GOVERNMENT OF PAKISTAN  
PLANNING COMMISSION**

**ANNUAL PLAN 2003-04**

**ECONOMIC FRAMEWORK  
AND  
PUBLIC SECTOR DEVELOPMENT PROGRAMME**

**Islamabad  
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## FOREWORD

The National Economic Council at its meeting held on 29<sup>th</sup> May, 2003 approved the Annual Plan 2003-04 and authorised the Planning Commission to release it at the time of presentation of the Federal Budget. The Plan comprises Macroeconomic Framework, PSDP, Poverty Reduction & Sectoral Programmes. It is in line with the Government's Agenda and highlights the Government's priorities and programmes. It also contains financial and physical review of Annual Plan 2002-03 and projections for the year 2003-04.

2. A detailed document 'Annual Review (2002-03) of Ten Year Perspective Development Plan 2001-11 and Five Year Programme 2003-08' will be released later

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*Islamabad June, 2003*

# CHAPTER - 1

## GROWTH, INVESTMENT AND MACROECONOMIC FRAMEWORK

### Overview

The performance of the economy during the fiscal year 2002-03 shows a marked improvement. As a result of sound economic management, consistency and continuity of policies and propitious outcomes such as timely rains after prolonged drought economic stability stands restored and economic growth has revived. The basic resilience of the economy is reflected in significant improvement in macroeconomic indicators which include a substantial increase in the growth rate of real GDP and GNP per capita, low underlying fiscal deficit, lower inflation rate, surplus in the current account of balance of payments, strong buildup in foreign exchange reserves, declining interest rates and improved rating in the international capital markets. These positive developments in the economy clearly enhance the possibilities that the economy will remain on the path of sustained growth.

1.2 According to the provisional estimates, the real GDP would register a growth rate of 5.1 percent in 2002-03, which is remarkable compared with the revised estimate of 3.4 percent growth in 2001-02 and the target of 4.5 percent for 2002-03. It is the highest growth rate since 1996-97 and provides a reasonable indication that the economy is moving out of the low growth patch of the past few years. Since October 1999, the government has been consistently pursuing a comprehensive set of stabilization and structural reform measures aimed at improving the internal and external balance of the economy and the institutionalization of economic governance conducive to productivity enhancement and higher investment. The economy has begun to respond positively to the incentives embodied in this reformed climate so that a new dynamic of investment and growth is emerging. It is possible to plan the future with more confidence than was the case last year.

### A. REVIEW OF ANNUAL PLAN 2002-03

#### GDP GROWTH

1.3 In the background of negative growth in agriculture and a modest recovery of large scale manufacturing during 2001-02, the targets for Annual Plan 2002-03, were based on an achievable blend of optimism and realism, the real GDP was targeted to grow by 4.5 percent, comprising 2.5 percent growth in agriculture, 5.8 percent in manufacturing and 5.0 percent in the services sector. Total investment was projected at Rs 606.1 billion (15.0 percent of GDP). National saving was targeted at Rs 559.2 billion (13.8 percent of GDP). Inflation rate was targeted at 4.0 percent. The underlying fiscal deficit was budgeted at 4.0 percent of GDP and current account deficit target was fixed at 1.2 percent of GDP. Exports were targeted at \$ 9.86 billion and imports of \$ 10.63 billion, reflecting anticipated growth of 8.0 percent and 10.1 percent respectively over the exports and imports of 2001-02. Based on GDP growth target of 4.5 percent and inflation target of 4.0 percent, the original Credit Plan for 2002-03 envisaged monetary expansion of Rs 190 billion indicating an increase of 10.79 percent in the monetary assets.

1.4 On the basis of latest estimates for the various sectors, the real GDP is estimated to record a growth of 5.1 percent thus surpassing the target of 4.5 percent. Agriculture is estimated to grow by 4.2 percent and would also surpass the target of 2.5 percent. Industry is estimated to grow by 5.4 percent, which is also above the target of 5.3 percent. Most notably, the manufacturing sector is estimated to grow by 7.7 percent, thus exceeding the targeted growth rate of 5.8 percent by a significant margin. A remarkable achievement is the tremendous dynamism displayed by large-scale manufacturing. At 8.7 percent, its growth is well past the target set at 6.0 percent and impressively above the achievement of 4.9 percent in 2001-02. On the whole, the return of high growth in large-scale manufacturing and the reversal of negative growth of 1.8 percent during 2001-02 in major crops to a commendable growth of 5.8 percent in 2002-03, are the main contributors to the accelerated GDP growth.

1.5 The services sector is estimated to grow by 5.3 percent against the target of 5.0 percent. In its sub-sectors, wholesale and retail trade has shown the highest growth of 7.3 percent, which is in line with the commodity sector growth of 4.8 percent against the target of 3.9 percent. Finance and insurance recorded a decline of 1.4 percent. Restructuring of the banking system, leading to closure of some banks and reduced number of branches in others, and smaller operating surplus contributed this negative outcome. The estimated growth rates for the overall growth of real GDP and different sectors along with absolute levels are given at Annex-1.1.

### Sectoral Growth Performance

1.6 **Agriculture:** There was nothing to cheer about in agriculture in 2001-02, as every sub-sector other than livestock had shrank in terms of value added. It was targeted to grow by 2.5 percent in 2002-03, keeping in view the prevailing drought and water shortage. The sector is estimated to grow by 4.2 percent, which is considerably higher than the targeted growth. The major crops, viz., rice, sugarcane, wheat, gram and maize, accounting for 35.9 percent of agricultural value added, are estimated to register an impressive growth of 5.8 percent over the decline of 1.8 percent last year, and would surpass the carefully set target growth of 0.3 percent, despite a decline in cotton production. The cotton production is estimated to show a decline of 2.8 percent over the target of 10.5 million bales as specified in the Annual Plan and 3.8 percent over the last year's level. Area under cotton declined by 10.3 percent. Both NWFP and Balochistan experienced increases in area and output, but their contribution to the total is very small. The *kharif* crops, including sugarcane, rice and maize, recording higher output, are estimated to exceed the last year's output by 8.3 percent, 15.4 percent and 5.6 percent respectively. The output of wheat is estimated at 19.2 million tonnes, including 15.4 million tonnes from the Punjab. It is 5.5 percent higher over the last year's output of 18.2 million tonnes. In addition to better availability of water, growth can be attributed to increased consumption of farm inputs e.g. the actual off-take of nutrient fertilizer during the six months (October-March 2002-03) of *Rabi* season increased by 13.2 percent over the corresponding period last year. Similarly, the overall procurement of paddy seeds was higher than the last season. Area under wheat, rice, sugarcane and maize increased over the area cultivated last year. Details of output of agriculture crops are at Annex-1.2.

1.7 The **minor crops**, on the other hand, contributing 14.4 percent of agricultural value added, have barely recovered from the negative growth of last year. They are estimated to register a growth rate of 0.4 percent, against the target of 3.5 percent and negative growth of

1.8 percent last year. Within the minor crops, the production of pulses, particularly *moong* and *masoor* is expected to increase significantly due to introduction of new varieties of seeds.

1.8 The **livestock** sub-sector is the largest component of agriculture sector contributing 46.2 percent to agricultural value added, it is expected to register a growth rate of 2.9 percent, which is below the target of 4.0 percent and the achievement of 3.7 percent last year. Continuing impact of drought declining reliance on draught power and costlier inputs explain this decline. Other two sub-sectors viz., **fishing and forestry** are estimated to achieve the high growth rates of 16.6 percent and 8.8 percent respectively, as these sub-sectors recover from the negative growth of 12.0 percent and 1.3 percent respectively during the last year.

1.9 In the **mining and quarrying** sector, the growth target was 2.5 percent, but the achievement was as high as 9.5 percent. It was contributed mainly by spectacular growth in minerals other than crude oil, natural gas, coal and rock salt. These include argonite marble (48.3 percent), baryte (59.0 percent), gypsum (25.3 percent), limestone (17.3 percent), latorite (127.9 percent), soapstone (69.7 percent) and slate stone (191.0 percent).

1.10 **Manufacturing:** The manufacturing sector had been targeted to grow at the rate of 5.8 percent during 2002-03, based on an assessment of 6.0 percent growth in large-scale manufacturing. The provisional estimates indicate that the manufacturing sector would grow by 7.7 percent (**large-scale by 8.7 percent and small and household by 5.3 percent**). Information on small and household sector is not readily available and its growth parametrically given at 5.3 percent. Institutions like SMEDA and SME Bank have been established, but their impact is not yet visible while small-scale sector is important from the viewpoint of employment, the acceleration of the growth of economy to its potential is crucially dependent on large-scale manufacturing. The recovery of this sector in 2001-02, when it posted a growth of 4.9 percent, has accelerated rapidly during 2002-03. Out of the 95 manufactures forming the basis of this estimation, 35 experienced a double-digit growth. A large number of items witnessed spectacular growth: galenicals in pharmaceutical sub-sector (32.9 percent); paints and varnishes (L) in chemical sub-sector (87.2 percent); HR sheets/strips in basis metals sub-sector (36.3 percent); bobbins in engineering sub-sector (35.7 percent); air conditioners (69.1 percent), transformers (34.3 percent), TV sets (59.1 percent) in electrical sub-sector; and trucks (102.8 percent), buses (38.7 percent), jeeps and cars (52.3 percent), LCVs. (57.2 percent), motor cycles (31.2 percent) in the automobiles sub-sector. The other major industrial items, which depicted significant growth during this period are sugar (13.6 percent), cotton yarn (7.6 percent), nitrogenous fertilizer (4.7 percent), coke (8.7 percent), paper and paper products (15.9 percent), cement (20.5 percent), jute goods (12.9 percent), soda ash (13.3 percent) and caustic soda (6.8 percent). Output declined in cotton ginning due to low cotton output, vegetable ghee as consumer shift to oil, cigarettes due to lower demand and phosphatic fertilizer owing to plant closures, gas shortages etc. The details of industrial and mineral production are given at Annex-1.3.

1.11 Value added in **construction sector** grew at 3.4 percent compared to plan target of 4.0 percent It was also lower than the growth of 4.3 percent in the previous year.

1.12 The **electricity and gas** distribution sector declined by 3.9 percent against the target of 4.3 percent. Energy generation during 2002-03 is expected to be 62,676 GWh compared to

60,860 last year, thus growing at a rate of 3.0 percent. Value added in gas was positive but electricity distribution posted negative value added because of higher purchases of costlier thermal power from IPPs due to lower supply of hydropower.

1.13 The **services** sector as a whole was targeted to grow by 5.0 percent. Among its, sub-sector the **transport and communications** has been assessed to grow by 3.1 percent against the target of 5.0 percent. **Trade** is expected to grow by 7.3 percent against the target of 5.0 percent. The growth in the services sector has surpassed the target due to significant increase in wholesale and retail trade, which is the result of higher commodity sector growth. Other sub-sectors of services sector i.e. ownership of dwellings and public administration also surpassed the target during the year 2002-03, although the later will undergo a change when full budgetary data becomes available.

### **Savings and Investment**

1.14 **Investment:** For the fiscal year 2002-03, total investment is estimated to grow to Rs 620.9 billion (15.5 percent of GDP), which is 16.3 percent higher than the investment level of Rs 534.1 billion in 2001-02. The targeted rate of total investment, fixed at 15.0 percent, of GDP was surpassed. The fixed investment is estimated to grow by 10.5 percent from Rs 476.1 billion to Rs 526.3 billion, comprising Rs 179.1 billion in the public sector and Rs 347.2 billion in the private sector. This implies that 66.0 percent of fixed investment was contributed by the private sector. As a ratio of GDP, public and private sector investments are estimated to reach 4.5 percent and 8.6 percent respectively during 2002-03. Fixed investment at 13.1 percent of GDP remained the same as of the last year's level and lower than the target of 13.5 percent. As the policy focus is on private investment, it is important to note that the fixed private investment was higher than that of the last year and surpassed the target by a full percentage point of GDP. Details of saving and investment are given at Annex -1.4.

1.15 The **private sector investment** in current market prices increased by 14.4 percent contributed by increase of electricity and gas 91.8 percent, finance and insurance 53.4 percent, transport and communications 34.3 percent, agriculture 10.9 percent and manufacturing 13.2 percent respectively. The increase in large-scale manufacturing was 14.4 percent. As the single largest component of private investment, the contribution of large-scale investment to total private investment was 30.1 percent.

1.16 The total **public sector** investment increased by 3.8 percent, due mainly to increase in transport and communications sector by 42.9 percent, in services sector 11.3 percent and increase of 32.8 percent in fixed investment by provincial governments. The public sector investment declined in agriculture, construction, electricity and gas sectors by 65.0 percent, 27.0 percent and 22.0 percent respectively.

1.17 **National saving:** National saving rate for 2002-03 is estimated at 19.4 percent compared to 17.0 percent in 2001-02. The higher level of saving is due to a large jump in current account surplus in the balance of payments from Rs 82.2 billion in 2001 - 02 to Rs 157.1 billion in 2002-03. The current account surplus, related significantly to an accelerated flow of remittances, has led to excess liquidity in the economy.

1.18 **Foreign Private Investment:** During July-April 2002-03, total foreign private investment amounted to \$ 694.5 million (including portfolio investment of \$ (-)1.4 million) compared to investment in the corresponding period of 2001-02 of \$ 306.0 million (including portfolio investment of \$ (-)1.6 million), showing an increase of 127.0 percent. Foreign Direct Investment (FDI) increased by 126.0 percent.

1.19 It may be seen that this 126.0 percent increase in FDI is the result of continuation of government's sound macroeconomic policies leading to credible fundamentals. It is expected that flow of foreign direct investment would increase to more than \$ 1.00 billion for the full fiscal year of 2002-03. Sector-wise foreign direct investment is given at Table 1.1.

**Table 1.1**  
**Foreign Direct Investment**

Economic Groups	(Million US \$)	
	July-April	
	2001-02	2002-03
Financial Business	4.3	203.8
Mining, Quarrying – Oil & Gas	134.6	147.0
Transport, Storage & Communications	27.4	95.2
Chemicals, Pharmaceuticals & Fertilizers	15.3	86.9
Trade	29.1	35.5
Textiles	11.7	24.0
Others	85.2	103.5
<b>TOTAL</b>	----- 307.6 -----	----- 695.9 -----

## BALANCE OF PAYMENTS

1.20 Fiscal year 2002-03, the second year of the Ten Year Development Plan 2001-11 prepared with the parameters of the Three Year Development Programme 2002-05, visualized deterioration in the trade balance mainly because of much larger growth in imports compared to growth in exports. The growth in exports (fob) was predicated on increased access to European Union markets and reduction in tariffs announced by European Union, increase in agricultural production, continued revival of the manufacturing sector, improvement in the export of textiles as a result of increase in the export quota, higher export of value added goods, lower export re-finance rates, easier access to bank credit for exporters, swift tax refunds/duty drawbacks and availability of twenty four hours customs services for export consignments at Karachi Port. Exports (fob) were targeted at \$ 9864 million.

1.21 Imports (fob) for the fiscal year 2002-03 were targeted at \$ 10452 million. assuming price of crude oil at \$ 22.5 per barrel. During the year price of crude oil started increasing and reached \$ 30 per barrel in March, 2003 due to Iraq war. The price, however, started decline in April, 2003 and was expected to stabilize around \$ 25 per barrel. Imports of

petroleum and petroleum products in value terms are therefore expected to be higher than targeted. The trade deficit was projected to increase to \$ 588 million against benchmark deficit estimate of \$ 360 million for 2001-02.

1.22 Balance on the invisibles account was expected to be in deficit by \$ 170 million as against benchmark surplus estimate of \$ 391 million during 2001-02. With significant increase in the trade deficit, the current account deficit was projected at \$ 758 million (1.16% of GDP) in 2002-03 against benchmark surplus estimates of \$ 31 million (0.05% of GDP) during 2001-02.

1.23 The performance of first ten months of the current fiscal year has remained encouraging and therefore, provides grounds for optimism for the remaining months of the fiscal year. Notwithstanding subdued world economic outlook, sluggish global trade, rising international prices of oil, and uncertainty arising out of the threat as well as war in Iraq, Pakistan's economy has once again displayed resilience.

1.24 The latest estimates for the year 2002-03 indicate a significant improvement in the balance of payments due to substantial increase in exports and invisibles receipts. Exports during the first ten months (July-April) for the current fiscal year 2002-03 grew by 20.83 percent and imports by 22.49 percent. The trade deficit widened by 35.72 percent to \$ 1249.7 million compared to \$ 920.8 million in the corresponding period of previous year indicating that the country spent nearly \$ 119.8 million more mainly on the imports of power generating and textile machinery besides spending \$ 457.7 million more on petroleum and petroleum product. Workers remittances during the first ten months of the year 2002-03 increased by 89.61 percent from \$ 1865 million to \$ 3537 million.

1.25 **Exports:** During the first ten months (July-April) for fiscal year 2002-03, exports stood at \$ 8849.73 million as compared to \$ 7324.08 million, up by 20.8 percent over the same period last year. The improvement is due to substantial increase in export receipts of rice (22.92 percent), wheat (119.45 percent), raw cotton (188.77 percent), cotton yarn (3.20 percent), cotton cloth (16.30 percent), bedwears (37.18 percent), knitwear (30.24 percent), readymade garments (24.16 percent), art-silk & synthetic textiles (24.73 percent), petroleum products (63.94 percent), fertilizer (55.64 percent), cutlery (14.75 percent) and chemical & pharmaceutical products (81.59 percent) despite uncertainty in the Gulf region

1.26 Export of items for which data on both volume and prices are available showed a growth of 21.78 percent. Decomposition of this growth into volume and prices effect revealed an increase of 11.52 percent in volume and 10.26 percent in prices.

1.27 As a result of US-Iraq conflict, there are increasing changes in freight, war risk and fuel surcharge made by the shipping lines and airlines with effect from April, 2003 operating in the Gulf. The European airlines have also increased fuel surcharge. This surcharge applies on all shipments to and via Middle East. The total exports are thus estimated at 10250 million against the target of \$ 9864 million for 2002-03. Annex-1.5 gives detailed account of exports performance.

1.28 **Imports:** Imports have shown an increase of 22.49 percent to \$ 10099.46 million during the first ten months (July - April) for the fiscal year 2002-03, largely on account of a significant increase in the prices of petroleum products and petroleum crude

which have increased by 21.25 percent and 19.87 percent respectively. The increase in prices has increased the imports value of petroleum products by 20.56 percent and petroleum crude by 20.57 percent. There has been increase in other import items i.e. tea by 8.51 percent, soybean oil by 324.66 percent, palm oil by 48.43 percent, iron and steel by 14.02 percent, Machinery Group by 35.57 percent, synthetic fiber & silk yarn by 10.77 percent and worn clothing by 23.15 percent. The imports of sugar, insecticide, iron and steel scrap and paper & paper board on the other hand have decreased.

1.29 The rising trend in imports is expected to moderate essentially because of anticipated fall in petroleum prices after the Iraq war. Total imports (fob) for the full year 2002-03 are thus estimated at \$ 11252 million. Annex-1.6 gives a detailed breakdown of imports

1.30 **Invisibles Account:** During the ten months of the current year, home remittances amounted to \$ 3537 million, higher by 89.61 percent over the same period last year (\$ 1865 million). The flow of remittances increased after the event of 9/11, 2001. In the post 9/11 scenario the US Federal Bureau of Investigation (FBI) had launched international scrutiny of cross country capital flows, focusing on hundi & hawala dealers based in US and UAE. This encouraged Pakistanis working abroad to remit money through official channels, as a result of which Pakistan benefited from a significant increase in home remittances through official channels. Remittances for the full year 2002-03 have been estimated at \$ 4102 million. After allowing for other invisibles receipts and payments, the invisibles balance is estimated to be in surplus by \$ 3687 million in 2002-03 against a surplus of \$ 1632 million during 2001-02.

1.31 **Current Account Balance:** With the trade deficit of \$ 1002 million and invisibles surplus of \$ 3687 million, the current account surplus for 2002-03 is estimated to increase to \$ 2685 million (3.9 percent of GDP) in 2002-03 against the surplus of \$ 1338 million (2.2 percent of GDP) in the preceding year.

1.32 **Capital Account:** Gross aid disbursements are estimated to register a nominal increase from \$ 1576 million in 2001-02 to \$ 1589 million in 2002-03. The sharp increase in project aid from \$ 642 million to \$ 809 million during 2002-03 has been offset by decrease in programme/commodity aid from \$ 882 million to \$ 777 million. Allowing for other capital flows, the surplus in the overall balance is estimated at \$ 6137 million in 2002-03 from \$ 3443 million in 2001-02. The incorporation of the transactions of the banking system will allow a build-up of \$ 5029 million in gross foreign exchange reserves reaching the level of \$ 10483 million equivalent to 11 months of imports.

## **FISCAL AND MONETARY POLICY**

### **FISCAL POLICY & TAX REFORMS**

1.33 The government has initiated a number of measures including broadening the tax base through documentation of the economy, improving tax administration, simplification of tax assessment and its collection procedures, ensuring transparency and simplicity in tax structure, reduction in the number of taxes and imposition of GST etc. On the expenditure side, it is pursuing tight policies. These measures were expected to maintain the fiscal deficit at the level of 4 % of GDP during 2002-03.

## **CONSOLIDATED BUDGET 2002-03**

1.34 The budget for 2002-03 aimed at an improvement in the fiscal position with the overall deficit expected to fall from 5.1 per cent of GDP in 2001-02 to 4.0 per cent during 2002-03. This improvement was premised *inter alia*, on an increase of 6.0 per cent in Government expenditure from the level of Rs. 806.2 billion during 2001-02 to Rs. 854.4 billion. As a proportion of GDP, Government expenditure was estimated to decrease from 22.2 per cent in 2001-02 to 21.3 percent in 2002-03. The total revenues were targeted to grow by 12.1 per cent from Rs 617.1 billion in 2001-02 to Rs 691.9 billion in 2002-03 with the effort to increase the tax revenues by 15.9 per cent and non-tax revenues were estimated at the same level of Rs 146.0 billion of last year achievements. Details of the budget 2002-03 and its performance during July-March, 2002-03 are shown at Annex-1.8.

### **GOVERNMENT REVENUES**

1.35 Government revenues are targeted to increase from Rs. 617.1 billion (17.0 per cent of GDP) in 2001-02 to Rs. 691.9 billion (17.2 per cent of GDP) in 2002-03. Tax revenues (including surcharges) are expected to increase from Rs. 471.1 billion or 13.0 per cent of GDP in 2001-02 to Rs. 545.9 billion or 13.6 per cent of GDP in 2002-03. Non-tax revenues would decrease from 4.0 per cent of GDP in 2001-02 to 3.6 per cent of GDP in 2002.03. During July-March 2002-03, 73% of Government revenues, 69.6% of tax revenue and 85.6% of non-tax revenues have been achieved respectively.

### **CURRENT EXPENDITURE**

1.36 In the Budget 2002-03, current expenditure was expected to increase from Rs. 678.1 billion or 18.7 per cent of GDP in 2001-02 to Rs. 724.4 billion or 18.0 per cent of GDP. Expenditure on interest payment would slightly decrease from 7.2 per cent of GDP in 2001-02 to 7.0 per cent of GDP in 2002-03. Current expenditure remained at 73% of its target whereas interest payments and defence were 53% and 79.3% of their respective targets respectively during July – March 2002-03.

### **DEVELOPMENT EXPENDITURE**

1.37 Development expenditure (PSDP) was expected to increase from Rs.126.3 billion in 2001-02 to Rs. 134.0 billion in 2002-03. As a proportion of GDP, PSDP was expected to decrease from 3.5 per cent in 2001-02 to 3.3 percent in 2002-03. In July – March 2002-03, development expenditure has been achieved at Rs.86.8 billion (66.8% of the target). Development expenditure for the year as a whole is expected to be Rs. 120 billion.

### **OVERALL FISCAL DEFICIT AND ITS FINANCING**

1.38 In the Budget 2002-03, the overall fiscal deficit was expected to decrease from 5.2 percent of GDP in 2001-02 to 4.0 percent of GDP in 2002-03. This deficit would be financed by 0.8 per cent and 3.2 per cent through domestic borrowing and external borrowing respectively. It is expected that the fiscal deficit will be 4.6 percent of GDP during 2002-03. Fiscal deficit during July-March, 2002-03 was at 2.1% of the whole year GDP.

## FEDERAL TAX COLLECTIONS( JULY- APRIL 2002-03)

1.39 The Federal Budget for 2002-03 set a target of Rs. 460.6 billion for tax collection for the whole year and the collection during 2002-03 (July - April) amounted to Rs. 352.1 billion as against Rs 306.1 billion in corresponding period last year. Table 1.2 shows tax collection performance during July-April 2002-03. Total tax collection for July-May period stands at Rs. 390 billion.

**TABLE 1.2**  
**FEDERAL TAX COLLECTIONS BY CBR**

(Rs Billion)

Heads	Target 2002-03	Collection July-April			July-April, (Achievement) as % of whole year target
		2001-02	2002-03	% Change	
<b>Direct Taxes</b>	<b>148.4</b>	<b>108.5</b>	<b>109.5</b>	<b>0.9</b>	<b>73.8</b>
<b>Indirect Taxes</b>	<b>312.2</b>	<b>197.6</b>	<b>242.6</b>	<b>22.8</b>	<b>77.7</b>
1. Sales Tax	205.7	128.5	154.1	19.9	74.9
2. Central Excise	47.5	35.9	35.5	-1.1	74.7
3. Customs	59.0	33.2	53.0	59.6	89.8
<b>Total(Net)</b>	<b>460.6</b>	<b>306.1</b>	<b>310.3</b>	<b>15.0</b>	<b>76.4</b>

Source: Revenue Division/CBR

## MONETARY POLICY AND CREDIT DEVELOPMENTS

1.40 Monetary Policy is concerned with the regulation of money and credit to achieve economic and price stability in the economy. Keeping in view the GDP growth target of 4.5 per cent and inflation target of 4 per cent, the original Credit Plan for 2002-03 envisaged monetary expansion of Rs. 190 billion (10.79%) as against the last year's revised target of Rs. 145.6 billion (9.54%) and actual outcome of Rs. 225.8 billion (14.80%). Foreign Assets (Net) were targeted to grow by Rs. 91.5 billion and Domestic Credit expansion by Rs. 98.5 billion. The Credit Plan provided for a retirement of Rs. 16.2 billion in the Government Sector, i.e. Rs. 3 billion in Commodity Operations, Rs. 14.2 billion in Budgetary Support (Net) and an increase of Rs.1.00 billion as the effect of Zakat funds, Privatization proceeds, etc. Non-Government Sector was targeted to expand by Rs. 114.7 billion, Public Sector Enterprises by Rs. 20 billion and Private Sector by Rs. 94.7 billion.

1.41 Mid Term meeting of the National Credit Consultative Council was held on 3<sup>rd</sup> February, 2003 under the chairmanship of the Governor, State Bank of Pakistan. The Council reviewed the monetary and credit developments in the first half of the current fiscal year 2002-03, discussed a range of credit related issues and made following revisions in the Credit Plan 2002-03:

**Table 1.3**  
**CREDIT PLAN 2002-03 AND ITS IMPLEMENTATION**

Sector	(Rs. in Billion)		
	Original Credit Plan 2002-03	Revised Credit Plan 2002-03	Implementation Upto May 10, 2003
I. <b>GOVERNMENT SECTOR</b>	-16.2	-44.2	-79.9
a) Net Budgetary Borrowing	-14.2	-29.2	-46.4
b) Commodity Operations	-3.0	-16.0	-37.8
c) Effect of Zakat Funds, Privatization Proceeds, etc.	1.0	1.0	4.2
II. <b>NON-GOVERNMENT SECTOR</b>	114.7	70.2	98.1
a) Credit to Private Sector	94.7	50.2	112.9
b) Credit to Public Sector Enterprises	20.0	20.0	-7.8
c) SBP Credit to NBFIs	-	-	-7.1
III. <b>OTHER ITEMS NET CREDIT</b>	0	-15.5	-71.2
IV. <b>NET DOMESTIC CREDIT EXPANSION</b>	98.5 (6.45%)	10.5 (0.69%)	-53.1 (-3.48%)
V. <b>NET FOREIGN ASSETS</b>	91.5	271.0	300.1
VI. <b>MONETARY EXPANSION (% change)</b>	190.0 (10.79%)	281.5 (16.0%)	247.0 (14.03%)

#### **REVISED CREDIT PLAN 2002-03**

1.42 The Credit Plan for the year 2002-03 has been revised keeping in view the developments in the first six months of current fiscal year and expectation of continuous external inflows from abroad in the later half of the year. In addition to the continuous foreign inflows, there is a need to boost the economic activity through higher money supply than the nominal GDP growth and through reduced lending rates. According to the Revised Credit Plan, the over-all monetary expansion is estimated to grow by Rs. 281.5 billion (16.0%) compared to earlier estimate of Rs. 190.0 billion (10.8%) for the entire year. Bulk of the monetary expansion is expected to be further build-up in NFA. It is estimated that there will be an increase of Rs. 271 billion in the NFA of the banking system. The money supply increase through NDA will only be Rs.10.5 billion. Within NDA, the government is expected to retire Rs. 44.2 billion against an originally estimated retirement of Rs. 16.2 billion. This is due to higher retirement from Government's budgetary borrowing (because of higher external financing) and commodity operation. The non-government sector estimates are revised downward to Rs. 70.2 billion for the entire year. The private sector

credit, though not a binding constraint, is estimated to be slightly over Rs. 50.0 billion. The lower than earlier estimation of the credit is due to the fact that significant requirement is being met by self-financing through unprecedented foreign inflow of remittances and through other than bank sources like TFCs, etc.

### **IMPLEMENTATION OF CREDIT PLAN 2002-03**

1.43 Up to May 10, 2003, the monetary expansion amounted to Rs. 274.04 billion (14.03%) as against the target of Rs. 281.50 billion (16.00%) for the entire fiscal year 2002-03 and compared to an expansion of Rs. 185.76 billion or 12.17% in the corresponding period last year. During the period, major factor for expansion has been an increase of Rs. 300.11 billion in net foreign assets, which during the same period last year was Rs. 143.39 billion. Net domestic credit contracted by Rs. 53.01 billion (-3.48%) as compared to the Credit Plan targeted expansion of Rs. 10.5 billion (0.69%) and an expansion of Rs. 42.37 billion (2.83%) during the same period last year. As against targeted expansion of Rs. 70.20 billion for the non-government sector, there was an expansion to the tune of Rs. 98.06 billion. Credit to the private sector increased by Rs. 112.91 billion as compared to Rs. 36.90 billion in the corresponding period last year.

### **CAPITAL MARKET**

1.44 Capital Market plays a crucial role in the process of capital formation. The Karachi Stock Exchange registered a significant growth in the year 2002-03 as investment from overseas Pakistanis flowed in and low interest rates increased participation from the banks, individuals and financial institutions. The performance of the market was very good and market registered an exceptional rise. KSE-100 Index which was 1770.12 points at the end of the last financial year (2001-02) crossed the psychological limit of 2700 points in December, 2002 and reached at 2701.42 mark.

1.45 The index continued its upward movement and was 2715.72 points at the end of March, 2003. The index broke through the psychological barrier of 2900 points and reached at 2902.42 mark in April, 2003. The KSE-100 Index has reached the highest record mark of 3126.64 points on 27<sup>th</sup> May, 2003.

1.46 Market Capitalization which was Rs. 411.58 billion at the end of June, 2002 increased to Rs. 463.65 billion at the end of September, 2002. Market Capitalization further increased to Rs. 595.07 billion at the end of December, 2002. Market Capitalization increased to Rs. 588.32 billion at the end of March, 2003. By the end of April, 2003; the Market Capitalization was Rs. 637.03 billion. On May 26, 2003, the Market Capitalization has attained highest record level of Rs. 684.99 billion.

### **INFLATION:**

1.47 Changes in prices are measured by three indices namely, Consumer Price Index (CPI with Base 2000-01), Sensitive Price Index (SPI base of 2001-02) and Whole Sale Price Index (WPI with Base 1990-91=100). The CPI (Base of 2001-02 = 100) covers 374 items; prices are collected from 71 markets of 35 cities. (SPI with Base Year 2000-01= 100), covers 53 items, prices are collected from 53 markets of 17 cities. WPI (Base Year 1990-91= 100) covers 437 items of 18 cities.

1.48 During 2002-2003, Inflation as measured by the change in CPI is estimated at 3.27 percent as against 3.41 percent in the comparable period of last year and the target of 4 percent. The increase in SPI was 3.65 percent against 3.22 percent compared to corresponding period last year. Wholesale Price Index (WPI) showed increase at 6.08 percent against 2.06 percent over corresponding period last year.

1.49 The inflation rates based on SPI, CPI and WPI for the period under review and their comparison with the corresponding period of previous year is as under: -

**Table 1.4**  
**PRICE INDICES (BASE 2001-02) = 100)**

	2002-03 (July-April) (2000-01 = 100)	(2001-02 (July-April) (2000-01 = 100)
SPI	3.65	3.22
CPI	3.27	3.41
WPI*	6.08	2.06

\* WPI base is still 1990-91

1.50 During the current year, the deceleration in the rate of CPI and SPI has largely been in the food group. The improved availability of essential food items due to better production combined with the imported deflation amidst rupee appreciation, money supply control, increase in net foreign investment and remittances, increase in agriculture and manufacturing outputs, as well as a decline in unit values of some imported items, improved domestic production etc, helped ease inflationary pressure.

