

Planning Commission Newsletter

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Macroeconomic

A meeting to discuss the project proposal for Knowledge Sharing Program (KSP) offered by Government of Korea for the year 2012 was held in Planning & Development Division, Islamabad, on 17th April, 2012. The meeting was chaired by Joint Chief Economist, Planning Commission and attended by the officers of Macroeconomics Section and the Korean delegation.

The Korean delegation was comprised of Mr. Tai-hee Lee, Director, Division of KSP consultation, Korea Development Institute (KDI), Mr. Jung-ho Park, First Secretary, Embassy of the Republic of Korea and two Research Economists of KDI. Mr.

Lee started the proceedings with a presentation on 'Program Description and Objectives of KSP' and outlined the targeted objectives of the program and Korean desire to become partners in Pakistan's growth and development. Mr. Lee also highlighted the successful ventures of KSP throughout the World.

After detailed discussion on the objectives of KSP, Chief, Macroeconomic Section presented the project proposal on "Capacity Building for Improvement in Economic Planning in Pakistan" and stressed the need for capacity building in the field of macroeconomic planning and forecasting. Assistant Chief, Macroeconomic

Section presented the project proposal on "Creating Space for Urban Micro Enterprises" and highlighted the need for Entrepreneurship development and its close connection with newly introduced Framework for Economic Growth of Pakistan.

The Korean delegation showed keen interest in both the projects and assured that another team of Korean experts will visit Planning Commission in June 2012 and will finalize the modalities of the implementation of projects. Joint Chief Economist thanked the Korean government and the guests for their efforts to support Pakistan.

Money, Prices & Fiscal Development

FBR tax collection during July-March 2011-12 stood at Rs 1266.0 billion, 24.1% higher than Rs 1020.1 billion collections in the same period of last year. This constitutes 64.8% of full year target of Rs 1952.3 billion for 2011-12.

Total FBR tax collection with growth of 23.3% is likely to stand around Rs 1921 billion by the end year of 2011-12, thus recording a shortfall of 1.6% of the target of Rs

1952.3 billion.

Monetary Policy

SBP in its Monetary Policy Statement July 2011, keeping in view the real GDP growth and inflation, targeted M2 growth at 15.5% for 2011-12. During 2011-2012, State Bank of Pakistan (SBP) being the custodian of monetary policy took decision for reduction in the policy rate for revival of private sector investment in the economy. SBP reduced its policy rate by

200 basis points (bps) from 14.0% to 12% in first half of FY 2012 (a reduction of 50 bps in July 2011 and 150 bps in October 2011).

Credit to private sector has shown positive growth during the first three quarters of current fiscal year compared to corresponding period of previous year. However, despite moderate aggregate demand, pressure on rupees liquidity is likely to continue due to

Money Prices & Fiscal Development

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uncertain foreign inflows and substantial government borrowing to finance the fiscal deficit. SBP kept a vigil on liquidity situation and through open market operations provided liquidity which is evident from rise in credit to the private sector.

During 1st July 2011 to 30th March 2012, M2 expanded by Rs 584 billion showing a growth of 8.7% in the stock at the end of June 2011 against an expansion of Rs 526 billion indicating an increase of 9.1% during the corresponding period of previous year. Net Foreign Assets (NFA) has been contracted during the period under review, however, Net Domestic Assets (NDA) of the Banking Sector have contributed to the expansion in M2.

However, developments

in external account resulted into contraction of NFA which forced the SBP to revise projection of M2 for 2011-12 i.e. between the range of 12-13%. External sector adverse developments and higher government sector borrowing alongwith persistence in core inflation compelled the SBP to keep its policy rate unchanged at 12%.

Inflation

CPI inflation for 2011-12 has been targeted at 12.0%. During July-March 2011-12, it has registered an increase of 10.8% against an increase of 14.0% during July-March 2010-11. The WPI and SPI recorded an increase of 12.2% and 6.6% respectively during July-March 2011-12 against 20.5% and 17.6% during the corresponding period

of previous year.

Capital Market

Stock Market demonstrated fluctuations during the period from July 2011 to December 2011, however, the KSE – 100 index resumed momentum during the 3rd quarter. The KSE-100 index on March 30, 2012 stood at 13,761.76 points registering a growth of 10.1% as compared to June 30, 2011 where index stood at 12,496 points. It touched highest level of 13,761.76 points on March 30, 2012 and lowest level of 10,842.26 points on August 23, 2011. The investment by foreign investors in the capital markets during the period from July 2011 to March 2012 depicted a net outflow of \$141.270 million.

