

PREFACE

Budget in Brief is designed to summarize the detailed information into an overview comprising essential information about expenditure and receipt and the resulting budget balance. The Brief is prepared in the expectation that would help focus attention towards essential information that integrates into a macro view of the budgetary operations of the Federal Government. It is hoped that the information will be found useful from this perspective.

This is the fifth year the federal budget is being prepared to a budgeting and accounting classification system that has been approved by the President of Pakistan as an integral part of a New Accounting Model. The new classification system uses a more comprehensive expenditure and receipt classification system as compared to the Chart of Classification that was initially adopted by the Federal Government in 1979-80. For the convenience of readers, some additional information regarding subsidies, loans and advances has been shown separately.

It is hoped that during the next few years the potential of the new system will be further developed to make budgetary information more meaningful and user friendly.

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CHAPTER -1
REVIEW OF BUDGET 2007 - 08

SALIENT FEATURES

- 1.1 The budget 2007-08 had the following salient features:
- a) The total outlay of budget 2007-08 was Rs 1549 billion. This was 17.9 % higher than the size of budget estimates 2006-07.
 - b) The current expenditure was estimated at Rs 1056 billion and the development expenditure Rs 543 billion. Current expenditure at this level was higher by Rs 22.8 billion from revised estimates of 2006-07. The development expenditure increased by 31.8% in 2007-08 over the revised estimates of 2006-07.
 - c) The share of current expenditure in total budgetary outlay for 2007-08 was 66% as compared to 72.4 % in revised estimates for 2006-07.
 - d) In the current expenditure the General Public Services (inclusive of debt servicing, transfer payments and superannuation allowance) occupied 60.8% of the current expenditure in 2007-08.
 - e) The size of Public Sector Development Programme for 2007-08 was Rs 520 billion. While for Other Development Expenditure an amount of Rs.23 billion was allocated. The PSDP shows an increase of 31.8% over the revised estimates 2006-07.
 - f) The sources availability during 2007-08 were estimated at Rs 1394 billion against Rs 1100 billion in the budget estimates of 2006-07.
 - g) Net revenue receipts for 2007-08 were estimated at Rs 902 billion indicating an increase of 28% over the budget estimates of 2006-07.
 - h) The capital receipts (net) for 2007-08 were estimated at Rs 59 billion against the budget estimates of Rs 16 billion in 2006-07.
 - i) The external receipts in 2007-08 were placed at Rs 259 billion indicating an increase of 8 % over the budget estimates for 2006-07.

- j) The provincial share in federal revenue receipts was estimated at Rs 466 billion during 2007-08 which was 23.2 % higher than the budget estimates for 2006-07.

1.2 In the light of features outlined above, a comparison has been drawn between budget estimates and revised estimates 2007-08 in the following Table:

TABLE -1
COMPARATIVE POSITION OF BUDGET & REVISED ESTIMATES 2007-08
SUMMARY

(Rs in Million)		
Classification	Budget 2007-08	Revised 2007-08
<u>RESOURCES</u>	<u>1393672</u>	<u>1522274</u>
- <u>Internal Resources</u>	<u>1135139</u>	<u>1246868</u>
- Revenue Receipts(Net)	902175	941716
- Capital Receipts(Net)	58518	142817
- Financing of PSDP by Provinces	122695	129752
- Change in Provincial Cash Balance	51751	32583
- <u>External Resources</u>	<u>258533</u>	<u>275406</u>
<u>EXPENDITURE</u>	<u>1549611</u>	<u>1948031</u>
- Current Expenditure	1056350	1516262
- PSDP	520000	458283
- Other Development Expenditure	23261	36686
- Est. Operational Shortfall in PSDP	-50000	-63200
<u>PRIVATIZATION PROCEEDS</u>	<u>75000</u>	<u>1650</u>
<u>BANK BORROWING</u>	<u>80938</u>	<u>424107</u>

RESOURCES:**INTERNAL RECEIPTS**

1.3 The internal resources comes through revenue receipts (tax & non-tax) and net capital receipts. Table-2 provides the budget and revised estimates for 2007-08 in respect of tax and non tax revenue, while Table-3 provides the details of net capital receipts.