**Table 1.5**  
**TREND OF SPI (2000-01=100)**

29-05-2003 over 30-04-2003				30-05-2002 over 2-05-2002			
Week Ended on	SPI	Weekly % Change	% Change 29-05-2003 Over 30-04-2003	Week Ended on	SPI	Weekly % Change	% Change 30-05-2002 Over 2-05-2002
30-4-2003	106.91	-0.30		02-5-2002	103.76	-0.19	
08-5-2003	107.02	0.10		09-5-2002	103.68	-0.08	
14-05-2003	107.20	0.17		16-5-2002	103.78	0.10	
22-05-2003	106.88	-0.30		23-5-2002	104.06	0.27	
29-05-2003	106.66	-0.21	<b>-0.23</b>	30-5-2002	104.50	0.42	<b>0.71</b>

1.51 Price stabilization measures are important when there are unusual variations in the prices. In keeping with the Government policy of decontrol, deregulation and liberalization, inflationary pressures are dealt with by economic measures rather than price control. However, close vigilance is kept on movement in prices through weekly meetings of the Sensitive Items Prices Committee (SIPC) chaired by the Deputy Chairman, Planning Commission and regular meetings of the ECC of the Cabinet. During July-April, 2003, 22 meetings of the SIPC and 12 meetings of the ECC reviewed Price situation. Their reviews are based on weekly information available every Thursday night. An example is provided in Table 1.5. The Committee also reviews comparative prices in neighbouring countries. A specimen given at Annex-1.9.

## B. ANNUAL PLAN 2003-04

### GDP GROWTH

1.52 The Annual Plan 2003-04, and its supporting macroeconomic framework, has been developed with the key objective of consolidating the gains of recent growth and to deepen the process of institutionalizing reforms i.e. the second generation reforms. The overall growth rate of GDP is targeted at 5.3 percent, a modest increase over 2002-03. Agriculture sector is anticipated to grow by 4.2 percent, premised on the expectations of improved water availability, water-saving techniques and changes in cropping patterns to cope with droughts. The output of major crops is projected to grow by 5.5 percent and fishing by 4.5 percent, whereas other sub-sectors like minor crops, livestock and forestry are envisaged to grow by 3.5 percent, 3.0 percent, and 5.3 percent respectively. A special policy and development package is being developed for agriculture sector. Annex-1.1 gives the GDP targets for 2003-04 along with sectoral targets, while the main growth targets of Annual Plan 2003-04 are summarized in Table 1.6.

Table 1.6

#### Real Growth Rates

Sector	2001-02	(Percentages)	
		2002-03 (Provisional)	2003-04 (Targets)
<b>Agriculture</b>	-0.1	4.2	4.2
<b>Major crops</b>	-1.8	5.8	5.5
<b>Manufacturing</b>	5.0	7.7	7.8
<b>Large-scale</b>	4.9	8.7	8.8
<b>Services</b>	4.1	5.3	5.0
<b>GDP (fc)</b>	<b>3.4</b>	<b>5.1</b>	<b>5.3</b>

1.53 **Agriculture sector:** Agriculture sector is anticipated to grow by 4.2 percent. The output of major crops is targeted to grow by 5.5 percent compared to last year achievement of 5.8 percent. The cotton production target has been set at 10.6 million bales compared to the output of 10.2 million bales this year. Sugarcane production is targeted at 52.5 million tonnes as against the level of 52.0 million tonnes during the current year and 48.0 million tonnes during 2001-02. Wheat production is targeted to increase by 6.6 percent to 20.5

million tonnes. Rice and maize production are targeted at 4.55 million tonnes and 1.8 million tonnes against the current year's achievement 4.48 million tonnes and 1.76 million tonnes respectively. The details of the output and targets of agriculture are given at Annex-1.2.

1.54 Against the high growth of 9.5 percent in 2002-03, the growth target for **mining and quarrying sector** is fixed at 3.6 percent, based on 30.8 percent increase in the extraction of natural gas, 24.5 percent increase in LPG production, 12.4 percent increase in crude oil production and 5.9 percent increase in coal output. Greater foreign investment is expected in the fields of oil, gas and coal. Larger gas production is expected due to the injection of 800 MMCFD from newly discovered field of Zamzam, Bhit, Badin and Daru. Increasing use of coal in cement is expected to continue. The high growth experience in other minerals experienced this year is likely to normalize next year, requiring the fixation of a growth target for the sector for next year which is lower than the achievement of this year.

1.55 In the **manufacturing sector**, the expectation is that the presently achieved momentum in the large-scale manufacturing will be maintained, together with a sharper focus on small and medium enterprises (SMEs). Thus the growth rate of the manufacturing sector envisioned at 7.8 percent is premised on large-scale manufacturing sector's growth of 8.8 percent and small and household manufacturing sector growth of 5.3 percent. Petroleum products, chemicals, cement, cotton yarn & cotton cloth, railway coaches/locomotives, motor vehicles, engineering goods, air conditioners, motor tyres, fertilizer and some electronic items like refrigerators, TV sets and electric transformers would be the main growing industries.

1.56 **The prospects for electricity and gas** distribution during the year 2003-04 are likely to improve as greater hydro power becomes available and the sector recovers from the adverse impact of drought and higher oil bill. It is projected to grow at a rate of 5.3 percent during the year 2003-04.

1.57 The **services sector** as a whole is projected to grow by 5.0 percent. The main contributors of value added in this sector will be transport and communication, trade, and banking and insurance. Transport and communications and wholesale & retail trade are targeted to grow at 5.3 percent, 4.1 percent, while finance and insurance, ownership of dwellings and public administration and defence sectors are all targeted at 5.0 percent.

### **Savings and investment**

1.58 **Investment:** The total investment is projected at Rs 741.4 billion during 2003-04, i.e. 19.4 percent higher over the level of investment of Rs 620.9 billion in 2002-03. As a percent of GDP, total investment is forecast to reach 16.8 percent against the previous year's level of 15.5 percent. The increased flow of investment is based on the assumption of the existence of an irritants-free climate for foreign as well as domestic investors. It will brighten economic activities and employment opportunities for the educated youth during the fiscal year 2003-04, and scale down the poverty rate.

1.59 The estimated fixed investment of Rs 649.0 billion for the year 2003-04 includes Rs 265.1 billion for public sector and Rs 383.9 billion for private sector. This implies that 59.2 percent of fixed investment will be covered by the private sector. As a ratio of GDP, public and private sector investment are projected to be at 6.0 percent and 8.7 percent respectively.

Public investment for 2003-04 has a higher share than 2002-03 because the expanding fiscal space due to lower debt servicing and increasing tax revenues is envisaged to be utilized on poverty-reducing investment as well as infrastructure development. The allocation for PSDP 2003-04 at Rs 160 billion is 33.0 percent higher than the utilization of Rs 120 billion in 2002-03. National saving is expected to equal total investment for the year 2003-04, as the current account is likely to be roughly in balance. Details of macroeconomic framework are at Annex-1.4.

### Macroeconomic Framework 2003-08

1.60 While the Annual Plan 2003-04 has been formulated in the evolving framework of the Perspective Plan 2001-11, a macroeconomic scenario for the five year period 2003-08 has also been developed.

1.61 The upsurge of economic activity in 2002-03, the strategy of consolidation of growth and the initiation of second generation reforms in 2003-04, will lead to conditions for the return of 6.0 percent plus growth and thus an economic take off eventually. Increasing public investment will be critical to insure the pro-poor nature of this growth. Considering the current and emerging constraints and the possible efforts, the feasible average GDP growth rate for these five years is projected at 6.1 percent per annum. About one percentage point of cumulative growth during five years is expected to come through enhanced utilization of the existing capacity and allocative efficiency to be made possible by market orientation of the economy. The envisaged growth in agriculture encompasses the target of continued surplus in the production of wheat and increasing import substitution in edible oils. The investment level will have to be raised from 15.5 percent in 2002-03 to 18.7 percent of GDP in 2007-08. To support higher levels of investment, the ratio of fixed investment to GDP would have to rise from 13.1 percent in 2002-03 to 17.1 percent in 2007-08. For this purpose the level of investment in private sector would be required to be raised from 8.6 percent to 10.0 percent of GDP during 2003-08. Public sector investment would increase from 4.5 percent to 7.1 percent of GDP. To achieve these targets, it will be necessary to speed up the implementation of major projects in the public sectors of transport and communications, energy and water resources and to make up for the slow utilization of PSDP in the past and make the benefits flow faster. The investment requirements for the next five-year period are given in Table 1.7.

**Table 1.7**  
**Investment Requirements by Public & Private Sectors**

Sector	2002-03 Bench- mark	(Percentage of GDP)					2003-08 Five Years Averages
		2003-04	2004-05	2005-06	2006-07	2007-08	
		<b>Targets</b>			<b>Projections</b>		
<b>Total Investment</b>	15.5	16.8	17.2	17.5	18.0	18.7	17.6
<b>Fixed Investment</b>	13.1	14.7	15.3	15.7	16.3	17.1	15.8
<b>Public</b>	4.5	6.0	6.3	6.4	6.5	7.1	6.5
<b>Private</b>	8.6	8.7	9.0	9.3	9.8	10.0	9.4

1.62 The overriding concern of the entire economic programme in the coming years would be to move towards a higher level of self-reliance. To achieve this objective, it is planned that 98.5 percent of total investment would be financed from national savings, leaving 1.5 percent to be financed from foreign saving. On the average, national saving would grow to reach a level of 17.4 percent of GDP during 2007-08. The successful implementation of the Annual Plan 2003-04 and five year programme 2003-08 is predicated on continued sound economic management and effective institutions for stable and sustained growth. The financing of investment for the five years is given in Table 1.8.

**Table 1.8**  
**Financing of Investment**

(Percentage of GDP)

Sector	2002-03 Bench- mark	2003-04	2004-05	2005- 06	2006-07	2007-08	2003-08 Five Years Averages
		Targets	Projections				
National Saving	19.4	16.8	17.2	17.3	17.6	18.3	17.4
Foreign Saving	-3.9	0.0	0.2	0.2	0.4	0.4	0.2

1.63 The growth projections for next five years are given in Table 1.9.

**Table 1.9**  
**Five Years Growth Rate (%)**  
**At Constant Factor Cost**

Sector	2002-03 Bench- mark	2003-04	2004-05	2005- 06	2006-07	2007-08	2003-08 Five Year Averages
		Targets	Projections				
Agriculture	4.2	4.2	4.9	5.5	6.0	6.4	5.4
Major crops	5.8	5.5	6.1	6.3	6.5	7.3	6.3
Manufacturing	7.7	7.8	8.7	9.4	9.6	10.5	9.2
Large Scale	8.7	8.8	10.0	10.8	10.9	12.0	10.5
Services	5.3	5.0	5.2	5.3	5.2	5.3	5.2
GDP	5.1	5.3	5.8	6.2	6.4	6.8	6.1

1.64 It should be noted that the five year programme has been worked out within the broad framework of the ten year Perspective Development Plan 2001-11. The experience of implementing three-year rolling plans for 2001-04 and 2002-05 has lent enough confidence to the planners to look ahead for five years and bring forward the year of return of 6 percent plus growth to 2005-06 from that envisaged in the Perspective Plan

## BALANCE OF PAYMENTS

1.65 **Trade Account:** It is expected that 2003-04 may experience a deterioration in the trade balance due to higher growth of imports than that of exports. Exports (fob) are projected to grow by 6 percent while imports (fob) are forecast to increase by 7.5 percent. Projections of exports and imports are based on sustained increase in agricultural production, revival of the manufacturing sector, lower prices of oil and its products, diversification of exports and industrial base for import substitution and improvement in the overall competitiveness of the external sector. The trade account is projected to be in deficit by \$ 1231 million in 2003-04 against a deficit of \$ 1002 million in 2002-03. Details are given at Annex-1.7.

1.66 **Invisibles Account:** Prospects for the invisibles balance will continue to be governed mainly by the behavior of the workers' remittances. For 2003-04, remittances have been projected at \$ 3600 million against \$ 4102 million during 2002-03. Allowing for other invisibles receipts and payments, the surplus on invisibles account is anticipated to decline to \$ 1236 million from \$ 3687 million during 2002-03.

1.67 **Current Account Balance:** With a deficit of \$ 1231 million on the trade account and a surplus of \$ 1236 million on the invisibles account, the current account surplus is estimated to decline to \$ 5 million in 2003-04 from \$ 2685 million in 2002-03.

1.68 **Capital Account:** Gross disbursements of official development assistance are expected to increase to \$ 1719 million in 2003-04 compared to \$ 1589 million in 2002-03 largely on account of disbursements of programme loans/commodity aid. The Saudi oil facility and grant pledges will, however, decrease. After allowing for other capital movements, surplus of \$ 1743 million is likely to occur in the overall balance in 2003-04 as compared to a surplus of \$ 6137 million during 2002-03. However, taking into consideration transactions of the banking system and a build up \$ 1786 million in foreign exchange reserves, the gross reserves are likely to reach at the level of \$ 11,540 million in 2003-04, compared to \$ 10483 million in 2002-03. Annex-1.7 depicts detailed balance of payments position.

## FISCAL POLICY

1.69 During 2003-04, the fiscal policy will remain consistent with fiscal stance proposed in the perspective plan 2001-11. The main objective of the fiscal policy would be to maintain underlying fiscal deficit at 4.0 per cent of GDP and to enhance the development expenditure to 3.6 per cent of GDP during 2003-04.

## MONETARY EXPANSION

1.70 Monetary Assets (M2) upto 10<sup>th</sup> May, 2003 are Rs. 2008.41 billion, an increase of 14.0 percent against the target of Rs. 281.5 billion (16.00%). During the fiscal year 2003-04, monetary expansion is expected to be around 15 percent.

## CAPITAL MARKET:

1.71 The prospects for the capital market in the coming year 2003-04 are encouraging, as the KSE-100 Share Index has already crossed the barrier of 3100 points and Market Capitalization has built a new record of Rs. 685 billion. Beside, economic fundamentals are

very strong. Stock Market has already absorbed the shocks of Iraq War and the threat posed by massing of Indian troops on the borders. The flow of investment in the stock market due to falling rate of interests will also rise. Disinvestments of shares of public companies through stock market will also have deepening effect.

## **INFLATION**

1.72 The rate of inflation during July-April, 2002-03 is 3.27 and for the year 2003-04 is targeted at the level of 4.0 per cent.

**GROSS DOMESTIC PRODUCT**  
(At 1980-81 Prices)

Items	(Million Rs)							
	2001-02	2002-03		2003-04	2001-02 ®	% Change		
		(R)	(T)	(P)		(T)	2002-03	2003-04
<b>COMMODITY SECTORS</b>	<b>339,108</b>	<b>351,679</b>	<b>355,436</b>	<b>375,704</b>	<b>2.7</b>	<b>3.9</b>	<b>4.8</b>	<b>5.7</b>
<b>I A AGRICULTURE</b>	<b>163,731</b>	<b>170,273</b>	<b>170,523</b>	<b>177,716</b>	<b>-0.1</b>	<b>2.5</b>	<b>4.2</b>	<b>4.2</b>
Major Crops	65,500	66,922	69,297	73,142	-1.8	0.3	5.8	5.5
Minor Crops	27,005	28,822	27,117	28,079	-1.8	3.5	0.4	3.5
Livestock	64,357	66,435	66,241	68,255	3.7	4.0	2.9	3.0
Fishing	5,093	6,198	5,936	6,205	-12.0	3.0	16.6	4.5
Forestry	1,776	1,896	1,932	2,035	-1.3	4.0	8.8	5.3
<b>B INDUSTRY</b>	<b>175,377</b>	<b>181,406</b>	<b>184,913</b>	<b>197,987</b>	<b>5.4</b>	<b>5.3</b>	<b>5.4</b>	<b>7.1</b>
Mining & Quarrying	3,265	3,335	3,576	3,705	3.7	2.5	9.5	3.6
<b>Manufacturing (I+II)</b>	<b>123,171</b>	<b>128,788</b>	<b>132,616</b>	<b>142,953</b>	<b>5.0</b>	<b>5.8</b>	<b>7.7</b>	<b>7.8</b>
I) Large-scale	86,899	90,594	94,418	102,727	4.9	6.0	8.7	8.8
II) Small & Household	36,272	38,194	38,198	40,226	5.3	5.3	5.3	5.3
Construction	23,326	23,484	24,115	25,427	4.3	4.0	3.4	5.4
Electricity & Gas Distribution	25,615	25,799	24,606	25,903	8.5	4.3	-3.9	5.3
<b>II C SERVICES</b>	<b>347,274</b>	<b>371,648</b>	<b>365,815</b>	<b>383,773</b>	<b>4.1</b>	<b>5.0</b>	<b>5.3</b>	<b>5.0</b>
Transport, Storage & Communication	68,837	73,271	70,936	74,696	1.1	5.0	3.1	5.3
Wholesale & Retail Trade	104,237	109,267	111,870	116,457	2.3	5.0	7.3	4.1
Finance and Insurance	17,740	16,536	17,488	18,362	8.1	5.0	-1.4	5.0
Ownership & Dwelling	42,804	44,944	45,064	47,317	5.3	5.0	5.3	5.0
Public Administration & Defense	45,256	54,724	47,590	49,970	6.5	3.0	5.2	5.0
Social, Community & Personal Service	68,400	72,906	72,867	76,972	6.5	6.5	6.5	5.6
<b>GDP(fc)</b>	<b>686,382</b>	<b>723,327</b>	<b>721,251</b>	<b>759,477</b>	<b>3.4</b>	<b>4.5</b>	<b>5.1</b>	<b>5.3</b>

R: Revised T: Target P: Provisional

OUTPUT OF AGRICULTURE

ITEMS	UNIT	2001-02	2002-03		2003-04 Targets	Percent Change	
			Targets	Prov.		2002-03	2003-04
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>I. KHARIF CROPS</b>							
Rice	(000 MT)	3,882.0	4,000.0	4,478.4	4,550.0	15.4	1.6
Basmati	(000 MT)	1,999.3	2,300.0	2,292.4	2,300.0	14.7	0.3
Others	(000 MT)	1,882.7	1,700.0	2,186.0	2,250.0	16.1	2.9
Bajra	(000 MT)	216.4	222.0	189.2	200.0	-12.6	5.7
Maize	(000 MT)	1,664.4	1,700.0	1,757.8	1,800.0	5.6	2.4
Jawar	(000 MT)	221.6	228.0	199.8	250.0	-9.8	25.1
Sugarcane	(000 MT)	48,041.6	48,050.0	52,048.9	52,500.0	8.3	0.9
Cotton	(Mln Bales)	10.613	10.5	10.211	10.6	-3.8	3.8
<b>II. RABI CROPS</b>							
Wheat	(000 MT)	18,226.5	19,500	19,235.2	20,500.0	5.5	6.6
Barley	(000 MT)	99.8	120.0	91.7	125.0	-8.1	36.3
Gram	(000 MT)	362.1	460.0	582.1	600.0	60.8	3.1
Sesamum	(000 MT)	69.6	70.0	19.1	73.0	-72.6	282.2
Rap. & Mustard	(000 MT)	221.2	260.0	236.7	348.0	7.0	47.0
Tobacco	(000 MT)	94.5	92.0	94.9	95.0	0.4	0.1
<b>III. LIVESTOCK</b>							
Milk	(000 MT)	27,031.0	28,000.0	27,811.0	29,000.0	2.9	4.3
Meat	(000 MT)	2,073.0	2,150.0	2,132.0	2,300.0	2.8	7.9
Wool	(000 MT)	39.0	40.0	40.0	40.0	2.6	0.0
Hides	(Mln No)	8.0	8.2	8.2	8.4	2.4	2.4
Skins	(000 Nos)	39,238.0	40,308.0	40,308.0	41,420.0	2.7	2.8

## INDUSTRIAL AND MINERAL PRODUCTION

ITEMS	UNITS	2001-02 (Actual)	2002-03		2003-04 (Targets)	% Change		
			(Targets)	(Provisional)/ (Annualised)		2002-03	2003-04	
<b>A INDUSTRIAL PRODUCTION</b>								
<b>(Large-Scale Manufacturing)</b>								
1	Cotton Yarn	Mln Kg	1,808.0	1,924.0	1,946.31	2,063	7.6	6.0
2	Cotton Cloth	Mln SQ Mtr	568.0	600.0	574.70	609	1.2	6.0
3	Vegetable Ghee	000 MT	770.0	941.0	716.41	824	-7.0	15.0
4	Sugar	000 MT	3,248.0	3,598.0	3,689.73	3,800	13.6	3.0
5	Paper & Paper Boards	000 MT	284.0	781.0	329.13	356	15.9	8.2
6	Nitrogeous Fertilizer	000 MT	4,741.0	2,215.0	4,962.88	5,027	4.7	1.3
7	Phophatic Fertilizer	000 MT	380.0	440.0	286.71	445	-24.6	55.2
8	Soda Ash	000 MT	215.0	229.0	243.60	253	13.3	3.9
9	Caustic Soda	000 MT	150.0	158.0	160.14	167	6.8	4.3
10	Paints & Varnish (L)	000 LTR	24,805.0	35,590.0	46,434.96	51,078	87.2	10.0
11	Paints & Varnish (S)	MT	10,081.0	12,506.0	3,669.48	4,036	-63.6	10.0
12	Petroleum Products	Mln Litr	10,790.0	12,020.0	11,025.22	12,414	2.2	12.6
13	Cement	000 MT	9,845.0	11,075.0	11,853.38	12,683	20.4	7.0
14	Billets	000 Tonnes	388.0	527.0	416.56	442	7.4	6.1
15	HR/CR/Sheets	000 Tonnes	550.0	717.0	750.15	788	36.4	5.0
16	Trucks	Nos	1,141.0	1,162.0	2,313.61	2,591	102.8	12.0
17	Buses	Nos	1,099.0	1,559.0	1,524.42	1,662	38.7	9.0
18	LCVs	Nos	8,491.0	39,210.0	13,350.40	14,552	57.2	9.0
19	Cars/Jeeps	Nos	41,165.0	62,336.0	62,698.41	72,103	52.3	15.0
20	Tractors	000 Nos	24.0	37.0	26.53	28	10.5	5.5
21	Refrigerators	000 Nos	296.0	407.0	368.88	413	24.6	12.0
22	TV Sets	000 Nos	73.0	138.0	116.16	157	59.1	35.2
23	Bicycles	000 Nos	553.0	616.0	646.68	698	16.9	7.9
24	Electric Transformers	000 Nos	15.0	14.0	20.14	28	34.3	39.0
25	Electric Supply Meters	000 Nos	942.0	882.0	937.95	961	-0.4	2.5
26	Coke	000 Tonnes	694.6	800.0	755.31	798	8.74	5.7
27	Cigarettes	Mln Nos	55,318.0	60,000.0	50,759.80	51,775	-8.2	2.0
28	Jute Goods	Tonnes	81.7	90.0	92.24	95	12.9	3.0
29	Motor Tyres	000 Nos	911.0	1,100.0	765.30	1,000	-16.0	30.7
30	Motor Tubes	000 Nos	555.0	700.0	482.70	626	-13.0	29.7
31	Pig Iron/H Metals	000 Tonnes	1,042.9	1,200.0	1,097.50	1,152	5.2	5.0
32	Shuttles	000 Tonnes	61.0	65.0	69.70	80	14.3	14.8
33	Air Conditioners	No	3,711.0	3,856.0	4,624.60	5,272	24.6	14.0
34	Electric Motors	No	20,330.0	22,400.0	23,714.90	28,458	16.6	20.0
35	Power Looms	No	460.0	470.0	549.80	600	19.5	9.1
36	Tea Blended	Tonnes	54,815.0	55,420.0	56,344.30	58,260	2.8	3.4
37	Liquid Syrups	000 Ltr	29,561.0	30,870.0	30,968.10	32,486	4.8	4.9
38	Ointments	000 Kg	792.0	820.0	823.00	900	3.9	9.4
39	Cooking Oil	Tonnes	135,332.0	145,111.0	144,507.50	156,068	6.8	8.0
<b>B MINERAL PRODUCTION</b>								
1	Crude Oil (BPD)	BPD	63,256.0	67,526.0	66,723.0	73,195	5.5	9.7
2	Natural Gas	MMCFD	2,531.0	2,845.0	2,876.0	3,471	13.6	20.7
3	Coal	000 MT	3,330.0	3,200.0	3,400.0	3,601	2.1	5.9
4	Limestone	000 MT	9,672.3	10,010.8	14,183.8	16,311	46.6	15.0
5	Rock Salt	000 MT	1423.48	1473.30	1346.20	1,524	-5.4	13.2

**MACROECONOMIC FRAMEWORK**  
(Current Billion Rs)

ITEMS	2001-02 (R)	2002-03		2003-04 (T)	Percentage Change	
		(T)	(P)		2002-03	2003-04
					(P)	(T)
GDP (fc)	3,377.1	3,721.2	3,709.7	4,058.6	9.8	9.4
Indirect Taxes (Net)	251.6	320.2	308.4	360.1	22.6	16.8
GDP (mp)	3,628.7	4,041.4	4,018.1	4,418.7	10.7	10.0
Net Factor Income from Abroad	32.0	1.9	180.6	82.4	464.4	-54.4
GNP (mp)	3,660.7	4,043.3	4,198.7	4,501.1	14.7	7.2
External Resource Inflow (Net)	-82.2	46.9	-157.1	-0.3	91.1	-99.8
<b>Total Resources/Uses</b>	<b>3,578.5</b>	<b>4,090.2</b>	<b>4,041.6</b>	<b>4,500.8</b>	<b>12.9</b>	<b>11.4</b>
Total Consumption	3,044.4	3,484.1	3,420.7	3,759.4	12.4	9.9
Total Investment	534.1	606.1	620.9	741.4	16.3	19.4
Fixed Investment	476.1	543.8	526.3	649.0	10.5	23.3
Public	172.5	232.4	179.1	265.1	3.8	48.0
(PSDP)	(125.0)	(134.0)	(120.0)	(160.0)	-4.0	33.3
Private	303.6	311.4	347.2	383.9	14.4	10.6
Changes in Stocks	58.0	62.3	94.6	92.4	63.1	-2.3
National Saving	616.3	559.2	778.0	741.7	26.2	-4.7
<i>Memorandum Items:</i>						
AS % of GDP(mp)						
Investment	14.7	15.0	15.5	16.8		
Fixed Investment	13.1	13.5	13.1	14.7		
Public	4.8	5.8	4.5	6.0		
Private	8.4	7.7	8.6	8.7		
Changes in Stock	1.6	1.5	2.4	2.1		
External Resources	-2.3	1.2	-3.9	0.0		
National Savings	17.0	13.8	19.4	16.8		
Inflation(% CPI)	3.54	4.00	3.30	3.90		

T: Targets R: Revised P: Provisional

## EXPORTS

\$ Million

Commodities	2001-02 Actuals	2002-03 Provisional	2003-04 Target
<b>I. Primary Commodities</b>	<b>473</b>	<b>520</b>	<b>578</b>
Cotton	24.7	43	60.0
Volume ( 000 Bales)	205.50	300.00	400.00
Price (Cents/Lb)	32.1	38.2	40.0
Total Rice	<b>448</b>	<b>477</b>	<b>518</b>
Basmati Rice	258	300	318
Volume (000 MT)	550	600	600
Price (\$/MT)	469	500	530
Other Rice	190	177	200
Volume (000 MT)	1134	1000	1050
Price (\$/MT)	168	177	190
<b>II. Cotton based Manufactures</b>	<b>5368</b>	<b>6132</b>	<b>6563</b>
Yarn	930	961	1030
Volume (Mln Kgs)	540	560	582
Price (\$/Kg)	1.72	1.72	1.77
Cloth	1131	1367	1465
Volume (Mln Sq. Meter)	1962	2170	2255
Price (\$/Sq Meter)	0.58	0.63	0.65
Readymade Garments	875	1050	1125
Tents and Canvas	50	54	57
Hosiery	846	1000	1070
Made ups (incl.towels & Bedwear)	1537	1700	1816
<b>III. Other Traditionals</b>	<b>1025</b>	<b>1060</b>	<b>1113</b>
Fish and Fish Preparations	126	120	126
Leather	240	230	242
Carpets	250	210	221
Synthetic Textiles	410	500	524
<b>IV. All Others</b>	<b>2268</b>	<b>2688</b>	<b>2811</b>
<b>Total (Gross)</b>	<b>9134</b>	<b>10400</b>	<b>11065</b>
<b>Total (fob)</b>	<b>9140</b>	<b>10250</b>	<b>10865</b>

## IMPORTS

Commodities	\$ Million		
	2001-02 Actuals	2002-03 Provisional	2003-04 Target
<b>Edible Oils</b>	<b>393</b>	<b>572</b>	<b>620</b>
Palm Oil	380	552	595
Volume (000 MT)	1162	1300	1400
Price (\$/MT)	327	425	425
Soyabean Oil	13	20	25
Volume (000 MT)	34	40	45
Price (\$/MT)	378	500	556
<b>POL</b>	<b>2678</b>	<b>3573</b>	<b>3093</b>
Crude Oil	1147	1679	1913
Volume (Million barrel)	52.00	58.90	75.00
Price (\$/barrel)	22.1	28.5	25.5
POL Products	1531	1894	1180
Volume (Million MT)	8.80	9.20	6.20
Price (\$/MT)	174.0	205.9	190.3
<b>Fertilizers</b>	<b>176</b>	<b>200</b>	<b>227</b>
Volume (000 MT)	1219	1080	1185
Price (\$/MT)	144	185	192
Capital Goods (Value)	2878	3237	3642
All Others	4118	4646	5595
<b>Total (c&amp;f)</b>	<b>10243</b>	<b>12228</b>	<b>13177</b>
<b>Total (fob)</b>	<b>9434</b>	<b>11252</b>	<b>12096</b>

## BALANCE OF PAYMENTS

Items	\$ Million		
	2001-02 Actuals	2002-03 Provisional	2003-04 Target
<b>TRADE BALANCE</b>	<b>-294</b>	<b>-1002</b>	<b>-1231</b>
Exports (fob)	9140	10250	10865
Imports (fob)	9434	11252	12096
<b>INVISIBLES BALANCE</b>	<b>1632</b>	<b>3687</b>	<b>1236</b>
Services (net)	-2617	-1845	-2918
Invisibles Receipts	2027	2851	2044
Invisibles Payments	4644	4696	4962
Freight & Insurance	809	976	1081
Public & Guaranteed Debt	1054	950	1150
Others	2781	2770	2731
Private Transfers	4249	5532	4154
Remittances	2390	4102	3600
F.C.A.(Resident Pakistanis)	285	135	350
Others	1574	1295	204
( Of which purchases )	1376	0	0
<b>CURRENT ACCOUNT BALANCE</b>	<b>1338</b>	<b>2685</b>	<b>5</b>
<b>CURRENT ACCOUNT BALANCE (inc.interest relief)</b>	<b>1806</b>	<b>2951</b>	<b>285</b>
Long term capital (net)	1305	2322	1264
Gross Disbursements	1576	1589	1719
Project Aid	642	809	819
Programme /Commodity Aid	882	777	900
Food Aid	31	0	0
Refugees Assistance	21	3	0
Saudi Oil facility	579	667	538
Grant pledge	742	225	111
Other official capital	72	18	-2
Amortization	1513	1413	1494
Other Incl. Private long term capital (net)	-151	1236	392
Errors & Omissions	929	514	113
<b>BAL. REQ. OFFICIAL FINANCING</b>	<b>3572</b>	<b>5521</b>	<b>1382</b>
Official assistance & debt relief	-129	616	361
Debt relief including principal & interest	1209	891	931
Medium/short term capital (net)	-864	69	71
Other short term assets/liability	-108	-99	-450
FEBC, DBC, FCBC, Eu.Bond(net)	-483	-429	-291
Bridge/residues/privatization	117	184	100
<b>OVERALL BALANCE/</b>			
<b>NET FOREIGN ASSETS</b>	<b>3443</b>	<b>6137</b>	<b>1743</b>
IMF (net)	290	42	-84
Purchases	484	458	442
Repurchases	-194	-416	-526
Repayment of deposits	0	0	250
Banks foreign currency deposits	-760	-299	-87
Outstanding export bills	109	-851	-36
<b>CHANGES IN RESERVES (Net)</b>	<b>3082</b>	<b>5029</b>	<b>1786</b>
Reserve position incl.FE-25 dep.	4809	10483	11540
Reserve position excl.FE-25 dep.	4329	9072	10754

**CONSOLIDATED BUDGET 2001-02 & 2002-03  
AND PERFORMANCE DURING 2002-03 UP TO DECEMBER 2002**

(Rs Billion)

	2001-02	2002-03	% Growth rat	Performance	
	Revised	Budget	FY2002-03/ FY2001-02	Up to Dec 2002	As % of Budget
<b>Government Revenues</b>	<b>617.1</b>	<b>691.9</b>	<b>12.1</b>	<b>332.8</b>	<b>48.1</b>
Tax	471.1	545.9	15.9	253.2	46.4
Non-tax revenues	146.0	146.0	0.0	79.6	54.5
<b>Government Expenditure</b>	<b>806.2</b>	<b>854.4</b>	<b>6.0</b>	<b>398.5</b>	<b>46.6</b>
Current	678.1	724.4	6.8	345.1	47.6
Of wich: Interest	261.0	281.4	7.8	98.1	34.9
Defence	149.0	146.0	-2.0	76.7	52.5
Development	126.3	134.0	6.1	54.2*	41.7
Net Lending to PSEs, etc.	1.8	-4.0	-322.2		
Unidentified Exp.				-0.8	
<b>Fiscal Deficit</b>	<b>189.1</b>	<b>162.5</b>	<b>-14.1</b>	<b>65.7</b>	<b>40.4</b>
Primary deficit	-71.9	-118.9	65.4	-32.4	27.2
Interest payments	261.0	281.4	7.8	98.1	34.9
<b>Financing:</b>	<b>189.1</b>	<b>162.5</b>	<b>-14.1</b>	<b>65.7</b>	<b>40.4</b>
External (net)	51.7	129.1	149.7	48.3	37.4
Domestic	137.4	33.4	-75.7	8.9	26.6
Bank borrowing	13.0	-31.1	-339.2	-34.0	109.3
Non-bank borrowing	116.1	52.5	-54.8	42.9	81.7
Privatization Proceeds	8.3	12.0	44.6	8.5	70.8
<i>Memorandum Items</i>					
<i>As % of GDP</i>					
<b>Government Revenues</b>	<b>17.01</b>	<b>17.22</b>		<b>8.28</b>	
Tax	12.98	13.59		6.30	
Non-tax revenues	4.02	3.63		1.98	
<b>Government Expenditure</b>	<b>22.22</b>	<b>21.26</b>		<b>9.92</b>	
Current	18.69	18.03		8.59	
Development	3.48	3.33		1.35	
Net Lending to PSEs, etc.	0.05	-0.10			
Unidentified Exp.				-0.02	
<b>Fiscal Deficit</b>	<b>5.21**</b>	<b>4.04</b>		<b>1.64</b>	
Primary deficit	-1.98	-2.96		-0.81	
Interest payments	7.19	7.00		2.44	
<b>Financing:</b>	<b>5.21</b>	<b>4.04</b>		<b>1.64</b>	
External (net)	1.42	3.21		1.20	
Domestic	3.79	0.83		0.22	
Bank borrowing	0.36	-0.77		-0.85	
Non-bank borrowing	3.20	1.31		1.07	
Privatization Proceeds	0.23	0.30		0.21	
<b>GDP (MP)</b>	<b>3628.7</b>	<b>4018.1</b>	<b>10.7</b>	<b>4018.1</b>	

\* It includes net lendings to PSEs.

