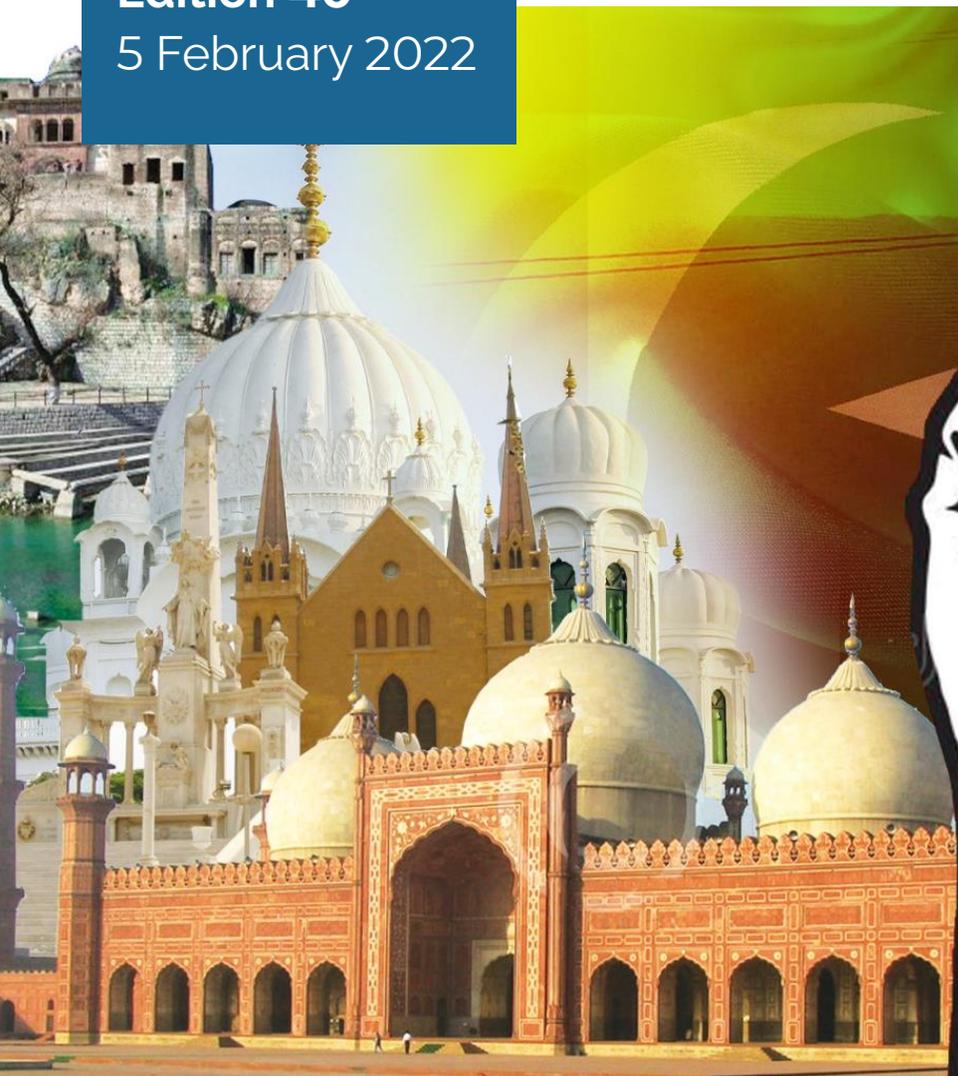
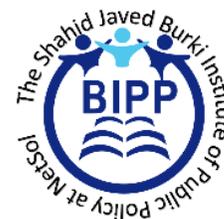


NEWS LETTER

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“ You are free! You are free to go to your temples. You are free to go to your mosques or to any other places of worship in this State of Pakistan. You may belong to any religion, caste or creed—that has nothing to do with the business of the state.

Muhammad Ali Jinnah

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Highlights

- From the Desk of Chairman
- Message of the Month

Focus Areas

- Research and Consultancy Wing
- Education and Learning Wing
- Think Tank Wing
- Knowledge Management Wing
- Finance & Administrative Wing



Shahid Javed Burki
Chairman

The Shahid Javed Burki Institute
of Public Policy at NetSol

Economic Inequality

There are several economic and social issues that are under discussion in Pakistan currently as the areas in which they believe that the government stands on weak ground. The two issues that have attracted much attention are inflation and income inequality. Today the focus will

be on inequality.