TABLE - 2
REVENUE RECEIPTS
(2007-08)

(Rs in Million)		
Classification	Budget 2007-08	Revised 2007-08
<u>A TAX REVENUE</u>	<u>1030547</u>	<u>1005569</u>
- Direct Taxes	408250	388250
- Indirect Taxes	622297	617319
<u>B NON-TAX REVENUE</u>	<u>337593</u>	<u>393349</u>
- Income from Property and Enterprises	144463	143170
- Receipts from Civil Administration and Other Functions	86262	138823
- Miscellaneous Receipts	106868	111356
<u>Revenue Receipts (Gross)</u>	<u>1368140</u>	<u>1398918</u>
<u>Less Provincial Share</u>	<u>465964</u>	<u>457202</u>
<u>Revenue Receipts (Net)</u>	<u>902175</u>	<u>941716</u>

1.4 The tax revenue recorded a slight decrease over budget estimates while the non-tax revenue increased from Rs 337593 million to Rs 393349 million or an increase of 16.5 %.Receipts from Civil Administration & Other Functions and Miscellaneous Receipts increased by 60.9% and 4.2% respectively.

1.5 After deducting the provincial share,the net revenue receipts were estimated at Rs 902175 million in the budget 2007-08. These are now estimated at Rs 941716 million in the revised estimates 2007-08 i.e. an increase of 4.4 %.

CAPITAL RECEIPTS (NET)

1.6 The capital receipts (net) expected to register an increase of Rs 84299 million in the revised estimates. The following Table provides the details:

TABLE- 3
CAPITAL RECEIPTS (NET)
(2007-08)

(Rs in Million)		
Classification	Budget 2007-08	Revised 2007-08
<u>I. Receipts (A+B)</u>	<u>90636</u>	<u>182029</u>
<u>A. Federal Consolidated Fund</u>	<u>43359</u>	<u>105485</u>
- Recovery of Loans	40892	66155
- Permanent Debt	-3033	22488
- Floating Debt	5500	16842
<u>B. Public Account</u>	<u>47277</u>	<u>76544</u>
<u>II. Disbursements</u>	<u>32118</u>	<u>39212</u>
<u>CAPITAL RECEIPTS (NET) (I - II)</u>	<u>58518</u>	<u>142817</u>

EXTERNAL RESOURCES

1.7 The government obtains foreign loans and grants to use for capital and development expenditure. The external resources for 2007-08 were budgeted at Rs 258533 million which are now projected at Rs 275406 million in revised estimates or an increase of 6.5 %. This increase is due to receipts from Other Aid. The following Table gives the details:

TABLE - 4
EXTERNAL RESOURCES
(2007-08)

		(Rs in Million)	
Classification		Budget 2007-08	Revised 2007-08
I.	<u>EXTERNAL LOANS</u>	<u>229685</u>	<u>242314</u>
a.	Project Loans	66604	54068
b.	Programme Loans	81354	67933
c.	Earthquake Loan	44437	55750
d.	Global Bonds	31075	0
e.	Other Aid	6215	64563
II.	<u>EXTERNAL GRANTS</u>	<u>28848</u>	<u>33092</u>
<u>TOTAL (I+ II)</u>		<u>258533</u>	<u>275406</u>

EXPENDITURE

1.8 The budget estimates of current and development expenditure for the year 2007-08 have been compared with the revised estimates 2007-08 in Table-5.

