

Planning Commission Newsletter

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Money Prices & Fiscal Policy

Federal Budget FY-13

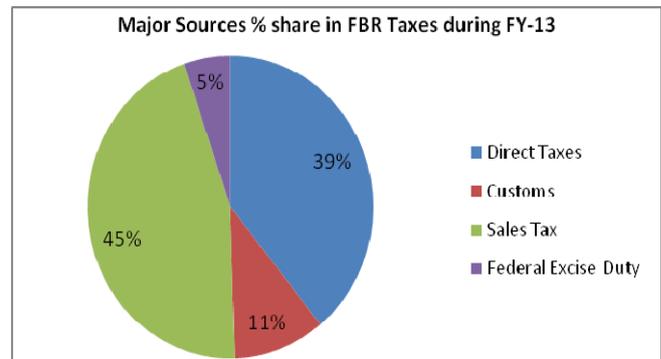
Federal Budget FY-13 envisages at containing consolidated fiscal deficit from 7.4% of GDP in FY-12 to 4.7% of GDP in FY-13. The strategy to achieve this target based on enhancing revenues and containing current expenditure. It plans to enhance consolidated resource envelope from 12.9% of GDP in FY-12 to 14.3% of GDP in FY-13 especially through increasing 0.8 percentage-point of GDP in tax-to-GDP ratio i.e. 10.3% to 11.1% of GDP during the period under review. On expenditure front, it plans to contain the current expenditures from 16.3% of GDP in FY-12 to 14.5% of GDP in FY-13 particularly curtailing the overruns on account of subsidies. On development expenditure, it plans to increase from 3.9% of GDP in FY-12 to 4.4% of GDP in FY-13. In order to provide needed critical inputs, to achieve the real GDP growth of 4.3% during FY-13, with focus on completing the on-going schemes.

FBR Tax Collection

FBR collection is budgeted at Rs 2,381 billion (10.1% of GDP) in FY-13 showing a growth of 22% over the revised estimates of Rs 1,952 billion (9.5% of GDP) in FY-12. In the same period direct

tax collection is budgeted at Rs 932 billion showing a growth of 25.1% over the revised estimates of Rs 745 billion, to achieve

of Rs 140 billion in FY-12. Percent share of major sources of FBR taxes is given in figure below.



this growth FBR will strengthen its enforcement mechanism in order to check the tax evasion.

Similarly during FY-13 FBR indirect tax collection is budgeted at Rs 1,449 billion showing a growth 20% over the revised estimates of Rs 1,207 billion in FY-12. Sales tax collection is the major contributor of FBR indirect taxes (74.3% of FBR indirect taxes) during FY-13; it is budgeted at Rs 1,076.5 billion showing a growth of 26.3%. Government has announced further cut in Federal Excise Duty (FED) on 10 items in order to incentivize private sector and lessen burden on the consumer. In this backdrop, during F - 13 FED is budgeted at Rs 125 billion showing a decline of 10.7% over the revised budget estimates

Monetary Policy

SBP in its Monetary Policy Statement July 2011, keeping view the real GDP growth and inflation M2 projected to grow by 15.50%. 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. External sector adverse developments and higher government sector credit alongwith persistence in core inflation compelled the SBP to keep its policy rate unchanged at 12%.

Money Prices & Fiscal Policy

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During 1st July 2011 to 15th June 2012, M2 expanded by Rs 768.7 billion showing a growth of 11.5% in the stock at the end of June 2011 against an expansion of Rs 808.3 billion indicating an increase of 14.0% during the corresponding period of previous year.

Net Foreign Assets (NFA) of the banking system contracted by Rs 287.6 billion during 1st July 2011 to 15th June 2012 against expansion of Rs 180.8 billion during the corresponding period of previous year.