Inequality became a much-discussed issue with the publication in 2014 of a book titled *Capital in the Twenty-First Century* by the French economist, Thomas Piketty. In the book, he demonstrated something close to an iron law of capitalism. Relying on his knowledge of copious amount of economic data, he argued that wealth concentrates because the return on capital tends to exceed the general rate of economic growth. Since income broadly tracks wealth, economies become relentlessly more unequal overtime. He demonstrated this relationship for all major nations and all historic periods for at least 200 years, with one notable exception – the mid twentieth century when income and wealth in Europe and the United States became more equal. This happened because of the two great wars which tended to wipe out assets owned by the rich. Since the wars were fought in Europe, this happened more in that continent than in the United States. In fact, instead of the vast expansion of production for the equipment needed for fighting the wars, the opposite occurred in America.

The end of the war turned the attention of American rulers once again to poverty and inequality. It needed the Franklin Delano Roosevelt's New Deal for the state to intervene to help the less advantaged segments of the population. Postwar Europe and America changed the dynamics of political power in both continents. The Great Recession hurt those that had wealth; in Europe, the fascist right and free-market conservatives lost out. However, the Piketty pattern returned after 1973 with deepening inequality. Globalization with freer trade, easier capital and information flows aided the wealthy and punished the poor. This was the case particularly in countries such as the United States that saw a number of industries close their operations and move to

the areas where labor was cheap, disciplined and well-trained. China was the main beneficiary as the labor in the mid-Western states lost out. Presidential candidate Donald Trump understood why the people in these states were angry. He made these angry people his political base.

Inequality in Pakistan can also be seen conforming to the pattern observed by Piketty. Capital comes in two forms: industrial assets and land. Of late, the latter has become an important contributor to the incomes of the rich as large cities expand and bring in land in their peripheries for housing and commerce. Those who own this land have received windfall incomes, a good proportion of which has gone into conspicuous consumption. One effective way of handling inequality based on commercialization of urban property is for the state to use the fiscal system, tax the rich, and spend government revenues on aiding the poor. But the Pakistani state has proved to be exceptionally weak in taking that route. I once got a good indication of this from a store owner in Islamabad's blue area where my wife was buying woolen shawls to be given as presents to her friends when we returned to the United States. I asked the store-owner to give her a proper receipt for the purchases my wife had made. His response was revealing: "You want a pucca receipt because you want me to pay tax to the government. I will give you a super pucca receipt, but I won't pay any tax. Ask around the stores in this market. Nobody pays taxes." He was obviously not afraid of the Pakistani state and its tax authorities.



Prof. Dr. Talat Naseer Pasha, S.I.

Vice Chancellor
University of Education, Lahore

School Milk Program

Malnutrition, though a global issue, has shaped into a serious health crisis in Pakistan over the past several decades. As high as 40%, 18% and 29% of Pakistani children under 5 years of age are stunted, wasted and underweight, respectively (NNS, 2018). Most of the nutrition indicators have not improved over past few decades, ironically, some of those have even worsened over time. The situation has put Pakistan in the list of countries with the highest rates of child malnutrition, and its progress remains very slow even compared to other South Asian countries. Malnutrition in children not only causes retardation of mental and physical growth but also affects school performance and overall personality development. 44% of children under 5 years of age in 2011 (NNS, 2011) and 40% in 2018 (NNS, 2018), who were stunted at that time, are in school going age group now, with limited cognitive and learning abilities and hence need to be fed at schools for nutrition as well as education purposes.

School Milk Program, owing to milk's rich nutrient profile (almost complete diet with 18 of 22 nutrients in highly bioavailable form) puts itself as the most appropriate candidate in countries like Pakistan considering the nutritional deficiencies in kids, and shelf stability of milk (UHT treated and packaged) at ambient temperature. While milk consumption has multitude of benefits for the school children, it has other leg of benefits including livelihoods of farmers, industry growth,

employment generation, increased investment in infrastructure, helping formalize the value chain and creating healthy dietary habits however, it would also increase methane production in the country, something the authorities must be aware about to combat global warming.