\*\* If we include one-of expenditure on KESE reappitalization and CBR bonds worth 1.4 percent of GDP, the OFD becomes 6.5 percent of GDP.

## PRICES OF ESSENTIAL ITEMS IN NEIGHBOURING COUNTRIES

S.No.	Items	Unit	Islamabad @			Dhaka			New Delhi			Colombo			Dubai			Jeddah			Tehran		
			29/5/03	22/5/03	% Change over 22/5/03	05-08-03	30/4/03	% Change over 30/4/03	29/5/03	14/4/03	% Change over 14/4/03	29/5/03	22/5/03	% Change over 22/5/03	23/4/03	03-05-03	% Change over 03-05-03	26/5/03	19/5/03	% Change over 19/5/03	31/5/03	17/5/03	% Change over 17/5/03
1	Wheat Flour	Kg.	9.88	9.88	0.00	15.05	15.06	-0.07	15-20	15-20	0.0	27.00	27.00	0.00	15.01	15.08	-0.46	27.80	27.80	0.00	0.00	0.00	0.00
2	Rice Basmati	Kg.	32-42	32-42	0.00	54.43	54.45	-0.04	35-80	35-80	0.0	30.00	30.00	0.00	47.37	47.58	-0.44	68.00	68.00	0.00	72.75	72.75	0.00
3	Masoor Pulse	Kg.	39.50	39.50	0.00	44.08	44.03	0.11	55.0	55.0	0.0	36.00	36.00	0.00	47.37	47.58	-0.44	70.00	70.00	0.00	65.45	65.45	0.00
4	Moong Pulse Washed	Kg.	31.00	31.00	0.00	40.07	40.08	-0.02	55.0	55.0	0.0	36.00	36.00	0.00	55.27	55.51	-0.43	70.00	70.00	0.00	42.69	42.69	0.00
5	Mash Pulse Washed	Kg.	37.25	37.25	0.00	36.06	36.08	-0.06	55.0	55.0	0.0	36.00	36.00	0.00	55.27	55.51	-0.43	70.00	70.00	0.00	0.00	0.00	0.00
6	Gram Pulse Washed	Kg.	28.75	29.50	-2.54	40.08	40.08	0.00	31-36	31-36	0.0	36.00	36.00	0.00	47.37	47.58	-0.44	70.00	70.00	0.00	49.80	49.80	0.00
7	Sugar	Kg.	20.63	20.63	0.00	34.18	34.18	0.00	25-27	25-27	0.0	24.00	24.00	0.00	23.68	23.79	-0.46	23.20	23.20	0.00	36.00	36.00	0.00
8	Cooking oil (Soyabean based)	Litre	79.60	79.60	0.00	45.16	45.19	-0.07	72-81	72-81	0.0	125.00	125.00	0.00	50.52	50.75	-0.45	89.33 (Ed.oil)	89.33 (Ed.oil)	0.00	66.88 (Ed.oil)	66.88 (Ed.oil)	0.00
9	Potatoes	Kg.	10.75	10.75	0.00	10.02	10.02	0.00	12-14	13-14	0.00	38.00	36.00	5.56	23.69	23.79	-0.42	31.00	31.00	0.00	28.44	21.33	33.33
10	Onion	Kg.	10.75	11.75	-8.51	12.16	14.48	-16.02	15.0	15.0	0.0	42.00	31.00	35.48	31.58	31.72	-0.44	31.00	31.00	0.00	25.00	25.60	-2.34
11	Tomatoes	Kg.	14.50	16.00	-9.38	20.27	16.04	26.37	15.0	20.0	-25.0	24.00	30.00	-20.00	39.48	39.65	-0.43	46.00	46.00	0.00	24.89	24.89	0.00
12	Red Chillies Powdered	Kg.	73.50	73.50	0.00	80.14	80.18	-0.05	85-95	85-95	0.0	96.00	96.00	0.00	126.32	126.88	-0.44	232.50	232.50	0.00	71.50	71.50	0.00
13	Garlic	Kg.	45.50	45.50	0.00	34.06	34.07	-0.03	60.0	60.0	0.0	30.00	30.00	0.00	63.16	63.44	-0.44	62.00	62.00	0.00	142.30	142.30	0.00
14	Diesel	Litre	19.98	19.98	0.00	17.13	17.38	-1.44	27.2	27.2	0.0	19.00	19.00	0.00	15.44	15.50	-0.39	6.00	6.00	0.00	1.00	1.00	0.00
15	Petrol (Super)	Litre	28.95	28.95	0.00	30.10	30.12	-0.07	42.80	38-48	0.0	33.00	34.00	-2.94	14.03	14.09	-0.43	14.00	14.00	0.00	4.62	4.62	0.00
16	Kerosene Oil	Litre	23.00	23.00	0.00	18.03	18.04	-0.06	NA	NA	--	15.00	15.00	0.00	14.03	14.09	-0.43	7.00	7.00	0.00	0.50	0.50	0.00
17	Natural Gas upto 3.3719 MMBTU	MM BTU	78.14	78.14	0.00	4.05	4.06	-0.25	NA	NA	--	NA	NA	--	17.36*	17.44*	-0.45	NA	NA*	--	0.00	0.00	0.00
18	LPG	Kg.	31.81	31.81	0.00	27.21	27.23	-0.07	21.35	21.35	0.0	26.29	29.18	-9.90	--	--	--	9.28	9.28	0.00	0.00	0.00	0.00
19	CNG	C.M	17.43	17.43	0.00	7.52	7.53	-0.13	21-23	21-23	0.0	NA	NA	--	--	--	--	NA	NA	--	0.00	0.00	0.00
20	Elec.(domestic)	Per #	2.44	2.44	0.00	2.26	2.27	-0.44	1.49	1.49	0.0	9.50	9.50	0.00	3.16	3.17	-0.32	1-- 4	1-- 4	0.00	0.00	0.00	0.00
21	Elec.(commercial)	Unit	6.93	6.93	0.00	5.04	5.05	-0.20	4.65	4.65	0.0	9.50	9.50	0.00	3.16	3.17	-0.32	1-- 4	1-- 4	--	0.00	0.00	0.00

Source: Ministry of Commerce

\* Lbs

# Slab 1-100 Units

@The prices of various sensitive items in Pakistan continued to be relatively low as compared to those prevailing in the neighbouring countries

## CHAPTER - 2

### POVERTY REDUCTION AND HUMAN DEVELOPMENT

Since 2000-01 efforts consistent with Pakistan's Poverty Reduction Strategy Paper (PRSP) and the United Nations Millennium Development Goals (MDGs) are being made to reduce the level of poverty, and improve human conditions by reducing social gap by pro-poor growth, improving the investment climate and investing in people and social protection to achieve social welfare. These initiatives form part of the Ten Year Perspective Development Plan 2001-11.

#### Review 2002-03

2.2 Poverty indicators are measured on the basis of information provided in the periodically conducted Household Integrated Economic Surveys (HIES). The last HIES relates to 2000-01. On the basis of HIES 2000-01 and 2350 calorie per adult equivalent per day, poverty increased by 1.5 percentage points from 30.6 per cent in 1998-99 to 32.1 percent in 2000-01, compared to the sharp increase about 6 percentage points experienced during the period 1996-97 and 1998-99. Table 2.1 below gives the details.

**Table 2.1**  
**Poverty Indices during 1992-93 and 2000-01 (Percentages)**

	1992-93 HIES	1993-94 HIES	1996-97 HIES	1998-99 HIES	2000-01 HIES
Poverty Line/per capita per month (Rupees)	370	412	576	674	749 <sup>@</sup>
Poverty Indices					
Head-count: Overall	24.9	27.7	24.5	30.6	32.1
□ Urban Areas	19.76	15.15	14.83	20.91	22.67
□ Rural Areas	27.03	32.99	28.83	34.67	38.98
Poverty gap	4.2	5.1	4.1	6.4	6.8
Severity of poverty	1.1	1.4	1.1	2.0	2.0

<sup>@</sup>Preliminary estimates

2.3 The rural poverty during 1998-99 and 2000-01 has increased by 4.3 percentage points. Increase in urban poverty during the same period was 1.8 percentage points. The main reasons of increase in rural poverty have been low agriculture growth due mainly to severe drought. In the past seven years drought has severely gripped 52 districts across the country and affected agricultural crops, livestock and reduced the vegetative cover particularly in Sindh and Balochistan, slumping the agriculture growth to less than 2 per cent on the annual average during 1996-2002 from 11.7 per cent in 1995-96. The farm sector in these districts was not able to cope with the severity of the drought. As a result, poverty in rural areas has sharply increased. In the absence of support mechanism vulnerability of the poorest households increased further. Efforts made by the government through Drought Mitigation Program, Khushal Pakistan Program, Food Support Program provided some relief in terms of infrastructure development, temporary employment and income to poor household in the drought ravaged areas but these

interventions need further strengthening to normalize employment and income levels. Rains in 2002-03 have broken the drought spell. A targeted support programme currently under implementation (DERA- Draught Emergency Relief Assistance) currently under implementation will help to restore water availability and normalize agriculture and livestock production and income and employment opportunities.

2.4 A reliable estimate of the extent of poverty after 2000-01 will have to await the next HIES. The year 2002-03 has witnessed significant macroeconomic stability. Despite the implementation of severe structural adjustment program during 1998-2001, slow GDP growth and increase in utility prices particularly electricity, gas and petroleum prices between 1998-99 and 2000-01 and external shocks, increase in anti-poverty expenditure restrained the rate of increase in poverty and helped reduce vulnerability of marginalized, the destitute and the poor segments of population. Revival of the growth, low inflation, management of fiscal deficit, decline in public debt, healthy balance of payments position, buoyant capital market and massive increase in foreign exchange reserves during 1999-2003 helped to arrest sharp rise in poverty. As growth picks up poverty level should come down. The five-year macroeconomic framework projects that the poverty ratio will decline to 25.3 percent in 2007-08 from 32.1 percent in 2000-01.

2.5 During 1999-2003 major efforts have been made to achieve human development and close the social and gender gaps. Within the framework of Poverty Reduction Strategy Paper (PRSP) and Millennium Development Goals (MDGs) greater priority has been attached to the improvement of human development indicators. The budgetary allocation for anti-poverty programs rose significantly from Rs. 114 billion in 1999-2000 to Rs. 161 billion in 2002-03. A major expenditure shift towards the social sector has been made to reduce the "social gap" through enhanced social sector expenditure especially in education, health and rural development. As a percentage of GDP, expenditure on education in 2002-03 is expected to increase to above 2.0 from 1.6 percent during 1993-99. Health expenditure is also expected to increase above 0.7 percent of the GDP from 0.5 percent in the same period.

2.6 Majority of human development indicators have shown visible improvement in coverage and the quality of services delivered especially for the poor. The adult literacy rate shows significant increase from 31.8 percent in 1980-85 to 53 percent into 2002-03. Primary school participate rate has witnessed visible improvement from 43.7 percent of age group in 19980-85 to 88 percent in 2002-03, particularly female participation rate has increased from 30.4 percent in 1980-85 to 76 percent in 2002-03. Accesses to safe water to the rural and urban population increased from 38 percent in 1980-85 to 66 percent, particularly accesses to safe water increased sharply to the rural population from 28 percent in 1980-85 to 55 percent in 2002-03 (Annex-2.1).

#### **Key Features of Annual Plan 2003-04**

2.7 Remarkable macroeconomic stability achieved during 2001-03 supported by stabilization measures, growth in agriculture and large-scale manufacturing, less than three percent inflation in food group items, significant rise in anti-poverty expenditure increasing from Rs. 114 billion in 2000-01 to Rs. 161 billion in 2002-03, sharp rise in workers remittances from abroad during 2002-03, which are expected about US\$ 4 billion and special programs implemented to reduce vulnerability of marginalized, the destitute and the poor has created notable employment and income opportunities largely benefiting the poor households.

2.8 The government within the framework of PRSP and MDGs is seeking to address some of the critical constraints in service delivery, by focusing on education, health, nutrient deficiencies, and communicable diseases and population welfare, with a view to reducing the social gap. The Education Sector Reform (ESR) Action Plan addresses development of education sector comprehensively by investments in school rehabilitation, teacher training, an adult literacy campaign, mainstreaming the madras, a pilot school nutrition program and technical stream in secondary schools, and reform of examination and assessment. The ESR also envisages partnerships among the private sector, civil society organizations, and the public sector.

2.9 The Health Policy aims at raising public sector health expenditures, with a focus on prevention and control programs (especially in the area of communicable diseases), reproductive health, child health, and nutrient deficiencies. Programs include adoption of strategies against TB and malaria, measures for preventing the spread of Hepatitis B, and HIV/AIDS through immunization and public health campaigns. The strategy also aims at promoting gender equity through targeted interventions like the Lady Health Workers program and the Women's Health Project. Specific short-term measures in the health sector include the reorganization of district health offices to make them community based and locally managed establishments, the consolidation of existing primary health-care network in rural areas, improvement in the administration and financial management of hospitals, and proper regulation of the private sector. Longer-term plans include giving more responsibility for health delivery mechanisms to the district level, and increasing cost recovery, with subsidies focused only on the poor through Zakat.

2.10 The PSDP 2003-04 assigns high priority to generating social assets for the poor by way of improving social services to the poor – health and nutrition, education, population welfare, water supply and sanitation, especially to reduce gender gap and protect environment. The following sections discuss the poverty reduction and human development strategy.

### **Revival of the economy**

2.11 Revitalizing growth by correcting macroeconomic imbalances and stabilizing the economy has been made the central pillar of the government's economic revival program. Together with macroeconomic stability, development of sectors, which generate additional employment opportunities: agriculture, small and medium enterprises (SMEs), Information Technology, Oil & Gas are important. Development of agricultural sector is critical to poverty reduction, because 80 per cent of poor live in rural areas (39 percent of rural households are poor compared to 23 percent of urban households); majority of rural poor do not own land (40 percent of rural landless households are poor, compared to less than 3 percent of those who own more than 10 acres); majority of the poor are illiterate and majority of the population lacks health and other livelihood services. Efforts during 2003-04 will be made to acceleration the pace of growth in the economy, enhancement of the size of Public Sector Development Expenditure (PSDP) and pro-poor expenditure.

### **Creation of physical and social assets for creating income and employment opportunities for the poor**

2.12 It is imperative that with economic growth distribution of income must be improved to improve the well-being of the poor households. This requires creation of physical assets like shelter, land for landless and availability of financial resources to the poor. Under the PRSP and MDGs efforts are being made to reduce the vulnerability of poor and reduce social gap. Implementation of PRSP indicates improvement in physical and social indicators.

## Education

2.13 Pakistan is progressing to reduce social gap and achieve Universal Primary Education target set by the Millennium Development Goals (MDGs). During 2003-04, expenditure on education is expected to increase to above 2 percent from 1.8 percent during 2002-03. Shift in the strategy from expenditure orientation to outcome orientation would result in improvement in the quality of services. The adult literacy rate is expected to increase from 53 percent in 2002-03 to 56 per cent in 2003-04. Primary School Participation Rate has witnessed visible improvement from 43.7 percent in 1980-85 to 88 percent in 2002-03, it will further improve to 90 percent during 2003-04, particularly female participation rate which increased from 30.4 percent in 1980-85 to 76 percent in 2002-03 is expected to increase 81 percent in 2003-04. Table 2.2 below gives the details.

**Table 2.2**  
**Poverty Reduction and Primary Education Human Development Indicators**

	<b>(Percentage)</b>			
	2001-02	2002-03	2003-04	2007-08
Primary School Participation Rate	85	88	90	103
• Male	97	99	99	105
• Female	72	76	81	102
Adult Literacy Rate	51	53	56	67
• Male	62	65	67	76
• Female	39	40	44	57

## Health and Nutrition

2.14 During 1999-2003 visible improvements have been witnessed in health and nutrition indicators. During 2002-03, infant mortality rate (IMR) has come down from 82 (per 1000) in 2000-01 to 75 per thousand and under-five mortality rate to 90 per thousand from 107 per 1000. Immunization coverage has also increased from 60 percent in 2000-01 to 70 percent 2002-03.

2.15 During 2003-04, ongoing National Health Programs expected to reduce further IMR to 70/1000, Child Mortality (1-5 years) to 85/1000 and raise immunization coverage to 77 percent. It is expected that maternal mortality rate (MMR) will improve further from 330/100,000 in the year 2002-03 to 270/100,000 in 2003-04. Table 2.3 below gives the details.

**Table 2.3**  
**Poverty Reduction and Health Related Human Development Indicators**

	2001-02	2002-03	2003-04	2007-08
<b>Reduce Child Mortality</b>				
Infant Mortality (per 1000)	82	75	70	55
Under-Five Mortality Rate (per 1000)	107	90	85	73
Immunization Coverage (%)	60	70	77	100
<b>Improve Maternal Health</b>				
Maternal Mortality Rate (per 1,00,000 live births)	350	330	270	200
Proportion of births attended by skilled health personnel	12	16	18	25
Lady Health Workers (000)	57	70	90	100
• Coverage of population (percentage)	44	55	65	70
<b>Nutrition</b>				
Prevalence of Malnutrition among pre-school children (%)	37	36	35	31
Anemia in Women of child-bearing age (%)	44	42	40	27
Low birth weight babies (%)	24	23	22	18

### Population Welfare

2.16 The Population Growth Rate (PGR) has declined from over 3 percent in previous decades to its current level of 2.07 percent. Pakistan, however, still has a high rate of population growth compared to other developing countries. Efforts are being made to reduce the PGR further. The population growth rate would further fall from 1.93 percent in 2002-03 to 1.82 percent in 2003-04, CPR would rise from 32 to 33 percent and TFR will reduce from 3.8 to 3.5 percent. Life expectancy is expected to increase from 63.7 years to 64.2 years overall in the year 2003-04 (Table 2.4).

**Table 2.4**  
**Population Welfare Indicators**

	2001-02	2002-03	2003-04	2007-08
<b>Population</b>				
Growth rate (per cent)	2.07	1.93	1.82	1.70
CPR (per cent)	31	32	33	37
TFR (per cent)	4.1	3.8	3.5	2.9
Life expectancy (years)	63.7	64.2	64.5	66.8
• Male	63.9	64.2	64.6	66.8
• Female	63.5	64.1	64.4	66.9

### Water Supply and Sanitation

2.17. Safe drinking water is the main problem of majority of population in Pakistan. Contaminated drinking water is a major cause of illness and mortality, as a result of

exposures both to infectious agents and to chemical pollutants. 80 percent of diseases are caused by unsafe drinking water. Shortage of sanitation facilities is another problem, which cause the health problems and also contaminate the drinking water. Access to safe water to the rural and urban population increased from 38 percent in 1980-85 to 66 percent in 2002-03. Water supply and sanitation coverage is low in all areas of Pakistan. The target for Water Supply and Sanitation was to achieve 68 per cent and 44 percent coverage respectively by 2003. But revised figures show that overall water supply coverage of 65 percent and sanitation coverage of 40 percent will be achieved by the end of the year. By the year 2003-04, it is targeted that Water Supply and Sanitation facilities will be provided, respectively, to 66 percent and 41 percent of the population (Table 2.5). By the year 2011, 96 percent of urban population and 75 percent of rural population will have access to safe water supply.

**Table 2.5**  
**Water Supply and Sanitation Indicators**

	(Percentage)			
	2001-02	2002-03	2003-04	2007-08
Water Supply – Population Coverage (%)	63	65	66	76
• Urban	85	85	87	95
• Rural	53	55	57	65
Sanitation – Population Coverage (%)	38	40	41	49
• Urban	59	58	60	67
• Rural	25	28	30	40

### Gender

2.18 During 1999-03, a number of initiatives have been taken to reduce gender gap. Women Seats in National and Provincial Assemblies have been enhanced. Women Seats in Local Bodies have been increased to 33 percent due to which 4000 women were elected in the previous local body elections. Similarly, a five percent quota for women has been fixed in employment and a number of crisis centers for women in distress have been established. Further, micro-credit for Women through First Women Bank has been launched. FW Bank has given a credit line of Rs. 48 Million up to the limit of Rs. 25,000 at 12 percent mark up rate.

2.19 For 2003-04, Government has developed a multi-stakeholder program for economic empowerment and income generation by involving First Women Bank, Export Promotion Bureau and Provincial Governments through support to poor women with skill enhancement and financial services as well as women entrepreneurs. The project is in formulation stage. Government of Pakistan is also implementing a gender reform program, which will formulate a Gender Reform Action Plan with the help of ADB and Decentralization Support Program (DSP) and PSDP. In the year 2003-04 the gap will further be reduced to 18 percent. In year 2011, universal primary school participation, both for both boys and girls, should be achieved.

### Environment

2.20 The government is implementing a National Conservation Strategy to ensure environmental sustainability. The emphasis include integrating population and

environment concerns in the country, supporting institutions for the common resources, preserving cultural heritage, preventing and abating pollution, conservation of biodiversity, increasing energy efficiency, increasing irrigation efficiency, protecting water sheds, supporting forestry and plantations, developing and deploying renewable resources and managing urban waste.

### Reducing Vulnerability to Shocks

2.21 The poor are exposed to all natural and manmade shocks. They lack protection against such shocks. Poverty alleviation strategy of the Government provides them protection to reduce their vulnerability, thorough instruments like Zakat Rehabilitation Grants, food support program, Khushhal Pakistan Program, and other social protection mechanisms like private philanthropy mechanisms. Since 2000-01, significant amount of public resources are allocated with the aim to providing social protection to the poorest of the poor segments of society, through initiatives such as Food Support Program (FSP), Khushal Pakistan Program (KPP), land transfers, cash transfers through Zakat, Employees' Old Age Benefits Institutions (EOBI), provincial social security institutions, and micro-credit disbursements by Khushali Bank (KB), Pakistan Poverty Alleviation Fund (PPAF), SME (Small and Medium Enterprises) Bank and the Agricultural Development Bank of Pakistan (ADBP). Table 2.6 below shows amount disbursed under various social safety programs and the number of beneficiaries to reduce the vulnerability of the poor household.

**Table 2.6**  
**Anti-poverty initiatives and beneficiaries**

	2000-01		2001-02	
	Rs.	Beneficiaries	Rs.	Beneficiaries
Zakat	1.82	930,223	5.16	1,700,189
EOBI	1.26	100,384	1.36	103,231
Micro Credit	0.57	48,252	1.21	148,728
Food Support Program	1.14	1,136,546	2.2	2,200,916
Katchi Abadi Regularization (No)	8	13,331	28	45,594
Land to Landless (Acres)	153,197	14,419	53,803	3,144
Temporary Employment (KPP)(No)		400,916		270,333
Beneficiaries (Nos)		2,644,071		4,472,135

2.22 The highest priority, within the framework of PRSP and MDGs has been assigned to poverty reduction and human development. The higher GDP growth, with price stability and continuation of policy to increase PSDP with thrust to increase anti-poverty expenditure to develop supportive infrastructure, and water resources, together with low population growth and support to poor households through special programs would have major impact on the reduction of poverty and social and gender gap, increase employment opportunities and raising of equality of delivery of services. The poverty reduction and human development targets and indicators (2002-08) are given in Annex 2.1.

## Annex-2.I

### Poverty Reduction and Human Development Targets and Indicators (2002-2008)

	2001-02 Benchmark	2002-03	Target				
			2003-04	2004-05	2005-06	2006-07	2007-08
<b>POVERTY INCIDENCE (%)</b>							
Calorie-based approach <sup>1</sup>	32.1	31.5	30.6	29.6	28.4	26.9	25.3
• Rural <sup>1</sup>	39.0	38.6	37.6	36.4	34.9	33.3	31.3
• Urban <sup>1</sup>	22.7	22.2	21.9	21.4	20.9	20.3	19.7
<b>BASIC EDUCATION</b>							
Primary School Participation Rate (%)	85	88	90	93	96	99	103
• Male	97	99	99	100	101	103	105
• Female	72	76	81	86	91	96	102
Adult Literacy Rate (%)	51	53	56	59	61	63	67
• Male	62	65	67	69	71	73	76
• Female	39	40	44	47	50	53	57
<b>BASIC HEALTH</b>							
<b>Reduce child mortality</b>							
Infant Mortality Rate (per 1000)	82	75	70	70	65	60	55
Under-five Mortality Rate (per 1000)	107	90	85	80	78	76	73
Immunization Coverage (%) (Infants 0-11 months)	60	70	77	80	85	90	100
Maternal Mortality Rate (per 1,00,000)	350	330	270	240	230	210	200
Proportion of births attended by skilled health personnel (%)	12	16	18	19	21	23	25
Lady Health Workers (000)	57	70	90	100	100	100	100
• Coverage of the population	44	55	65	70	70	70	70
<b>NUTRITION</b>							
Prevalence of Malnutrition among pre-school children (%)	37	36	35	34	33	32	31
Anaemia in Women of children bearing age (%)	44	42	40	36	33	30	27
Low Birth Weight Babies (%)	24	23	22	21	20	19	18
<b>POPULATION</b>							
Growth rate (%)	2.07	1.93	1.82	1.77	1.75	1.73	1.70
CPR (%)	31	32	33	34	35	36	37
T.F.R. (%)	4.1	3.8	3.5	3.3	3.1	3.0	2.9
Life Expectancy (years)	63.7	64.2	64.5	65.0	65.5	65.9	66.8
• Male	63.9	64.2	64.6	65.0	65.5	65.9	66.8
• Female	63.5	64.1	64.4	64.9	65.4	65.9	66.9
<b>WATER SUPPLY And SANITATION</b>							
Water supply – population coverage (%)	63	65	66	68	71	73	76
• Urban	85	85	87	89	90	92	95
• Rural	53	55	57	59	61	63	65
Sanitation- population Coverage (%)	38	40	41	42	44	46	49
• Urban	59	58	60	62	64	65	67
• Rural	25	28	30	32	35	37.5	40

<sup>1</sup>Projections

## CHAPTER - 3

### PUBLIC SECTOR DEVELOPMENT PROGRAMME 2003-04

#### REVIEW OF PSDP 2002-03

The Federal Public Sector Development Programme (PSDP) 2002-2003 was approved by the National Economic Council (NEC) at Rs. 90.0 billion including foreign aid of Rs. 33.8 billion (37.6%). Of Rs.90.0 billion, Rs. 37.7 billion (41.9%) of the total allocation was made to Infrastructure Development sectors which consist of i) highways, railways and ports (Rs.25.5 billion) and ii) power generation & distribution, fuels and Atomic Energy Commission Projects (Rs. 12.2 billion). For Publics Works, Human development and Poverty Reduction sectors, Rs. 34.2 billion (38 %) of the total allocation was made which includes Rs. 7.6 billion for special areas development programmes and Rs. 6 billion for Drought Emergency Relief Assistance (DERA), Rs. 18.4 billion for Education including the Higher Education, Science and Technology, Information Technology, Health, Population Welfare and Public Works. Other small Social Sectors received Rs.2.2 billion. Rs.12.9 billion (14.3%) were allocated to the Sustainable Development sectors which consists of Water Resources, Agriculture, Environment, Local Government and Rural Development and Industries & Production. For Governance, Rs.5.2 billion (5.8%) was kept in order to maintain good governance and better Law and Order situation in the Country. Rs.44.0 billion were also allocated to the Provinces for meeting the development needs of Provinces. Thus total size of Budgetary PSDP during FY 2002-03 was Rs.134.0 billion Details are in Annex-3.1.

3.2 During January 2003, the Planning & Development Division under took a Mid Year Review of PSDP 2002-03. Each project was discussed with the Ministry/Sponsoring Agency to review the financial and physical progress and identify slow and fast moving projects. As a result of Mid Term Review, savings of Rs. 9.5 billion in consultation with the sponsoring agencies were identified. As a matter of policy, the identified savings were re-allocated within the same sector to the fast moving projects for their timely completion. Emphasis was placed on the Ministries/Divisions that projects listed for completion must be completed by June 2003. Out of 779 projects being implemented in the PSDP 2002-03, 175 projects with a total cost of Rs.70.0 billion are expected to be completed by June, 2003.

3.3 A new programme, Tameer-e-Pakistan, was also initiated during 2003 under P.M's directive with an initial allocation of Rs. 2.0 billion. The schemes spread over the Provinces including FATA will assist in supplementing efforts for recovery of economy along with the on-going Khushal Pakistan Programme to restore quality of life and improve income. The schemes for roads, electricity, gas and telecommunication would qualify for funding from this programme.

3.4 The actual expenditure upto March 31, 2003 was Rs. 78.0 billion (58%)out of Rs.134.0 billion (Federal Rs. 49.0 billion (54%) out of Rs. 90.0 billion and Provinces Rs. 29.0 billion (66%) out of Rs. 44.0 billion). The overall expenditure position in the 3<sup>rd</sup> quarter is

quite satisfactory when compared with the expenditure of Rs. 51.0 billion up to December 2002. (Federal Rs. 31.0 billion & Provinces Rs.20.0 billion). The total expected expenditure up to June, 2003 is Rs. 132.0 billion (98.5%) Federal Rs. 88.0 billion, as reported by the Federal Ministries, and Provinces Rs. 44.0 billion.

#### **PSDP 2003-04**

3.5 PSDP 2003-04 being third year of the Ten Year Perspective Development Plan (2001-11), has been formulated within the overall continued policy and programme framework to move towards self-sustained economic growth, reduce poverty, ensure good governance, generate employment on a nation-wide basis and raise the quality of social services especially health & education including higher education. In the face of throw-forward excluding self-financing of ongoing projects and resource availability, as a policy it has been decided that in order to avoid thinly distribution of resources and to complete the projects in time, the first priority in the allocation of resources has been given to those projects scheduled for completion by June 2004 followed by likely completion of projects by June 2005 as per PC-I phasing. New important approved projects for national integration and productivity enhancement, basic social services, poverty alleviation and essential human resource development programmes, information technology application programmes have been included to the extent sectoral space was available in the priority sectors that are responsive to emerging needs of the economy. Likewise commitment with donors has been catered for keeping in view the utilization capacity of the agencies concerned. Further more, in line with the current policy on disciplined and visioned planning no block allocation has been made for any sector.

3.6 The total size of the Budgetary Development Programme in FY 2003-04 as approved by National Economic Council (NEC) in its meeting held on 29<sup>th</sup> May, 2003 is Rs.160.0 billion (Rs.113.0 billion as Federal Development Programme and Rs.47.0 billion as Provincial Development Programme) including Rs.43.9 billion as Foreign Aid (Federal Rs.27.0 billion and Provincial Rs.16.9 billion). It shows an increase of 19.4 % over the last year Budgetary Development Programme of Rs.134.0 billion. Despite severe resource constrained position, efforts have been made to fully protect the ongoing projects of national importance and integration. New initiative of important nature have also been included in the PSDP 2003-04.