National Fertilizer Development Centre

The Monthly Fertilizer Review of Mid April, 2012 has been published, which reveals that overall nutrient offtake during March, 2012 was about 180 thousand tonnes compared to 245 thousand tonnes in March, 2011, showing a decrease of 26.4 per cent. Nitrogen offtake went down by 31.5 percent and Potash offtake by 54.1 percent. However, phosphate offtake increased by 21.3 percent. In product terms urea offtake was about 263 thousand tonnes, compared to 421 thousand tonnes in

March, 2011 which showed a decrease by 37.4 percent. DAP offtake was 46 thousand tonnes compared with 36 thousand tonnes in March, 2011 which revealed an increase by 28.5 percent. The cumulative nutrient offtake during Rabi 2011-12 (October 11-March 12) was about 1,776 thousand tonnes, witnessing a decrease of 19.8 per cent over the same timeframe of 2010-11. Nitrogen offtake was 1446 thousand tonnes which decreased by 16.3 per cent, and phosphate offtake was 320 thousand tonnes

which decreased by 31.6 per cent as compared with previous Rabi 2010-11. Potash offtake also witnessed a decrease of 48.3 per cent over Rabi 2010-11. As far as fertilizer products are concerned, urea offtake was 2,711 thousand tonnes and DAP was 563 thousand tonnes representing a decrease of 14.2 and 31.2 per cent respectively. Main reason for decrease in offtake of urea and DAP was the high prices of fertilizers during Rabi 2011-12.

Information and Communication Technologies

The probationary officers of Civil Services Academy, Lahore visited Jawaid Azfar Computer Centre (JACC) and they were given a briefing by Director General regarding working/functions of the JACC. The briefing was followed by the visit of team and they were shown and apprised the servers and training hall. The training of 5th batch of

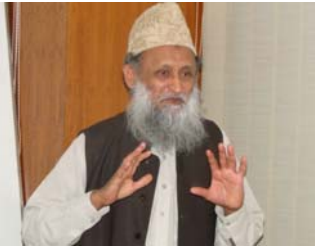


Stenographers was started on 2nd April 2012 and completed on 12th April, 2012. The certificate award ceremony of



the 5th batch was held under the chairmanship of Joint Chief Economist, Planning Commission on 12th April, 2012. The Joint Chief Economist

distributed the certificates amongst the nominees of



5th batch.

The training of 6th batch was started on 16th April, 2012 and was completed



on 27th April, 2012. The certificate award ceremony was held on 27th April, 2012. The Additional Secretary, Planning

& Development Division distributed the certificates



amongst the nominees of 6th batch.

A presentation was made by the JACC to the Committee for Restructuring/ Revamping of Planning Commission on 27th April, 2012 and 30th April, 2012 for creation of posts.

A Video Conferencing was arranged on 26th April, 2012 at 7.00 P.M. in the Conference Room of "P" Block on "Pak-US Bilateral Investment (BIT)" on the request of Board of Investment.



Food & Agriculture

Report on work load/personnel activities in the Section was prepared for overall presentation by the Food and Agriculture Section so as to assess the future mandate of the Section as a part of the

ongoing exercise for restructuring of the Planning Commission. While in a follow up of the sideline meeting of President of Pakistan with the Iranian President in Dushanbe Conference

held on 26th March 2012, a case was processed for the visit of Pakistani delegation of agriculture experts to see modern irrigation practices adopted by Iran.

International Trade & Finance

According to provisional data released by PBS, exports declined by 3.03% and stood at \$ 17.2 billion during July-March of FY12. Imports registered a growth of 14.7% and stood at \$ 33.3 billion

during July-March of FY12. The average exchange rate during July-March of FY12 remained at Rs. 88.3/\$ against Rs.85.6/\$ during the same period of previous year, showing a deprecia-

tion of 3.03 percent.

Comments on formulation of "Strategic Trade Policy Framework 2012-15" were furnished to Ministry of Commerce.

Governance

Presentation on Restructuring and Revamping of the Sections in respect of Governance Section was prepared. Meeting on Submission of cases to the next meeting of Council of Common Interest (CCI) was attended. Meeting on Committee on Rationalization of Current and Development Expenditure was attended. Working Paper and Minutes of the Meeting for Project Allowance for the

officers/staff of development project were prepared and issued. Guidelines for appointment of Independent Project Directors in Development Projects were issued. Training proposal for Assistance under Commonwealth Fund for Technical Cooperation (CFTC) was prepared and forwarded to Economic Affairs Division. Pay and Allowances Committee recommendations 2009 were exam-

ined and report on its implementation status was prepared and forwarded to Finance Division.