Stunting and malnutrition, after decades of neglect, nutrition have now been identified as one of the major health priority by the current Government led by Honorable Prime Minister, himself. School Milk Program is one such intervention, which will certainly help to develop a healthy and well-educated Pakistan. Keeping in view the ambition/resolve of the government, University of Education together with Friesland Campina Engro Pakistan (formerly Engro Foods) has taken the lead to implement 'School Milk Program' (SMP) in its 89 primary schools, adopted under PEF Public Schools Support Program in District Attock and Sheikhpura. Friesland Campina will support the initiative in terms milk supply chain, providing resources for research, communication and extending milk supply beyond tender period for research completion. Food Science & Human Nutrition Department of UVAS will do research on impact of the school milk feeding on nutritional status of children and their school performance.

In the first phase, the program will run for 6 months and the learnings in terms of nutrition improvement, school performance, student retention, supply chain management and program management will be shared with government and relevant stakeholders for roll out at larger scale.



Shahid Najam
Vice Chairman
 The Shahid Javed Burki Institute
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Resuscitating the Narrative

Pakistan is a multi-racial, multi religious-sect, multi-lingual and multi-cultural society comprising 96.2% of Muslims, 1.6% of Hindus, 1.59% of Christians, 0.25% Scheduled Castes, 0.22%, Ahmadis and 0.07% other minorities. The Quaid's historical remarks in his speech on 11 August 1947 lucidly capture his vision on the status and role of minorities: *"You are free! You are free to go to your temples. You are free to go to your mosques or to any other places of worship in this State of Pakistan. You may belong to any religion, caste or creed—that has nothing to do with the business of the state"*. The fundamental rights and the Principles of Policy enshrined in the 1973 Constitution underline the inviolability of equal rights and equal treatment to all citizens/ persons, without any distinction. Article 26 of the Constitution enjoins that there must be no discrimination shown against any citizen solely on the grounds of religion, gender, caste, race, residence etc. Article 36 provides for the protection of minorities and their legitimate rights and interests by the state, including their proper representations in the provincial and federal services. Article 20 guarantees freedom of religion.

While the successive governments endeavor to safeguard these rights, in practice at societal level, there are recurrent episodes of violation and denial of these fundamental rights to the

minorities. They frequently encounter discrimination, exclusion and at times violent persecution including forced religious conversion and marriages of girls.

There is little realization that minorities are an integral part of the fabric of our society and, as equal citizens, they must be able to exercise and expand their economic, political, socio-cultural and religious rights. They played a key role in the creation and development of the country: three Christian members of the Punjab Assembly, in 1947, from Lahore decisively voted for Pakistan; they made major contribution to the education and health sectors - many eminent leaders including Quaid-e-Azam and Liaquat Ali Khan were educated from missionary schools; Ganga Ram Hospital, Dyal Singh College, Gulab Devi Hospital etc., continue to be the major health outfits in Punjab.

Pakistani society is generally characterized by pluralist tradition, hospitality, harmony, tolerance, firm convictions and noble deeds and ideas. However, over the years, decades of governance dysfunction, politic-religious exigency, disparate economic development and lack of enforcement of rule of law have adversely impacted the societal values and norms. A deeper analysis reveals that convoluted interpretation of Islamic ideology, subverted application of selective doctrines and absence of scholarly research and knowledge generation with emphasis on rigid, negative and punitive Islam have led to the fomentation of radicalization and religious extremism.

There is thus an urgent need to build and implement a national consensus and narrative which while contextualized within Pakistan's core ideological basis, encompasses as

integral part: (a) Quaid's vision of Pakistan especially his moto of unity, faith, and discipline; (b) inviolability of the democratic order & rule of law; (c) supremacy of the fundamental rights and rights of minorities; and (d) sustainable human development.



Tariq Hussain
Member, Board of Directors
 The Shahid Javed Burki Institute
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The Carbon Footprint of Deforestation and Land Development

Forests, mangroves other plant soil cover have been carbon sinks. Over millennia these marvels of nature have locked up billion of tons of carbon. Deforestation for agriculture, urbanization, or dredging of wetlands bursts open these vaults and releases carbon into the atmosphere. The carbon stored in these vaults is considered "*irrecoverable*" on the timescale faced by the challenge of climate change in the 21st century.