3.7 The overall size of PSDP of Rs.160.0 billion for financial year 2003-04 represents 3.6 percent of projected GDP (MP) for 2003-04. The Ministry-wise summary of PSDP 2003-04 is at Annex-3.1. The overall position is given below :-

**Table 3.1**  
**Comparative Position of PSDP 2002-03 and PSDP 2003-04**

Description	PSDP Allocation 2002-03	PSDP Allocation 2003-04	% change
<b>A. Federal Ministries/ Divisions Programme</b>	<b>47.7</b>	<b>61.3</b>	<b>28.5</b>
<b>B. Special Areas Programme</b>	<b>7.6</b>	<b>9.4</b>	<b>23.7</b>
<b>C. Special Programme</b>	<b>8.6</b>	<b>6.6</b>	<b>-23.3</b>
i) Tameer-e-Pakistan Programme	0.0	3.6	
ii) Federal priority projects	1.6	2.0	
iii) Sasti Basti	0.0	0.5	
iv) Drought Emergency Relief Assistance (DERA)	6.0	0.5	
iii) Devolution Plan	1.0	0.0	
iv)			
<b>D. Corporations Dev. Program</b>	<b>26.1</b>	<b>35.7</b>	<b>36.8</b>
<b>Total (Federal Dev. Prog.)</b>	<b>90.0</b>	<b>113.0</b>	<b>25.6</b>
<b>E. Provincial Dev. Prog.</b>	<b>44.0</b>	<b>47.0</b>	<b>6.8</b>
<b>Total (PSDP)</b>	<b>134.0</b>	<b>160.0</b>	<b>19.4</b>
(F. Aid)	49.0	43.9	
(Local)	85.0	116.1	

3.8 A major thrust of 2003-04 development programme is on Infrastructure Sectors with an allocation of Rs. 47.9 billion (42.4%) of the Federal Development Programme of Rs.113.0 billion followed by Public Works, Human Development and Poverty Reduction Sectors with an allocation of Rs.41.3 billion (36.5%), Sustainable Development Sectors were provided Rs. 17.5 billion (15.5%) and Governance Sectors received Rs.6.3 billion (5.6%). Rs.47.0 billion were also provided to Provinces their Provincial ADPs. Thus the total size of Budgetary PSDP 2003-04 stood at Rs. 160.0 billion.

#### **BUDGETARY CORPORATIONS DEVELOPMENT PROGRAMME**

3.9 Of Rs.113.0 billion provided to Federal Development Programme in 2003-04, a sum of Rs.35.7 billion is allocated to Budgeted Corporations-WAPDA (Rs.13.6 billion), National Highway Authority (Rs.18.4 billion) and Karachi Electric Supply Corporation (Rs.3.7

billion). In addition, WAPDA also financed Rs.18 billion worth programmes through non-budgetary resources/self-financing in power Sector (Rs.17.5 billion) and in Water Sector (Rs.0.5 billion).

### SPECIAL AREAS PROGRAMME

3.10 An allocation of Rs.9.4 billion has been made for Special Areas ( Azad Kashmir, Northern Areas, FATA) that shows an increase of 23.7% over their last year's allocation of Rs.7.6 billion. Area-wise distribution in comparison with last year's allocation is given below:-

**Table 3.2**  
**Special Areas Allocations / Utilizations**

(Million Rupees)

Agency/Area	PSDP 2002-03		PSDP 2003-04	
	Total	F. Aid	Total.	F. Aid
AJ&K	3300.0	412.6	3830.0	342.0
Northern Areas	2180.0	372.0	2519.0	300.0
FATA	1984.5	300.0	3006.5	104.0
FATA-DC	161.0	8.9	0.0	0.0
	<b>7625.5</b>	<b>1093.5</b>	<b>9355.5</b>	<b>746.0</b>

### NEW INITIATIVES

3.11 A number of new projects and programmes have been launched in the social sectors to alleviate poverty with adequate funds in PSDP 2003-04. This is mainly because of commitments with donor agencies in the fields of health and population welfare as well as because of Tameer-e-Pakistan allocations and federal priority projects. A sum of Rs.3.0 billion has been allocated for raising of Mangla Dam Phase-I in PSPD 2003-04.

### PROVINCIAL DEVELOPMENT PROGRAMME

3.12 Provinces allocate funds to projects in accordance with their own development priorities and as part of their own Provincial Budgets. The budgetary estimates of the Provinces for the year 2003-04 for their own annual development programmes are not yet available but it is estimated that actual expenditure of Rs.47.0 billion will be made by the Provinces in their combined PSDP 2003-04 with Foreign Aid component of Rs.16.9 billion. This shows an increase of 6.8% over their last year programme of Rs.44.0 billion. In addition Rs.3.6 billion under the head of Tameer-e-Pakistan Programme, Rs.2 billion provided to Federal priority projects located in the four provinces and Rs.0.5 billion for Sasti Basti will also be spent in provinces. Rs.1.0 billion allocated to village electrification in Federal PSDP 2003-04 is also meant for provinces and mainly the provinces will benefit from this programme as well as DERA for which Rs.0.5 billion has been earmarked in PSDP 2003-04.

**BUDGETARY PSDP 2003-04**  
**(Ministry/Division-wise Summary)**

(Million Rupees)

Sl No	Ministry/Division/Agency	PSDP 2002-03			PSDP 2003-04		
		Total	Foreign Aid	Rupee	Total	Foreign Aid	Rupee
1	2	3	4	5	6	7	8
<b>A. Public Works, Human Development and Poverty Reduction</b>		<b>34225.4</b>	<b>8971.6</b>	<b>25253.8</b>	<b>41320.4</b>	<b>2883.8</b>	<b>38436.6</b>
1	Special Programmes	6001.0	6000.0	1,000	6600.0	500.0	6100.0
	(i) Tameer-e-Pakistan Programme	(0.0)	(0.0)	(0.0)	(3600.0)	(0.0)	(3600.0)
	(ii) Sasti Basti	(0.0)	(0.0)	(0.0)	(500.0)	(0.0)	(500.0)
	(iii) Federal Priority Projects	(0.0)	(0.0)	(0.0)	(2000.0)	(0.0)	(2000.0)
	(iv) Drought Emergency Relief Assistance (DERA)	(6001.0)	(6000.0)	(1.0)	(500.0)	(500.0)	(0.0)
2	Finance Division	3078.0	255.8	2822.2	3911.3	813.8	3097.5
3	Education Division	1727.5	56.2	1671.3	3107.1	181.4	2925.7
4	Higher Education Commission	3746.4	0.0	3746.4	4477.6	0.0	4477.6
5	Health Division	3309.2	309.0	3000.2	4372.5	444.0	3928.5
6	IT & Telecommunications Division	3265.2	443.2	2822.0	2000.1	30.0	1970.1
7	Science & Technological Research Division	953.8	516.5	437.3	1253.6	32.0	1221.6
8	KA & NA and SAFRON Division	7718.2	1093.5	6624.7	9368.9	746.0	8622.9
9	Population Welfare Division	2300.0	286.0	2014.0	3114.9	131.7	2983.2
10	Women Development & Social Welfare Division	836.9	0.0	836.9	1027.7	0.0	1027.7
11	Culture, Sports Tourism & YA Division	339.7	0.0	339.7	678.3	0.0	678.3
12	Labour, Manpower & O.P. Division	64.7	11.4	53.3	113.9	4.9	109.0
13	Works Division	385.6	0.0	385.6	701.3	0.0	701.3
14	Defence Division	499.2	0.0	499.2	593.2	0.0	593.2
<b>B. Sustainable Development</b>		<b>12910.5</b>	<b>2442.0</b>	<b>10468.5</b>	<b>17490.2</b>	<b>1840.3</b>	<b>15649.8</b>
1	M/o Water & Power (Water Sector)	10914.0	1525.0	9389.0	14689.4	910.0	13779.4
2	Food, Agriculture & Livestock Division	797.0	116.5	680.5	1500.1	134.0	1366.1
3	Environment Division	177.0	34.8	142.2	555.7	110.3	445.4
4	Local Government & Rural Development Division	708.5	693.5	15.0	276.7	267.7	9.0
5	Industries & Production Division	314.0	72.2	241.8	468.3	418.3	50.0
<b>C. Infrastructure Development</b>		<b>37702.6</b>	<b>20686.6</b>	<b>17016.0</b>	<b>47938.2</b>	<b>21526.0</b>	<b>26412.2</b>
1	M/o Water & Power (Power Sector)	11511.0	11511.0	0.0	17302.0	12630.0	4672.0
	(i) WAPDA	(11511.0)	(11511.0)	(0.0)	(13630.0)	(12630.0)	(1000.0)
	(ii) KESC	(0.0)	(0.0)	(0.0)	(3672.0)	(0.0)	(3672.0)
2	Communication Division	18610.0	5178.1	13431.9	21486.0	3426.0	18060.0
	(i) NHA	(14642.0)	(1530.0)	(13112.0)	(18397.0)	(1050.0)	(17347.0)
3	Railways Division	6922.8	3891.0	3031.8	8088.6	5380.0	2708.6
4	PAEC	316.1	0.0	316.1	575.0	0.0	575.0
5	Petroleum & Natural Resources Division	342.7	106.5	236.2	486.7	90.0	396.7

**BUDGETARY PSDP 2003-04**  
**(Ministry/Division-wise Summary)**

(Million Rupees)

SI No	Ministry/Division/Agency	PSDP 2002-03 (Original)			PSDP 2003-04		
		Total	Foreign Aid	Rupee	Total	Foreign Aid	Rupee
1	2	3	4	5	6	7	8
	<b>D. Governance</b>	<b>5161.5</b>	<b>1651.9</b>	<b>3509.6</b>	<b>6251.2</b>	<b>770.9</b>	<b>5480.3</b>
1	Interior Division	2713.7	380.0	2333.7	2728.7	220.0	2508.7
2	Law & Justice Division	1145.7	894.7	251.0	2124.5	16.4	2108.1
3	Establishment Division	146.2	0.0	146.2	76.8	0.0	76.8
4	Commerce Division	100.3	89.2	11.1	58.6	58.5	0.0
5	Cabinet Division	136.6	136.6	0.0	44.1	44.1	0.0
6	M/o Information & Broadcasting	525.9	0.0	525.9	546.0	0.0	546.0
7	Narcotics Control Division	150.1	127.7	22.4	172.1	148.8	23.3
8	Planning & Development Division	60.0	22.7	37.3	449.5	283.0	166.5
9	Statistics Division	183.0	1.0	182.0	50.9	0.0	50.9
	<b>Total (Federal - PSDP)</b>	<b>90000.0</b>	<b>33752.1</b>	<b>56247.9</b>	<b>113000.0</b>	<b>27021.0</b>	<b>85979.0</b>
	<b>E Provinces</b>	<b>44000.0</b>	<b>15228.0</b>	<b>28772.0</b>	<b>47000.0</b>	<b>16920.0</b>	<b>30080.0</b>
	<b>Total (PSDP)</b>	<b>134000.0</b>	<b>48980.1</b>	<b>85019.9</b>	<b>160000.0</b>	<b>43941.0</b>	<b>116059.0</b>

## CHAPTER – 4

### MAIN FEATURES OF SECTORAL PROGRAMMES

#### AGRICULTURE

##### Review of 2002-03

##### Financial

An amount of Rs.784.799 million was allocated to agriculture sector projects in the Federal PSDP 2002-03, against which Rs.534.679 million is expected to be utilized, showing an achievement of 69%.

##### Physical

4.2 The agriculture sector has recovered from the low growth rates in the past two years due to improvement in the availability of irrigation water caused by widespread and timely rains throughout the country during the winter season. It registered a growth rate of 4.2 per cent during 2002-03 against target of 2.5 per cent. The production of wheat is expected to be 19.2 million tonnes against a target of 19.5 million tonnes. The wheat target could not be achieved mainly due to high temperature stress at the grain formation stage which shriveled the grain and reduced its weight and attack of aphids in large wheat growing areas. The production of rice was 4.5 million tonnes against target of 4.0 million tonnes. The production of sugarcane was 52.1 million tonnes against target of 48.1 million tonnes. Cotton production was 10.2 million bales against target of 10.5 million bales. The cotton target could not be achieved due to short supply of canal irrigation water in early kharif season. The production of maize was 1.8 million tonnes against the target of 1.7 million tonnes. Gram production of 582.1 thousand tonnes surpassed the target of 460 thousand tonnes. The production of potato and onion of 1696 thousand tonnes and 1622 thousand tonnes also surpassed their targets of 1679 thousand tonnes and 1542 thousand tonnes, respectively.

4.3 Major crops grew at 5.8 per cent against target of 0.3 per cent. The growth rate of minor crops was 0.4 per cent against target of 3.5 per cent. The livestock sector registered a growth rate of 2.9 per cent against target of 4.0 per cent which was mainly due to effect of draught on availability of fodder and feed as well as decline in animal population. The growth rate of fisheries was 16.6 per cent against target of 3.0 per cent. The physical targets and achievements of crops and livestock are given at Annex 4.1.

##### Programme for 2003-04

##### Financial

4.4 An allocation of Rs. 1502.546 million has been made in the Federal PSDP 2003-04 for the agriculture sector projects.

## **Physical**

4.5 The policies and programmes for agriculture sector given in the Perspective Development Plan will be implemented. The overall agricultural strategy will be to ensure self reliance in agricultural commodities, ensure food security, provide export orientation by promoting high value crops like fruits, vegetables and flowers, promote import substitution by increasing the production of oilseed crops, tea and dairy products and improve the productivity of livestock and fisheries. A high priority will be given to augmentation of irrigation water through construction of reservoirs and lining of canals. Steps will also be taken to conserve water and promote its efficient use.

4.6 The Government has taken policy measures to provide relief to the farmers by reducing tariff on electricity for tubewells by 30 percent for coming kharif season. The Government is also considering measures to stabilize the price of fertilizers. These policies will reduce the cost of essential inputs and help farmers in increasing the production of crops.

4.7 Keeping in view the past performance and availability of inputs, a growth rate of 4.2 per cent has been proposed for agriculture sector for 2003-04. The share of major crops, minor crops, livestock and fisheries have been fixed at 5.5 per cent, 3.5 percent, 3.0 percent and 4.5 per cent, respectively.

4.8 Estimated fertilizer off-take during 2002-03 was 3038 thousand nutrient tonnes (N=2348, P=667 and K=23 thousand) against the target of 3328 thousand nutrient tonnes (N=2523, P=770 and K=35 thousand) showing an achievement of 91 per cent. Fertilizer off-take target for 2003-04 has been fixed as 3514 thousand nutrient tonnes (N=2624, P=850 and K=40 thousand).

4.9 About 147.6 thousand tonnes of improved seed of different crops was distributed against the target of 262 thousand tonnes during 2002-03. A target of 300 thousand tonnes of improved seed distribution of different crops has been fixed for 2003-04.

## **Major Programmes**

4.10 Sufficient funds have been allocated to on-going projects and 7 new important projects in the Federal PSDP 2003-04. The major programmes are discussed in the subsequent paragraphs.

## **Agriculture Research**

4.11 The work on, "Strengthening of Grain Quality Testing Laboratories at Islamabad and Karachi" will be continued to make them functional during the year in order to provide grain testing facilities for wheat and other cereals. The project entitled "Tea Research and Development" will be continued. It will supply nursery plants to tea growers and assist them in their plantation. A Black Tea Processing Plant of moderate capacity of 500-1000kg/day has already been established. The other research projects like "Use of True Potato Seed (TPS) for Seed Tuber Production", "Productivity Enhancement and

Sustainability of Rice Based Cropping System” and “Introduction of Sugarbeet in New Areas and Enhancement of Sugarcane Productivity in Pakistan” will be continued.

4.12 Three important new projects entitled, “National Agriculture Research Programme-I”, “Restructuring and Strengthening of National Agriculture Research System” and “Strengthening of Laboratories and other facilities/Services in compliance with WTO” will be launched as major initiatives to strengthen the national agricultural research system to cope with the major challenges being faced by the agriculture sector.

### **Oilseed Development**

4.13 The projects entitled “Rapid Conversion of Wild Olive Bearing Species” and “Accelerated Promotion of Olive Cultivation in NWFP and Potohar” will be continued. Oilpalm seedlings will be distributed to growers in Sindh and Balochistan under “Oilpalm Development Pilot Project”

### **Agriculture Extension/Marketing**

4.14 The Crop Maximization Project will be continued. The project is being implemented in all the provinces and AJ&K in order to build a mechanism for sustaining productivity enhancement, food security and poverty alleviation in the rural areas. In order to integrate/strengthen agricultural extension and research systems and undertake technology transfer to farmers, the activities under project “Integration of Agriculture Research and Extension” will be continued. The project on “Improvement of Marketing” be undertaken during the year in all the provinces to strengthen their agricultural markets and improve market information systems, in order to make agriculture more profitable to stakeholders and prepare them to cope with forthcoming WTO regime. Another new project namely “Peri-Urban Agriculture Programme Phase-I” will be launched to promote cultivation of fruits and vegetables in green belts around urban areas.

4.15 A new comprehensive project entitled, “Agriculture Sector Development” will be launched for carrying out specific reforms in agriculture to improve its productivity and profitability. The project will address reform measures to (i) promote efficient markets for major commodities including wheat, cotton, rice and sugarcane in order to promote market-based incentives for farmers especially small holders, (ii) liberalize markets for fertilizer and seed, (iii) strengthen support services in small farmer extension and training, research and regulation to improve quality control.

### **Plant Protection**

4.16 Importance is being given to biological means of insects/pest control in the country. A project “Adaptation of Integrated Pest Management Approach for Cotton Crop in Sindh” is under implementation, which will be continued.

## **Soils and Fertilizers**

4.17 Integrated Land Resource Survey of 15 per cent un-mapped parts of the country initiated in 2001-02 will be continued and completed by June 2004. It will help in identification, classification, mapping and reporting land resources and establishing relationship among them. A National Agricultural Land use Plan Project initiated last year on small scale will be accelerated to up-grade land resource inventory in the entire country and prepare agricultural land use Plan at district level. A fertilizer use survey will be carried out during the year to ascertain the impact of policy changes and drought on fertilizer use pattern.

## **Livestock**

4.18 A major project entitled, "Strengthening of Veterinary Services for Livestock Diseases, Eradication of Rinder Pest" will be undertaken during the year. The project will help to eradicate the rinder pest disease and enhance efficiency and effectiveness of veterinary health services in the country. The project "Establishment of National Veterinary Laboratory at Islamabad" will be completed. It will serve as a reference laboratory and provide disease diagnostic services. The other on-going projects viz; Development of Animal Quarantine Facilities at Karachi and Establishment of Animal Quarantine Station at Sialkot will be continued.

## **Fisheries**

4.19 The agreement for the procurement of Fisheries Research Vessel for Marine Fisheries Department will be finalized with the Japanese Government. Its acquisition will help in exploring the marine fisheries resources and training of fishermen.

# **WATER RESOURCES DEVELOPMENT**

## **Review of 2002-03**

### **Financial**

4.20 An expenditure of Rs. 9724.90 million that is 85% of the financial allocation of Rs. 11384 million (Revised allocation) for 2002-2003 is expected to be incurred by the end of June 2003.

### **Physical**

4.21 The overall water availability was 16.45 Mhm (133.39 MAF) in 2001-02 and is expected to be 16.59 Mhm (134.48 MAF) in year 2002—2003. Out of total water available during 2002-2003 (16.59 Mhm) about 10.42 Mhm (84.46 MAF) was made available from surface water supplies and 6.17 Mhm (50.02 MAF) from underground water. **Under Drainage sub-sector** 0.18 Mha of disastrous area is expected to be reclaimed from water logging and salinity. One project in Punjab "Upper Rechna Remaining Deg basin" and one in Sindh " Left Bank Outfall Drain (LBOD) were completed. The implementation of

National Drainage Program (NDP) has been slow as against physical target of 80% only 24% could be achieved, because of poorly negotiated consultancy contracts, unsatisfactory performance of consultants, unauthorized expenditure, delay in establishment of Fos, approval process of sub-projects, implementation arrangements, allocation for irrigation vis-à-vis drainage sub-projects and delay in recruitment of institutional reform consultants. Therefore major restructuring of the program was carried out in order to prioritize the investment component for completion within the scheduled implementation period. National Surface Drainage Strategy and Master Drainage Plan remained under implementation to pave the way for Drainage Accord among the Provinces. **Under Irrigation sub-sector** one project "Chashma Right Bank Canal Stage-I, II, III" was completed. During the year the strategy of effective implementation of state of the art management-cum-development package was implemented under WAPDA Vision 2025. In this regard nine new high priority projects namely Gomal Zam Dam, Mirani Dam, Raising of Mangla Dam, Sabakzai Dam, Satpara Dam, Thal Flood Canal, Kachhi Canal, Raineer Canal and Extension of Right Bank Outfall Drain from Sehwan to Sea (RBOD Phase-II) were initiated for water storage of 5.34 MAF to compensate storage loss of 5.94 MAF due to sedimentation by the year 2010. The new canals have been designed to utilize 3.031 MAF of flood water other than perennial flow of 2.69 MAF. Sufficient allocations were made to these projects for their timely completion. Initial works like land acquisition, detailed engineering design & tender documents, earthwork for dam construction, reconnaissance survey, preliminary works on dam power house, camp & colonies were continued.

4.22 A Steering Committee was appointed by the Cabinet to streamline financing, processing and coordination of Water Sector & Hydropower Projects. Six meetings of the Committee were held to ensure fast track implementation of above mentioned high priority Water Sector projects.

4.23 The OFWM-IV was unbundled in an effort to decentralize the development work for renovation & partial lining of watercourses. Government of N.W.F.P. and Sindh are implementing the unbundled programme which was started rather late, therefore the target of renovation of 5000 watercourses will not be achieved. However it will be accelerated in the next year.

4.24 The ADB assisted Flood Sector Project was reformulated and could not be implemented as scheduled due to verification of sub-projects and late allocation of funds. Under Normal Flood Programme 25 Km of embankment and 4 spurs were constructed against the target of 30 Km embankment and 4 spurs. Sub-sector-wise physical achievements are given in Table 4.1 below:

**Table 4.1**  
**Physical Targets and Achievements during 2002-2003**

S.No.	Item	Unit	Targets 2002-2003	Achievements 2002-2003(Exp.)	% age Ach.
<b><u>Irrigation</u></b>					
1.	Water Availability (Cumulative)	Mhm MAF	16.59 134.48	16.59 134.48	100 100
<b><u>Drainage &amp; Reclamation</u></b>					
2.	Disastrous area protected	Mha	0.24	0.18	75
3.	Surface Drains (Earthwork)	MCM	14.67	23.08	157
<b><u>4. Flood Control</u></b>					
a.	Embankment 83	Km	30	25	
b.	Spurs	No	4	4	100
<b><u>5. OFWM Programme (Revised Targets)</u></b>					
a.	Watercourse Improvement	No	150	115	76
b.	Precision Land Leveling 92	Ha	650	600	

**Programme for 2003-2004**

**I) Financial**

4.25 A total sum of Rs. 14733 million including foreign aid of Rs. 960 million has been allocated to the Water Sector projects/programmes in the PSDP 2003-2004.

**II) Physical**

4.26 It is expected that overall water availability will remain around 134.88 MAF (16.64 Mhm) in 2003-04. Out of total 134.88 MAF, about 84.86 MAF (10.47 Mhm) would be available from surface water supplies through canal withdrawals, watercourse improvement, canal remodelling and small irrigation schemes. The remaining 50.02 MAF (6.17 Mhm) would be extracted from underground fresh water aquifer mainly by private tubewells. The water availability will continue to be sustained through water conservation means like remodeling/revamping/lining of canals and watercourses. The improvement in water availability is expected after completion of on-going Mega Projects which are being implemented on fast track basis under the guidance of a Steering Committee appointed by the Cabinet. **In the Drainage Sub-sector** 0.24 Mha of disastrous area is planned to be reclaimed from water logging & salinity through Rehabilitation/replacement of 164 Saline Ground Water Tube-wells, 5000 private tubewells, excavation of 43.70 MCM of earth for

surface drains, laying of tile drains to cover an area of 11821 hectares. **Under OFWM Programme** about 2463 watercourses (463 W/C under NDP & about 2000 in OFWM-IV) will be improved, 6000 ha of land will be precisely levelled and 75 water storage tank would be constructed. It has been planned to construct 100 Km of embankments and 31 spurs under Flood Control Programme. Detailed physical targets for 2003-2004 are shown in Annex 4.2. Main programmes/projects to be implemented during 2003-2004 are given below:

i) **IRRIGATION**

4.27 Under this sub-sector nine on-going dam/canal projects (Gomal Zam, Raising of Managla, Mirani, Sabakzai, Satpara Dams, Thal Flood Canal, Kachhi Canal, Raine canal and Revamping/rehabilitation of irrigation system of Sindh have been protected. In addition to this sufficient allocations have been made for Irrigation System Rehabilitation, Modernization of Barrages, Lining of irrigation Channels in Punjab and Lining of irrigation Channels in NWFP, Sindh & Balochistan. An amount of Rs. 11,120 million (75% of the total Water Sector's allocation) has been allocated to irrigation projects for their timely completion. The major irrigation projects are as under:

**Major On-going Projects**

- **Gomal Zam Dam** Works for construction of bridge over Gomal River at Gardavi is in progress. Camp construction, Investigations, overall design, main canal/distributaries alignment and construction of diversion tunnel (10%) have been completed. Management Consultants and TurnKey contractors have been appointed. The work is expected to be in full swing in the financial year 2003-04. An amount of Rs. 800 million including F.Aid of Rs. 300 million has been allocated during the year 2003-04 for land acquisition of 1064 ha, dam/spillway & irrigation drainage works.
- **Raising of Mangla Dam** Construction of saddle embankment, bridge on bong canal, powerhouse by-pass road, offices/camps for WAPDA/consultants and resettlement works would continue during the year 2003-04. An amount of Rs. 3000 million would be utilized for timely completion of above works.
- **Mirani Dam** Management Consultants and Turn Key contractors have been appointed during the year 2002-03. The initial works for dam embankment, spillway, construction of irrigation system & road were undertaken. Sufficient allocation of Rs. 800 million have been provided to accelerate the on-going works during the year 2003-04.
- **Satpara Dam** having a storage capacity of 0.045 MAF, length of 518 m, height of 34.5 m would irrigate 19,920 acres of land in Skardu Valley. During the next financial year an amount of Rs. 200 million would be utilized on land acquisition & other initial works including camp, colonies, road, dam & outlet structures, power house & spillway works.
- **Sabakzai Dam** Draft feasibility report, tender documents, detailed engineering design and geological investigations have been completed. An allocation of Rs. 500 million has been made for earth excavation of 1.5 MCM for dam embankment, spillway, construction of 25 structures and 18 Km of road.

- **Greater Thal Canal** The earthwork contract from RD 00 to RD 15+00 has been completed whereas earthwork contract from RD 15+00 to Rd 64+00 is expected to be completed upto June 2003. A sum of Rs. 1000 million has been allocated during the year 2003-04 for topographic survey of 0.26 Mha, land acquisition of 3238 ha, 8 Msft & 10 MCM earthwork for canal lining & construction of main canal respectively and construction of 41 structures.
- **Kachhi Canal** Command area and Strip survey have been completed. Land acquisition from RD 40 to 531 is in progress and Rs. 27 million for land compensation have been transferred to GOPunjab. An amount of Rs. 1000 million has been earmarked for construction of 10 Km of main canal for the year 2003-04.
- **Rainee Canal** The total length of canal is 164 Km. During the year 2003-04, an allocation of Rs. 300 million has been made for construction of main canal from RD 18 to 38.
- **Revamping/rehabilitation of Irrigation & Drainage System in Sindh** The project costing Rs. 12963 million includes Strengthening of 8082 Km of canals/drains, Silt clearance of 3635 Km of branches, Stone pitching of 380 Km of canal banks, Repair/remodeling of 241 regulators and Rehabilitation of 1596 SCARP tubewells. A sum of Rs. 1000 million has been earmarked for the second year of this project.
- **Irrigation System Rehabilitation (cost Rs. 20,823 M), Lining of irrigation Channels in Punjab, NWFP, Sindh & Balochistan** (cost Rs. 31,240 M, Rs. 5,000 M, Rs. 2,500 M & Rs. 5,000 M respectively), Punjab Barrages Modernization Phase-I (cost Rs. 30,000 M), Pat Feeder Extension (cost Rs. 3,000 M) and Khirther Canal (cost Rs. 10,000 M). A total sum of Rs. 2,300 million has been earmarked during the year 2003-04 for initiating these projects.

## ii) DRAINAGE AND RECLAMATION PROGRAMME

4.28 This programme will receive 19.7% (i.e. Rs. 2900 million) of total Water Sector's allocations. The programme envisages Rehabilitation/replacement of 164 Saline Ground Water Tube-wells, installation of 5000 private tubewells, excavation of 43.70 MCM of earth for surface drains and laying of tile drains in an area of 11821 hectares. The sub-sector includes 5 drainage projects (one in Punjab, 3 in Sindh and one in Balochistan), in addition to NDP that has been shown separately. Adequate allocations have been made for Fordwah Sadiqia Remaining, Left Bank Outfall Drain (LBOD), Lower Indus Right Bank Drain (RBOD-I & II) for their timely completion.

- **National Drainage Programme (NDP)** This program costing Rs. 25,047 million envisages Rehabilitation/extension of 10,000 Km of existing & new surface drains, Rehabilitation/ replacement of 1140 Nos. of Saline Groundwater TWs, installation of 250,000 acres of tile drainage, lining of 1050 watercourses, construction of 400 Km interceptor drains and transfer of 1500 Fresh Groundwater Tws. The program is a mix of institutional and policy reforms. Physical works, coordination, motivation of beneficiaries, research and studies in drainage. For this purpose a sum of Rs. 700 million including foreign aid of Rs. 500 million, as a share of Federal Government, has been allocated. The respective Provincial's allocations will be reflected in the Provincial ADPs.

- **Right Bank Outfall Drain from Sehwan to Sea** The financial & physical progress remained slow due to completion of initial formalities. Works on confirmation of alignment, basic design, preparation of tender documents and procurement of land are in progress. A sum of Rs. 1,000 million is earmarked during the year 2003-04 to complete the on-going works.

### iii) **ON-FARM WATER MANAGEMENT (OFWM)**

4.29 It is an on-going programme being implemented with the assistance of World Bank for improvement of 8290 watercourses, construction of 400 storage tanks, Precision Land Levelling of 25000 hectares and establishment of 1000 demonstration centres. Due to un-bundling of the project Physical works could not be started in all Provinces except N.W.F.P. during the year 2002-2003. It is hoped that the project would become fully functional during the year 2003-004 and the target of renovation of 2000 watercourses, precision land levelling of 6000 hac and establishment of 600 Storage Tanks would be achieved. Allocation to this programme during theyear 2003-2004 will be reflected in the Provincial ADPs. However, Rs. 5.00 million have been allocated in the Federal PSDP 2003-2004 to run the Federal Co-ordination Cell.

### iv) **FLOOD PROTECTION PROGRAMME.**

4.30 The flood control works are undertaken under two main programmes namely Normal/emergent Flood Works and Second Flood Sector Project (Asian Development Bank Assisted). The programmes aim at protecting village abadies, private property and public infrastructure situated along the rivers. These programmes during 2003-2004 envisage execution of 20 priority/emergent nature of small schemes (under Normal Flood Program) and 65 schèmes (under Second Flood Protection Sector Project) in Punjab, Sindh, NWFP, Balochistan, FATA, Northern areas and AJK. A total of Rs. 679 million including foreign aid of Rs. 75 million has been allocated for the above mentioned programmes.

### v) **SURVEY, INVESTIGATION AND RESEARCH.**

4.31 Survey, Investigation and Research is a continuing programme being carried out by WAPDA and other related agencies like Survey of Pakistan and Pakistan Met Department. During the year 2003-2004, the work will continue on a number of important schemes such as Management & Rehabilitation of Saline & Waterlogged Soil, Mona Reclamation & Experimental Projects and Lower Indus Water Management & Reclamation Research Project. A sum of Rs.48 million including foreign aid of Rs. 35 million has been allocated to this programme.

## ENERGY

### Power

#### Review of 2002-03

##### Financial

4.32 Allocation of Rs.29593.619 million (including Foreign aid of Rs.11581 million) was made for the power sub-sector during 2002-03, including budgetary corporation and excluding non-budgetary corporations. Against the above allocation, the revised estimates for 2002-03 are Rs.31023.308 million (including Foreign aid of Rs.13159.639 million) Details are given in Annex 4.3.

##### Physical

4.33 During 2002-03, no additional capacity is added in the system . However 290 MW unite-I of Ghazi Brotha Hydropower would be added to the system in May 2003 for test running, the installed capacity of the system would remain the same as in June 2002 i.e.18052 MW. The total electricity generation would increase from 72405 Gwh in 2001-02 to 75144 Gwh in 2002-03 an increase of 3.8%

4.34 During 2002-03, 595000 new connections are expected to be provided by WAPDA and KESC. It is expected that WAPDA would also electrify 1750 on going villages/abadies including partially electrified villages during the period.

#### Program for 2003-04

##### Financial

4.35 An allocation of Rs.35161.961 million (including Foreign aid of Rs.12720.0 million) has been proposed for the Power Sector including budgetary corporation and excluding non-budgetary corporation.

##### Physical

4.36 It is planned to add 1450 MW additional capacity during 2003-04 in public sector which would increase installed capacity from 18052 MW to 19502 MW. The target for total energy generation including Private Sector is fixed to be 77724 GWh in 2003-04 as compared to 75144 GWh during 2002-03 showing an increase of 3.4 %. During 2003-04 about 595000 number of new connections would be provided by WAPDA and KESC besides electrification of 2000 new villages/abadies including partially electrified villages by WAPDA. The detail of physical performance of power sector, during 2002-03 and targets for 2003 -04 is given at Annex 4.4.

#### Present Government's Initiatives/achievements.

The Power Policy 2002 has been formulated after thorough deliberation and brain storming among all stakeholders. The policy which aims to determine the power price through International Competitive Bidding (ICB) offers incentives

and assurance to investors. A committee has also been formed to oversee its implementation in letter and spirit.

