

Planning Commission Newsletter

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Money Prices & Fiscal Policy

Monetary Policy

In the recent monetary policy decision (i.e. 8th June, 2012) the State Bank of Pakistan (SBP) has highlighted that fiscal and monetary policy both need to work together to create a harmonious environment where the balance between growth and inflation can be more manageable. During financial year 12, SBP took decision for reduction in the policy rate from 14% to 12% by reducing 50 basis points (bps) in July 2011 and 150 bps in October 2011 for revival of private sector investment in the economy. 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%.

During 1st July 2011 to 29th June 2012, M2 expanded by Rs 964.0 billion showing a growth of 14.4 % in the stock at the end of June 2011 against an expansion of Rs 918.0 billion reflecting an increase of 15.9 % during the corresponding period of previous year.

During 1st July 2011 to 29th June 2012 Net Foreign Assets (NFA) of the banking system contracted significantly by Rs 260.3

billion reflecting a decrease of 33.4% as compared to an expansion of Rs 235.0 billion showing an increase of 43.1% during the corresponding period of previous year. Contraction in NFA is mainly due to reduction in SBP's foreign exchange reserves that arose from the widening of current account deficit and deteriorating capital and fiscal account surpluses.

Net Domestic Assets (NDA) stood at Rs 1,224.2 billion during period under review showing growth of 20.7% in stock at end June 2011 against Rs 683.0 billion reflecting growth of 13.1% in the stock at end June 2010. Growth in NDA has increased considerably due to increase in government borrowing from the banking system and rise in demand for private sector credit. The trend in major components of M2 during the said period is as follows:

- Government borrowing for budgetary support stood at Rs 1267.7 billion during period under review indicating an increase of 48.7% against Rs 590.2 billion during the corresponding period of previous year.
- Credit to Private Sector

has shown positive growth with increase of Rs 235.4 billion showing growth of 7.5 % during period under review (i. e 1st July to 29th June) as compared to Rs 121.3 billion during the corresponding period of previous year.

CPI Inflation

CPI inflation was targeted at 12.0% for 2011-12. During July-June 2011-12, CPI registered an increase of 11.0% against an increase of 13.7% during July-June 2010-11. The WPI and SPI recorded an increase of 10.4% and 7.1% respectively during July-June 2011-12 against 21.3% and 16.6% during the corresponding period of previous year.

The ease in inflation is mainly contributed by food inflation. Food inflation is falling due to improvement in domestic production and supplies and declining international food prices. The fall in food inflation coupled with dwindling petroleum prices, both in international and domestic markets, kept the inflation at 11.0 percent by the end of financial year 2011-12, lower than the projected target of 12.0 percent.

Factors contributing towards double digit increase are: 4.2 percent

Money Prices & Fiscal Policy

(Contd...)

depreciation of Pak rupee against US \$ in 2011-12 over 2010-11, higher government borrowing (Rs 1,267.7 billion from 1st July, 2011 to 29th June, 2012) from banking sector for budgetary support

and high liquidity injection by SBP in money market.

International Trade and Finance

According to Provisional data released by PBS, exports declined by 4.7% and stood at \$ 24.8 billion during FY12. The imports registered a growth of 11.1% and stood at \$ 40.4 billion FY12. The exchange rate during the year remained at Rs.89.2/\$ against

Rs.85.5/\$ during the same period of previous year, showing a depreciation of 4.1 percent.

Consolidated brief for additional Secretary Planning and Development Division on D-8 countries was prepared and comments on "Trade Through Wagah Border"

were communicated to the Ministry of Commerce. Strategic Trade Policy Framework 2012-15 was discussed and input was incorporated in the 63rd meeting of the Advisory Council of the Ministry of Commerce held on 31st July, 2012.

Science & Technology

As a follow-up of the decision of the CDWP meeting held on 18th June 2012, a meeting under the chairmanship of Member (S&T), Planning Commission, was held on 19th July, 2012 to rationalize cost of the following projects. The representatives

of HEC and executing agencies attended the meeting.

- Expansion Programme of Quaid-e-Azam University, Islamabad, Phase-I
- Strengthening and Expansion of Sukkur Institute of Business Administration

tute of Business Administration

- Strengthening and Development of Balochistan University of Information Technology Engineering and Management Sciences (BUIEMS), Quetta.

Governance

During the month of July, 2012, revised PC-I of the project titled "Strengthening FATA Levies Training Centre at Shahkas Jamrud Khyber Agency" has been examined and comments have been prepared. PC-I of project titled "Project Preparation Facility for Revenue Mobilization" of FTO has been examined and working paper pre-

pared. Information on the Projects of Governance Section has been obtained on the prescribed proforma from sponsors for briefing to the Prime Minister on Development Projects and preparatory meetings were attended. Comments /Views on UNDP Project NHDR draft report on Human Security has been prepared and forwarded to

the quarter concerned.

Thirty Seven (37) Nominations for training/seminar/workshop (Local/Foreign) were processed. Three meetings of the Committee on Foreign Training were convened whereas no officer attended the foreign training/seminar/workshop during the month.