TABLE - 5**CURRENT AND DEVELOPMENT EXPENDITURE****(2007 - 08)**

(Rs in Million)		
Classification	Budget 2007-08	Revised 2007-08
<u>A. CURRENT</u>	<u>1056350</u>	<u>1516262</u>
General Public Services	641875	881657
Defence Affairs & Services	275000	277265
Public Order and Safety Affairs	24540	26106
Economic Affairs	78941	293442
Environment Protection	182	183
Housing and Community Amenities	1095	1146
Health Affairs & Services	5240	5287
Recreational,Culture and Religion	2929	3131
Education Affairs and Services	24147	24280
Social Protection	2401	3765
<u>B. DEVELOPMENT</u>	<u>493261</u>	<u>431769</u>
I. Public Sector Dev. Programme (PSDP)	520000	458283
II. Other Development Expenditure	23261	36686
III. Est. Operational Shortfall in PSDP	-50000	-63200
<u>Total Expenditure (A + B)</u>	<u>1549611</u>	<u>1948031</u>

1.9 The overall expenditure at Rs 1948031 million in revised estimates 2007-08 shows an increase of 25.7 % over budget estimates 2007-08.

CHAPTER - 2
THE BUDGET 2008 - 09

SALIENT FEATURES

2.1 The budget 2008-09 has the following main features:

- a) The total outlay of budget 2008-09 is Rs 2010 billion. This size is 29.7 % higher than the size of budget estimates 2007-08.
- b) The resource availability during 2008-09 has been estimated at Rs 1836 billion against Rs 1394 billion in the budget estimates of 2007-08.
- c) Net revenue receipts for 2008-09 have been estimated at Rs 1111 billion indicating an increase of 23.1% over the budget estimates of 2007-08.
- d) The provincial share in federal revenue receipts is estimated at Rs 568 billion during 2008-09 which is 22% higher than the budget estimates for 2007-08.
- e) The capital receipts (net) for 2008-09 have been estimated at Rs 221 billion against the budget estimates of Rs 59 billion in 2007-08.
- f) The external receipts in 2008-09 are estimated at Rs 300 billion. This shows an increase of 16.1 % over the budget estimates for 2007-08.
- g) The overall expenditure during 2008-09 has been estimated at Rs 2010 billion of which the current expenditure is Rs 1493 billion and Public Sector Development Programme (PSDP) at Rs 550 billion. Current expenditure shows a decrease of 1.5 % over the revised estimates of 2007-08, while PSDP will increase by 20 % in 2008-09 over the revised estimates of 2007-08.
- h) The share of current expenditure in total budgetary outlay for 2008-09 is 74.3 % as compared to 77.8 % in revised estimates for 2007-08.
- i) The expenditure on General Public Services (inclusive of debt servicing transfer payments and superannuation allowance) is estimated at Rs 930 billion which is 62.3 % of the current expenditure.

- j) The size of Public Sector Development Programme for 2008-09 is Rs 550 billion. While for Other Development Expenditure an amount of Rs 44 billion has been allocated. The PSDP shows an increase of 20% over the revised estimates 2007-08.
- k) The provinces have been allocated an amount of Rs.150 billion for budget estimates 2008-09 in their PSDP.
- l) An amount of Rs 27 billion has been allocated to Earthquake Reconstruction and Rehabilitation Authority (ERRA) in the PSDP 2008-09.

2.2 The comparative position of 2007-08 (budget & revised) and 2008-09 (budget) is given in Table-6 below:

TABLE - 6
COMPARATIVE BUDGETARY POSITION
2007-08 AND 2008-09

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
i) <u>RESOURCES (a + b)</u>	<u>1393672</u>	<u>1522274</u>	<u>1835698</u>
<u>a. Internal Resources</u>	<u>1135139</u>	<u>1246868</u>	<u>1535530</u>
- Revenue Receipts(Net)	902175	941716	1110900
- Capital Receipts(Net)	58518	142817	221302
- Financing by Provinces for PSDP	122695	129752	124407
- Change in Provincial Cash Balance	51751	32583	78921
<u>b. External Resources</u>	<u>258533</u>	<u>275406</u>	<u>300169</u>
ii) <u>EXPENDITURE</u>	<u>1549611</u>	<u>1948031</u>	<u>2009812</u>
- Current Expenditure	1056350	1516262	1493183
- Development Expenditure(PSDP)	520000	458283	549709
- Est. Operational Shortfall(PSDP)	-50000	-63200	-77000
- Other Development Expenditure	23261	36686	43920
<u>PRIVATIZATION PROCEEDS</u>	<u>75000</u>	<u>1650</u>	<u>25106</u>
<u>BANK BORROWING</u>	<u>80938</u>	<u>424107</u>	<u>149008</u>