- During the recent visit of the Prime Minister of Pakistan to China, an MOU between Pakistan Atomic Energy Commission (PAEC) and Chinese nuclear Power Authority (CNPA) was signed for supplying a 2nd Unit of 300 MW nuclear power plant.
- There has been significant improvement in the overall performance of KESC since the take over of management by Pak Army in May 1999, measures have been implemented for financial restructuring, improvement in operational efficiencies and governance in KESC during last three years. Efforts are being made by the management to continue the improvement process and enhancement in the revenue etc., by controlling the T&D losses in the next three years. The Government of Pakistan is investing about Rs. 14 billion for T&D loss reduction in KESC. The privatization process of KESC has already been started but it has met with snag due to lack of interest by international investors.
- To improve management and operational efficiency, the power sector was restructured, 13 independent corporatized units (8 distribution, 1 transmission and 4 generation companies) are functioning since 1999. The process is underway to privatize them in order to create market based electricity prices for ultimate benefit to electricity users.
- Commencement of hydropower projects i.e. Allai Khawar, Khan Khawar, Duber Khawar, Golen Gol, Jinnah Low Head Hydropower Project and Neelum Jhelum beside exploitation of Thar coal for power generation in most serious way.
- Commencement of feasibility studies of major hydropower projects such as Bhasha, Dasu and Bunji.
- Commissioning of Ghazi Brotha Hydropower project, Chashma nuclear power units 1, and Chashma low head hydropower project.

## **FUEL SECTOR**

### **Review of 2002-2003**

4.37 An allocation of Rs. 322.697 million was made for Fuel Sector during 2002-2003, excluding non-budgetary corporations programme. Against the above allocation, the revised estimates are Rs. 344.468 million.

4.38 Crude production during 2002-2003 is expected to be about 65128 BPD against the target of 67526 BPD showing an achievement of 96 percent. Gas production is expected to be 2654 MMCFD against the target of 2846 MMCFD, showing 93 percent achievement against

the target. A total of 69 wells both in public and private sector comprising of 31 exploratory and 38 development/appraisal wells, are expected to be drilled against the target of 77 wells comprising of 32 exploratory and 45 development wells showing 90 percent achievement. The LPG production is expected to be 1000 tonnes per day against the target of 930 tonnes per day showing 108 percent achievement. Estimated production of coal during 2002-03 is 3.4 million tonnes per annum as compared to target of 3.21 million tonnes per annum showing 106 percent achievement.

4.39 The Regulatory framework is in place. Oil and Gas Regulatory Authority (OGRA) to look after the interests of the consumers has become operational during the period. Moreover, Government Holdings (Pvt.) Limited has also become operational. The Government of Pakistan's participation in joint ventures is handled through this Holding Company. The prices of POL products are being fixed by Oil Companies Advisory Committee (OCAC) on fortnightly basis. The Economic Coordination Committee (ECC) has approved in principle the restructuring of gas utilities by separating the gas transmission and distribution activities on the pattern of WAPDA. Asian Development Bank is providing technical and financial assistance to study the unbundling of transmission and distribution system of both the gas utilities.

4.40 In compliance of a decision of the Cabinet taken vide case No. 125/15/2000 dated 9<sup>th</sup> August, 2000 both the gas Companies are undertaking the Gas Infrastructure Development Projects at a total cost of Rs. 17 billion. The projects that envisage the augmentation of entire transmission system through the addition of 661 kilometers of loop lines with the objective to inject about 1 billion cubic feet of gas per day into the system for supply to Power and Industry remained under implementation. Moreover, SNGPL has also undertaken projects for supply of gas to Mingora, Swat (NWFP) and Mirpur (AJK), which are expected to be completed during 2002-03.

4.41 The Compressed Natural Gas (CNG) is being encouraged in transport Sector to improve urban air quality and reduce carbon emissions. About 33,000 vehicles have been converted on CNG making Pakistan third largest consumer in the world. The Government has issued directives to promote CNG in the transport sector as an alternate fuel. So far 375 stations have been established in different parts of the country. Up to June 2003, around 350,000 vehicles are expected to be converted on CNG.

4.42 The 817 km cross country White Oil Pipeline being implemented by PARCO subsidiary, PARCO (Pak-Arab Pipeline Company) at a cost of US \$ 480 million from coast of Karachi to Mahmoodkot to cater to the needs of Central and Northern Regions is likely to be ready for soft commissioning in the second quarter of 2004. The pipeline has a designed capacity of 12.0 million tons per year.

4.43 For the development of Thar coal deposits on fast track basis, a Task Force under the Chairmanship of Chief Executive/President of Pakistan has been constituted and seven meetings have been held so far. On the initiative of government, a Chinese company, M/S Shenhua Group is undertaking a Feasibility Study to develop a block in Thar Coal for power generation of 600 MW in phases during the next five years. Simultaneously, M/s Rehien Braun Engineering of Germany has been awarded Bankable Feasibility Study on Thar Coal

Mining, which would be completed next year. Similarly, CIDA financed a study at Thar for underground Coal Gasification. Based on it, a number of other studies are being initiated. MEL & PICT of Australia also signed an MOU with Government of Sindh (Sindh Coal Authority ) to take underground coal gasification study on BOO basis. SNGPL initiated a study for supplying town gas generated by coal to Bakhar. Coal consumption has increased to 0.65 million tonnes per annum meeting about 30% of the demand in cement industry. The cement manufactures have started import of coal and a blend of coal is being used.

#### **Programme For 2003-2004**

4.44 An allocation of Rs.646.704 million has been proposed during 2003-2004 for Fuel Sector, excluding the non-budgetary corporations programme, as per Annex 4.5.

4.45 During 2003-2004, the crude production is planned to be 73216 BPD against estimated production of 65128 BPD in 2002-2003 showing 12 percent increase over previous year. The gas production is planned to be 3472 MMCFD against estimated production of 2654 MMCFD in 2002-2003 showing 31 percent increase over previous year. It is planned to drill 77 wells both in the Public and Private Sector comprising of 32 exploratory and 43 appraisal/development wells. The LPG production is planned to increase to 1245 tonnes per day. The coal production is planned to be 3.6 million tonnes per annum during 2003-2004 showing 6 percent increase of the previous year. A feasibility study in the Public Sector regarding Thar coal through international consultants is expected to be completed during 2003-04. Efforts are being made by research organizations such Hydrocarbon Development Institute of Pakistan to convert public transport to CNG instead of HSD. The Gas Infrastructure Development projects are scheduled to be completed by 2003-04.

4.46 Physical targets/achievements during 2002-03 and 2003-04 is given in Annex 4.6.

## **MANUFACTURING**

### **Review of 2002 – 2003**

4.47 During the year under review i.e. 2002-03, manufacturing sector has displayed a good performance and it is now set on the path of take off. The Sector is estimated to grow by 7.7 percent against the target of 5.8 percent pulling up the GDP growth rate to estimated 4.9 percent. Major achievement was registered in large scale manufacturing, with a growth rate of 8.7 percent, against the target of 6 percent which is almost double than 4.9 percent of the last year 2001 - 2002. Small scale manufacturing is estimated to grow by 5.3 percent. Industrial items showing positive growth are sugar (13.6 %), Cooking Oil (6.8 %), Cotton Yarn (7.6 %), Cotton Cloth (1.2%), Jute goods (12.9 %), paper and paper board (15.9 %), Soda ash (13.3 %), Caustic soda (6.8 %), Nitrogenous fertilizer (4.7 %), Cement (20.4 %), Bicycles (16.9 %), Coke (8.8 %), LCVs (57.2 %), Trucks (102.8 %), Buses (38.7 %), Tractors (10.5 %), Jeep and Cars (52.3 %), Refrigerators (24.6 %), Air conditioners (24.6 %), TV sets (59.1 %), Electric Transformers (34.3 %), Pig Iron (5.2

%), H/CR/Sheets (36.4 %), Liquid Paints and Varnishes (87.2 %) and Petroleum Product (2.2 %). The details of industrial output are given in Annex 4.7.

4.48 An amount of Rs 286.00 million was utilized against PSDP allocation of Rs 314.00 million during the year 2002-03, reflecting 91 percent utilization. Projects registering lower utilization include Support for Reforms in Regulatory and Legal Policy Environment for Private Sector Growth with utilization of Rs 12.00 million against an allocation of 23.60 million and Project Preparatory Technical Assistance for SME's Sector Development with utilization of Rs 41.00 million against an allocation of Rs 57.60 million

#### **Programme for 2003 - 2004**

4.49 A total allocation of Rs 468.258 million has been made for manufacturing sector projects including foreign exchange components of Rs 418.258 million. Major allocation includes Rs 9.458 million for Support for Reforms in Regulatory and Legal Policy Environment for Private Sector Growth, Rs 8.80 million for Project Preparatory Technical Assistance for SME's Sector Development, Rs 50.00 million for Balancing and Modernization of Workshop Facilities at PITAC, Lahore and Rs 400 million for three new projects namely, Plastic Technology Centre Karachi (Rs 180.00 million), Up gradation and Modernization of PITAC Lahore, (Rs 110.00 million) and Automotive Testing and Training Centre Karachi (Rs 110.00 million). Foreign funding for these projects will come from World Bank, Asian Development Bank and JICA / Japan. Further details are at Annex 4.8.

#### **Industrial Target**

4.50 Based on the performance of the current year, manufacturing sector has been targeted to grow by 7.8 percent with large scale manufacturing growth of 8.8 percent and small scale manufacturing growth of 5.3 percent. Cotton Cloth, Vegetable Ghee/ Cooking Oil, Paper and Paper boards, Nitrogenous Fertilizer, Phosphatic Fertilizer, Cement, Paints and Varnishes, Petroleum Products, Pig iron/ H. Metal, Billets, H/CR Sheets, Electric Transformers, Electric Supply Meters, Electric Motors, Air conditioners, Refrigerators, Power Looms, Shuttles, Cars/ Jeeps, L.C.Vs., Trucks, Buses, Tractors, Motor tyres/Tubes, Tea blended, Liquid Syrup and Ointments would be the main growing industries. The targets for different Large scale manufacturing products are given at Annex 4.7.

## **MINERAL DEVELOPMENT**

#### **Review of 2002 - 2003**

4.51 An allocation of Rs. 20.0 million was made for this sector's one on-going project titled "Construction of office building for GSP at Peshawar". For this project an amount of Rs 9.162 million has been utilized for the purchase of land while an amount of Rs 20.0 million for the construction of building has been allocated for next year.

## **Programme 2003 - 2004**

5.52 An allocation of Rs 45.962 million has been made for mineral sector projects which includes construction of office building for GSP at Peshawar and Lahore, Geological mapping and Geochemical exploration of the out-crop area of Pakistan, Airborne Geophysical Survey for identification of mineral potential Areas of Pakistan, Ground water studies in Balochistan and ground follow-up of Aeromagnetic Anomalies in Chagai District Balochistan

### **Mineral Production**

4.53 The estimated production during 2002-03 along with targets for 2003-04 for major minerals is given at Annex 4.7

## **TRANSPORT AND COMMUNICATIONS**

### **REVIEW OF PSDP 2002-03**

4.54 The Public Sector Development Programme for 2002-03 envisaged an outlay of Rs.59103.87 million in the Federal Public Sector Programme comprising of Rs.12536.87 million for the Budgetary Programme, Rs.14642.00 million for the Budgetary Corporation Programme (NHA) and Rs.31925.00 million for the Non-Budgetary Corporation Programme viz. PTCL, PIAC, CAA and PNSC. As against this an expenditure of Rs.60394.62 million has been incurred giving an overall utilization of 102 percent of the total outlay. An expenditure of Rs.13327.52 million has been incurred under the Budgetary Programme, Rs.15142.10 million under the Budgetary Corporation Programme (NHA) and Rs.31925.00 million under the Non-Budgetary Corporation Programme viz. PTCL, PIAC, CAA and PNSC. Salient features of implementation of the programme are given below:

### **RAILWAYS**

5.55 Against an allocation of Rs.6922.77 million an expenditure of Rs.6487.90 million has been incurred giving a utilization of 94 percent of development programme. The main thrust of the Pakistan Railways remained on improvement of infrastructure and procurement of essential material for locomotives, coaches, bogie wagons and track rehabilitation of railway network. Work on rehabilitation of 101 DE locomotives, procurement of 30 locos, 69 DE locos and 175 passenger coaches was accelerated. MOUs for procurement of 1300 High Capacity wagons and material for Signaling Works from the Chinese government were signed in addition to completion of development projects under the on-going portfolio.

### **D.G. PORTS & SHIPPING WING.**

4.56 Against an allocation of Rs.3940.86 million an expenditure of Rs.5075.72 million has been incurred giving a utilization of 129 percent. The reason for expending more than allocation is acceleration of work on Gwadar Deep Sea Port Project, which is expected to be completed during the financial year 2004-05. Work on the Gwadar Fish Harbour cum

mini port is on the verge of completion with work on ice cold storage & desalination plant (which are important for making the port fully functional) yet to be completed. However these are likely to be completed during the next financial 2003-04.

#### **NATIONAL HIGHWAY AUTHORITY (NHA)**

4.57 Against an allocation of Rs.14642.00 million an expenditure of Rs.15142.10 million has been incurred on the development programme of National Highways giving a utilization of 103 percent. The reason for spending more than the allocation was the payment of funds against outstanding liabilities of the completed projects. Work on dualization of National Highway (N-5) on different Sections, Makran Coastal Road, Pindi Bhattain-Faisalabad Motorway (M-3), Karachi Northern Bypass, Layari Expressway, Islamabad-Muzaffarabad Road, Mansehra Naran-Jalkhad Road, Service Road for Faisalabad-Multan Motorway (M-4) Dera Allahyar-Nutal Sibi Section (N-65), Ratodero / Shahdadkot-Khuzdar Road, KKH (N-35) continued. Work on Kohat Tunnel & Improvement of Indus Highway (Phase-I&II) was completed. Work on improvement of Qilla Saifullah-Loralai-Bewata Section of N-70 & bridge on River Jhelum at Azad Pattan was initiated, while work on Islamabad-Peshawar Motorway (M-1) was re-started through a consortium of Pakistani contractors after the termination of original contract with M/s.Byinder of Turkey in 2002.

#### **Research (NTRC)**

4.58 The entire allocation of Rs.9.00 million has been incurred on continuation of research programme.

#### **IT & TELECOMMUNICATION Special Communication Organization (SCO)**

4.59 The entire allocation of Rs.394.70 million has been incurred for completion of on-going projects in AJ&K and NAs i.e. Provision of Outside Plant for AJ&K, Rural Digital Expansion Project for AJ&K (Phase-I), and Rural Digital Expansion project for Northern Areas (Phase-I) while Consultants have been engaged for the International Gateway & Earth Station for AJ&K and Northern Areas.

#### **Frequency Allocation Board (FAB)**

4.60 Against an allocation of Rs.484.50 million an expenditure of Rs.259.00 has been incurred on the Pakistan Telecommunication Regulation and Privatization Support Project funded by the World Bank giving a utilization of 53 percent. More than 90% of work on project stands completed.

#### **National Telecommunication Corporation (NTC)**

4.61 Against an allocation of Rs.720.00 million an expenditure of Rs.750.00 has been incurred giving a utilization of 104 percent. Phase-I of the PAKSAT-I project whereby a Satellite was hired from M/s Hughes Global System for 5 years, moved from its original

orbital position & repositioned at the contracted position in the orbit has been completed. After 5 years this Satellite will be replaced with the government of Pakistan's own Satellite constructed indigenously under Phase-II of the programme.

#### **Planning and Development Division**

4.62 An expenditure of Rs.288.00 million has been incurred for Upgradation and Expansion of Existing NLC Communication Network. There was no allocation made for the project in the current year PSDP. During the mid plan review meetings the above allocation was made through savings accruing from other slow moving projects to meet the current expenditures on the project.

#### **COMMERCE DIVISION**

4.63 Against an allocation of Rs.65.00 million an expenditure of Rs.63.00 has been incurred on the World Bank financed project i.e. Trade and Transport Facilitation Project for preparation of documents of various transport acts relating to road, rail, sea and multi-model network in Pakistan.

#### **NON-BUDGETARY CORPORATION**

##### **Pakistan Telecommunication Company Ltd. (PTCL)**

4.64 The entire allocation of Rs.19400.00 million has been incurred for completion of on-going projects.

##### **Civil Aviation Authority (CAA)**

4.65 The entire allocation of Rs.2553.00 million has been incurred for improvement of infrastructure of CAA and completion of on-going projects.

##### **PAKISTAN INTERNATIONAL AIRLINES (PIAC)**

4.66 The entire allocation of Rs.9972.00 million has been incurred for completion of on-going projects to improve PIAC's level of service and needs to modernize its fleet to enhance its image & attract quality conscious passengers.

#### **Programme For 2003-04**

4.67 An allocation of Rs.74720.40 million has been made for the development of Transport & Communications Sector. This includes Rs.12962.40 million for the Budgetary Programme, Rs.18397.00 million for the Budgetary Corporations Programme (NHA) and Rs.43361.00 million for the Non-Budgetary Corporation Programme i.e PTCL, PIAC, CAA and PNSC. Salient features of the programme are given below:

#### **PAKISTAN RAILWAYS**

4.68 An allocation of Rs.8088.58 million has been made for continuation of work on Track Rehabilitation of Pakistan Railway Network, Rehabilitation of 101 DE locomotives.

Procurement of 69 DE locos, procurement / manufacture 175 Passenger Coaches, Recommissioning of 55 Stabled DE locos and procurement of 300 Bogie High Capacity oil wagons alongwith other on-going projects to improve the system for providing an efficient service for passengers and goods etc. Work on procurement of 1300 High Capacity Bogie Wagons, Improvement of Signalling works on the stretch of the main line from Rohri to Shahdara Bagh and Rehabilitation of 450 Passenger Coaches will be undertaken.

#### **D.G. PORTS & SHIPPING WING.**

4.69 An allocation of Rs.3082.02 million has been made to expedite work on the Gwadar Deep Sea Port Project in Balochistan, which is expected to be completed during the financial year 2004-05. The balance work on the Gwadar Fish Harbour cum mini port will be completed to make it fully functional.

#### **NATIONAL HIGHWAY AUTHORITY (NHA)**

4.70 An allocation of Rs.18397.00 million has been made for continuation / completion of National Highways development on-going programme. The main thrust of the programme is aimed at the acceleration of work on the dualization of National Highway (N-5) on different Sections, Makran Coastal Road, Pindi Bhattain-Faisalabad Motorway (M3), Karachi Northern Bypass, Layari Expressway, Islamabad-Muzaffarabad Road (N-17), Mansehra Naran-Jalkhad Road (N-), Service Road for Faisalabad-Multan Motorway (M4), Dera Allahyar-Nutal Sibi Section (N-65), Ratodero / Shahdadkot-Khuzdar Road, Qilla Saifullah-Loralai-Bewata Section (N-50), KKH (N-35) Bridge on River Jhelum at Azad Pattan. Work on Lowari Tunnel project for provision of railway link to both the portals of the tunnel will be initiated. Work on the remaining Section of Gwadar Ratodero Road (Gwadar-Turbat, Turbat-Hoshab, Hoshab-Khuzdar & the remaining portion of the Indus Highway (N-55) (Sehwan-Dadu, Dadu-Larkana, Rajanpur-D.G.Khan & D.I.Khan (Malana)-Sarai Gambila Sections) will also be undertaken. Work will also be initiated on the realignment of Jaccobabad Dera Allah Yar Section of N-65, improvement of N-65 from Jaccobabad Bypass to Shikarpur, Umrani Shakh-Fatehabad Road, Thatta-Badin-Nagarparkar road, Quetta-Chaman road, Peshawar-Torkham road, 5 bridges on Gilgit-Skardu road, KKH-Skardu road, Jalkhad-Chilas road, Loralai-D.G.Khan, Improvement of N-65 (Sibi-Quetta Section) and 2 interchanges on motorway M-2 at Khanqah Doghran & Sial Mor.

#### **Research (NTRC)**

4.71 An allocation of Rs.7.00 million has been made for continuation of research programme.

#### **IT & TELECOMMUNICATION**

##### **Special Communication Organization (SCO)**

4.72 An allocation of Rs.641.22 million has been made for initiating work on the GSM project for AJ&K and Northern Areas, International Gateway & Earth Station for AJ&K and Northern Areas, Rural Digital Communication Uplift Project for AJ&K (Phase-II) and

provision of Optic Fibre in Northern Areas (Mansehra-Gilgit). Necessary facilities for operationalization of 5000 GSM Lines gifted by the Chinese for use in AJ&K will be established.

#### **Frequency Allocation Board (FAB)**

4.73 An allocation of Rs.85.00 million has been made for completion of left over works and to meet the outstanding liabilities on the Pakistan Telecommunication Regulation and Privatization Support Project funded by the World Bank. The project is expected to be completed during the year.

#### **NATIONAL TELECOMMUNICATION CORPORATION (NTC)**

4.74 An allocation of Rs.631.05 million has been made to pay the next installments of PAKSAT-I project to M/s Hughes Global System and to continue work on the Establishment of Fibre Based Transmission Link for establishing Coastal Communication Links in between Keti Bandar to Jiwani.

#### **PLANNING AND DEVELOPMENT DIVISION**

4.75 An allocation of Rs.335.80 million has been made to continue work for Up-gradation and Expansion of Existing NLC Communication Network and to take up Pakistan Transport Plan Study programme expected to be funded by JICA.

#### **COMMERCE DIVISION**

4.76 An allocation of Rs.58.58 million has been made to complete work on the World Bank financed project i.e. Trade and Transport Facilitation Project for preparation of documents of various transport acts relating to road, rail, sea and multi-model network in Pakistan.

#### **DEFENCE DIVISION**

4.77 An allocation of Rs.33.15 million has been made to initiate new development projects under Pakistan Meteorological Department for improving the efficiency of the department and strengthen its infrastructure.

#### **NON-BUDGETARY CORPORATIONS**

##### **Pakistan Telecommunication Company Ltd.(PTCL)**

4.78 An allocation of Rs.19400.00 million has been made for completion of on-going projects and to initiate new works.

##### **Civil Aviation Authority (CAA)**

4.79 An allocation of Rs.1140.00 million (subject to approval by the CAA Board) has been made for completion of on-going projects and to initiate new development works.

## **Pakistan International Airlines (PIAC)**

4.80 An allocation of Rs.22821.00 million has been made for procurement of three 777 family aircraft to enhance PIAC's capacity passenger / freight carrying capacity and to provide quality service to quality conscious passengers.

4.81 Detail of financial allocation and utilization during 2002-03 and financial allocation for the year 2003-04 sub-sector wise is given in Annex 4.9.

## **PHYSICAL PLANNING & HOUSING**

4.82 Physical Planning and Housing Sector (PP&H) deals with housing, water supply and sanitation, urban development, Government employees housing and offices, and development of federal capital Islamabad. Following are the major sectoral issues:

- i) Inadequate housing finance system, specially for low and middle-income groups.
- ii) Non-development of "Site and Services" schemes, specially for the poor since log.
- iii) Deteriorating water supply and sanitation systems with deficient recovery of user charges; and
- iv) The unguided urbanization with poor management of cities.

## **OBJECTIVES**

4.83 To resolve above-mentioned problems in PP&H Sector, the following objectives will be pursued during 2003-2004.

- i) Narrowing gap between the housing demand and supply.
- ii) To provide water supply and sanitation services to maximum population in urban and rural areas.
- iii) Regularize and improve Katchi Abadis and slums.
- iv) Improve the management of civic services in urban areas,
- v) Development of Federal Capital Islamabad.
- vi) Encouraging the private sector for investment in housing.

## **IMPLEMENTATION OF PP&H PROGRAMMES**

4.84 To effectively implement PP&H ongoing programmes, the following initiatives will be implemented during next year:

- i) Projects of Police and Justice Reforms (Infrastructure Development); Urban Water Supply and Sewerage Schemes in Karachi, Quetta, Faisalabad, Abbottabad and run-down areas of Punjab, Urban Area Uplifts in Multan, Ziarat, Loralai and Gawader Cities.

- ii) For effective governance of human settlements under Development Plan, the adoption of a two-pronged action is recommended i.e. (a) an immediate improvement in the use of existing administrative resources within the constraints of existing situation, and (b) the initiation of long-term improvement, capable of dealing with rapid change under the guidance of Nazims and local governments with better knowledge of PP&H problems and opportunities.
- iii) Government has taken a new initiative in PSDP to start a housing programme for provision of houses to Federal Government employees on ownership basis on their retirement.
- iv) The Government will continue (a) facilitating the development of housing by private sector; (b) providing site and services, (c) promoting housing finance institutions; and (d) providing house building credit at relatively lower mark-up. In rural areas.
- v) The concept of Model village or SASTI-BASTI, as announced by the Prime Minister on 11<sup>th</sup> March 2003 is being lunched, including provision of housing for shelter less population, leftover area development scheme in rural areas for poor in provinces, and the provision of rural water supply and sanitation facilities to maximum possible population
- vi) To expedite improvement of Katchi Abadies, the Local Bodies will be activated to ensure participation of end-users in identifying problems and in setting their own priorities, Local Governments and urban development agencies will prepare the master/structural plans, for development of respective areas/cities.
- vii) For efficient delivery of water supply and sewerage in services in urban areas, efforts will be made to recover the full O&M costs; to initiate a phased programme of rehabilitating the old water supply and sewerage networks; to reduce the water-losses; and to integrate the planning and development of water and sewerage projects.

4.85 Major PP&H targets to be achieved during 2003-04 are at Annex 4.10. Overall PSDP financial outlay of PP&H programmes during 2003-04 is around Rs 7864 million, whose details are at Annex 4.11. About 75 percent of the PP&H projects will be implemented by the Provincial agencies, according to their respective priorities.

## **MASS MEDIA**

### **Review of PSDP 2002-03**

4.86 Mass Media Sector was allocated an amount of Rs 550.817 million during the year 2002-2003 but later Rs 400.5 million were re-appropriated to this sector. Therefore, the revised estimates are expected to be Rs 917.338 million.

## **Television**

4.87 The television sub sector was allocated Rs 428.650 million but the revised estimates are Rs 820.15 million after re-appropriation of Rs 400.50 million to the Replacement of Equipment project. The replacement of equipment is major project of PTV. The entire allocation will be spent on purchase of equipment for studios at five TV stations. Four boosters in northern areas of NWFP; Laram Top and Timergarh, Dasu, Batagram and Bajour were given full funding. Civil works on these projects are in progress. Rs.200 million were allocated for TV Station at Muzaffarabad AJK. This amount is also expected to be utilized in full on purchase of equipment. The on-going project of Rebroadcast Centre Noushki (Chaghi) is also making progress. Rs.21.550 million were allocated for construction of building. RBS Ziarat have also been provided Rs 24.247 million for civil works.

## **Radio**

4.88 Rupees 96.603 million were allocated to Pakistan Broadcasting Corporation of which Rs 16.00 million have been surrendered. The utilization will be around Rs.76.549 million. In the radio sub-sector 10KWMW transmitter and Broadcasting House (BH) Larkana, extension of BH Hyderabad have almost been completed. Three new transmitters will be installed for the news and current affairs channel of radio by the close of the year at Lahore, Peshawar and Quetta each. The project will utilise Rs 29.900 million this year. Rs. 15 million have been allocated to the project 100 KW MW transmitter and BH Turbat. The civil works are in progress. The 100 KWMW transmitter and BH Mirpur and 100 KWSW transmitter at Rewat are also nearing completion. There was an allocation of Rs 29 million for the project.

## **APP**

4.89 The project of Associated Press of Pakistan for providing Sindhi News Service will also be completed by end of the year.

## **Proposed PSDP 2003-2004**

4.90 The allocation for Mass Media Sector is Rs 563.137 million.

## **Pakistan Television Corporation**

4.91 During the year up-gradation and modernization of equipment at all the PTV centres has been planned. This project has been recommended Rs.350 million for the year 2003-04. Another major recommendation of Rs.161.437 million is for TV Station Muzaffarabad AJK. The on-going projects of re-broadcast stations Noushki and Umerkot have been recommended Rs.17.351 million and Rs.15 million respectively. RBS Qilla Saifullah have also been recommended Rs.13.703 million for purchase of equipment. Second TV Channel Phase-III has been provided token allocation of Rs 5.00 million.

### **Pakistan Broadcasting Corporation**

4.92 The major proposed allocation for Pakistan Broadcasting Corporation (PBC) is for the project of 100 KW MW transmitter and BH Turbat - Rs.30 million. Radio Station Mirpur has been provided Rs.5 million for completion of left over items. Rs 6.00 have been proposed for Installation of three 100 KWMW transmitters at Peshawar, Lahore and Quetta.

### **Ministry of Information and Media Development**

4.93 To project Pakistan in the Cyber World and to counter hostile propaganda, a Cyber Wing has been created in the M/O Information and Media Development for which Rs 39.600 million have been provided.

### **Ministry of Law, Justice and Human Rights**

4.94 The Human Rights Mass Awareness and Education project has been earmarked Rs.17.100 million including Rs.16.398 million Norwegian and Swiss Grants for completion. The project has recently been given extension upto 31 December, 2003. The components of the project have been implemented successfully like the Establishment of Human Rights Institute at Peshawar University, Curriculum Development, Training and Media Campaign.

### **Associated Press of Pakistan**

4.95 Urdu news Service and Business News Service of APP have also been earmarked Rs.1.6 million and Rs.1.346 million respectively for expansion and strengthening.

## **CULTURE, SPORTS, TOURISM AND YOUTH**

### **Review of 2002 - 2003**

4.96 An allocation of Rs 339.707 million was made for Culture, Sports, Tourism and Youth Affairs Sector projects for the year 2002-2003. Upto June 2003, an amount of Rs 180.1 million is estimated to be utilized, depicting 53 percent utilization. Sub-sector wise details of utilization are given below:-

### **Culture/ archaeology**

4.97 An allocation of Rs 219.3 million was made for culture sub-sector projects against which a utilization of Rs 98.6 million has been estimated showing 45 percent utilization. The main projects surrendered include National Art gallery Islamabad (Rs 70 million) and Taxila Archaeology University (Rs 30 million). The major projects carried out during the year are establishment of National Monument at Islamabad, Acquisition of land for National museum of Pakistan at Islamabad, Master Plan for Development and Restoration of Historical sites from Taxila to Swat both Taxila and Peshawar Sections, National Museum of Folk Heritage (Ethnology) Islamabad, and other nineteen small projects.

## **Tourism**

4.98 An allocation of Rs 8.00 million was made for the Tourism related projects against which utilization of Rs 7.2 million has been reported. The projects carried out include Pakistan Austrian Institute of Tourism and Hotel Management at Gulli Bagh, Swat and PTDC Motel at Gupis.

## **Sports**

4.99 An allocation of Rs 108.4 million was made for sports against which a utilization of Rs 74.1 million has been reported showing 68.4 percent utilization. Major projects carried out during the year include Synthetic Turf of Hockey at Sialkot, Construction of Sports Complex at Nawabshah, Construction of Sportsmen Hostel at PSC Islamabad, and a couple of other small projects.

## **Youth Affairs**

4.100 An allocation of Rs 4.00 million was made for Youth Affairs projects which include Construction of Youth Development Centres at Peshawar and Quetta. No utilization was reported in respect of both the projects and the amount was surrendered.

## **Programme 2003 – 2004**

4.101 PSDP allocation of Rs 678.273 million has been made for Culture, sports, Tourism and Youth Sectors during 2003 - 04. It includes Rs 180.371 million for culture/ Archaeology, Rs 434.698 million for Sports, Rs 53.204 million for Tourism and Rs 10 million for Youth Affairs. Major programme in Sports include three Astro Turfs at Sialkot, Hyderabad and Islamabad, Sports Complexes at Sadiqabad and Nawabshah and extension/ renovation of Squash Complexes at Quetta, Peshawar and Rawalpindi. Major programme in Culture/ archaeology include National Monument at Islamabad. Development and Restoration of Historical Sites from Taxila to Swat (Taxila & Peshawar Sections), National Art gallery Islamabad, National Museum of Folk Heritage, Islamabad, Master Plan for Preservation and upgradation of Quaid-e-Azam birth Place, Karachi and other 17 small projects. The Tourism Sector include 12 PTDC motels, road side facilities and Pakistan Austrian Institute of tourism and Hotel Management, Swat, while the Youth Sector includes construction of Youth Development Centres at Peshawar and Quetta.

# **EDUCATION AND TRAINING**

## **Review of PSDP 2002-03**

4.102 For the fiscal year 2002-03 an amount of Rs.2778.180 million was allocated for the expansion and development of Education in Federal PSDP. This included allocation of Rs.2603.7 million for projects of Ministry of Education, Rs 42.048 million under Ministry of Defence for Primary Education in Cantts. & Garrisons and an allocation of Rs. 132.414 million for training institutions of Establishment Division. During the year Higher

Education Commission (HEC) was established and allocation amounting to Rs.879.1 million was transferred to HEC leaving Rs. 1724.6 million for Ministry of Education.

4.103 Major projects of Ministry of Education included Overseas Ph.D. Scholarships, Mainstreaming Madrassa Education by introducing computer Education and other formal subjects, establishment of National Education Assessment System (NEAS) for quality education at elementary level, Literacy Programme and Non-Formal Basic Education, Girls Primary Education and Technical Education. Other major projects were Polytechnic Institute for boys Islamabad, Improvement of Primary, Secondary and College Education, Introduction of M.Ed classes in Federal College of Education Islamabad.

4.104 No allocation was made for ESR specific programmes namely, Introduction of Technical Stream in Schools, Adult Literacy Programme, Higher Education & Quality Assurance, Revamping of the Science Education Facilities at Secondary level, Education for All, Minor Innovative Projects, Re-habilitation of Primary/Elementary Schools and Teachers' Training Resource Centres. It was directed that the provinces provide the same from their GST shares in their ADPs. ESR specific allocations (Rs. 3.574 million) for the year 2001-02, transferred to the provinces and then to the districts were also not spent during the year 2001-02 and implementation period was extended to 2002-03. On the request of Ministry of Education and under PM directive, in the light of mid year review, an additional allocation of Rs. 1000 million is made through adjustment in the PSDP2002-03 for remaining work of ESR specific programme to be spent in the remaining period of 2002-03.