Net Domestic Assets (NDA) expanded by Rs 1,056.3 billion during 1st July 2011 to 15th June 2012 against expansion of Rs 627.5 billion during the corresponding period of previous year. NDA has witnessed considerably higher expansion. The increase in NDA has been due to increase in government borrowing from the banking system

and rise in private sector credit. The trend in major components of M2 during the said period is as follows:

Government borrowing for budgetary support was Rs 1,216.1 billion against Rs 685.3 billion during the corresponding period of previous year. Credit to Private Sector expanded by Rs 200.9 billion as compared to Rs 103.6 billion during the corresponding period of previous year.

CPI Inflation

CPI inflation for 2011-12 has been targeted at 12.0%. During July-May 2011-12, it has registered an increase of 11.0% against an increase of 13.7% during same period of previous year. The WPI and SPI recorded an increase of 10.8% and 6.8% respectively during July-May 2011-12 against 21.1% and 16.9% during the corresponding period of previous year.

CPI inflation has started to increase in the second half of 2011-12 on account of increase in energy prices, rupee depreciation, higher government borrowing for budgetary support from banking sector and low base effect. In view of the current developments, it is concluded that CPI inflation for the current financial year is likely to be in the range of 11 percent by the end of fiscal year.

Stock Market

The KSE-100 index on June 29, 2012 stood at 13,801 points registering a growth of 10.4% as compared to June 30, 2011 where index stood at 12,496 points.

The market capitalization was Rs. 3,518 billion as of June 29, 2012 as compared to Rs. 3,289 billion at the end of the year 2010-11, recording a growth of 10.3%.

Food & Agriculture

A Research Report on "Canal Water Pricing for Irrigation in Pakistan" was compiled to assess the scale of current water charges for canal irrigation and its impacts on cost recovery, financial sustainability and water use efficiency in Pakistan. Ten years data (2000-12) on Abiana rates (water charges per acre), assessment/recovery, and expenditure (O&M costs) was analyzed. It was just a beginning of a data

based discussion on water pricing for irrigation in Pakistan. A series of efforts on this issue would be needed to achieve tangible results in future. Another policy area in need of urgent deliberation is to see whether water pricing should be used as a demand management tool to increase water use efficiency. It is expected that this research will generate a wide range discussion on issue of canal water pricing

in Pakistan.

Task Force Report on Food Security was first of its kind in Pakistan and hence appreciated by the policy makers and academia. Since its publication, the demand for the report has continuously been arising to Planning Commission which exhausted the available number of printed copies. Under the situation, it was appropriate to upload the report on the website of the

Food & Agriculture

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Planning Commission. The request for the purpose was forwarded and permission was granted. The report is available on the website of Planning Commission.

The project "Agriculture

Research Institute Muzafarabad" Azad Jammu & Kashmir (AJK) was presented in the CDWP meeting held on 18-06-2012 and the same was approved. The aim of the project is to undertake research in different disci-

plines of crop sciences to develop technologies suitable for different Agro Ecological Zones of the State. It is sponsored by Ministry of National Food Security and Research and will be executed by Government of AJK.

Governance

During the month of June, 2012, working papers of the projects titled "Project Preparation Facility for Revenue Mobilization", "Public Sector Capacity Building Project" and Concept Clearance Proposal on the project titled "Strengthening Pakistan's Urban Disaster Response Capacity" were prepared and

presented in the CDWP meeting. Pre-CDWP meeting in respect of project titled "Technical Assistance to Access to Justice Programme" was arranged. Modified PC-I of the project titled "Ombudsman IDF: Institutional Capacity Building" was examined and processed for the approval of Deputy Chairman Planning

Commission/Chairman CDWP.

Nominations for training/seminar/workshop (Local/Foreign) were processed and four (04) meetings of the Committee on Foreign Training were convened whereas nine (09) officers attended the foreign training/seminar/workshop during the month.