CHAPTER - 3
RESOURCE POSITION
(2008 - 09)

3.1 The internal resources comprise of revenue receipts, capital receipts, financing of PSDP by the Provinces and change in the provincial cash balance. The external resources come from foreign loans and grants. The overall comparative resource position for the year 2007-08 (budget and revised) and 2008-09 (budget) is given in Table-7:

TABLE - 7
RESOURCE POSITION

		(Rs in Million)		
Classification		Budget 2007-08	Revised 2007-08	Budget 2008-09
A.	<u>INTERNAL RESOURCES</u>	<u>1135139</u>	<u>1246868</u>	<u>1535530</u>
	Revenue Receipts (Net)	902175	941716	1110900
	Capital Receipts (Net)	58518	142817	221302
	Self-financing of PSDP by Provinces	122695	129752	124407
	Change in Provincial Cash Balance	51751	32583	78921
B.	<u>EXTERNAL RESOURCES</u>	<u>258533</u>	<u>275406</u>	<u>300169</u>
<u>TOTAL RESOURCES (A + B)</u>		<u>1393672</u>	<u>1522274</u>	<u>1835698</u>

INTERNAL RESOURCES

REVENUE RECEIPTS

3.2 The revenue receipts in budget 2008-09, on gross basis, are estimated at Rs 1679238 million showing an increase of 22.7 % over the budget estimates 2007-08. The provincial share in taxes for 2008-09 is estimated at Rs 568338 million which is 22 % higher than the budget estimates of 2007-08.

3.3 The tax revenue at Rs 1251462 million for 2008-09 shows an increase of 24.5 % over revised estimates 2007-08. Non-tax revenue has been projected at Rs 427776 million in 2008-09 as compared with Rs 337593 million in budget estimates 2007-08. At this level the non-tax revenue is higher by 26.7% when compared with the budget estimates 2007-08.

3.4 Detailed information on various components of tax revenue and non-tax revenue is given in Tables 8 to 10.

TABLE - 8
REVENUE RECEIPTS

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>Tax Revenue</u>	<u>1030547</u>	<u>1005569</u>	<u>1251462</u>
Direct Taxes	408250	388250	496000
Indirect Taxes	622297	617319	755462
<u>Non-Tax Revenue</u>	<u>337593</u>	<u>393349</u>	<u>427776</u>
Property and Enterprises	144463	143170	128068
Receipts from Civil Admn. and Others	86262	138823	183087
Miscellaneous Receipts	106868	111356	116621
Revenue Receipts (Gross)	1368140	1398918	1679238
<i>Less: Provincial Share</i>	465964	457202	568338
Revenue Receipts(Net)	902175	941716	1110900

TABLE - 9
TAX REVENUE

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>TAX REVENUE (I + II)*</u>	<u>1030547</u>	<u>1005569</u>	<u>1251462</u>
I. <u>Direct Taxes</u>	<u>408250</u>	<u>388250</u>	<u>496000</u>
Income Tax	388000	367300	477000
Workers Welfare Tax	2800	2400	3500
Workers Participation Fund	7700	9600	9000
Capital Value Tax	6500	5700	6500
Foreign Travel Tax(Arrears)	3250	3250	0
II. <u>Indirect Taxes on Commodities and Transactions</u>	<u>622297</u>	<u>617319</u>	<u>755462</u>
Customs	154000	148000	170000
Sales Tax	375000	375000	472000
Federal Excise	91000	92000	112000
Other Taxes(ICT)	1247	1269	1402
Airport Tax	0	0	60
Airport Tax(Arrears)	1050	1050	0

* Out of which FBR collection has been estimated at Rs 1025 billion for budget 2007-08, Rs 1000 billion for revised 2007-08 and Rs 1250 billion for budget 2008-09.