#### **Proposed PSDP 2003-04:**

4.105 PSDP allocation of Rs.3166.360 million has been provided for the Financial Year (2003-04) for Education and Training Sector (Excluding Higher Education) projects. This includes allocation of Rs.3107.102 million for projects of Ministry of Education and Rs 59.258 million under Ministry of Defence for Primary Education & Colleges in Cantts. & Garrisons.

4.106 Education Sector Reforms (ESR) specific programmes, Education For All (EFA), Establishment of Polytechnics at District level, Adult literacy programme, Quality Assurance and Teachers Training Resource centers have been provided Rs. 900.0 million. Major projects include Madrassa Reforms for introduction of Formal subjects including computer Education with allocation of Rs. 1000.0 million. National Education Assessment System (NEAS), Science Education Project, conversion of existing schools in Islamabad to Model Colleges, establishing cadet colleges in Balochistan, establishment of Non-formal Basic Education Schools. Other important projects are establishment of cadet colleges in NWFP and AJK, introduction of M.Ed classes in Islamabad. Provision has also been made for new schools / colleges in Islamabad, consolidation of existing schools through providing additional class rooms, free text books, scholarships, science education facilities and introduction of technical stream in secondary schools in ICT. National Education Foundation will establish community schools in FATA.

## SCIENCE AND TECHNOLOGY

### Review of 2002-2003

4.107 Science and technology is regarded as basic tools for socio-economic development of any nation. The countries that have excelled in the Science and technology are now leading the international economic scenario. Pakistan is among the developing countries of the World with low per capita income. In recognition of the importance of this sector, government has shown a commitment to carry forward the policies, plans and activities followed in the last 3 years as a gesture of consistency. It is evident from the fact that the allocation for S&T Sector had increased from Rs. 258.250 million in 1999-2000 to Rs. 2510.400 million in 2001-02 and Rs. 2916.446 million in 2002-03.

4.108 Major thrust of Scientific & Technological Research Division remained on development of S&T manpower in high technology fields. The emphasis was also laid on human resource development, upgrading of the R&D infrastructure, restructuring of R&D organizations, technology development and Science & Technology for Economic Development (STED) Programme.

### Financial Review

4.109 An amount of Rs. 2916.446 million was allocated for Science and Technology sector in PSDP 2002-2003. Of this, Rs 2600.180 million were allocated to S&TR Division. But subsequently, Rs 1646.409 Million was transferred to Higher Education Commission (HEC), leaving behind a balance amount of Rs 953.771 million. In Mid Year Review, the allocation of the S&TR Division was further reduced by a cut of Rs 195.184 million to Rs 758.587 million (Rs 171.967 million projects due for completion by June 2003 are not included in this proposal). Hence, the total allocation of S&TR Division (after adding F. Aid of Rs 4.092 million) stands at Rs 764.495 million. The expected utilization is Rs 559.728 million (74%). Further, Rs 65.266 and Rs 251.000 million were allocated to two projects each of Pakistan Atomic Energy Commission (PAEC) & SUPARCO. The total expected utilization for whole S&T Sector, hence, stands at Rs 875.954 million against revised allocation of Rs 1080.721 million.

### Physical Review

4.110 Human Resource Development in S&T remained the main objective during the year 2002-03. Adequate funds were allocated to scholarship schemes like TROSS, Indigenous PhD Programme, Split PhD Programme, Merit Scholarship Scheme and Post Doctoral Fellowship Schemes. Public Sector Universities were provided funds to upgrade/strengthen their science, engineering and IT departments, laboratories and libraries. The infrastructure/equipment in most of these universities is obsolete and thus provision of funds helped them to keep pace with the requirements of new millennium.

4.111 Public-private partnership in S&T/R&D was encouraged and some new projects were initiated involving private sector. Government encouraged the self-generation of

funds by R&D institutions/universities through tuition fees, laboratory testing/analytical facilities and consultancy to industries/private sector.

4.112 To upgrade/strengthen the existing R&D infrastructure, a number of schemes were initiated in 2002-03 like Establishment of Virology Laboratory at CAMB, DNA Analysis for crime Investigation at CAMB, Upgradation of the Center for Applied Molecular Biology, Upgradation of Laboratories and Libraries of PCRWR and Molecular Diagnosis (PCR-based) of Infectious and Genetic Diseases. The effort in this direction will make R&D institutions more effective/efficient. Three projects for Strengthening of Polytechnics of Punjab, Balochistan and NWFP were funded to introduce technologies like Food Processing & Preservation, Electronics, Computer Information & Hardware, Industrial Electronics, Textile Machinery (repair & maintenance) and Plastic Mould Making for developing a quality training infrastructure as well as producing pool of technically trained manpower in said technologies/trades

4.113 Pakistan Council of Scientific and Industrial Research (PCSIR) up-graded its R&D potential to provide technical, analytical, consultancy and repairing facilities/support to local industry. PCSIR modernized its labs for R&D and repair/maintenance facilities. Major projects of PCSIR funded in 2002-03 include Strengthening and BMR of R&D Capabilities of PCSIR Laboratories Complex, Karachi, Establishment of PCSIR Laboratories, Quetta Balancing, Modernization and Upgradation of R&D Facilities of PCSIR Laboratories, Peshawar and Establishment of Facilities for Rubber Technology.

4.114 PCRWR implemented different programmes of national importance including mitigation of drought disaster in Cholistan deserts, upgradation of WRRC Quetta, and National Water Quality Management Programme. CAMB was allocated funds for important programmes like virology laboratory, DNA analysis for crime investigation, Upgradation of CAMB and Molecular Diagnosis (PCR – Based) of infectious and genetic diseases. Similarly adequate funds were provided to several small-scale projects of CWHR, HEJ Research Institute, PCST, NARC, PAEC and NIO to support R&D work in areas of national importance.

4.115 In order to make sure the adequate utilization of public funds, S&TR Division devised a mechanism for proper monitoring of on-going projects. Monitoring teams comprising experts of related fields visited the projects to physically inspect the real output. The projects found progressing on fast track were allocated extra funds in order to complete these projects in stipulated time. On the other hand, those projects which were slow moving were deprived of further allocations.

#### **Programme for 2003-04**

##### **Financial**

4.116 A total of Rs 1420.594 million including foreign aid of Rs 32.000 million have been earmarked for Science & Technology sector for the year 2003-04. The S&T Sector includes projects of the S&TR Division, PAEC, Pakistan Meteorological Department and Space And Upper Atmosphere Research Commission (SUPARCO) with tune of Rs

1253.594 million for S&TR Division, Rs 20.000 million for PAEC, Rs 127.000 million for SUPARCO and Rs 20.000 million for Pakistan Meteorological Department.

### **Physical**

4.117 As far as the three years 2003-06 plan and the long-term S&T policies are concerned, consistent financial support from the government to R&D institutions, scientists, entrepreneurs and technologists will go a long way towards developing an infrastructure designed to contribute to the development efforts of the country. Some steps have already been taken in the field of new emerging technologies, such as biotechnology, new materials, electronics & alternate sources of energy. These need to be consolidated.

4.118 S&TR Division is presently implementing only one PhD Scheme i.e. TROSS while rest of the HRD schemes have been transferred to HEC. The scheme would continue to provide trained manpower for future needs of the country.

4.119 PCSIR will continue its R&D activities to cater for the needs of local industry. The ongoing projects of PCSIR have been adequately funded in PSDP 2003-04. The new initiatives include projects like PCSIR Industry Linkage Programme, Establishment of Precision Mechanical & Instrument Technology Center at PCSIR Campus Lahore (Chinese Assistance), Establishment of Dimension Stones Evaluation Center, Establishment of Pakistan Institute of Technology for Minerals & Advanced Engineering Materials (PITMEAM), PCSIR Laboratories Complex Lahore, and Strengthening & BMR of the R&D Capabilities of Fuel Research Center at PCSIR, Karachi.

4.120 PCRWR will continue to implement its R&D/S&T programmes for enhancing its research capabilities in water sector problems. Besides continuation of ongoing projects, major new projects include Demarcation of Ground Water Quality Zones in Indus Plain and its Marginal Areas for Sustainable Development and Management of Ground Water (Phase-I) and Improved Water Conservation Practices for NWFP and Northern Areas of Pakistan.

4.121 Pakistan Standards and Quality Control Authority will strengthen its equipment and infrastructure by initiating important projects like Up-gradation/strengthening of Technical Services Center (Component of PSQCA), Lahore. The construction of PSQCA Headquarter Building will also commence. Similarly CAMB, NIO, NIE and NUST are provided with sufficient allocation to implement ongoing/new projects of national importance. These projects would certainly contribute a lot to improve the obsolete infrastructure/equipment in these organizations. Some projects of the institutes are of very important nature as they involve public-private partnership and others have objectives to introduce emerging technologies of future.

4.122 SUPARCO will be funded to implement its project for establishing Islamabad Institute of Space Technology, (IIST Phase-II) with modern infrastructure and acquire equipment for another project namely, National Centre Remote Sensing and Geographical Information System, Karachi. Similarly one project each of Pakistan Atomic Energy

Commission (PAEC) and Pakistan Meteorological Department has also been funded to undertake R&D activities.

## HIGHER EDUCATION

### Review of 2002-03

4.123 The driving force for the economic uplift of a nation is considered to be its trained manpower and industrial and R&D infrastructure proper equipped. It is increasingly recognized that in the context of major economic & technological changes, the system of higher education should equip students with adequate skills to enable their full participation in emerging social, economic and cultural environment. High-level science & technology manpower in Pakistan is indispensable for building S&T capability, modernizing and streamlining industry, transport and communications, energy, health, agriculture and social set up. Presently, there are 46 public sector universities and degree awarding institutes in Pakistan; out of which 30 are general universities/institutes; 16 are professional universities in engineering and agricultural sciences besides 7 centers of excellence. These universities/institutes offer programmes in different disciplines ranging from bachelor to PhD level.

4.124 The main emphasis has been laid on human resource development, infrastructure development in universities, introduction of information technology and other emerging sciences at university level, strengthening of laboratories and Libraries, faculty development, popularization of R&D culture, linkage among universities/industry and curriculum development/revision in the universities.

### Financial Review

4.125 A total allocation of Rs 4.286 billion (Rs 3.786 billion PSDP allocation & 0.500 billion as special grant) was made for the development projects of the HEC/Universities/Institutes during PDSP 2002-03. The expected utilization (as communicated by HEC) is 100% of the allocation at the end of financial year 2002-03.

### Physical Review

4.126 Higher Education Commission (HEC) was established as body corporate in 2002 to replace UGC and look after issues relating to higher education in the country. Ongoing projects relating to higher education in different ministries/divisions like S&TR Division, IT&T Division and Ministry of Education, were transferred to HEC. Some projects were already being implemented by former UGC and a number of new projects were conceived, approved and funded to cater for academic/R&D and industrial needs of the country. Public sector universities/institutes were provided financial support for modernization of their obsolete equipment/infrastructure, faculty development, human resource development, revamping of curricula and computerization/networking of the campuses across the country.

4.127 The main focus of HEC remained on human resource development for sustainable economic development of the country. Many ongoing scholarship schemes were transferred to HEC from S&TR Division, IT&T Division and M/o Education like Development of S&T Manpower through Indigenous PhD (300 Scholars), Merit Scholarship Scheme for PhD in Science & Technology, Development of High Level S&T Manpower through Split PhD Programme, Post Doctoral Fellowships, NUST IDB Fellowships, Quaid-I-Azam Scholarships and IT HRD Scholarships for all provinces. These scholarship schemes were designed to train requisite number of manpower through PhD/post-doctorate in universities at Pakistan, split programme or abroad.

4.128 The development of infrastructure at public sector universities and development of new institutes in emerging sciences was also an important objective of long-term policy for modernizing of universities in Pakistan to bring them at par with international reputed institutions. S&TR Division had taken initiative to strengthen laboratories and libraries of all public sector universities by funding small projects with cost under Rs 40.00 million. All ongoing programmes in this category were shifted to HEC in 2002 and these projects contributed a lot towards the replacement of obsolete infrastructure in the universities. Similarly projects relating to infrastructure development were transferred to HEC from M/o. Education and IT&T Division. Some new initiatives were also funded by HEC through special grants. Establishment of 3<sup>rd</sup> World Center for S&T, Establishment of NUST HQ, Acquisition of land for NUST HQ and Establishment of Petromen University and Establishment of Virtual University are few examples of setting up of new institutes with modern facilities in the country.

4.129 Computerization and introduction of IT culture at university level and setting up of state-of-the-art institutes in IT was need of time. The projects shifted to HEC from IT&T Division were related to this main objective. IT infrastructure/facilities strengthening projects for AJK University, PIEAS, University of Agriculture, Faisalabad, NUST IT Institute, Development of Department of Computer Science at Karachi University, Strengthening of Petromen Institute and Establishment of IT College at Punjab University are a few of several others to mention. Similarly funds were allocated for Sindh University, Mehran University, Arid Agriculture University Rawalpindi, COMSATS Institute of Information Technology, Gomal University DI Khan, UET Taxila, UET Khuzdar, IBA Sukkar and other institutes/universities for development of facilities/ acquisition of equipment for IT/computerization/.

4.130 Many programmes/projects relating to faculty training, curriculum development and development of universities/industry linkage were also undertaken. Curriculum of graduate and postgraduate level classes was reviewed and modernized on the basis of international standards. Funds were allocated in different schemes of universities for the training of faculty and staff. Universities were supported to design/initiate projects in collaboration with each other and with the private sector/industry in order to focus on applied research and also on cost sharing basis.

## **Programme For 2003-04**

### **Financial**

4.131 A total of Rs 4477.613 million including foreign aid of Rs 10.000 million have been earmarked for Higher Education Commission for the year 2003-04. This includes Rs 2570.299 million for ongoing and Rs 1907.314 million for new projects.

### **Physical**

4.132 A high priority has been given to the promotion of Higher Education in the country especially at M. Phil and PhD levels. To achieve this objective, HEC has approved various development schemes in areas such as Information Technology, Computerization and Networking; Human Resource Development; Infrastructure development at universities; Development of university-industry linkage and faculty development/curricula revision etc. in almost all universities. This will lead to revamping of higher education, especially in the field of science & technology, governance, reforms, rehabilitation of infrastructure, strengthening of research incentives to faculty, university- economy linkage, curriculum development and budgeting.

4.133 Besides the ongoing schemes, the main new programmes of HEC on Human Resource Development for 2003-04 include: PhD Scholarship for 5000 Scholars (cost Rs 6,419.000 million); Improvement and enhancement of Higher Education in Pakistan (cost Rs 120.000 million); PhD Scholarship for Engineering Sciences in Germany (cost Rs 199.510 million); PhD Fellowships for Scientists in Austria (cost Rs 187.300 million) & PhD Scholarship for Basic Sciences in China (cost Rs 198.160 million). These projects will create a mass of highly trained manpower in cutting edge/emerging technologies necessary for pure R&D as well as applied work.

4.134 The public sector universities/institutes will be adequately funded to upgrade/modernize infrastructure and equipment. New state-of-the-art institutes will be set up in IT and S&T fields. The 3<sup>rd</sup> World Center for S&T, which has been allocated huge funds to acquire modern equipment to establish modern facilities for R&D, work in on collaboration research in chemistry. Pak-Japan Center for IT and Communication, National University of Engineering Sciences Lahore, Virtual University, Petromen University, IT and Management Sciences and Telecom Institute at NUST, NUST HQ and Establishment of Karakoram University will be strengthened. The universities, which have been funded for their projects, will set up central resource laboratories, repair of equipment and machinery and meet their urgent needs.

4.135 It is now well-established reality that universities/institutes of higher education have to collaborate/interact and exchange information within country and at international level to explore new horizons in R&D work and also to avoid isolation from rest of the world. Information Technology, no doubt is the major tool to achieve this objective because it is fast, reliable and cheaper way for frequent interaction. Video conferencing, networking facilities, multimedia presentations and voice and images over Internet are now

the realities that mankind had never thought of happening. In order to connect all the public sector universities in Pakistan a major programme was initiated by HEC to fund individual projects of universities for networking, development of IT facilities and computerization. These projects will be completed to provide a nationwide facility for all universities to access each other through Internet as well intranet and share resources/information.

4.136 Faculty/curriculum development is a key for better education to the students. In order to provide better higher education to students and elevate standard of higher education in Pakistan, a 3-way approach will be adopted firstly to develop infrastructure/acquire modern equipment; secondly to induct fresh PhD faculty and thirdly to revise old curricula and train the existing faculty to enhance their capabilities. A National Faculty Academy, proposed at a cost of Rs 197.687 million, will be established for local training of university faculties with latest developments in major fields of studies. To overcome shortage of faculty in key technologies a programme for hiring of foreign faculty (mostly expatriate Pakistani teachers) has been proposed at a cost of Rs 3285.912 million. Most of the curricula revision has already been done, however, the process will carry on to achieve the objective.

## INFORMATION TECHNOLOGY

4.137 Information technology (IT) has assumed unprecedented importance in the global economic arena. In Pakistan, the present Government is according a very high priority to this sector. One of the prerequisites for ensuring sustained growth of the industry, nay the economy, is the provision of a definite framework consisting of policy, legislative, financial, and operational guidelines, which can provide a stable umbrella for growth. Thus, the government, as the main facilitator, enabler, and promoter of the IT sector, has evolved an effective national IT Policy and Action Plan that clearly caters to the needs of nurturing the industry and is responsive to the dynamic forces of change that can affect its future growth. The Private sector is being brought into the mainstream as the main driver for growth. The guiding theme for the Policy is that 'the Government shall be the facilitator and enabler to encourage the Private sector to drive the development in IT and Telecommunications'. The vision of the Policy is to harness the potential of Information Technology as a key contributor to development of Pakistan and the broad-based involvement of the key stakeholders is a must for its sustainable development. Core IT Policy strategies have been proposed under several focus areas and some of the lead recommendations in each area are as follows:

- i) E-Government.
- ii) IT Industry Development
- iii) IT Education at Schools/College Level.
- iv) Targeted IT HRD Development as per Market Demand.
- v) Infrastructure Development

vi) Software development.

### **Review of 2002-2003**

4.138 An amount of Rs. 3265.2 million were provided under PSDP 2002-03 for IT & Telecommunications.

### **Major Achievements in the Year (2002-2003)**

4.139 Following are the three main focus areas of MOIT's program:

1. E-Governance Program.
2. IT Industry Development Program.
3. Human Resource Development.

#### **E-Governance Program:**

- The first ever Citizens Portal of the Government of Pakistan has been launched on test/trial basis. Web sites of 34 Divisions and 3 special purpose web sites have been developed and connected with the portal. Electronic Forms are placed for downloading by the Public.
- Ministry of IT is posting advertised tenders for procurements, details of tenders, Bids received, short-listing and contract awarded for improved transparency.
- Automation of Export Promotion Bureau.
- ATM network has been provided at selected branches of National Bank of Pakistan to facilitate the low income federal government employees.
- Design and Development of "Multi-Channel Speech Compression System" and "Virtual Private Network" at the Military College of Signals Rawalpindi.
- A project has been initiated by E-Government Directorate to train probationary officers in the field of IT this would enable officers to make use of the tools of IT to increase efficiency.
- Projects like computerization of arms and licenses, computerization of registration deeds, Crime Control and FIR online, Agency Specific applications, GIS, training to employees etc are under implementation.
- Pakistan Computer Bureau is being strengthened to provide technical assistance and bring uniformity in the architecture of Nation wide applications.

### **IT Industry Development Program:**

- PSEB has organized exhibitions in collaboration with ITCN to promote the software industry of Pakistan. In this regard exhibitions targeting both the domestic and foreign markets have been arranged.
- PSEB has implemented a pilot project for industrial automation. The main outcomes of the project are demand for IT Industry, better productivity tools for conventional industry and employment opportunities for IT professionals.
- PSEB has implemented ISO 9001 certification project to improve the product quality of our IT Industry.
- An internship project has been implemented to enhance the skill set of young graduates and establish a better linkage between IT Industry and Educational Sector. The chances of getting/absorption for an internee are enhanced.
- 4 IT parks have been established in the public sector. In these IT Parks, high-speed bandwidth is brought to the premises, data network within the building is set up and managed and space is rented out at affordable rates. All this has been done through development projects.

### **Human Resource Development:**

#### **Infrastructure Support for Degree and Post Degree Level IT Education**

- Connectivity to 56 UGC recognized universities. In addition to the local content, an aggregate 4 Mbps international connectivity (upgradeable to 32 Mbps) will also be provided.
- Multimedia Platform. The project will set up a Multimedia Asset Management System capable of storing, compiling and content over digital satellite broadcast television, internet and cable television channels.

#### **IT Education at School & College Level**

- 25 Federal Government Schools and Colleges have been provided with computer labs and other resources through a project.
- 25 PAF Schools and Colleges are being provided with computer labs and other resources through a project.
- 23 Federal Government Colleges and 20 Schools in cantts/ garrisons have been provided with computer labs and other resources through two projects.
- Government College Lahore and Lahore College for Women have been provided with computer labs and other resources, two separate projects.
- Colleges (2 each for men and women) in Northern Areas have been provided with computer labs and other resources.

- Cadet College Sanghar (Sindh) and Military College Jhelum have been provided with the computer labs and other resources.

#### **Targeted IT HRD Training**

- 1400 Inter-Networking (Cisco) engineers.
- 760 students trained in Legal Transcription.
- 1104 students trained in Medical Transcription.
- 536 students trained in Quality Control.

#### **Financial Review**

##### **Financial review of the year 2002-03 depicts the following scenario.**

4.140 During the year under review an allocation of Rs.3609.620 million was made to IT and Telecom Sector. Out of which an amount of Rs.1233.790 million was surrendered to Higher Education Commission's Projects. Thus leaving Rs.2375.790 million as net allocation for IT and Telecom Division. Total releases made to IT sector in July – April 2002-03 are Rs.838.036 million and it is reported by IT Division that Rs.790.506 million were spent thus showing 33.3% utilization in the year under review.

#### **Review of Implementation of Projects**

4.141 The following major projects were initiated/implemented during the year:

- i) Virtual University
- ii) Education Intranet
- iii) Establishment of Multimedia Platform at Virtual University for Education Electronic Government.
- iv) PAKSAT

4.142 HRD projects were transferred to Higher Education Commission; these projects mainly deal with setting up of IT infrastructure at degree awarding institutions and colleges.

#### **Programme For 2003-2004**

4.143 An amount of Rs. 2000.1 million have been allocated under PSDP 2003-04 for IT & Telecommunications.

1. The E-Governance program is being followed aggressively and the plan is to deliver dynamic and transaction oriented interfaces for the public. In addition work would be done on re-engineering and automation of back end office work of Federal Divisions by developing Agency Specific Applications. A complaint

management center is also under consideration. The following projects are in the pipeline: *Electronic Office for selected Divisions, Web Sites for Pakistani Missions Abroad and Setting up PKI for Pakistan*. A state of the art infrastructure for connectivity and interconnectivity is to be provided; in this regard a Multi Services Data Network is already under implementation. Pakistan Computer Bureau (PCB) is expected to lay down core standards for IT applications and system architectures. PCB is finalizing a number of projects for teacher training in consultation with the respective Provincial governments.

2. In case of the IT industry, the Ministry of IT will continue to create projects with a mix of conventional as well as aggressive approach to support our industrial sectors. Projects like Industrial automation (at a larger scale), internships, international exhibitions, e-commerce infrastructure and applications would be continued. The E-Governance Program of the government will create a big demand within and it is expected that Local Industry will benefit the most. Projects are also under consideration for IT exhibitions to uplift the domestic IT market as well as attracting foreign companies. More Financial incentives are proposed to strengthen a strong domestic IT Industry. Markets of Developing and under developed countries will be explored aggressively. It is expected that after the success of the IT parks in the Public Sector, private sector will also adopt the pattern.
3. To promote e-commerce, the Ministry is strengthening its resource base to implement E-Commerce projects. The following projects by PCB are under consideration; Mobilization of Technology Resources and IT Indicators Survey.
4. The Higher Education (Graduate and Post Graduate Level) portion of the HRD Program has been transferred to Higher Education Commission (HEC). Nonetheless IT & T Division plans to continue its support at grass root level and major projects are in the pipeline e.g. IT Teacher training programs and establishment of labs in secondary schools. In case of vocational training PGD training to 100 graduates from the Balochistan has been completed and continuation of the program is proposed. IT & T Division will continue to assess the needs of the IT industry and initiate targeted programs.

## **HEALTH AND NUTRITION**

### **Health**

#### **Review of 2002-03**

##### **i) Financial**

4.144 Total allocation for Health and Nutrition Sector in Federal PSDP was Rs.3544.944 million including foreign aid of Rs.333.700 million during 2002-2003. Revised Estimates are Rs.3459.264 million for the period showing 96.5 % utilization of the total allocation during the period under review.

4.145 Almost Rs.3000.00 million were allocated to the preventive programmes during the period i.e. National Health Workers Programme for Family Planning and Primary Health Care, (Rs.1791.00) Expanded Programme of Immunization, (Rs.500.00) Malaria Control Programme, (Rs.31.00) Women Health Project, (Rs.237.00) National T.B. Control Programme (Rs.25.00) and High Risk Area Approach for National Tetanus Programme (Rs.100.00) for 2002-03 and Rs. 590 million for Twana Pakistan Project..

## ii) Physical

4.146 The physical achievements during the year are addition of 980 hospital Beds, Graduation of 4200 Doctors-330 Dentists-2700 Nurses and 4800 Paramedics. Immunization Programme has been able to protect 53% of Children against seven communicable diseases, while management of diarrhoea through ORS was carried out by provision of 17 million ORS Packets. Efforts to eradicate polio from the country are in final stages as only 21 cases were reported this year 2003 against 90 cases of 2002. Vaccination against Hepatitis B has been included in the Vaccination Programme and being implemented countrywide.

4.147 As planned the number of Lady Health Workers has been increased to 70,000 thereby increasing the coverage by LHWs of target population to 58%. Under Malaria Control out of 45 High Risk Districts 24 have been covered and for T.B. Control directly observed therapy (DOTS) is being implemented in 79 Districts all over the country as planned.

4.148 In the wake of increase in the incidence of cancer patients the PAEC cancer hospitals are catering to about 80% of cancer patients all over the country. This year more than 3,30,000 patients were attended through these centers for diagnosis and treatment of cancer. Furthermore the women constitute almost 50% of the total population. The incidence of Breast Cancer is reported to be 30% of all the cancers reported in women. The new cases of Breast Cancer in the country can be estimated up to 45,000 per annum. The project "Development of Breast Care Clinics at all PAEC Nuclear Centres" has been initiated at the cost of Rs.157.3 million. After Commissioning of these centres about 20,000 such patients will be treated per annum. By this was, one third cases of breast cancer can be easily averted from suffering while one third cases can be easily treated and controlled through establishment of counseling and awareness centers.

## Programme For 2003-04

### i) Financial

4.149 A amount of Rs.4708.075 million has been allocated in the Federal PSDP (2003-04) to the Health and Nutrition Sector including foreign aid of Rs.444.000 million against the demand of Rs.7707.088 million. This is 2.9 % of the total PSDP outlay of Rs.160.00 billion. Major portion of the allocation goes to preventive programmes. Agency-wise allocation is given in Table 4.2.

**Table 4.2**  
**Agency Wise Allocation for 2003-04 in Health Sector**

	Allocation	F.Aid	Rupees
Health Division	4372.525	444.000	3928.525
Pakistan Atomic Energy Commission	320.000	0.000	320.000
Interior Division	2.000	0.000	2.000
Narcotics Control Division	13.550	0.000	13.550
<b>Total</b>	<b>4708.075</b>	<b>444.00</b>	<b>4264.075</b>

**ii) Physical**

4.150 The physical targets during the year are addition of 1000 Hospital Beds, Graduation of 4800 Doctors-360 Dentists-3000 Nurses and 5000 Paramedics. Under the Immunization Programme 70% of Children against seven communicable diseases, will be vaccinated while management of diarrhoea through ORS will continue by provision of 17 million ORS Packets. Efforts to eradicate polio from the country are in final stages and the target for this year is elimination of polio from the country. Efforts to strengthen Vaccination against Hepatitis B will continue all over the country.

4.151 During the period 2003-04, 20,000 additional Lady Health Workers will be recruited thereby increasing the number/target to 90,000 and coverage to 85% of targeted population. Under the T.B. Control Programme, the DOTS coverage is planned to be expanded to additional 28 Districts so the total coverage will be extended to 107 Districts. Under the Roll Back Malaria Control Programme of High Risk Area Approach 28 Districts are planned to be covered during the year. The efforts to strengthen the existing PAEC facilities especially the treatment and prevention of Breast Cancer in Women will continue during the period

**Nutrition**

4.152 Adequate Nutrition is an important concern of public well being and health, a concern which is indicative of the state of human deprivation thus a cause of poverty . Malnutrition, if unchecked ultimately leads to health consequences, which burdens an individual's resource. It also restricts capabilities and reduces one's full participation in the social and economic activities. Therefore, to increase individual capacities and capabilities to fully participate in economic activities of the country some nutritional inputs are required.

**Review of 2002-03**

**Financial**

4.153 Rs.644 million were allocated for Nutrition Programmes and Rs. 587.7 million were utilized. The major programmes included, salt iodization programme (Rs.3 million)

& for Wheat Flour Fortification with Iron (1 million) by Planning and Development, Improvement of Nutrition through Primary Health Care Project (Rs.50 million) by Ministry of Health and Tawana Pakistan Project (School Nutrition Package for Girls) (Rs. 590 million) reflected by the Women Development and Social Welfare Division. Details of the allocation and expenditure for 2002-03 is given in Annex 4.12.

### **Physical**

4.154 Nutrition is a multi-sector concern, therefore its programme are being implemented across sectors. The nutrition programme during the year have been implemented through, Ministry of Women Development, Health, Agriculture and the private sector.

4.155 The following programmes remained in progress during 2002-03:

#### **Micronutrient Deficiency Control Programmes:**

4.156 The major component of Nutrition is micronutrients deficiencies e.g. Iodine, Iron, Vitamin A. Programmes at various level remained under implementation during the year, and are summarised as under:

##### **a. Control of Iodine Deficiency Disorder**

Iodine Deficiency Disorders (IDD) is an important micronutrient deficiency prevailing in the country. The problem is being addressed, production and promoting use of iodised salt. The project of Iodine Deficiency Disorders through universalizing Iodised Salt by promoting its use among population and households. Promotional campaign through Electronic print media and inter personal communication remained in progress to increase demand for iodised salt. Two workshops were organised with salt producers, retailers, private and public sector stock-holders to overcome problems related to production and marketing of iodised salt.

##### **b. Control of Iron Deficiency, through Flour Fortification**

To overcome the iron deficiency anaemia, a feasibility study for wheat flour fortification with iron is under way. The study has four components viz: Production, Stability & Acceptability, Bio-availability and Community Based Efficacy trials. A similar study through small-scale grinders (chakkies) is also in progress.

##### **c. Control of Vitamin A Deficiency:**

Vitamin A supplementation of children from 6 month to five year of age is being implemented as part of National Immunisation programme, through NIDS and sub NIDS to protect children from Vitamin A deficiency.

### **National Nutrition Survey:**

4.157 The Pakistan National Nutrition Survey has been completed during 2001-02. The draft results were made available in 2002-03 and final report is in progress for printing.

### **Improvement of Nutrition Through Primary Health Care and Awareness:**

4.158 The project during the year 2002-03 initiated following activities:

- i. A Nutrition wing in the Ministry of Health was established through a development project "Improvement of Nutrition through Primary Health Care and Nutrition Education/Public Awareness; at a cost of Rs. 302.8 million. The major aim of the project is strengthened Nutrition Component in the primary health care. The major activities of the project are:
  - Micronutrient Supplementation.
  - Support to LHW Programme.
  - Information, Education and Communication.
  - Human Resource Development of Health Care providers.
  - Nutrition Research.
- ii. Media Campaign: Awareness campaign was made through Electronic Media and Printed Media (Press) for creating awareness about proper Breastfeeding and Weaning, girl children nutrition and balance food consumption.
- iii. Community Nutrition: 20,000 LHWs and LHW supervisors were trained in ICT NWFP, FATA and Azad Jammu and Kashmir. This covered growth monitoring of children during pregnancy optimal of breastfeeding weaning and Micronutrient Supplementation.
- iv. Vitamin A Supplementation: 7 million Vitamin A capsules were procured and same quantity was gifted by UNICEF for administration to the young children for Vitamin A supplementation.
- v. Research: A workshop on development of nutritional food based dietary guideline was organised at NIH.

### **Community Nutrition Programme:**

#### **School Nutrition package for girls: Tawana Pakistan Project**

4.159 This programme addresses widespread malnutrition in girls constituting almost 45% of Population which will pay dividends in short and long term.