Social Welfare

A project on "**Communication for Effective Social Services Delivery (CESSD) Phase-II: A Community Participation Project**" being implemented in Khyber Pakhtunkhwa was finalized in a pre-CDWP meeting held on 1st June 2012. The project is being revised at cost of Rs 815.5 million (CIDA and Aus AID Grant Assistance) from its original cost of Rs 560.5 million due to the additional foreign development assistance of Rs 255.0 million from Aus-AID. The physical scope of the project has been enhanced from 11 districts of Khyber Pakhtunkhwa to 24 districts for improved social

services delivery of local departments through adherence to government-mandated rules and regulations particularly through enhancing the participation of local people for decision making, implementation and monitoring. The project ensures improved social services delivery of local departments in basic health, primary education and water supply facilities in collaboration with local elected representatives, public sector departments and NGOs.

A National Consultative Workshop on promoting inclusive development in rural areas of Pakistan was jointly organized by

the Sight Savers International and Civil Society Human and Institutional Development Program (CHIP) in Islamabad on 13th June, 2012. Deputy Chief (Social Welfare) participated and delivered key note address to promote and support initiatives for inclusion of persons with disabilities in development programs. The guidelines for inclusive development launched during the workshops, were outcome of the implementation of a project across Pakistan. Social Welfare Section, Planning and Development Division has been a partner in support of the project's implementation.

Pakistan Planning & Management Institute

Pakistan Planning and Management Institute (PPMI) organised a training course on "Project Risk Analysis and Management" from 11 – 14 June 2012. Twenty Six (26) officers representing Federal/Provincial Ministries and Departments participated in the course. Experts in the relevant fields delivered lectures on the topics covering the

area of Project Risk Analysis and Management.

The course was organized to create basic awareness of project risk analysis and management concepts and mechanisms, enabling participants to identify and manage risks in their own projects and to strengthen project man-

agement through adequate and forward planning of potential risks.

Certificate Awarding Ceremony was held on 14th June, 2012. Engr. M. Mustansar Khan, Director General, Pakistan Planning and Management Institute awarded the Certificates to the Participants."

Nutrition

A delegate of Ministry of Health from Yemen visited Pakistan, Planning Commission on 25th June 2012 to share experiences on Nutrition Surveillance and Facility Based Management of Severe Malnutrition as a capacity building through member countries of World Health Organization's East Mediterranean Regional Office (WHO-EMRO).

The monthly report on the estimated cost of minimum food Basket for May, 2012 was completed in the month of June, 2012. The report covers national, provincial and regional comparisons. Brief comparative points are:

- Comparison of May, 2012 with the last month of same year i.e. April, 2012;
 - Overall cost of food basket decreased by 1% at national level, Federal Area and

Khyber Pakhtunkhwa, by 2% in Punjab and Balochistan, while remained stable in Sindh.

- Across regions of Punjab, cost registered a decrease of 2% in Rawalpindi, Gujranwala, Sialkot & Lahore as well as in Multan, Bahawalpur region, and by 1% in Faisalabad, Sargodha.
- In regions of Sindh, a decrease in cost of food basket has been 1% in Hyderabad, Sukkur & Larkana and remained stable in Karachi.
- Comparison of May, 2012 with same month of the last year i.e. May, 2011;
 - The cost of food basket increased by 10% at National level & Sindh, by 12% in Federal Area, Punjab & Khyber Pakhtunkhwa and by 6% in

Balochistan.

- The comparison of cost of food basket in Punjab, has been high by 12% in Rawalpindi, Gujranwala, Sialkot & Lahore, by 10% in Faisalabad, Sargodha, and by 14% in Multan, Bahawalpur.
- In Sindh, the cost increased by 14% in Karachi and by 6% in Hyderabad, Sukkur & Larkana.

Information & Communication Technologies

A certificate distribution ceremony of the trainees of 9th batch of Stenographers/Stenotypists was held on 8-6-2012. Mian Abdul Sattar, Parliamentary Secretary has kindly distributed the certificates amongst the trainees.



The training of 10th batch of Stenographers/Stenotypists was also started on 11-6-2012 and was completed on 25-6-2012.