TABLE- 10
NON - TAX REVENUE

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>NON-TAX REVENUE</u>	<u>337593</u>	<u>393349</u>	<u>427776</u>
<u>Income From Property and Enterprises</u>	<u>144463</u>	<u>143170</u>	<u>128068</u>
Profits of Pak Telecom Authority	9642	7500	5780
Profits of Pakistan Post	292	752	629
Interest (Provinces)	18231	19878	17000
Interest (PSEs & Others)	37532	36274	22659
Dividends	78766	78766	82000
<u>Receipts from Civil Admn and</u>	<u>86262</u>	<u>138823</u>	<u>183087</u>
<u>Other Functions</u>			
General Administration	1856	1489	1618
SBP Profits	60000	88000	110000
Defence	23173	48000	70003
Law and Order	329	364	403
Community Services	618	677	747
Social Services	286	293	316
<u>Miscellaneous Receipts</u>	<u>106868</u>	<u>111356</u>	<u>116621</u>
Economic Services	2128	1699	2155
Petroleum Development Levy	25000	8200	14000
Gas Development Surcharge	22235	21057	17375
Discount Retained on Local Crude Price	4000	22000	23508
Royalty on Oil	8560	13006	12742
Royalty on Gas	21380	21011	21300
Passport and Copyright Fee	7330	7450	8175
Others	16235	16933	17366

CAPITAL RECEIPTS (NET)

3.5 Capital receipts (net) in the budget 2008-09 have been estimated at Rs 221302 million against Rs 58518 million in the budget estimates of 2007-08. The details of capital receipts and disbursements are reflected in Table-11.

TABLE- 11
CAPITAL RECEIPTS (NET)

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
I <u>RECEIPTS(A+B)</u>	<u>90636</u>	<u>182029</u>	<u>277282</u>
A. <u>Federal Consolidated Fund(1+2+3)</u>	<u>43359</u>	<u>105485</u>	<u>143130</u>
<u>1. Recovery of Loans</u>	<u>40892</u>	<u>66155</u>	<u>34358</u>
Provinces	14557	25379	16176
Others	26335	40776	18182
<u>2. Permanent Debt</u>	<u>-3033</u>	<u>22488</u>	<u>43772</u>
Government Bonds (SLIC)	-359	0	0
Income Tax Refund Bonds	-31	-9835	-2134
Federal Investment Bonds	-568	-1843	0
Pakistan Investment Bonds	3000	37271	50000
FEBCs	-50	-80	-70
FCBCs	-10	-10	-9
U.S. Dollar Bearer Certificates	-15	-15	-15
Special US Dollar Bonds	-5000	-3000	-4000
<u>3. Floating Debt</u>	<u>5500</u>	<u>16842</u>	<u>65000</u>
Prize Bonds	5500	11842	20000
Treasury Bills	0	5000	5000
Govt. Commercial Paper(GCP)	0	0	40000
B. <u>Public Account</u>	<u>47277</u>	<u>76544</u>	<u>134152</u>
Saving Schemes	42102	78728	130000
G.P. Fund	2000	2000	2000
Deposits(Net)	3175	-4184	2152
II <u>DISBURSEMENT</u>	<u>32118</u>	<u>39212</u>	<u>55980</u>
Government Investments, Loans and Advances and Others	29552	17747	17212
Short Term Credits	2566	21465	38768
<u>CAPITAL RECEIPTS (NET) (I - II)</u>	<u>58518</u>	<u>142817</u>	<u>221302</u>

SELF-FINANCING OF PSDP BY PROVINCES

3.6 The provinces are able to finance their PSDP as well as improve their cash balance because of federal transfers on account of divisible pool, straight transfers, grants and external assistance. Self-financing of PSDP by provinces during 2008-09 has been estimated at Rs 124407 million.

