



## **1. CABINET CLEARS RS4.54TR NATIONAL BUDGET**

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ISLAMABAD - In a markedly brief meeting, the federal cabinet yesterday approved the proposed national budget of more than Rs4.54 trillion with a deficit of 3.8 percent of the GDP.

Minutes before it, the National Economic Council (NEC) also met and approved proposals for Rs800 billion federal Public Sector Development Program (PSDP) and Rs875 billion provincial Annual Development Programme (ADP).

Meetings of both these bodies in Islamabad were presided over by Prime Minister Nawaz Sharif through a video link from London, something unprecedented in country's history.

Also, for the first time in country's history, the budget document has been approved three days ahead of its tabling in the parliament, as traditionally it is approved a few hours before its laying before the Parliament.

Sources said the government is likely to increase salaries by 7 to 10 percent after merging two previous adhoc reliefs in basic salaries.

The forth budget of PML-N government, which Finance Minister Ishaq Dar will present in the parliament on Friday, sets around Rs3,600 billion tax collection target for the Federal Board of Revenue (FBR) while non-tax collection target is fixed at Rs950 billion.

The budget proposes increasing tax on mobile phones, cosmetics, garments, soft drinks, mineral water, tea, coffee and cigarettes.

The government has also decided to impose 1 percent withholding tax on life insurance and 4 percent on general insurance.

It has doubled the tax burden on real estate sector. The withholding tax rate has been doubled for sellers to 1 percent for the filers of income tax returns and to 2 percent for non-filers.

They said the approved budget document proposes zero GST (general sales tax) on five import sectors, including computers and laptops, for the upcoming fiscal year.

The federal government would transfer Rs2 trillion to the provinces under National Finance Commission Award. It has kept Rs1.5 trillion for the interest rate.

Proposed allocation for the defence expenditures is Rs860 billion while Rs245 billion have been kept for the payment of pensions.

Pakistan's foreign exchange reserves target has been fixed at \$23.6 billion and tax-to-GDP ratio has been projected at 12.5 percent in the next fiscal year.

*The government has fixed around Rs170 billion for the subsidies and Rs107 billion for Benazir Income Support Programme (BISP).*

On the recommendations of the Prime Minister, federal cabinet decided to give incentives to the agricultural sector of the country by reducing the price of the urea.



Addressing the cabinet meeting through video link, Prime Minister Nawaz Sharif said that Pakistan had achieved the eight years highest growth rate of 4.71 percent during outgoing financial year.

He further said that inflation rate has come down to 3 percent and budget deficit reduced to 4.3 percent of the GDP. Tax collection has enhanced by 56 percent in last three years and foreign exchange reserves reached to \$21.6 billion from \$7.8 billion of February 2014, he added.

The PM said he has a vision to see Pakistan free of terrorism, backwardness and illiteracy. He said he wants to transform Pakistan into enviable country in the world.

Speaking during the cabinet meeting, Finance Minister Ishaq Dar said the next budget will focus on growth enhancing measures and priority will be given to agriculture and export sectors, especially textiles.

Presenting a comparison of the current macroeconomic situation with the economic indicators of 2012-13, he stated that remarkable progress had been made in all sectors of economy.

Most of the time in the Cabinet and NEC meetings was consumed by participants inquiring after the Premier and offering prayers for success of his open heart surgery, which is due today, sources said.

The cabinet meeting was exceptionally brief in which Premier Sharif just spoke for a few minutes and left the main job of dealing with the budget document to his trusted financial

wizard Ishaq Dar, who is virtually holding his position in his absence.

A cabinet insider informed The Nation that almost all the cabinet members were refrained from presenting their point of view on the budget outlay and raise issues relating to their respective ministries. Some of the key cabinet members however were given the chance to inquire after the PM.

## 2. BISP NEWS

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