Recently, scientists, through a mapping project, have estimated how much carbon is stored in peatland, mangroves, tropical forests. This estimate is reported on November 19, 2021, in "*Nature Sustainability*" to be 139 billion metric tons. That is equivalent to about 15 years of fossil fuel emissions at current levels. If all of this carbon were released on a time scale of

decades, it will push the planet past 1.5 degrees Celsius by mid-century. This estimate does *not include permafrost* which also stores vast amounts of carbon and is thawing due to global warming. Scientists strongly advise that protecting these *caches of irrecoverable carbon* needs the attention of the all the signatories of the 2015 Paris Accord. The 139 billion tons is only from areas subject to human incursion through deforestation, agricultural expansion in cleared lands, and other land conversions.

Permafrost has been excluded because it is not subject to human incursion through land conversion. The release of methane from melting permafrost is already happening because of the existing carbon in the atmosphere.

The release of *these 139 billion tons of "irrecoverable" carbon* will be "caused" by postpone -able human actions. For comparison, the Intergovernmental Panel on Climate Change (IPCC) estimates that humans can emit only *109 billion tons* of carbon to have a reasonable chance of keeping global warming below the target of 1.5 degrees Celsius.

It is do able but will require international cooperation on a warlike scale. But it will be for peace, not war. About half of the irrecoverable carbon sits on just 3.3 percent of earth's total area. Key areas are the Amazon, the Pacific Northwest, and the tropical forests and mangroves of Borneo. Such concentration makes "protection" feasible. Further, about half of the irrecoverable carbon falls within existing protected areas, or lands managed by indigenous peoples. Adding an additional 8 million square kilometers of protected or sustainably managed areas, would bring this carbon under some form of protection. Many of these dense stores are in areas with high risk of

development due to poverty.

International compensatory programs with technical assistance for cost effective alternatives for income generation would be necessary.



Atr u Nisa
Research Fellow

The Shahid Javed Burki Institute of Public Policy at NetSol

Global Economic Prospects 2022

The global economy is entering a pronounced slowdown amid new threats from COVID-19 variants and a rise in inflation, debt, and income inequality that could endanger the recovery in emerging and developing economies, according to the World Bank's latest *Global Economic Prospects 2022* report. Following a strong rebound, Global growth is expected to decelerate markedly from 5.5 percent in 2021 to 4.1 percent in 2022, and 3.2 percent in 2023 as pent-up demand dissipates and as fiscal and monetary support is unwound across the world.

The *Global Economic Prospects 2022* report highlighted that “*the slowdown will coincide with a widening divergence in growth rates*

between advanced economies and emerging and developing economies. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023—a pace that, while moderating, will be sufficient to restore output and investment to their pre-pandemic trend in these economies. In emerging and developing economies, however, growth is expected to drop from 6.3 percent in 2021 to 4.6 percent in 2022 and 4.4 percent in 2023. By 2023, all advanced economies will have achieved a full output recovery; yet output in emerging and developing economies will remain 4 percent below its pre-pandemic trend. For many vulnerable economies, the setback is even larger: output of fragile and conflict-affected economies will be 7.5 percent below its pre-pandemic trend, and output of small island states will be 8.5 percent below. Meanwhile, rising inflation—which hits low-income workers particularly hard—is constraining monetary policy. Globally and in advanced economies, inflation is running at the highest rates since 2008. In emerging market and developing economies, it has reached its highest rate since 2011. Many emerging and developing economies are withdrawing policy support to contain inflationary pressures—well before the recovery is complete”.

The growth prospects of the South Asian region (SAR) have improved since June 2021, largely because of better prospects in Bangladesh, India, and Pakistan. The growth of SAR region is expected to accelerate to 7.6 percent in 2022 as pandemic-related disruptions fade, before slowing to 6.0 percent in 2023. In most economies, monetary and fiscal policy are expected to remain broadly accommodative in 2022, but gradually shift to a

focus on fiscal sustainability and anchoring inflation expectations.

The report highlighted that Pakistan's economy will grow by 3.4 percent in the current fiscal and at 4 percent in 2022-23, benefiting from structural reforms enhancing export competitiveness and improving the financial viability of the power sector. India's economic growth is estimated to be 8.3 percent in the current fiscal year and 8.7 percent in 2022-23. The India's growth rate in the current and next fiscal years will be stronger than those of its immediate neighbors. The bank predicts Bangladesh's growth at 6.4 and 6.9 percent in 2021-22 and 2022-23, respectively, while Nepal's is to grow at 3.9 percent this fiscal and at 4.7 percent in the next.