Weekly status of releases of PSDP regularly uploaded on the website of the Planning Commission and Annual Plan and PSDP 2012-13 were uploaded on the website of the Planning Commission

A case for creation of posts on non-development side of the development project "Upgradation of JACC" is under consideration with

the FAs organization. Another case for serving one month's notice to the project employees has already been initiated as the project titled "Upgradation of JACC" is to be closed by 30-6-2012.

last batch of Stenographers/ Stenotypists and the closing ceremony of the Stenographer/ Stenotypists expected to



be held in the 2nd week of July, 2012.

Few Sections are left to whom the information for coding of the projects of PSDP 2012-13 is still awaited. The information; i) name of project, ii) location, iii) date of receipt in Planning Commission and iv) date of the approval of the project is yet to be collected from the Technical Section of the Planning and Development Division. The information is being incorporated in the programme developed for coding of PSDP 2012.

1st Batch of the Chiefs has completed their training. The certificate award ceremony of the officers,



National Research Institute of Fertility Care

During June 2012 the cases of the research study i.e. "A trial for natural Family Planning, standard days method" were further progressed and 2nd follow up were conducted in the Research Clinics of NRIF. Up till now out of 500 cases only one case were discontinued.

There are following ongoing studies:

- A trial for Natural Family Planning, Standard Days Method
- Using innovative I.T approaches for the improvement of FP/MCH services in Pilot districts.

- Assessing burden of STIs/RTIs in Population Welfare & Health Department in selected districts.

Industries and Commerce

During the month three (3) meetings of committee of ECC on restructuring of NTC (National Tariff Commission) were organized. A brief was prepared for Deputy Chairman, Planning Commission on two ECC summaries i.e. (1) Policy package for Establishment of Economic Zones including China-Pakistan Economic zones", (2) Relief package for holy month of Ramzan 2012. Another

brief regarding restructuring Committee of Cabinet on Pakistan Steel Mills was prepared for Deputy Chairman, Planning Commission.

Comments were offered on PC-IV completion report of project titled "Creation of Mineral Wing in Ministry of Petroleum & Natural Resources" and draft act in respect of rules & regulation for Special Economic Zones

under clause Forty (40) of draft Special Economic Zones bill 2011.

Science & Technology

Science & Technology Section processed 09 schemes of Higher Education sector and 01 scheme of Ministry of Science & Technology which were approved by CDWP in its meeting held on 18th June, 2012.

Position papers for the following projects were prepared for consideration of CDWP:

- Extension of Education & Allied Facilities at Quaid-e-Awan University of Engineering, Sci-

ence & Technology, Nawabshah -Revised

- Establishment of Abdul Wali Khan University, Mardan
- Strengthening of Pakistan Institute of Engineering and Applied Sciences (PIEAS)

A meeting advised by CDWP in order to review and rationalize the cost of the project "Construction of Office Building for Ministry of Science & Technology and its Organization (2nd Revision)" was

held on 26th June, 2012. The meeting was chaired by Member I&M and cost of the project was rationalized.

*We are on the
Web
www.pc.gov.pk*



Planning Commission

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Manpower

A Pre-CDWP meeting was arranged and attended by this Section under Chairperson of Member (SS) to resolve outstanding issues pertaining to the projects entitled as **“Setting up of Vocational Centers (Males) in 13 Tehsils of Balochistan”** and **“Training of 5,750 youth of Balochistan under Aghaz-e-Haqooq-e-Balochistan package”**.

Presented working papers for the projects indicated below for consideration/ approval of CDWP held on 18-06-2012 and recorded and submitted of minutes of CDWP meeting duly approved by Competent Authority to PIA Section for circulation to quarter concerned.

• **Setting up of Vocational Centers (Males)**

in 13 Tehsils of Balochistan at an estimated cost of Rs.213.9405 million

• **Training of 5750 youth of Balochistan under Aghaz-e-Haqooq-e-Balochistan Package** at an estimated cost 333.256 million.