4.160 A National Nutrition Implementation Units (NIU) has been set up in the Ministry of Women Development to oversee and manage the project implementation. Tawana Pakistan Project Cell has been set up at Pakistan Bait-ul-Mal Headquarter with linkages at the provincial headquarters and Pakistan Bait-ul-Mal district offices to supervise and managing the feeding programme and funds utilization and logistic support and coordination. The existing infrastructure of Bait-ul-Mal at district level has been reinforced with a social mobilizer and data entry operator in 29 project districts. The Aga Khan University is providing technical assistance to the project which includes development of training material and training and Community mobilization with the collaboration of NGOs. So far community mobilizers and data supervisors have been appointed in 29 districts and have been trained. The computers and peripherals are being distributed in 21 district and management information tools have been printed and distributed in 16 districts. The following progress has been made during 2002-03:

- 13 Districts have been covered under feeding programme so far: Punjab (5), Sindh (3), NWFP (2) and Balochistan (3).
- 3,124 schools/communities have been covered in terms of field work that involves collection of baseline survey, formation of School Tawana Committee (STC), opening of STC account, Identification/appointment of Community Organizers, preparation of weekly menu by the STC, purchase of utensils, supply of Weighing Machines and Measuring tapes, etc: School covered in provinces: Punjab (1,436), Sindh (702), NWFP (520), and Baluchistan (476).
- Feeding is continuing in 820 schools as of May 02,2003: Punjab (373), Sindh (282), NWFP (13), Balochistan (152).
- First instalment of micronutrients and deworming medicine has been distributed to 18 district: (Punjab: 8, Sindh 4, NWFP 2, Balochistan 4). These supplements have been distributed to 62 schools so far: (Punjab-49, Sindh-10, NWFP-3).
- 3,027 School Tawana Committees have been formed: Punjab (1,390), Sindh (696), NWFP (490), Balochistan (451).
- 2,012 School Tawana Committee Accounts have been opened: Punjab (1,051), Sind (471), NWFP (276), and Balochistan (214).

4.161 During the next financial year (2003-04) the project activities in 29 districts to cover 5300 schools and 530,000 girl students, will be undertaken/continued.

#### **PSDP for 2003-04**

4.162 Rs. 775.1 million have been allocated in PSDP 2003-04 for the ongoing Nutrition Programmes sponsored by different ministries. Details of the programmes and allocations for 2003-04 are given in Annex 4.12. A new Project Micro-Nutrient Control Programme

(Rs. 174 million) for Iodine deficiency, Iron deficiency & Vitamin A deficiency is under process.

4.163 The major nutritional activities under the following programmes will be pursued during 2003-04.

1. Control of IDD, Salt Iodisation Project.
2. Feasibility of Wheat Fortification Programme.
3. Improvement of Nutrition through Primary Health Care and Nutrition Education/Public Awareness, Ministry of Health
4. School Nutrition Package for Girls Tawana Pakistan Project
5. Micro-Nutrient Control Programme for Iodine deficiency, Iron deficiency & Vitamin A deficiency and Monitoring & Evaluation.

## **Population and Development**

4.164 With population of 147.3 million (2003), Pakistan ranks at 7<sup>th</sup> position in terms of population size. It is encouraging to note that the demographic transition has started and the growth rate is estimated to decline to 1.9 percent by mid 2004. There is an annual net addition of over 3 million in the total population, of the country. The country has to arrange, additional resources to feed, cloth and provide various services to population.

4.165 The population of the country has marked young age structure, a high dependency ratio and big size. The increasing number of population has resulted in low human development, low savings & investment, low labour force participation rate and low per capita income. Hence, Pakistan is classified among the low-income countries. A large number of theoreticians, policy planners, economists, sociologists still believe that multiple factors are responsible for low performance in the field of population planning. The government of Pakistan has realized that if the population grows faster than the economic growth, the country will never be able to meet the needs of their people for economic and social services and every one will suffer especially the poorest. Higher population growth rate is leading to rapid depletion of national resources and additional demand for resources and infrastructure. It is responsible for jeopardizing the whole Planning & Development efforts in the country.

**Table 4.3**  
**SELECTED DEMOGRAPHIC INDICATORS**

<b>INDICATORS</b>	<b>YEAR (2003)</b>
Total Fertility Rate (TFR)	3.8
Crude Birth Rate (CBR)	27.3
Crude Death Rate (CDR)	8
Growth Rate	1.93
Infant Mortality Rate (IMR)	83
Maternal Mortality Rate (MMR) (per 100 thousand live birth)	350-435
Life Expectancy: Male	64.2
Female	64.1
Total	64.1
Contraceptive Prevalence Rate(CPR)	32

### **Review Of Annual Plan 2002-03**

#### **Financial Utilization 2002- 2003.**

4.166 As against the financial allocation of Rs. 2300 million the MOPW had actual financial utilizations amounting to Rs. 847.846 million,(42 %) up to March 2003. It is estimated that the MOPW will be utilizing Rs.2100 Million (95%) by June 2003. The utilization rate was affected due to late releases of funds.

#### **Service Infrastructure:**

4.167 During the period under review, the service delivery remained satisfactory. The program involved 1901 Family Welfare Centres (FWCs), 108 Reproductive Health (RHS) 'A' center, 7000 service outlets of health and other provincial line departments (PLSs) and 369 Target Group Institutions. In addition to that 24495 Registered Medical Practitioners, 15955 Hakeems, 9170 Hopeopaths and 1343 Village Based Workers (Male) were also involved.

#### **Prospects For 2003-04**

#### **5. Objectives During 2003-04:**

4.168 Following are the major objectives;

- Decrease the population growth rate from 1.9 % in 2003 to 1.82 % in 2004.
- Increase the coverage of family welfare awareness from 65% in 2003 to about 76% in 2004

- All service outlets of health departments will offer reproductive health services including family planning.
- Increase contraceptive prevalence rate (CPR) from existing 30% (2003) to 43 % in 2004.
- Enhance involvement of NGOs/ civil society organizations and social marketing projects.

**Financial:**

4.169 During the year 2003-04 the population welfare program is likely to be allocated Rs. 3114.9 million.

**Service Delivery:**

4.170 During the period 2003-04, the Population Welfare program envisages to establish 358 additional Family Welfare Centres (FWCs), 18 Reproductive Health (RHS) 'A' center, involve 131 outlets of Target Group Institutions, and recruit 3638 Male mobilizers/ Village Based Workers (Male).

**Programmes:**

4.171 As a follow up of International Conference on Population and Development (ICPD) decisions, a package of reproductive health has already been introduced to target population. A comprehensive reproductive health (including family planning) approach has been adopted. A holistic approach for population welfare program will be focused to ensure community participation. A missing link of first referral system for the community-based workers will be established.

4.172 The young population, under 15 years of age, will be focused. The youth will be informed about the consequences of rapid growth of population. Concerted efforts would be made for behavioural change of the males and to put more responsibility on this segment of the society. Topics related to gender issues, and environmental problems in relation to population and cross cutting policy concerns will be included in the research program. Efforts will be made towards the commercialization of the family planning program. Inter-linkages amongst different sectors, programs and public & private sector will be created and strengthened through a regular monitoring system. The National Trust for Population Welfare (NATPOW) is being restructured to run professionally and transparently. The capacity of NATPOW will be enhanced and role expanded. The performance and involvement of NGO's/civil society organizations including social marketing projects will be improved and integrated.

## MANPOWER

### Review of PSDP 2002-03

4.173 An allocation of Rs 64.669 million was made in PSDP 2002-03. Total estimated expenditure are Rs 12.988 million, which is almost 20% of total allocations. A sum of Rs.5.185 million was allocated for Labour Market Information System (LMIS) project, which could not be materialized due to non-availability of foreign assistance.

4.174 The project National Vocational Training Project (NVTP) Phase-II was allocated an amount of Rs 53 million, out of which estimated expenditure are Rs 6.818 million. Major project activities included construction work and operational expenditures. In addition, monitoring and evaluation cells were established in the directorates of manpower and training in provinces.

4.175 The project "Support for the Implementation of National Policy and Action Plan to combat Child Labour" was allocated an amount of Rs 6.48 million in PSDP 2002-03, out of which an amount of Rs 6.17 million are expected to be utilized by the end of the year. The project carried out programmes relating to designing and advocacy of awareness, development of plan for rehabilitation of Child Labour, situational analyses, development of database on Child Labour and developing monitoring and evaluation system. On the directives of the Prime Minister of Pakistan, a programme for training of 1824 youth in NTB was initiated, targeting unemployed youth to meet the local and overseas demands of skilled labour.

### PSDP 2003-04

4.176 An allocation of Rs 113.890 million including foreign aid of Rs. 4.870 million has been made for the manpower sector in PSDP 2003-04. Major ongoing programmes are NVTP Ph-II (Rs 28.560 million); and Support for Policy and Action Plan to combat Child Labour (Rs 3.130 million). In addition, the new schemes, ie, Use of Video Films in training (Rs 25.0 million), Labour Market Information System (Rs 5.20 million) and Training of 1824 Youth at NTB (Rs 17.0 million) would also be initiated.

### National Vocational Training Project (NVTP) Phase-II

4.177 An allocation of Rs 28.560 million has been made for the project. Construction work at Toba Tek Singh and Jaranwala will be completed during the year. Out of the total allocation, Rs 24.5 million will be spent on physical infrastructure, while Rs 4.063 million are meant for operating expenditures. Centre-wise break-up of allocations during 2003-04 is given as under:

**Table 4.4**  
**Vocational Training Centre Wise Allocation**

S. No.	Name of Centre	Estimated Expenditure
1.	VTC Jaranwala & TTS.	Rs.4.00 million
2.	VTC Vehari & Muzaffargarh, court case.	Rs.2.00 million
3.	VTC Karak.	Rs.3.00 million
4.	VTC hangu	Rs.2.00 million
5.	VTC Abdulah Haroon Korangi/Kotri.	Rs.3.00 million
6.	VTC Shikarpur	Rs.2.50 million
7.	VTC Khairpur	Rs.2.50 million
8.	VTC Vehari (claim)	Rs.1.00 million
9.	VTC Muzafargarah	Rs.1.00 million
10.	VTC Dera Murad Jamali (court case)	Rs.1.50 million
11.	M/S PEPAC Ltd.	Rs.2.00 million
12.	Operating Cost	Rs.4.06 million
	<b>Total</b>	<b>Rs.28.56 million</b>

**Support for the Implementation of National Policy and Action Plan to combat Child Labour**

4.178 Rs 3.13 million have been allocated for this project in PSDP 2003-04. Various activities to be performed under this project would be:

- i) Review of literature for identification of core issues and relevant Pakistan literature. Review of standard concepts and definitions used by ILO-IPEC.
- ii) Design and Execution of training and orientation programme for Child Labour Unit.
- iii) Design Advocacy and Awareness programmes.
- iv) Examine, Review, Compile and develop the database on Child Labour.
- v) Incorporate Child Labour Concern into government programmes.
- vi) Design and launch the Web page and update on monthly basis.

**Use of Video Films in Training**

4.179 The Project was approved by DDWP at cost of Rs 39.624 million. An amount of Rs 25.00 million has been allocated in PSDP 2003-04. Major activities would be directed towards establishment of a video library in the Media Development Unit of NTB, dubbing of films in local language, and copying them on CDs. In addition, equipment would be provided to Media Development Unit and the provincial reproduction units.

**Training of 1824 Youth in NTB**

4.180 On the directives of the Prime Minister of Pakistan, a programme for training of 1824 youth has been initiated at a cost of Rs 20.00 million. An allocation of Rs 17.00 has been made in PSDP 2003-04 for this project. It will address to the jobless youth and make

them productive organs of the society. In addition, overseas demand for the skilled labour from Pakistan will be met through training in trades, which are of high demand in the country and abroad.

## **WOMEN DEVELOPMENT**

4.181 Government of Pakistan is conscious of the issues of women development and is fully committed to the enhancement of the status of women on the grounds of equity and equality. Government actions for empowerment of women are reflected through enhancement of women seats in the national and provincial assemblies and their participation at the district government and union council level.

### **Review of PSDP 2002-03**

4.182 An allocation of Rs 751.656 million was made to the Women's Development sector in PSDP 2002-03. Out of this an amount of Rs 592.311 million has been estimated as expenditure during the year..

### **Measures taken by the Government to raise the Status of Women**

#### **National Policy for Women**

4.183 The first ever National Policy for Women Development and Empowerment has been announced by President of Pakistan on March 7, 2002. The policy will serve as guidelines to ensure women's participation in socio-economic development and will be the basis of all programmes to be launched for uplift of women folk.

#### **Gender Sensitisation Programme**

4.184 Programme has been launched in federal and provincial governments with the objective to mainstream officers on gender issues by equipping them with tools of effective analysis and interventions in policies and programmes.

#### **Training for Women Councilors**

4.185 A nation-wide program has been developed for training and capacity building linkages with women politicians at provincial and national levels. Objectives are to ensure effective participation of women in political process and ensuring adequate representation at all legislative, elective and decision making processes.

#### **Gender and Poverty Reduction Programme**

4.186 In order to provide economic empowerment to women, the programme will be inter-phased and linked with the provision of micro-credit through the First Women Bank and Khushali Bank.

### **Tawana Pakistan**

4.187 Tawana Pakistan Programme was allocated an amount of Rs 590.00 million in PSDP 2002-03, of which the estimated expenditures are Rs 490.00 million. The Programme is striving to improve nutritional and educational status of girls through provision of food and vitamin supplements in girl primary schools. During the year, girl students in 765 schools, in under developed rural areas of Pakistan, were provided with food and nutritional supplements.

### **National Commission on Women**

4.188 The present Government has established a National Commission on the status of women through promulgation of an ordinance in July, 2000. The task of the Commission is to examine/review the existing policy, programmes, laws and rules / regulations concerning women development and gender equality and make suitable recommendations to improve the status of women.

### **Enhancement of women seats in National and Provincial Assemblies**

4.189 Women seats in National and Provincial Assemblies have been enhanced considerably.

### **Reserved seat of Women Councillors**

4.190 33 % of total seats have been reserved for women councillors.

### **Other Measures**

4.191 Various activities focused towards women's development included establishment of crises centers, computer and literacy centers, credit schemes, nursing hostel and industrial homes.

### **Year 2003 as the Year of Mohtarma Fatima Jinnah**

4.192 In recognition of her role / services in Pakistan Movement and after creation of Pakistan the Year 2003 is being celebrated as the year of **Mohtarma Fatima Jinnah**.

### **PSDP 2003-04**

4.193 The development programme has been prepared in the light of the efforts of the Government for improvement of overall economic and social conditions of women and children. The PSDP allocation for 2003-04 is Rs 810.00 million (Rs 700 million for Tawana Pakistan Project and 110 million for the Normal Women Development Programme).

### **Tawana Pakistan Programme**

4.194 An amount of Rs 700.00 million has been allocated in the PSDP 2003-04 for the

Tawana Pakistan Programme. During this year it is planned to cover all the 530,000 students in 29 districts of Pakistan.

4.195 In addition, national plan of action for women would be pursued to solve the problems of women regarding education, health, insecurity, violence, access to justice and discrimination against women. New programmes to be initiated during the year include establishment of crises centers for women in distress at Mianwali, Kohat, Quetta, Karachi, Peshawar and Lahore; provision of transport facilities to female students; establishment of industrial homes; provision of safe drinking water; and establishment of computer and vocational training institutes for women.

## **SOCIAL WELFARE**

### **a) Performance During 2002-03**

4.196 The Social Welfare Sector was allocated an amount of Rs. 130.759 million during the current financial year, which includes Rs. 112.604 million for training and rehabilitation services for the handicapped, Rs. 13.827 million for Staff Welfare Services, Rs. 1.000 million for Social Welfare Services and Rs. 3.328 million for the Promotion of NGOs. Out of this entire allocation, an amount of Rs. 89.759 million was allocated for the continuation and completion of ongoing projects whereas Rs. 41.000 million has been allocated for six new projects in the Special Education sub-sector for uplifts and betterment of the disabled children. The major emphasis in the sub-sector of Special Education remained on the construction/completion of work in progress at the Federal Capital as well as other places in the country. Six projects out of seven under implementation by the Staff Welfare Organization, Establishment Division are likely to be completed by 30.6.2003 at a total cost of Rs. 91.011 million. The construction work of four Special Education Centres at Provincial HQs. And four Special Education Centres at District/Divisional HQs. Will also be completed by the end of current financial year. Financial assistance to 300 NGOs functioning in far-flung rural areas will also be provided in the ongoing financial year.

### **b). Major Activities Proposed During the Year 2003-04**

4.197 Major emphasis during the next financial year will continue to be on the completion of ongoing projects. Some important initiatives proposed in the development programme of 2003-04 include the development of a Park for the disabled at Islamabad, construction of National Institute of Special Education at Islamabad, National Training Centre for Special Persons at Islamabad, National Library and Resource Centre at Islamabad and construction of Special Education Centre at Gilgit. The Federal Government employees and their dependents will continue to be provided rehabilitation aids during the next financial year. The NGOs will be provided financial and technical assistance to gear up the pace of their development activities. An amount of Rs. 224.835 million has been allocated for the Social Welfare schemes during 2003-04. Out of this entire allocation, an amount of Rs. 199.525 million is allocated for rehabilitation for social welfare and community development, Rs. 12.789 million for development of the NGO sector and Rs. 7.159 million for staff welfare services.

## DEVELOPMENT & RURAL/AREA DEVELOPMENT

### Devolution Programme

4.198 On August 14, 2000, the President announced plan for the devolution of power to local governments. The basic principles of the devolution plan are that it is people and service centre, and aims to carry government down to the grass-roots level. The plan recognises three basic rights of the people: the rights to development, participation, and information. The plan's operational mechanism includes a bottom-up methodology, consensus building, ownership promotion, and issue-based politics. The plan aims to bridge the urban-rural divide, promote human resource development and achieve corporate governance with an entrepreneurial approach. The empowerment targets of the plan include the devolution of political power, the decentralization of authority and functions, the diffusion of the power-authority nexus and the distribution of resources. The plan devolves powers and responsibilities, including social services, from the federal and provincial levels to elected district level authorities and local councils in a phased manner. Under PSDP 2002-03 an Amount of Rs. 1000 million were allocated for Devolution Plan.

### Rural/Area Development

4.199 Rural/Area Development is a challenge as well as a promise. It is a challenge that baffles the policy makers and administrators and puts their initiative, ingenuity and resourcefulness to severe test. At the same time it holds out a promise of better future and new vistas of development, modernization and progress for the vast multitudes who stand condemned to a life of poverty, disease, ignorance and the concomitant maladies that plaque an under-developed society.

4.200 Rural Development is a multi-sectoral approach for development of physical and social infrastructure with a view to realize full productive potential of rural areas and spread benefits of development to the rural population which currently forms about 68% of total population. Despite the emphasis of spreading the benefits of development to the rural areas in the past, the availability of social services is still lacking in the rural areas and the physical infrastructure is yet to be developed so as to bring out the full potential of these areas. The rural areas continue to lag behind in the availability of educational facilities, commercial energy i.e. electricity & gas, safe drinking water, health & population facilities.

### Review of 2002-03

4.201 During the financial year 2002-2003, an amount of Rs. 907 million including foreign aid of Rs. 863.17 million was provided for rural development under normal ministries/division programme. It is estimated that upto June 2003 an amount of Rs. 863.37 including Rs. 824 million of foreign aid will be utilized. Utilization is slightly less than allocation. Low utilization is due to no expenditure on the NRB project. Agency-wise allocation and utilization is given in Table below: -

**Table 4.5**  
**Allocation and Utilization**

Sl.	Agency	(Rs in Million)			
		Allocation 2002-03		Utilization 2002-03	
		Total	F. Aid	Total	F. Aid
I.	M/O Local Govt.& Rural Development	708.48	693.48	703.48	693.48
II.	Narcotics Control Division	139.57	127.69	142.59	131.31
III.	Interior Division	17.30	0.00	17.30	0.00
IV	National Reconstruction Bureau	42.00	42.00	0.00	0.00
<b>Sub Total (RD)</b>		<b>907.35</b>	<b>863.17</b>	<b>863.37</b>	<b>824.79</b>

**Programme For 2003-04**

4.202 An amount of Rs.840.68 million including Rs. 753 million of foreign aid has been provided for rural/area development in the Federal Public Sector development Programme 2003-04. This allocation is about 12 percent over & above than the corresponding year. Out of Rs. 840.68 million including Rs. 753 million, Ministry of Local Government & Rural Development has been provided Rs. 276.70 million including Rs 267.740 million of foreign aid for construction/ rehabilitation 340 kms under Japanese Assisted Rural Roads Construction project. Interior Division has been provided Rs.20.50 million for construction of rural road and other income generative programs in Islamabad Capital Territory. Narcotics Control Division has been provided Rs. 158.30 million including Rs. 151.80 million of foreign aid for Agricultural & Areas Development projects in poppy growing areas of FATA. An amount of Rs. 385.18 million including Rs. 333.60 million of foreign aid has been provided for TA for Local Government performance Enhancement to the Finance Division.

4.203 Agency-wise allocations for the financial year 2003-2004 are given in Table below:

**Table 4.6**  
**Allocations for 2003-04**

(Million Rupees)

Sl. No.	Agency	Allocation 2003-04	
		Total	F. Aid
I.	Ministry of Local Government & Rural Development	276.70	267.74
II.	Narcotics Control Division	158.30	151.80
III.	Interior Division	20.50	0.00
IV.	Finance Division	385.18	333.60
<b>Total RD</b>		<b>840.68</b>	<b>753.1</b>

### SPECIAL AREAS

4.204. Special Areas of Pakistan consist of Azad Jammu & Kashmir, Northern Areas and Federally administered Tribal Areas. These areas spread over 113013 sr. km., which is 14.19 per-cent of Pakistan. Total population of these areas is about 10 million according to 2000 census, which constitute about 6.6 percent of country. Special areas have been given special priority by the present government in order to up lift the socio economic conditions of the people in the areas.

### Review of 2002-03

4.205 An amount of Rs. 7625.00 million including foreign aid of Rs. 1956.07 million was provided Special Areas. It is estimated that upto June 2003 an amount of Rs. 7825 million including Rs 1093 million of foreign aid will be utilized. Utilization is slightly above than the allocation due to provision of additional Rs. 200 million for inaccessible areas of FATA. Agency-wise allocation and utilization are given in Table below: -

**Table 4.7**  
**Special Areas Allocations/Utilization**

(Rs in Million)

Sl. No.	Agency	Allocation 2002-03		Utilization 2002-03	
		Total	F. Aid	Total	F. Aid
I.	AJK	3300.00	412.00	3300.00	412.00
II	NA	2180.00	372.00	2180.00	372.00
III	FATA	2145.50	308.90	2345.00	308.90
<b>Sub Total</b>		<b>7625.50</b>	<b>1092.90</b>	<b>7825.00</b>	<b>1092.90</b>

**Programme For 2003-04**

4.206 An amount of Rs. 9355.54 million as block allocation including President Special Development programme for FATA & NA has been provided for the Special Areas to bring at Par with rest of country. This allocation is about 23 over & above than the corresponding year. Agency-wise allocations for the financial year 2003-2004 are given in Table below:

**Table 4.8**  
**Special Areas Allocations for 2003-04**

(Million Rupees)

Sl. No.	Agency	Allocation 2003-04	
		Total	F. Aid
I.	AJK	3830.15	342.00
II.	NA	2519.67	300.00
III.	FATA	3006.54	104.00
<b>Sub Total (Special Areas)</b>		<b>9355.54</b>	<b>746.00</b>

**Drought Emergency Relief Assistance (DERA) Project**

4.207 The Government of Pakistan very timely noticed the persistent drought situation and launched *Drought Emergency Relief Assistances (DERA) project* with the assistance of World Bank (US\$40 million) and Asian Development Bank (US\$100 million) with effect from July 2001. Government of Pakistan also contributed US\$20 million). The purpose of the project is to alleviate the impact of persistent drought by (a) restoring and

improving the productive capacity, livelihoods and income of the people of the drought hit areas in all the four provinces of Pakistan and (b) help alleviate micro-economic impact of the drought through financing activities for re-establishing their productive capacity. Provincial share both for Balochistan and Sindh has been fixed at 30% each, Punjab at 25% and NWFP at 15%. Under the President's package Rs. 300 million were also allocated to Cholistan Development Authority (CDA).

4.208 By now upfront releases of Rs. 5358.24 million have been made to provinces for onward releases to 68 drought hit districts. Against this Rs 583.8 million have been incurred (Annex-4.13). Lower expenditure is mainly attributed to late finalization of portfolio of provincial schemes, and poor institutional capacity of the newly established district governments under the devolution policy of the Government.

4.209 During the year 2002-03 coordination Units at federal as well as provincial level have been established. The National Steering Committee on drought has cleared 1898 development schemes costing Rs. 8877.580 million (Annex-4.14) for implementation. Financial Management System has been designed and is being followed by implementing agencies. Eight training workshops on Financial Management System as well as Procurement Methodology with reference to donors guidelines were arranged in all the four the provinces. SOEs worth Rs. 583.8 million have been submitted to donors for reimbursements.

4.210 An allocation of Rs. 500 million has been made in the PSDP 2003-04 for completion of 1898 schemes with the following sectoral break-up:

**Table. 4.9**  
**Schemes Under DERA**

<b>Sectors</b>	<b>ADB</b>	<b>WB</b>	<b>Total</b>
Irrigation	305	98	403
Roads	457	166	623
RWSS	431	308	739
Health	53	---	53
Agriculture	53	9	62
Others	18	---	18
	<b>1317</b>	<b>581</b>	<b>1898</b>

4.211 The Prime Minister was pleased to announced in April, 2003 a Package of Rs. 1000 million for implementation of Special Drought related schemes in Balochistan under the following categories:-

- i. Irrigation Schemes-storage dams/ delay action dams, lining of channels, flood irrigation and flood protection schemes.
- ii. Construction of micro-bunds and leveling of lands for rain fed /flood irrigation.

- iii. On Farm Water Management, construction of small storage tanks & lining of water courses.
- iv. Water supply schemes.

4.212 The special drought package would be under DERA/DIMRC programme out of GoP's own resources over and above the normal share of Balochistan. Hopefully schemes worth Rs. 800 million would be approved and implemented by end of June, 2003.

## ENVIRONMENT

### Review of PSDP 2002-2003

4.213 During the year 2002-2003, an allocation of Rs.206.303 million has been made in the PSDP for Environment Sector. An amount of Rs.116.00 million has been utilized upto March 2003 which is 58% of the total allocation. Expected expenditure till June 2003 would be about Rs.145.524 million that is about 71% of the total allocation for the year 2002-2003. However, keeping in view the progress of development projects of Environment Sector, an amount of Rs. 28.11 million would be saved.

4.214 There are Fourteen projects under implementation through the Ministries of Environment, Local Government & Rural Development, Water & Power and Planning & Development Division, being coordinated by the Environment Section. These include;

1. Tarbela Watershed Management Project
2. Rachna Doab Afforestation Project
3. Mangla Watershed Management Project
4. Strengthening of the Forestry Wing at Federal Level for Implementation of Forestry Sector Master Plan
5. Fuel Efficiency in Road Transport Sector (FERTs) Project
6. Report on the Implementation of Agenda-21 in Pakistan
7. Pakistan Environment Programme(PEP)
8. Establishment of Ozone Cell to Implement Montreal Protocol in M/o ELG&RD
9. Preparation of National Land Use Plan
10. Industrial Efficiency & Environmental Management Sector Development
11. Hospital Waste Management in Major Cities of Pakistan
12. Establishment of Green Library and Documentation Centre in Pakistan – EPA.
13. Mass Awareness and Education.
14. National Awareness Campaign on Energy Efficiency and Environmental Protection.

### Environment Sector Programmes/Projects

4.215 During the fiscal year 2002-2003, major projects of Environment Sector are under implementation in the following programme areas;

1) **Institutional Strengthening, Capacity Building, Mass Awareness**

Institutional strengthening is an on-going process and has been made an important component of all development projects in Environment Sector. Capacity building of the project implementing agencies and other functionaries involved in policy making, planning, law enforcement, and monitoring of environmental activities has been an important area of investment by different donor agencies. Particular examples of institutional capacity building are; M/o Environment, Pakistan Environmental Protection Agency (PEPA), ENERCON and P&D Division. Specific PSDP project include "Strengthening of Forestry Wing at Federal Level for Sustained Monitoring of the Implementation of Forestry Sector Master Plan", to which an amount of Rs.11.00 million was allocated during 2002-2003. An amount of Rs.7.163 million including Foreign Aid of Rs.6.783 million will be utilized upto June 2003. In order to achieve the target, an amount of Rs.21.503 million including Foreign Aid of Rs.19.815 million has been allocated in the PSDP 2003-2004.

2) **Forestry and Watershed Management**

A mega project in forestry sector, named "Rachna Doab Afforestation Project" started in July 1995 at a cost of Rs. 485.382 million. During 2002-2003, Rs.60.000 million were allocated to complete the on-going activities towards achievements of afforestation targets. Out of afforestation targets of 1954 Acres, 1400 Acres have been planted. It is also expected that left over target will be achieved upto June 2003 with the total expenditure of Rs.60.00 million. In the year 2003-04, the target of linear planting is 375 Avenue Miles (AVMs) and block planting is 3833 Acres. An amount of Rs.78.537 million has been allocated in the PSDP 2003-04 for the project.

Tarbella Watershed Management Project sponsored by M/o Environment is an on-going project at a total cost of Rs.689.049 million. The main objectives of the project include; soil and water conservation, extension of forests, appropriate land use, improvement of environment and uplift of socio-economic conditions of people i.e., poverty alleviation. An amount of Rs.34.188 million was allocated in the PSDP 2002-2003. During the fiscal year 2002-2003, 14.5 acres of nurseries have been raised, 2576 acres have been planted, 7086 acres afforestation maintained and 189 training/exchange visits have been conducted. It is expected that the annual targets will be achieved successfully by June 2003 with the total expenditure of Rs.34.188 million.

Another watershed management project named "Mangla Watershed Management Project" is being implemented by M/o Water & Power at a total cost of Rs.168.993 million. An amount of Rs.30.00 million was allocated for this project in the PSDP 2002-03. During the current year, about 3640 acres/avenue miles of planting/afforestation has been completed. The land improvement work on 180 Acres has also been

completed. The remaining work is expected to be completed by June 2003 with the total utilization of Rs.30.00 million. In the PSDP 2003-04, Rs.37.900 millions have been allocated to achieve the following targets:-

i) Soil Survey & Planning	64 Sq. mils
ii) Afforestation	400 Acres.
iii) Silt trap storages, spillways etc.	50 Nos.
iv) Land Improvement Works	800 acres.
v) Extension services	10 Nos.

### 3) Fuel Efficiency in Road Transport Sector Project

Ministry of Environment / ENERCON is implementing "Fuel Efficiency in Road Transport Sector (FERTS) Project, at a total cost of Rs.230.382 million. UNDP is providing grant assistance worth Rs.220.500 million to this project. The project aims at improving fuel efficiency and curtailing noxious emissions from Transport Sector through digital tuning of gasoline and diesel vehicles. A total of 24 digital tune-up stations have been established in four the provinces. However, 09 tune up centres have been established, 351 mechanics and 235 workshop owners were trained during the current financial year. In 2002-2003, Rs.15.81 million were allocated to FERTS. The Revolving Loan Fund worth US \$ 3.00 million has been established for financing purchase of tune-up equipment. An amount of Rs.8.11 million has been utilized upto March 2003 against PSDP allocation for 2002-2003 and it is expected that Rs.10.951 million will be utilized upto June, 2003. It would be approximately 70 % of the total allocation.

In the PSDP 2003-04 Rs.13.909 million including Foreign Aid of Rs.11.434 million has been allocated. In the next year, 06 tune-up centres will be established and training will be provided to 200 mechanics and 200 workshop owners.

### Programme 2003-2004.

4.216 An amount of Rs. 632.006 million including Foreign Aid of Rs. 110.346 million has been allocated in the Public Sector Development Programme 2003-2004 for on going and new initiatives Development Projects in the Environment Sector. The PSDP 2003-2004 has been increased 206.3 % as compared with the corresponding period of last year. The Environment Sector has been encouraged. The following projects which have been reflected in the PSDP are:

#### On Going

1. Rachna Doab Afforestation Project.
2. Fuel Efficiency in Road Transport Sector (FERTs) Project

3. Strengthening of the Forestry Wing at Federal Level for Implementation of Forestry Sector Master Plan
4. Establishment of Green Library and Documentation Centre in Pakistan – EPA.
5. Hospital Waste Management in Major Cities of Pakistan
6. Preparation of National Land Use Plan
7. Establishment of Ozone Cell to Implement Protocol.
8. National Awareness Campaign on Energy Efficiency and Environmental Protection.
9. Mass Awareness and Education.
10. Mangla Watershed Management Project
11. Pakistan Environment Programme(PEP).

### **New Initiatives**

1. Poverty Reduction Through Participatory Watershed Management in Tarbela Reservoir Catchment Area.
2. Forestry Sector Research and Development Project
3. Afforestation by Farmers – Package of Incentives.
4. Capacity Strengthening of Environment Protection Agencies.
5. Coastal Area/Dry Land Biodiversity and Survey Management.
6. Protected Areas Management Project (PAMP).
7. Establishment of Environmental Monitoring System in Pakistan.
8. Strengthening of M.V. Examiners Offices in Pakistan –A Model Project for Islamabad.
9. Implementation of WSSD Plan in Pakistan.
10. Clean Drinking Water Initiatives.
11. Establishment of a National Centre for Drought / Environment Monitoring and Early Warning at Islamabad.
12. Implementation of Management Plan for Khunjab National Park.

### **Details of major new initiatives**

#### **1. Afforestation by Farmers – Package of Incentives.**

4.217 Prime Minister in his address to the nation on 11<sup>th</sup> March, 2003 directed to encourage the farmers for growing more trees on their lands. The total cost of the project is Rs.1150.00 million. Therefore, Government may establish nurseries for providing seedlings on subsidized rates to the farmers for raising plantations. This would help meet the shortage of timber and firewood in the country as well as rehabilitation of the environment. An amount of Rs. 125 million has been allocated in the PSDP 2003-2004 to achieve a target of raising 10 million plants during the next financial year.