Aiman Adnan
Research Fellow

The Shahid Javed Burki Institute of Public Policy at NetSol

Interfaith Harmony: All Blood Stains Red

The Government of Pakistan has shown resolve in combatting religious intolerance in the country. The recent tragic attack on a minority religious leadership in Peshawar that has claimed two lives has further strengthened the agenda of de-radicalization and creating inter-faith harmony in Pakistan. According to the Capital City Police Officer (CCPO) Peshawar, a

comprehensive investigation into the matter has been launched where the officials from the Counter Terrorism Department (CTD) and police were conducting geo-fencing and using other data. The Khyber Pakhtunkhwa Chief Minister Mahmood Khan took notice of the incident, condemned it, and offered his condolences to the Christian community and the family of the deceased on behalf of the government.

Incidents such as these are perpetrated for a score of reasons amongst which are; religious bigotry & intolerance, political violence, religious dehumanization and the government regulation of a particular religion/s. The examples of all of these could be witnessed in the World War II era in Nazi Germany against the Jewish community and under the current Indian political regime (Bharatiya Janta Party), against all but Hindu community, in Burma- the genocide against the Rohingya Muslims. Islamophobia and the resultant persecution of Muslims have already deepened their roots in the Anglosphere, which the current Pakistani government has tried to attract the international community's attention towards in the UN General Assembly for the last consecutive three years. The abuse on the basis of religious heterogeneity is so grave in some instances and countries that it has become a matter of violation of fundamental human rights enshrined in the United Nations Charter (1948). Klaus Wetzel, an expert on religious persecution explains: "no religious group is free from harassment in the contemporary world."

Religious persecution leads to denial of fundamental rights of enjoying citizenship to the citizens. The social climate becomes cold towards the minorities that could ultimately lead to waves of separatism and civil wars in

the country. It is a direct attack on the progress to attain good governance. This also leads to terrorist and violent activities, political instability, lack of accountability and decrease in the international goodwill & soft- power of the country.

To curb such heinous crimes against the citizenry in Pakistan, or any place as a matter of need, there has to be a concerted policy and legislative effort without equivocation, the state level observance of the International Day Commemorating the Victims of Acts of Violence Based on Religion or Belief uniting behind the aim to draw attention to this issue, engaging of learned scholars to objectively and sincerely interpret the teachings of all religions that promote peace, harmony and respect for all humankind to exploit the potentials of all citizens in vivacious community and state building based on empathy, mutual respect, selflessness and national integration in an aggressively competitive and uncertain world as had been the case in Palestine before the advent of Jewish Zionism and Arab Nationalism- where a common local identity was shared among the followers of three Abrahamic religions- the Muslims, Jews and the Christians- taking precedence over religion.



Top: Muslim women forming a human-chain around a synagogue to protect their Jewish brethren during Tefillah/standing prayer, reinforcing the interfaith tolerance and unity for people of all faiths as their civic responsibility.



Sana Ahmad
Research Assistant

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Time to Focus on Pakistan's Tourism Policy

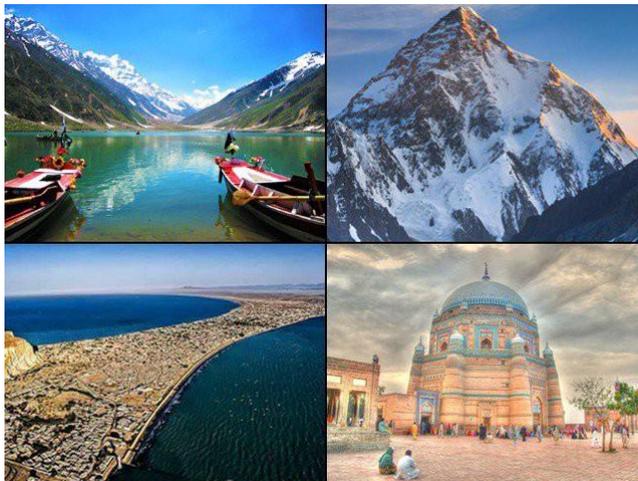
Today, the people of the world discuss various forms of sustainable development. We discuss how to help people evolve so they can live harmoniously with nature and slow down the process of climate change and environmental damages that human interaction is today causing.