Nominations for trainings/workshops/conferences were processed. Two meetings of the Committee on Foreign Training were arranged whereas 10 officers attended the foreign training/seminar/workshop during the month.

Employment and Research Section

The employment & Research Section examined the Human Development Report and furnished comments to Poverty Alleviation Section. The Section also prepared

and communicated comments to International Trade & Finance Section on High Level expert group meeting on Human Resource Development. Dr. Javed Humayun,

Chief Employment and Research Section has joined SAARC Human Resource Development Centre as Research Fellow (Training).

Pakistan Planning & Management Institute

During the month of April, 2012, PPMI conducted following two (02) training courses:

- Statistical and Mathematical Tools for Esti-

mation of Major Economic Aggregates 9-13 April, 2012

- Public Financial Management System Reforms 24-25 April, 2012

Twenty (20) participants attended the first training course and nineteen (19) attended the second training course.

Nutrition

The Nutrition Section has completed the 3rd quarter, 2011-12 (January – March, 2012) report in the month of April, 2012 on

the cost estimation and comparison of minimum food basket, covering National, Provincial and regional comparisons with

same period of last year i.e. 2010-11.

The report shows that the cost of food basket registered a cumulative de-

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Planning Commission

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Nutrition

crease of 1% at National level, Khyber Pakhtunkhwa, while 2% in Federal Area and Sindh. The cost increased by 2% in Balochistan and remained stable in Punjab. The comparison of National average cost of food basket across Provinces indicated that; the cost has been higher by 11% in Federal Area, 2% in Sindh and Baluchistan, while lower in Punjab (4%) and Khyber Pakhtunkhwa (1%). Furthermore, The comparison of average cost of food basket in Punjab, has been higher by 5% in Rawalpindi, Gujranwala, Sialkot & Lahore, while 4% lower in Multan & Bahawalpur. In Sindh, the average cost has been 4% higher in Karachi, while it is lower by 4% in Hyderabad, Sukkur & Larkana, compared with the average cost of food basket

in Sindh.

Cost of food basket comparison of 3rd quarter (Januray – March) 2011-12 with 2010-11 has following emerging points;

- The average cost in 2011-12 has been higher by 6% at National level, 7% in Punjab and Sindh, Khyber Pakhtunkhwa 8% in Federal area, 2% in Baluchistan as compared to previous year i.e. 2010-11.
- Across regions of Punjab, the difference between average cost of 2010-11 and 2011-12 registered the higher increase in Rawalpindi, Gujranwala, Sialkot & Lahore and lower in Faisalabad & Sargodha with 9% and 6% respectively, whereas Multan & Bahawalpur showed a 7% increase in cost.
- In regions of Sindh, the increase in average

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cost from 2010-11 to 2011-12, has been 11% for Karachi and 4% in Hyderabad, Sukkur & Larkana.

The report on monthly cost of food basket has been completed in April, 2012 for the month of March, 2012 which shows that the cost slightly increased as compared to the cost of previous month i.e. February 2012, by 1% at National level, Federal Area & Punjab and 2% in Balochistan while decreased by 1% in Sindh. While the cost for March, 2012 compared with the same month of last year i.e. March, 2011 has increased by 8% at National level and Sindh, by 10% in Federal Area, by 9% in Punjab and Khyber Pakhtunkhwa, and by 7% in Balochistan.

Plan Coordination

The probationary officers of Civil Services Academy, Lahore visited Planning & Development Division in April, 2012. Chief, Plan Coordination Section made a comprehensive presentation on the functions and working of Planning Commission. After the presentation, JCE (Macro/Operations) answered the questions raised by participants about economy and planning mechanism.

The Economic and Technical Sections of Planning & Development Division were requested to furnish their draft chapters for

preparation of Annual Plan 2012-13. The Chapters received from the concerned Sections were forwarded to Advisor, Economic Planning for his perusal. After getting his observations on Chapters the same were sent to the relevant Sections with the request to revise their Chapters in the light of observations made by Advisor, Economic Planning.

Part-II of the Working Paper was circulated to the Provinces and Federal Ministries for the Annual Plan Coordination Committee (APCC) meeting

held in May, 2012.

A pre-APCC meeting was arranged with the Provinces under the Chairmanship of Deputy Chairman, Planning Commission. Similarly, a meeting with all Chiefs/Heads of Sections was arranged on Annual Plan 2012-13 under the Chairmanship of the Secretary, Planning.