



1. EVALUATION OF THE BUDGET

By Malik Muhammad Ashraf

Published in Daily Times, June 10, 2016

The opposition parties, as usual and as expected, do not seem impressed by the effort, and have rejected the notion of budget being development or welfare-oriented.

There are a myriad of yardsticks to evaluate a budget. However, the commonly used denominators are: overall performance of the economy, remedies proposed to address the existing aberrations, allocations to nudge and accelerate the pace of development, strategies for future course to be adopted, and above all, welfare-oriented measures to provide relief to the masses. Evaluating the overall performance of the economy and the measures proposed to address the existing aberrations represent a purely economic perspective. When we look at this aspect of the budget, there is no denying the fact that though some of the targets fixed last year have been missed, but the economy remains on the upward curve by showing GDP growth rate of 4.71 percent, which is highest in the last eight years. Budget deficit and inflation --which are considered to be the cause of almost all economic woes ô have been effectively contained. The budget deficit that was 5.3 percent last year now stands at 4.3 percent and inflation is under three percent. Tax collection also registered a 60 percent increase. Per capita income during 2015-2016 stood at \$1,560 as compared to \$1,516.8 last year. Overall unemployment rate decreased to 5.9 percent from 6.2 percent last year.

The major factors contributing to non-achievement of fixed targets are attributable to negative growth in agriculture and decline in exports. The dismal performance of the agriculture sector ostensibly has been caused by low production of cotton owing to the impact of climate changes and some extraneous factors. Similarly, decrease in exports is also largely ascribed to the global economic environment. In the budget for 2016-2017 taking cognizance of these aberrations, government has come up with very positive responses. To reinvigorate the agriculture sector, government has announced cash support for farmers, which will cost Rs 40 billion to the national exchequer; similarly subsidy on key inputs amounting to Rs 20 billion has been announced, besides three rupees per unit subsidy on off-peak electricity tariffs. Subsidies on inputs and reduction in power tariff have been the long outstanding demands of farmers. Government has also adopted a policy of zero-rating of the export sector. The incentives given to both the sectors that have under-performed represent a timely and pragmatic response to fix the problem from the economic perspective. To consolidate the economic gains over the last year, government, rightly, has given huge incentives to the industrial sector in the form of reduction in custom duties on the import of machinery.

As far as accelerating the process of development is concerned, the PSDP for the current financial year stands at Rs 1675 billion out of which Rs 875 billion pertain to provincial PSDPs and Rs 800 billion of federal development programme. This allocation represents nearly 11 percent increase over the PSDP allocation of Rs 1513.7 out of which Rs



700 billion were allocated for federal projects whereas the provinces were given Rs 813.7 billion. In addition to this Rs 142 billion have been allocated for projects under the China-Pakistan Economic Corridor. Provinces have been given an increase of 15.3 percent in their share from the federal divisible pool to enable them to cope with their increased post-18th amendment responsibilities. These are all positive and imperative steps in regard to maintaining the development tempo set into motion due to the economic management strategies of government. Allocation for defence forces has also been increased by 11 percent, as compared to last year; this is necessary to ward off security threats and dealing with terrorism.

In regard to future strategies to tread on the path of sustained development, the focus is on further reducing the budget deficit to 3.8 percent through broadening the tax base, a measure that is indispensable for moving towards self-reliance and eliminating the need for going to the IMF for loans. Finance Minister Ishaq Dar, while presenting the economic survey, did hint to the fact that dependence on IMF loan would be over, as Pakistan would not go back to the IMF programme after the expiry of the existing one in September. Accordingly, government has fixed a revenue target of Rs 3621 in the budget for 2016-2017 as against Rs 3104 billion last year, marking an increase of 16 percent. New taxes of Rs 160 billion have been imposed to broaden the tax base. The good thing about the new taxes is that most of them fall in the category of direct taxes, like sales tax on imported mobiles, automobiles, tax on builders and properties etc. Taxes are always

unwelcome throughout the world. Even in the most developed countries where well-entrenched tax culture exists, people resist the imposition of new taxes. But the dilemma is that governments have to unavoidably impose new taxes in an effort to keep broadening the tax base to generate extra revenues for their developmental and welfare-oriented activities. It is even more important for developing countries like Pakistan to generate internal resources to keep the development process going as well as to reduce the budget deficit, which is said to be the mother of all economic problems. In addition to this the major thrust will remain on agriculture, industry, energy and development of infrastructure. Conceptually speaking, the course adopted by government is beyond reproach.

The budget also takes care of welfare of the people, relief to salaried classes and the labour class. Enhancement of allocation for Prime Minister's Youth Programmes from Rs 19 billion to Rs 20 billion, raise in the BISP allocation, relief provided to government employees and pensioners, and enhancement of minimum wage from Rs 13,000 to Rs14, 000 are some of the welfare and relief-oriented measures announced in the budget.

From the foregoing facts it is not difficult to draw the safe inference that the finance minister has been able to find an encouraging strategy to balance the reduction in the budget deficit with increased spending on development and welfare. The opposition parties, as usual and as expected, do not seem impressed by the effort, and have rejected the notion of budget being development or welfare-oriented. Their response, realistically



speaking, stems from the traditional culture of politicking than an honest appraisal of the ground realities. It is an irrefutable reality that during the last three years the economy of Pakistan has witnessed a revival through prudent economic management and structural reforms introduced by government. This reality has invariably been endorsed by international money lending institutions as well as rating agencies and international media.

2. BISP NEWS

Published in Daily Dunya, June 10, 2016



بی آئی ایس پی، غربت سروے کرینیکا فیصلہ

رجسٹریشن کیلئے گھر گھر رسائی کا طریقہ کار اپنانے کا فیصلہ

رمضان کے بعد ابتدائی مرحلہ شروع کیا جائیگا، ڈی جی سندھ

کراچی (سٹاف رپورٹر) وفاقی حکومت نے منیجر انکم پورٹ پروگرام کے نام سے بڑے پیمانے پر فراڈ اور جعل سازی کا نوٹس لیتے ہوئے رمضان المبارک کے فوری بعد غریب سروے کرنے اور مستحقین کی رجسٹریشن کیلئے گھر گھر رسائی کا طریقہ کار اپنانے کا فیصلہ کر لیا ہے۔ ذرائع کا کہنا ہے کہ قومی سماجی و اقتصادی رجسٹری کے نام سے شروع کیے جانے والے اس سروے کے ذریعے جدید طریقہ کار کو اپنایا جائے گا تاکہ کسی قسم کی سیاسی مداخلت نہ ہو۔ ڈائریکٹر جنرل سندھ بی آئی ایس پی نعیم انور کا کہنا تھا کہ بی آئی ایس پی ماہ رمضان کے بعد غریب سروے کا ابتدائی مرحلہ شروع کرے گا جس کے بعد جنوری 2017 میں ملک گیر سروے کا آغاز کیا جائے گا۔ غریب سروے کو مستند اور شفاف بنانے کیلئے، ڈیک ایرووچ (انٹوز رجسٹریشن) اور گھر گھر رسائی کے طریقہ کار کو استعمال کیا جائے گا۔ نعیم انور نے مزید کہا کہ بی آئی ایس پی کے نام سے فراڈ اور جعل سازی کے ذریعے جعلی رجسٹریشن سے ہوشیار رہیں۔ بی آئی ایس پی کا سروے بالکل مفت کیا جائے گا۔ جبکہ مزید رہنمائی کے لیے بی آئی ایس پی کے قریبی تحصیل آفس سے رابطہ کیا جاسکتا ہے۔

منیجر انکم پروگرام