With respect to Pakistan and its tourism prospects, how synced are our policies with sustainable development? The Government is promoting tourism on maximum forums, but policies only sustain if the people are happy with the changes that are introduced so we cannot overlook the human factor from them. We have to keep the potential of the people in view when we design policies, how they will be able to adapt to the changes and develop into less selfish beings. If they are informed correctly, provided with an atmosphere to grow and learn, they will express the right attitude towards nature and the environment and respect their surroundings.

To sustain development and to adopt a holistic approach towards the environment, we must involve the people by mobilizing public and private resources, make use of the skills and energy of all social groups concerned with the future of the planet. Pakistan's policy making can make a groundbreaking difference by involving the youth, by improving the sharing of knowledge and information and encouraging

the participation of young & experienced policy scholars.

To bring a social change in Pakistan and help create a 'conscious mindset' in a traveler, as suggested by Jan Servaes in Sustainable Development Goals in the Asian Context, that a top-down – and a bottom-up approach would sit well with the policy making, especially in the case of Pakistan. 'The top-down model aims to produce a common understanding among all participants in a development initiative by implementing a policy and the bottom-up model aims at engaging the grass-roots in decision making process to enhance their own lives.' This would bring about the social and the cultural change that Pakistan aims to create with the multiple ethnic groups that reside in the hot touristic spots and build a constructive and an effective policy to attract international tourists for the purpose of staying in competition with the rest of the nations, generate revenue and eradicate poverty with respect to the sustainable development goals.



Mamonah Sattar
Research Assistant

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Civic Responsibility

Every citizen of a country is accountable to the state or authority above them. As citizens, the state provides them with certain rights and duties. The rights consist of freedom of expression, worship, right to vote, volunteering in the community development, signing up for the military or government services. However, the duties of the citizens include support to the constitution of the state, participation in democratic process, staying informed of the issues affecting the community, obeying of federal, state, and local laws, paying of income and other taxes honestly, and on time, to federal, state and local authorities, and defending the country when needed. Altogether, these rights and duties are called Civic Responsibilities, which are quite absent in the citizens of Pakistan.

In the second week of the January 2022, country came across this tragic news of Murree incident where nearly 22 people including children froze to death. Authorities were blamed, for being inconsiderate towards the bad weather conditions and failing in issuing warning to tourists. However, the civil authorities within Murree and the tourists both did not stop and overfilled the hill station of 4000 cars capacity with 100,000 cars stuck on roads. As the weather conditions worsened, instead of community accommodation, the

hotels in Murree started overcharging the tourist irrespective of what rules and regulations devised by the government of Pakistan. Murree getting overpopulated overnight also resulted in severe traffic jams and little to no availability for basic help by government instruments. Altogether, despite knowing that the hill station will jam in such weather conditions, authorities let in more tourists and failed to inform the issues to the tourist/ community.

The authorities and citizens failed to perform their basic civic responsibility and thus invoked a tragedy. Civic actions are every citizen's responsibility, which can further be exercised at all levels- be it institutional or community levels. Following civic rules is not difficult; instead following them makes the lives of the citizens predictable. Civic rules help to maintain civil behavior, by being organized brings more harmony and peace in the community. In addition, it is a fact that civilized communities do not maximize profit at the times of crisis rather they take collective actions and mitigate disasters for welfare purposes.



Samra Naz
**Assistant Manager IT/
Knowledge Management**
The Shahid Javed Burki Institute
of Public Policy at NetSol

BIPP participated in the Education Expo and Book Fair held from 17th to 19th December at Aiwan-e- Quaid Lahore. This mega event was organized by Nazaria Pakistan Trust, planned and managed by Education Scenario International. The event was inaugurated by Mr. Muhammad Sibtain Khan- Forest Minister- Punjab. The BIPP kiosk was eagerly frequented by students, civil service aspirants, academics, researchers, lawyers, doctors, teachers, and members of the provincial & federal bureaucracy, where they purchased the Annual Reports and the book BIPP prides itself for "Pakistan at Seventy" (authored by Mr. S.J. Burki), enthusiastically.

Over 200 institutions and organizations participated and sponsored this event while 3000 plus visitors/day was recorded at the reception. This was the record attendance in any event after Covid restrictions were lifted in Lahore.