CHANGE IN PROVINCIAL CASH BALANCE

3.7 The provincial change in cash balance is estimated at Rs 78921 million in the budget estimates 2008-09.

3.8 Total net transfers to provinces is given in Table-12.

TABLE- 12
TRANSFERS TO PROVINCES (NET)

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
Divisible Pool	403137	391311	505706
Straight Transfer	62827	65890	62632
Special Grants/Subventions	31270	33391	38166
Project Aid	26092	19080	25503
Agriculture Sector Programme Loan-II	1123	1123	0
Japanese Grant	90	45	90
<u>Total Transfer to Provinces</u>	<u>524539</u>	<u>510840</u>	<u>632097</u>
<u>Less payments to Federal Govt.</u>	<u>32788</u>	<u>45257</u>	<u>33176</u>
Interest Payments	18231	19878	17000
Loan Repayments	14557	25379	16176
<u>Transfers to Provinces(Net)</u>	<u>491751</u>	<u>465583</u>	<u>598921</u>

3.9 The transfer to provinces on net basis registered a decline of Rs 26168 million in the revised estimates 2007-08 mainly due to pre-payment of federal loans by the provinces during the year. However, these are placed at Rs 598921 million in budget estimates 2008-09 i.e an increase of 28.6% over the revised estimates 2007-08.

EXTERNAL RESOURCES

3.10 The budget estimates 2008-09 have been projected at Rs 300169 million which is 16.1 % higher than budget estimates. Details of receipts from external resources are given in Table-13 below.

TABLE-13
EXTERNAL RESOURCES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
I. <u>EXTERNAL LOANS(A to E)</u>	<u>229685</u>	<u>242314</u>	<u>283776</u>
A. <u>PROJECT LOANS (1+2)</u>	<u>66604</u>	<u>54068</u>	<u>70055</u>
1. <u>Federal Government</u>	<u>42477</u>	<u>36081</u>	<u>46417</u>
Ministries/Divisions	26827	19516	23019
Corporations/Autonomous Bodies	15650	16565	23398
2. <u>Provinces</u>	<u>24127</u>	<u>17987</u>	<u>23638</u>
B. <u>PROGRAMME LOANS</u>	<u>81354</u>	<u>67933</u>	<u>145625</u>
C. <u>EARTHQUAKE LOANS</u>	<u>44437</u>	<u>55750</u>	<u>5596</u>
D. <u>GLOBAL BONDS</u>	<u>31075</u>	<u>0</u>	<u>31250</u>
E. <u>OTHER AID</u>	<u>6215</u>	<u>64563</u>	<u>31250</u>
Islamic Development Bank	6215	33813	31250
Bank of China	0	30750	0
II. <u>EXTERNAL GRANTS</u>	<u>28848</u>	<u>33092</u>	<u>16393</u>
Project Grants	3472	3868	6739
Federal	1507	2775	4874
Provinces	1965	1093	1865
Budget Support Grants	19608	26697	5419
Earthquake Grants	5768	2527	4235
<u>TOTAL (I+II)</u>	<u>258533</u>	<u>275406</u>	<u>300169</u>

CHAPTER - 4

PROVINCIAL SHARE IN FEDERAL REVENUE RECEIPTS

4.1 The NFC Award 1997 has been amended under the Distribution of Revenue and Grant-in-Aid Amendment Order 2006. The details are as follows:

4.2 **Distribution of Revenue:** The Provincial Governments shall be assigned in each financial year a share equal to the percentage of the net proceeds of the following taxes and duties levied and collected by the Federal Government:

- (a) Taxes on Income
- (b) Wealth Tax
- (c) Capital Value Tax
- (d) Taxes on Sales & Purchase of goods
- (e) Export Duty on Cotton
- (f) Custom Duty
- (g) Federal Excise Duty excluding the Excise Duty on Gas charged at well head; and
- (h) Any other tax which may be levied by the federal government.