#### **2. Establishment of Environmental Monitoring System in Pakistan.**

4.218 The total cost of the project is Rs.1089.1 million including FEC of Rs.1000.00 million. This is an important project with the following objectives:

- i. To establish the Monitoring Laboratory Network at Islamabad, Lahore, Karachi, Peshawar and Quetta that aims at developing the technical capacity needed to support the environmental monitoring system
- ii. To compare the analysed data with the Environmental Quality Standard and the Emission Standards.
- iii. To ensure the effective operation of the regional aims of Pak-EPA as well as their monitoring and protection function.

4.219 To achieve the above objectives, Rs.100.00 million including FEC of Rs.75.00 million has been allocated in the PSDP 2003-2004.

### **3. Poverty Reduction Through Participatory Watershed Management in Tarbela Reservoir Catchment Area.**

4.220 This is an ongoing project, but its PC-I has been revised which has been submitted for the approval of CDWP. The cost of the project is Rs.189.609 million. During the next financial year, Rs.88.745 million has been allocated to achieve the targets of raising nurseries, planting, maintenance of afforestation and soil conservation operations. Extension services and community mobilization shall also be undertaken.

### **4. Establishment of a National Centre for Drought / Environment Monitoring and Early Warning at Islamabad**

4.221 The total cost of the project is Rs.150.585 million including FEC of Rs.92.582 million. Under this project, one regional centre will be established in each province. The main responsibilities of these centers would be to:-

- a) Collect data from the network stations in the region.
- b) Co-ordinate with the voluntary agencies operating the network and help them in running the stations smoothly
- c) Store and process the data and transmit it to the National Centre in the desired format.

4.222 An amount of Rs.20.00 million has been allocated in the PSDP 2003-2004 for undertaking this initiative.

### **5. Implementation of Management Plan for Khunjrab National Park.**

4.223 Khunjrab National Park is important for preservation and conservation of biodiversity of the area. The main objectives of the project are as under:-

- I) To manage and conserve the floral diversity on sustainable basis.

- II) To facilitate the education of the general public to achieve a better appreciation and understanding of the park environment and conservation in general.
- III) To protect the areas of significant mountain scenery including such elements as glaciers, glacial streams, alpine meadows and also to conserve the areas having unique sociological heritage.

4.224 In order to achieve the annual targets, an amount of Rs.13.374 million has been allocated in the PSDP 2003-04.

### **Good Governance**

4.225 Governance embodies the power which is exercised in the management of a country's economic, social, political and legal requirements. Good governance must, therefore, enable the state, the civil society and the private sector to work in cohesion for accelerated growth and the achievement of greater human development. Every branch of the state – executive, legislative, judiciary – should work in a synchronized manner to enable the civil society grow and feel satisfied in the fulfillment of its emerging needs. In other words, the various branches should address the genuine aspirations of the people and work actively and effectively with utmost commitment in advancing their human resources and ensuring the well-being of the members of the society.

#### **Review 2002-03**

##### **Financial**

4.226 An allocation of Rs. 2082.8 million has been made for Governance programmes in 2002-3, against which an expenditure of Rs. 1954.3 million has been incurred, showing a utilization of 93.8 percent. Details of the Ministry-wise allocation and actual expenditure are given in Table 4.10 below.

**Table 4.10**  
**Agency Wise Allocation/Utilization**

<b>Name of Ministry/Division</b>	<b>Allocation</b>	<b>Utilization</b>	<b>%</b>
Statistic Division	173.0	190.5	109.9
P&D Division	51.7	37.7	72.9
Law, Justice & Human Rights Division	1478.0	1438.4	97.3
Finance Division	203.0	203.0	100.0
Establishment Division	82.4	43.5	52.8
Cabinet Division	94.7	41.2	43.5
<b>Total:</b>	<b>2082.8</b>	<b>1954.3</b>	<b>93.8</b>

## **Physical Achievements**

### **Statistics Division:**

4.227 During the year 2002-03 the Economic Census, conducted in the country for the first time to develop an up to date data-base for all the establishments and households engaged in any kind of economic activity to be used as sampling frame for conducting more detailed and frequent economic surveys subsequently, remained in progress. About 95% data collection work in rural areas and 45% in urban areas has been completed. Data processing work is simultaneously in progress. So far 60 % work of rural areas schedules has been processed. Work on the decomposition of national accounts for preparation of Quarterly National Accounts (QNA) has been completed for all sectors except for the construction sector. Collection of data, checking/evaluation of QNA estimates for 1999-2000 and compilation of QNA estimates for 2000-2001 remained in progress. To replace and modernize the existing obsolete technology of computer system and allied equipment at FBS, DP Centre Islamabad, Lahore and Karachi by installation of latest available data base management system software and the related equipment remained in progress and would be completed by the end of year 2002-03.

### **Planning & Development Division:**

4.228 The Macro Modeling Project Phase-II was approved on August 26, 2002. The objectives of this Phase included the upgradation and reformulation of the macro economic model for Pakistan, preparing consistent macroeconomic framework for short/medium term and long term development planning, preparing exercises on policy simulations whenever required and facilitating assessment of policy trade offs in terms of its short term and long term impact. In pursuit of the aforementioned objectives, consistency based model was reformulated into an econometric form, having four distinct blocks. These blocks include; production, fiscal, trade and monetary blocks. A formal presentation of the constructed model was made to the Deputy Chairman, Planning Commission on 10<sup>th</sup> February 2003. The Deputy Chairman, constituted a technical committee for monitoring the model's progress. Presently the model is being simulated in order to obtain consistent forecasts for the future.

### **Law, Justice & Human Rights Division:**

4.229 Access to Justice Programme (AJP) became effective from December 2001. Till May, 2003, two of the loan tranches amounting to US 150 million have been released. During 2002-03, an amount of 460 million rupees has so far been released to the provincial implementing agencies for starting around 90 different schemes in the judicial and police sectors under AJP. The total estimated cost of these duly approved schemes comes to around 1.5 billion rupees which will be met through provincial budgets as well as an indicative bloc allocation from Finance Division. Similarly, a PCI for establishing Access to Justice Development Fund (Endowment Fund) has been cleared by CDWP which will be capitalized by the Finance Division through provision of US \$13 million during 2002-03. Additionally several reform initiatives have been introduced during 2002-03 under AJP (including the formation of National Judicial Policymaking Body; Court Automation; Court Professionalization; Police Order 2002; Freedom of Information laws etc.). In

addition, the implementation of US 20.9 million TA project under AJP is also underway and an amount of around 31.612 million rupees has been spent during 2002-03.

#### **Finance Division:**

4.230 Automation of the New Accounting Model developed under the Project for Improvement of Financial Reporting and Auditing (PIFRA) has been completed through its configuration on SAP/R 3, at Central Test Site located in the Office of the Auditor General of Pakistan. At present its implementation is in pilot phase. The system has been implemented at 1<sup>st</sup> Pilot Site, District Accounts Office Abbottabad. Up till 30<sup>th</sup> June 2003, 4 more sites are planned to be made operational.

#### **Establishment Division:**

4.231 Establishment Division have taken the initiative for the establishment of National School of Public Policy (NSPP) by integrating Pakistan Administrative Staff College (PASC), Lahore, National Institute of Public Administration (NIPA), Lahore and the Civil Services Academy (DMG, Campus), Lahore. The Ordinance, providing for the establishment of NSPP under a statue, has been promulgated on October 28, 2002. Renovation/up-gradation work at NIPA Lahore, Karachi, Quetta & PASC, Lahore and Academy for Rural Development, Peshawar has been completed.

#### **Cabinet Division:**

4.232 Under Cabinet Division's Projects, the Police Order 2002 was completed as promulgated through a presidential order on August 14, 2002, which is a major step towards ensuring law and order and dispensing speedy justice. Constitutional amendments, to provide legal protection to the Local Government system, were drafted and announced on August 21, 2002 in the form of Legal Framework Order 2002. A proposal for restructuring of civil service structure and system and restructuring of higher government structure and system were completed and presented to the Chief Executive on November 15, 2002. National Reconstruction Information Management System (NARIMS) was fully operationalised in District Chakwal. Guidelines for establishment of Citizen Community Boards were formulated and provided to the provincial governments. In order to encourage proactive citizenry to take part in local development, the idea, of Devolution Trust for Community Empowerment (DTCE) was conceptualized and given a practical shape. In addition, capacity building of Local Government representatives and state functionaries remained a prominent feature of year 2002-2003.

#### **Programme for 2003-04**

##### **Financial**

4.233 An allocation of Rs. 2926.297 including Rs.408.10 million FEC has been made for Governance programmes in 2003-04. Details of the Ministry-wise allocation are given in Table 4.11 below.

**Table 4.11**  
**Agency Wise Allocation for 2003-04**

<b>Name of Ministry/Division</b>	<b>Allocation</b>	<b>F.Aid</b>	<b>Local Rupee</b>
Statistic Division	50.940	0.000	50.940
P&D Division	115.297	14.000	101.297
Law, Justice & Human Rights Division	2092.96	0.000	2092.96
Finance Division	553.900	350.00	203.900
Establishment Division	69.100	0.000	69.100
Cabinet Division	44.100	44.100	0.000
<b>Total:</b>	<b>2926.297</b>	<b>408.100</b>	<b>2518.197</b>

**Plan of Action**

**Statistics Division:**

4.234 During the year 2003-2004 a new survey entitled "Core Welfare Indicators Questionnaire (CWIQ) Survey" envisaged to provide household data at district level for PRSP and formulation of district level plans will be conducted. Besides completing the remaining work of data collection of economic census, data processing, preparation of reports and business directory will be completed. It is also envisaged to complete remaining work of Quarterly National Accounts so as to provide a sustainable programmes of QNA, development and stimulate the statistical system in the areas of macro-economic framework, its development, execution and realization of successes under the latest UN System of National Accounts (SNA 1993).

**Planning & Development Division:**

4.235 Under Electronic Government, data bases of PSDP, Development Projects profile, Quarterly Project Reports (QPRs), Accounting System of the Jawaid Azfar Computer Centre (JACC) and the Planning Division, Computerized Inventory of equipment and furniture shall be developed. These databases will improve overall efficiency of the Division by reducing information retrieval time. Furthermore, information will be available for all without any discrimination.

4.236 During 2002-04, the Macro Modeling Project will undertake optimal control analysis for working out the magnitude of changes in policy instruments needed to attain a given set of objectives, extension of the model to include monetary sector, and to coordinate efforts of model building being undertaken by various research organizations in the country (like PIDE, SPDC etc.) and abroad (like Wharton Link Model, IMF Financial Programming Model and World Bank's RMSM).

**Law, Justice & Human Rights Division:**

4.237 During the next 2003-04, activities will be undertaken to complete the schemes initiated through Access to Justice (AJP) funds at the federal and the provincial levels.

Similarly, measures will also be initiated for strengthening the newly introduced judicial/police reforms as well to implement the first phase of the TA Project for strengthening of institutional capacity.

**Finance Division:**

4.238 Under PIFRA, 11 remaining pilot sites and 32 roll out sites are planned to be completed. The funds requirement is to meet the procurement of the system, the hardware, licensing fee, implementation services site development and networking of all 52 sites.

**Establishment Division:**

4.239 Various consultancies initiated under TA for National School of Public Policy (NSPP) will be completed and a project document for establishment of NSPP will be prepared for clearance of the CDWP/ECNEC. Preparatory work of construction of NIPA Complex Quetta will also be launched.

**Cabinet Division:**

4.240 Strategic focus of the Good Governance project during the next financial year would be on consolidation and entrenchment of government structures and systems currently in the process of implementation. Nevertheless, restructuring of civil service and higher government structure and system would be in sharp focus. Development of an internship program for parliamentarians, Local Government System in Islamabad Capital Territory (ICT), Cantonments and FATA, Implementation of Local Governments in four districts of Balochistan recently restored by the Prime Minister, are some of the new areas of interventions.

**OUTPUT OF AGRICULTURE**

ITEMS	UNIT	2001-02	2002-03		2003-04 Targets	Percent Change	
			Targets	Prov.		2002-03	2003-04
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>I. KHARIF CROPS</b>							
Rice	(000 MT)	3,882.0	4,000.0	4,478.4	4,550.0	15.4	1.6
Basmati	(000 MT)	1,999.3	2,300.0	2,292.4	2,300.0	14.7	0.3
Others	(000 MT)	1,882.7	1,700.0	2,186.0	2,250.0	16.1	2.9
Bajra	(000 MT)	216.4	222.0	189.2	200.0	-12.6	5.7
Maize	(000 MT)	1,664.4	1,700.0	1,757.8	1,800.0	5.6	2.4
Jawar	(000 MT)	221.6	228.0	199.8	250.0	-9.8	25.1
Sugarcane	(000 MT)	48,041.6	48,050.0	52,048.9	52,500.0	8.3	0.9
Cotton	(MIn Bales	10.613	10.5	10.211	10.6	-3.8	3.8
<b>II. RABI CROPS</b>							
Wheat	(000 MT)	18,226.5	19,500	19,235.2	20,500.0	5.5	6.6
Barley	(000 MT)	99.8	120.0	91.7	125.0	-8.1	36.3
Gram	(000 MT)	362.1	460.0	582.1	600.0	60.8	3.1
Sesamum	(000 MT)	69.6	70.0	19.1	73.0	-72.6	282.2
Rap. & Mustard	(000 MT)	221.2	260.0	236.7	348.0	7.0	47.0
Tobacco	(000 MT)	94.5	92.0	94.9	95.0	0.4	0.1
<b>III. LIVESTOCK</b>							
Milk	(000 MT)	27,031.0	28,000.0	27,811.0	29,000.0	2.9	4.3
Meat	(000 MT)	2,073.0	2,150.0	2,132.0	2,300.0	2.8	7.9
Wool	(000 MT)	39.0	40.0	40.0	40.0	2.6	0.0
Hides	(MIn No)	8.0	8.2	8.2	8.4	2.4	2.4
Skins	(000 Nos)	39,238.0	40,308.0	40,308.0	41,420.0	2.7	2.8

**Key Physical Targets for 2003-2004 and  
Expected Achievements during 2002-03.**

S.No.	Item	Unit	Target for 2002-03	Expected Achievement 2002-03	Target for 2003-04
-------	------	------	-----------------------	------------------------------------	-----------------------

**Irrigation**

1.	Water Availability	Mhm	16.59	16.59	16.64
	(Cumulative)	MAF	134.48	134.48	134.88

**Drainage & Reclamation**

3.	Disastrous area protected	Mha	0.24	0.18	0.24
4.	Tubewells				
a.	SCARP TWs Rehab.	No	---	---	164
b.	New FGW TWs	No	---	---	10
5.	Surface Drains (Earthwork)	MCM	14.67	23.08	43.70
6.	Sub-Surface Drainage	Ha	---	---	11821

**Flood Control**

a.	Embankments	Km	30	25	100
b.	Spurs	No	4	4	31

**OFWM Programme (Revised Target)**

i.	Watercourse Improvement	No	150	115	2000
ii)	Precision Land Leveling	Hac	650	600	6000
ii.	Water Storage Tank	No	50	50	75

**MAF :** Million Acre Feet  
**MCM :** Million Cubic Meters  
**MHM :** Million Hectares

**PUBLIC SECTOR DEVELOPMENT PROGRAMME 2003-04  
(BUDGETARY DEVELOPMENT PROGRAMME)**

S.No.	Name of Agency	PSDP Allocation for 2002-03		Revised Estimate for 2002-03		PSDP Allocation for 2003-04	
		Total	Foreign Aid	Total	Foreign Aid	Total	Foreign Aid
1	2	3	4	5	6	7	8
1	WAPDA	29489.000	11511.000	29835.000	13091.000	31150.000	12630.000
2	PAEC	29.619	0.000	29.619	0.000	234.961	0.000
3	Finance	75.000	70.000	80.689	68.639	100.000	90.000
4	KESC	0.000	0.000	1078.000	0.000	3672.000	0.000
5	Planning & Development Division (Energy Wing)	0.000	0.000	0.000	0.000	5.000	0.000
	<b>Total :</b>	<b>29593.619</b>	<b>11581.000</b>	<b>31023.308</b>	<b>13159.639</b>	<b>35161.961</b>	<b>12720.000</b>

**PHYSICAL TARGETS AND ACHIEVEMENTS  
POWER SECTOR**

S.No.		Units	2001-02 Actual	2002-03 Achievements	2003-04 Targets
1	Commulative installed Capacity	MW	18052	18052	19502
	Addition in Installed capacity	MW	235	0	1450
2	Aggregate Maximum Demand	MW	12344	12853	13266
3	Consumers Added	Nos	640700	595000	595000
4	Villages Electrified	Nos	1674	1750	2000
5	Energy Generated	GWh	72405	75144	77724

## FUEL SECTOR PSDP (2003-04)

### BUDGETARY DEVELOPMENT PROGRAMME

S.No.	Name of Agency	PSDP 2002-03		Revised Estimates 2002-03	PSDP 2003-04	
		Total	F. Aid		Total	F. Aid
1.	2	3	4	5	6	7
1.	Geological Survey of Pakistan (GSP)/ Sindh Coal Authority (SCA).	152.400	0.000	127.300	173.404	0.000
2.	Finance Division *	0.000	0.000	98.000	187.000	0.000
3.	Ministry of Petroleum & Natural Resources (MPNR)	153.797	106.497	102.668	240.000	90.000
4.	Hydrocarbon Development Institute of Pakistan (HDIP)	16.500	0.00	16.500	11.300	0.000
5.	Pakistan Atomic Energy Commission (PAEC)	0.000	0.000	0.000	35.000	0.000
	<b>Total :</b>	<b>322.697</b>	<b>106.497</b>	<b>344.468</b>	<b>646.704</b>	<b>90.000</b>

\* Prime Minister's Directives.

**PHYSICAL TARGETS /ACHIEVEMENTS**

S. No.	Items	Unit	Estimated Achievement 2002-03	Targets 2003-04	%age increase
	<b>FUEL</b>				
1	Crude Production	BPD	65128	73216	12
2	Gas Production	MMCFD	2654	3472	31
3	Wells drilled	Nos.	69	77	12
	Exploratory	Nos	31	34	10
	Appraisal/Development	Nos	38	43	13
4	LPG Production	Tonnes/day	1000	1245	25
5	Coal Production	Million Tonnes/ annum	3.4	3.6	6

## INDUSTRIAL AND MINERAL PRODUCTION

ITEMS	UNITS	2001-02 (Actual)	2002-03		2003-04 (Targets)	% Change		
			(Targets)	(Provisional)/ (Annualised)		2002-03	2003-04	
<b>A INDUSTRIAL PRODUCTION</b>								
<b>(Large-Scale Manufacturing)</b>								
1	Cotton Yarn	MIn Kg	1,808.0	1,924.0	1,946.31	2,063	7.6	6.0
2	Cotton Cloth	MIn SQ Mtr	568.0	600.0	574.70	609	1.2	6.0
3	Vegetable Ghee	000 MT	770.0	941.0	716.41	824	-7.0	15.0
4	Sugar	000 MT	3,248.0	3,598.0	3,689.73	3,800	13.6	3.0
5	Paper & Paper Boards	000 MT	284.0	781.0	329.13	356	15.9	8.2
6	Nitrogenous Fertilizer	000 MT	4,741.0	2,215.0	4,962.88	5,027	4.7	1.3
7	Phosphatic Fertilizer	000 MT	380.0	440.0	286.71	445	-24.6	55.2
8	Soda Ash	000 MT	215.0	229.0	243.60	253	13.3	3.9
9	Caustic Soda	000 MT	150.0	158.0	160.14	167	6.8	4.3
10	Paints & Varnish (L)	000 LTR	24,805.0	35,590.0	46,434.96	51,078	87.2	10.0
11	Paints & Varnish (S)	MT	10,081.0	12,506.0	3,669.48	4,036	-63.6	10.0
12	Petroleum Products	MIn Litre	10,790.0	12,020.0	11,025.22	12,414	2.2	12.6
13	Cement	000 MT	9,845.0	11,075.0	11,853.38	12,683	20.4	7.0
14	Billets	000 Tonnes	388.0	527.0	416.56	442	7.4	6.1
15	HR/CR/Sheets	000 Tonnes	550.0	717.0	750.15	788	36.4	5.0
16	Trucks	Nos	1,141.0	1,162.0	2,313.61	2,591	102.8	12.0
17	Buses	Nos	1,099.0	1,559.0	1,524.42	1,662	38.7	9.0
18	LCVs	Nos	8,491.0	39,210.0	13,350.40	14,552	57.2	9.0
19	Cars/Jeeps	Nos	41,165.0	62,336.0	62,698.41	72,103	52.3	15.0
20	Tractors	000 Nos	24.0	37.0	26.53	28	10.5	5.5
21	Refrigerators	000 Nos	296.0	407.0	368.88	413	24.6	12.0
22	TV Sets	000 Nos	73.0	138.0	116.16	157	59.1	35.2
23	Bicycles	000 Nos	553.0	616.0	646.68	698	16.9	7.9
24	Electric Transformers	000 Nos	15.0	14.0	20.14	28	34.3	39.0
25	Electric Supply Meters	000 Nos	942.0	882.0	937.95	961	-0.4	2.5
26	Coke	000 Tonnes	694.6	800.0	755.31	798	8.74	5.7
27	Cigarettes	MIn Nos	55,318.0	60,000.0	50,759.80	51,775	-8.2	2.0
28	Jute Goods	Tonnes	81.7	90.0	92.24	95	12.9	3.0
29	Motor Tyres	000 Nos	911.0	1,100.0	765.30	1,000	-16.0	30.7
30	Motor Tubes	000 Nos	555.0	700.0	482.70	626	-13.0	29.7
31	Pig Iron/H Metals	000 Tonnes	1,042.9	1,200.0	1,097.50	1,152	5.2	5.0
32	Shuttles	000 Tonnes	61.0	65.0	69.70	80	14.3	14.8
33	Air Conditioners	No	3,711.0	3,856.0	4,624.60	5,272	24.6	14.0
34	Electric Motors	No	20,330.0	22,400.0	23,714.90	28,458	16.6	20.0
35	Power Looms	No	460.0	470.0	549.80	600	19.5	9.1
36	Tea Blended	Tonnes	54,815.0	55,420.0	56,344.30	58,260	2.8	3.4
37	Liquid Syrups	000 Ltr	29,561.0	30,870.0	30,968.10	32,486	4.8	4.9
38	Ointments	000 Kg	792.0	820.0	823.00	900	3.9	9.4
39	Cooking Oil	Tonnes	135,332.0	145,111.0	144,507.50	156,068	6.8	8.0
<b>B MINERAL PRODUCTION</b>								
1	Crude Oil (BPD)	BPD	63,256.0	67,526.0	66,723.0	73,195	5.5	9.7
2	Natural Gas	MMCFD	2,531.0	2,845.0	2,876.0	3,471	13.6	20.7
3	Coal	000 MT	3,330.0	3,200.0	3,400.0	3,601	2.1	5.9
4	Limestone	000 MT	9,672.3	10,010.8	14,183.8	16,311	46.6	15.0
5	Rock Salt	000 MT	1423.48	1473.30	1346.20	1,524	-5.4	13.2

## INDUSTRIES &amp; PRODUCTION DIVISION

(Million Rupees)

Sr. No.	Name, Location and Status of the Scheme	Estimated Cost		PSDP 2002 - 03 (Original)	Revised Estimate 2002 - 03	Cummulative Expenditure June 2003	Recommendation for PSDP 2003 - 2004	
		Total	F. Aid				Total	F. Aid
1	2	3	4	5	6	7	8	9

## On - going

1	Support for Reforms in Regulatory and Legal Policy Environment for Private Sector Growth (WB)	23.6	21.5	23.6	12.0	12.0	9.5	9.5
2	Project Preparatory Technical Assistance for SME's Sector Development.	57.6	48.0	57.6	41.2	48.8	8.8	8.8
3	Rehabilitation of People's Steel Mills (PSM), Mangopir Karachi	3471.0	1133.0	230.0	230.0	3951.0	0.0	0.0
4	Balancing and Modernization of Workshop Facilities at PITAC, Lahore.	736.4	728.0	2.8	2.8	8.4	50.0	50.0

## New

5	Upgradation of Plastic Technology Centre, Karachi (Japan) (Approved by ECNEC)	396.0	366.0	0.0	0.0	0.0	180.0	150.0
6	Upgradation and Modernization of PITAC (Lahore) processing Development Centre (JICA) Approved by ECNEC.	284.0	264.0	0.0	0.0	0.0	110.0	100.0
7	Automotive Testing and Training Centre (Karachi)	398.0	378.0	0.0	0.0	0.0	110.0	100.0

<b>Total (Industries &amp; Production)</b>	<b>5366.6</b>	<b>2938.5</b>	<b>314.0</b>	<b>286.0</b>	<b>4020.2</b>	<b>468.3</b>	<b>418.3</b>
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**PUBLIC SECTOR DEVELOPMENT PROGRAMME 2003 - 2004**  
**( Transport and Communications )**  
**( Financial Allocation and Utilization )**

(Rs.Million)

Sr. No.	Name of Sub-Sector	Allocation for 2002-03	Revised Estimates for 2002-03	Percent Utilization (col.4/3 X 100)	Allocation for 2003-04
1	2	3	4	5	6
<b>FEDERAL PUBLIC SECTOR PROGRAMME</b>					
<b>A. Budgetary Programme</b>					
1	<b>Ministry of Railways.</b>	<b>6922.77</b>	<b>6487.90</b>	<b>93.72</b>	<b>8088.58</b>
	Pakistan Railways	6922.77	6487.90	93.72	8088.58
2	<b>Ministry of Communications</b>	<b>3949.86</b>	<b>5084.72</b>	<b>128.73</b>	<b>3089.02</b>
	D.G.Ports & Shipping	3940.86	5075.72	128.80	3082.02
	National Transport Research Centre (NTRC)	9.00	9.00	100.00	7.00
3	<b>Ministry of IT &amp; Telecommunication</b>	<b>1599.24</b>	<b>1403.70</b>	<b>87.77</b>	<b>1357.27</b>
	Special Communication Organization (SCO)	394.70	394.70	100.00	641.22
	Frequency Allocation Board (FAB)	484.54	259.00	53.45	85.00
	National Telecommunication Corporation (NTC)	720.00	750.00	104.17	631.05
4	<b>Ministry of Planning and Development</b>	<b>0.00</b>	<b>288.00</b>	<b>-</b>	<b>335.80</b>
	National Logistic Cell (NLC)	0.00	288.00	-	311.00
	National Transport Plan Study.	0.00	0.00	-	24.80
5	<b>Ministry of Commerce</b>	<b>65.00</b>	<b>63.20</b>	<b>97.23</b>	<b>58.58</b>
6	<b>Ministry of Defence</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>33.15</b>
	Pak.Metereological Department	0.00	0.00	-	33.15
<b>Sub-Total Budgetary (A)</b>		<b>12536.87</b>	<b>13327.52</b>	<b>106.31</b>	<b>12962.40</b>
<b>B. Budgetary Corporation Programme</b>					
1	National Highway Authority (NHA)	14642.00	15142.10	103.42	18397.00
<b>Sub-Total Budgetary Corporation (B)</b>		<b>14642.00</b>	<b>15142.10</b>	<b>103.42</b>	<b>18397.00</b>
<b>Total Federal (A + B)</b>		<b>27178.87</b>	<b>28469.62</b>	<b>104.75</b>	<b>31359.40</b>
<b>C. Non-Budgetary Corporation Programme</b>					
1	Pakistan Telecommunications Company (PTCL)	19400.00	19400.00	100.00	19400.00
2	Civil Aviation Authority (CAA)	2553.00	2553.00	100.00	1140.00
3	Pakistan International Airlines (PIAC)	9972.00	9972.00	-	22821.00
4	Pakistan National Shipping Corporation (PNSC)	-	-	-	-
<b>Sub-Total Non-Budgetary Corporation ©</b>		<b>31925.00</b>	<b>31925.00</b>	<b>100.00</b>	<b>43361.00</b>
<b>Total T&amp;C (A +B +C)</b>		<b>59103.87</b>	<b>60394.62</b>	<b>102.18</b>	<b>74720.40</b>

**PHYSICAL PLANNING AND HOUSING SECTOR  
MAJOR PROGRAMMES AND PHYSICAL TARGETS (2003-2004)**

Sr. No.	Sub-Sector	Targets
1.	Development of Residential Plots	To facilitate development of 1,50,000 small-size residential plots in "Site & Services schemes" in urban areas, and "3-5 Marla Plot schemes" in rural areas, for construction of houses by the allottees.
2.	Pakistan Housing Authority's Programmes	Completion of already under-construction of 4200 flats at Lahore, Karachi, Islamabad Peshawar and Quetta.
3.	Water Supply and Sanitation/Sewerage	
3.1	Urban Water Supply	Increase urban population coverage from present 87 per cent to 89 per cent.
3.2	Urban Sewerage and Sanitary Drains	Increase urban population coverage from present 56 per cent to 58 per cent.
3.3	Rural Water Supply	Increase rural population coverage from present 57 per cent to 59 per cent.
3.4	Rural Sanitation	Increase rural population coverage from present 33 per cent to 35 per cent.
4.	Katchi Abadis/Slums Up gradation	Improvement of environmental conditions of additional 0.25 million population in Katchi Abadies/Slums.
5.	Government Employees Housing	Provision of additional 2,000 houses and flats fro Government Employees in Islamabad and Provincial Capitals.
6.	Government Offices and Buildings	Construction of 0.150 million square-feet covered area for Federal/Provincial Government Agencies and Civil Armed Forces.
7.	Housing for Industrial Workers	Construction of 3000 small-size plots and houses/flats, by the Workers Welfare Fund.
8.	Houses for Overseas Pakistan	Implementation of on-going schemes in major cities by the Overseas Pakistanis Foundation.

**PHYSICAL PLANNING AND HOUSING SECTOR  
PROPOSED FINANCIAL OUTLAY (2003-04)  
FEDERAL**

(Rs Million)

PP&H SUB-SECTORS	ALLOCATION
<b>I PUBLIC SECTOR DEVELOPMENT PROGRAMME</b>	3659
1. <b>Housing &amp; Physical Planning</b>	
1.1 Housing for Low-Income Groups (Poverty Alleviation)	
1.2 Katchi Abadis and Slums Upgradation (Poverty Alleviation)	
1.3 Government Employees Housing	
1.4 Development of Islamabad Capital (CDA/ICTA)	
1.5 Construction of Govt. Offices/Buildings (including CAF)	
2. <b>Urban Water Supply and Sewerage</b> (excluding Islamabad)	940
3. <b>Rural Water Supply and Sanitation</b>	5
<b>Total (A) - PP&amp;H (PSDP)</b>	4604
<b>II. HOUSING (OUTSIDE PSDP)</b> Construction of Houses and Flats for Low-Income Groups by:	
i) Pakistan Housing Authority	1500
ii) Workers Welfare Fund	1200
iii) Overseas Pakistanis Foundation	500
<b>Total (B) - Non-PSDP Housing</b>	3200
<b>III. PRIVATE SECTOR'S INVESTMENT</b> Development of Plots and Construction of Houses/Flats	60
<b>Total (C) - Private Sector:</b>	60
<b>TOTAL PP&amp;H SECTOR (A+B+C):</b>	<b>7864</b>

## NUTRITION PROGRAMME

(Rs. Million)

Sl No	Project	Total cost	2002-03		PSDP 2003-04
			Allocation	Utilization	
	<b>ONGOING</b>				
1.	Subsidy on Iodized Salt	49.494	3.00	3.00	2.00
2.	Feasibility of Wheat Fortification Programme PC-II	8.820	1.00	3.700	2.368
3.	Improvement of Nutrition through Primary Health Care and Nutrition Education/Public Awareness, Ministry of Health.	302.720	50.00	50.00	60.713
4.	Tawana Pakistan	3477	590.00	531.00	700.00
	<b>NEW</b>				
5.	Micro-Nutrient Control Programme for Flour Fortification, Salt Iodization, Vitamin-A deficiency, Monitoring and Evaluation.	174.00	-	-	10.00
<b>Total:</b>			<b>644.00</b>	<b>587.700</b>	<b>775.081</b>

**Annex 4.13****Releases and Expenditure Position**

Rs. in million

Provinces	Share (%)	Funds Released	SOEs Received Upto 30th April.03	SoEs as % age of releases
Balochistan	30	1304.463	15.833	1
Sindh	30	1654.463	280.692	17
Punjab	25	1701.053	287.295	17
NWFP	15	698.232	Nil	Nil
Total	100	5358.211	583.820	11

**APPROVED PORTFOLIO OF SCHEMES UNDER DERA/DIMRC**

(Rs. in million)

	ASIAN DEVELOPMENT BANK (ADB)		WORLD BANK (WB)		ADB+ WB	
	Schemes Approved		Schemes Approved		Total approved schemes	
<i>Province</i>	<i>No</i>	<i>Cost</i>	<i>No</i>	<i>Cost</i>	<i>No</i>	<i>Cost</i>
Punjab	463	1932.821	142	570.005	605	2502.826
Sindh	338	2025.980	228	849.017	566	2874.997
NWFP	395	579.618	154	340.387	549	920.005
Balochistan	121	2041.243	57	538.509	178	2579.752
<b>Total</b>	<b>1317</b>	<b>6579.662</b>	<b>581</b>	<b>2297.918</b>	<b>1898</b>	<b>8877.580</b>

**GOVERNMENT OF PAKISTAN  
PLANNING COMMISSION**



**ANNUAL PLAN 2003-04**

**ECONOMIC FRAMEWORK  
AND  
PUBLIC SECTOR DEVELOPMENT PROGRAMME**

**Islamabad  
June, 2003**

11/1/19