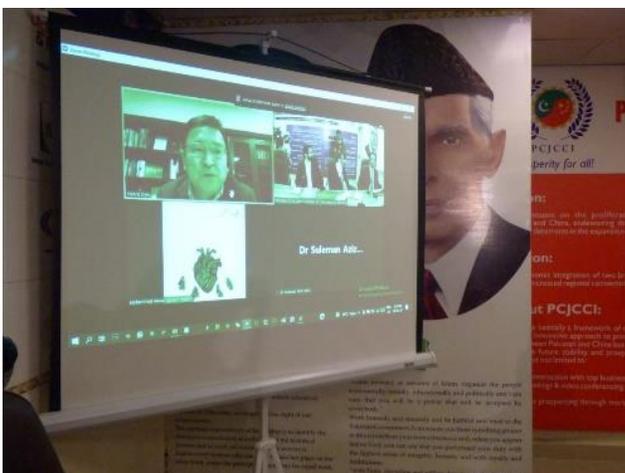




The ceremony ended on a positive note of a promise from key publishing houses to collaborate with BIPP in translating the report into Urdu and other indigenous languages for a wider readership, increase appetite for evidence-based policy research & planning, good governance, spread awareness about the impacts of Covid-19, and promotion of the national identity & heritage.

On 29th December 2021, the launching ceremony of the BIPP's 14th Annual Report, "The State of the Economy: Changing World-Pakistan Reset" was held at The Pakistan-China Joint Chamber of Commerce & Industry (PCJCCI), Lahore.

Mr. Wang Zihai, the President of PCJCCI, presided over the event which was attended by eminent scholars, researchers, members of the academia, and prominent citizens. The SVP Mr. Ehsan Chaudary and General Secretary Mr. Salahuddin Hanif extended full cooperation to BIPP. The launch entailed a detailed presentation of the report and a segment dedicated to the Q/As and feedback from the attendees.



The University of Sahiwal hosted the launch of the 14th Annual Report, The State of the Economy: Changing World- Pakistan Reset of the Shahid Javed Burki Institute of Public Policy at NetSol (BIPP) on 20th January 2022, at its premises in collaboration with Sahiwal

Chamber of Commerce and Industries (SCCI). Mr. Basharat Nadeem (President SCCI) welcomed the participants.



This event was attended by eminent scholars, researchers, members of the academia and the prominent citizens. Mr. Nauman Ahmad Langrial (Minister MPDD), Mr. Ali Bahadur Qazi (Commissioner Sahiwal) and Ms. Muniba Khawar provided their invaluable appraisal of the Annual Report. Following the welcome and the opening remarks by Mr. Shahid Najam, the Vice Chairman BIPP, Dr. Farrukh Iqbal the former Executive Director of the Institute of Business Administration (IBA), Karachi provided an appraisal of the economy and while dwelling on the major challenges of current account deficit, balance of payment, enormous debt burden and the rising incidence of inflation, noted that with the macro-economic measures being pursued by the government and the commendable management of the COVID-19 pandemic, there are visible signs for the positive growth of the economy in the long run. Dr. Muhammad Ejaz Sandhu (Director BIPP) thereafter presented the gist, key findings and recommendations of the report. This was followed by an active Q & A session. The launch ceremony ended with remarks of gratitude by

the President of SCCI and faculty of Sahiwal University.



On 28th January 2022, Ms. Farukh Sherdil (Mother of Khalid Sherdil (Late)) awarded the certificates to the selected candidates of the Khalid Sherdil Scholarship program cycle 2021. Mr. Ashfaq Ahmed has received the Khalid Sherdil Scholarship to accomplish his academic and professional goals in the field of Political Science while Mr. Babar Amin is studying Electrical Engineering with the support of the Khalid Sherdil Scholarship. The Scholarship will be available in the amount of Semester Fee and will be renewable subject to satisfactory performance (minimum 3.0 GPA in

each semester) till the completion of their degree program. BIPP wishes both well for their future goals and hopes to see them positively contributing to the realm of sustainable development of Pakistan in the future.