Climate Change and Development

Dr. Ishfaq Ahmad N.I.,H.I.,S.I, Senior Advisor Climate Change and

Development has been awarded the title of Honorary Scholar at the Inter-

national Institute of Applied Systems Analysis (IIASA).

Food & Agriculture

The comments on the following were drafted and communicated to the higher quarters and all concerned as well:

- Draft Bill to establish National Food Safety, Animal and Plant Health Regularity Authority.
- Establishment of Joint

Ministerial Commission between Government of Islamic Republic of Pakistan and Laos People's Democratic Republic.

- Cuban Request for support regarding consensual programming proposal for its debt to IFAD.

- Revised Guiding Principles on Extreme Poverty and Human Rights.

Employment & Research

The comments on following were prepared and furnished to the concerned:

- Status of PC-I of

“Development of Additional Settlements for the Extended families of Mangla Dam Raising project Affectees”.

- Draft 2012 Country Performance Assessment (CPA) for Pakistan.

National Fertilizer Development Centre (NFDC)

The **Monthly Fertilizer Review of Mid July, 2012** has been published which reveals that overall nutrient offtake during June, 2012 was about 592 thousand tonnes compared to 301 thousand tonnes of June, 2011, represented an increase of 96.9 percent. Nitrogen and Phosphate offtake increased by 107.2 and 37.7 percent respectively, whereas Potash offtake decreased by 16.9 percent. Urea

offtake during June 2012 was 1,029 thousand tonnes showing an increase of 109.1 percent over June 2011. Increase in Urea offtake was mainly due to reduction in its company price by local fertilizer industry from Rs. 1,790 to 1,650 per 50 Kg bag of Urea. DAP offtake was 96 thousand tonnes, which increased by 40.6 percent over corresponding month of 2011.

It is important to mention that presently all fer-

tilizer plants located at Sui Northern Gas Pipelines (SNGPL) system are closed on account of gas supply shortage while only one fertilizer plant at Sui Southern Gas Pipelines (SSGPL) is running at 20 per cent curtailment and fertilizer plants situated at Mari Gas system are running at 12 per cent curtailment and resulting into low production of domestic Urea.

Nutrition

The Nutrition Section during the month coordinated across provinces, UN agencies and the Donors. The Planning and Development Division extended technical assistance in organizing provincial workshops for multisectoral Nutrition Policy Guidance Notes & Strategic & Operational Planning. The workshop for

the province of Baluchistan and Sindh were conducted during the month of July, 2012.

The annual report on “The cost estimation and comparison of minimum food Basket” for the year 2011-12, covering national, provincial and regional comparisons was completed during July, 2012.

The report on cost of food basket 4th quarter (April – June 2012), 2011-12 has been completed. The report includes change in food basket and comparison with same period of last year i.e. 2010-11.

Information & Communication Technologies

Short term in-house computer training programme continued at JACC. Training programme of one week duration was prepared for officers wherein four batches consisting of 37 officers including Chiefs, Deputy Chiefs and Assistant Chiefs have been imparted the training during July, 2012. The participants were awarded training certificates on completion of training.



Seventy (70) laptop computers of make & model Fujitsu AH-531 were purchased by JACC for officers of Planning & Development Division. The hardware was first checked and verified by the Hardware Experts of JACC then necessary software installation was done. Each laptop unit with carrying bag was properly marked/tagged with identification number for reference and record. Laptops are being distributed to officers as per approved criteria.



A series of meetings for desk monitoring of IT Sector PSDP projects were conducted in JACC with project executing agencies. Field monitoring of the project construction of PCB building and automation of CDNS was also done. These meetings are also decided to be held fortnightly.

The project Upgradation of JACC has been granted extension for a period of 3 months from July, 2012 to Sept, 2012. The project staff has accordingly been detained and extension letters are issued. In this respect a request for allocation of funds has been forwarded to PIP section for early completion of left-over scope of the project.

JACC has been assigned task of collection of IT equipment of closed projects as well as from those officers of Planning & Development Division to whom laptops have been given. Chief Programmer, JACC has

been deputed for this activity.

Coding Scheme has been finalized and unique codes are allocated to projects of PSDP 2012-13. The programme to search projects has been finalized and efforts are underway to establish projects profile accessibility to the users. The status of release of PSDP is also regularly updated on the website of Planning Commission.

Planning Commission's website is regularly monitored and updated by web developers at JACC. During the month, two tenders for procurement were uploaded on the website. Creation of website for Economists Group is in progress.

Day to day I.T. services are provided by the JACC to Planning & Development Division. In addition, video conferencing sessions were conducted by I.T. experts of JACC for Deputy Chairman's lectures and Board of Investment on 23-07-2012.

A briefing was done in respect of Mr. Jahangir Badar Quaid-e-Awan "Senate" on a motion and resolution moved by Syed Tahir Hussain Mashhadi and Muhammad Talha Mehmood, Senators, on the situation arising out of contaminated and polluted water in the country and installation of water filtration plants in each village and city of the country.

Information & Communication Technologies

Asif Bajwa Ex-Secretary P&D Division retired from service on superannuation dated 3rd July, 2012. A farewell was arranged in his honour and event coverage was done by the IT staff of JACC.