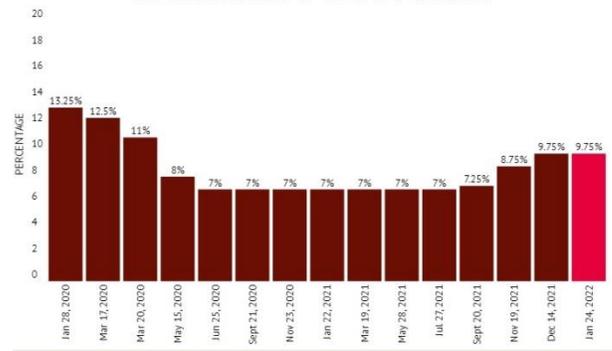


Awais Khalid
Manager Operations & Finance
 The Shahid Javed Burki Institute of Public Policy at NetSol

Monetary Policy Rate

The State Bank of Pakistan announced its new monetary policy on Monday, 24th January 2022 and it remained unchanged to 9.75%. BIPP's Investment Policy has been revised since last month to get maximum return on Investments.

MONETARY POLICY RATE



Economic Review & Outlook

Current Account Deficit (CAD) in Nov'21 registered at US\$1,908mn as compared to a surplus of US\$563mn in same period last year as imports of Nov '21 of US\$6.4bn recorded growth of more than 50% same period last year. Higher imports are mainly attributable to bull-run in commodity cycle globally and higher petroleum products imports. Decent growth was witnessed in goods exports of 21% while remittances remained almost flat 0.6%. However, it was not sufficient to cover large imports in Nov'21. Foreign exchange reserves as at end of Dec'21, stood at US\$24.0bn from its

highest level of US\$27.2bn in Aug'21. Higher than expected imports raised concerns on depleting foreign exchange reserves, resultantly PKR/USD parity reached to its historic high level of 178.235 in Dec'21.

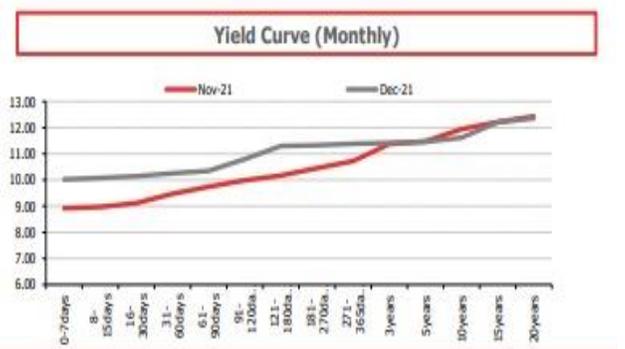
Money Market Review

The CPI inflation stood at 8.35% for the month of August 2021. State Bank of Pakistan conducted Treasury bill auction twice during August 2021. SBP accepted total bids worth PKR 1,003.5 billion at a weighted average yield of 7.2294% and 7.4293% in 3 months and 6 months respectively. However, the bids in 12 months had been rejected. Auction for fixed coupon PIB bonds was held on August 04, 2021. Total participation of PKR 444.9 billion was witnessed in this auction out of which 3, 5, 10 & 15-year tenor received bids worth PKR 187.7 billion, PKR 122.1 billion, PKR 95 billion & 40 billion respectively. State bank of Pakistan accepted PKR 67.2 billion in 3 years, PKR 33 billion in 5 years & PKR 5 billion in 10 years and 40 billion in 15 years at a cut-off rate of 8.88%, 9.198%, 9.839% & 10.4% respectively.

Stock Market Review

In continuation to SBP's tightening stance and forward-looking approach, MPC raised the policy rate by another 100bps to 9.75% sighting risk related to inflation and widening trade deficit. This brought the cumulative rate hike to 275bps since September 2021 and as per the committee the goal of achieving a mildly positive interest rate is close to being achieved. Headline inflation for the month of December was a 22-month high as it arrived at 12.30% Y/Y. This CPI incorporated the hike in the electricity charges on account of major increase in FCA during the month i.e PKR 4.75/unit. Increase in the prices of footwear along with higher cotton prices also supplemented to the spike. A decrease was witnessed in food inflation as it

declined by 3.4% M/M.





Mission Statement

BIPP's mission is to improve the welfare of the citizenry with particular emphasis on identifying policy measures that will lead to inclusive, people-centered growth with equity, political stability and sustainable development besides fully harnessing the potential for regional and global integration of the country. BIPP primary areas of interest encompass social, economic, environmental and political development and security, trade and foreign policy-related issues.

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