4.3 The percentage share of the provinces, from the net proceeds of taxes and duties in each year shall be as under:

<u>Financial Year</u>	<u>Percentage share</u>
2006-07	41.50%
2007-08	42.50%
2008-09	43.75%
2009-10	45.00%
2010-11 and onward	46.25%

Allocation of Share to the Provincial Governments

4.4 Out of the sum assigned to the Provincial Governments under Article 3 an amount equal to the net proceeds of 1/6th of Sales Tax shall be distributed amongst the provinces at the following ratio and the Provincial Governments shall further transfer the whole of such amount to the District Governments and Cantonment Boards without retaining any part thereof:

The Punjab	50.00%
Sindh	34.85%
The North-West Frontier Province	9.93%
Balochistan	5.22%
Total:	<u>100.00%</u>

4.5 The balance shall be distributed amongst the provinces on the basis of their respective population in the percentage specified against each:

The Punjab	57.36%
Sindh	23.71%
The North-West Frontier Province	13.82%
Balochistan	5.11%
Total:	<u>100.00%</u>

Grant-in-Aid to the Provinces:

4.6 There shall be charged upon the Federal Consolidated Fund each year a sum of Rupees twenty seven billion seven hundred and fifty million, as grant-in-aid of the revenues of the provinces to be distributed amongst the provinces as per ratio specified against each province, namely:

<u>Province</u>	<u>Amount</u>
The Punjab	11.00%
Sindh	21.00%
The North-West Frontier Province	35.00%
Balochistan	33.00%
Total:	<u>100.00%</u>

Note: The grants-in-aid will be increased annually in line with the growth of net proceeds of divisible taxes for each year.

Explanation: With the arrangements contained in para 4.2 and 4.6(Articles 3 and 7 of Distribution of Revenue and Grant-in-Aid (Amendment) Order, 2006) provincial share in the net divisible pool would not be less than 45% in the first financial year and 50% in the last financial year.

4.7 The net proceeds of divisible pool are arrived at by deducting 5 % collection charges by the federal government. The federal share in the net proceeds of divisible pool for the year 2008-09 is 56.25% with the remainder 43.75 % going to the four provinces, under Distribution of Revenue and Grand-in-Aid (Amendment) Order, 2006.

4.8 The royalty on crude oil & development surcharge on natural gas, after deducting 2% collection charges, is transferred to the provinces on the basis of well-head production. The royalty and excise duty on natural gas, after deducting 2% collection charges, is also transferred to the provinces in accordance with Article 161(1) of the Constitution of the Islamic Republic of Pakistan. The GST on Services(provincial) is also transferred to the provinces after deducting 2% collection charges.

4.9 The following table shows the estimated transfers to the provinces on account of their share out of Federal revenue receipts for 2007-08 (budget & revised) and 2008-09 (budget).

TABLE -14
SHARE OF PROVINCES IN FEDERAL REVENUE RECEIPTS

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
Income Tax	155006	146736	196166
Capital Value Tax	2624	2301	2702
Sales Tax (net of 1/6th)	90651	90681	119985
1/6th of the Sales Tax	58484	58504	73837
Federal Excise (Net of Gas)	34194	34456	43710
Customs Duties	62178	58633	69305
Royalty on Crude Oil	8388	12746	12487
Royalty on Natural Gas	20952	20591	20874
Surcharge on Gas	21790	20636	17027
Excise Duty on Natural Gas	6184	6527	6697
GST on Services	5513	5390	5547
<u>Total</u>	<u>465964</u>	<u>457202</u>	<u>568338</u>
<u>PROVINCE-WISE SHARE</u>			
Punjab	236239	228838	292758
Sindh	144153	141591	168924
NWFP	55936	56699	72212
Balochistan	29636	30074	34443
<u>Total</u>	<u>465964</u>	<u>457202</u>	<u>568338</u>

CHAPTER - 5
CURRENT EXPENDITURE
(2007-08)

5.1 The revised estimates for 2007-08 on account of current expenditure have increased to Rs 1516262 million from the budget estimates of Rs 1056350 million. For 2008-09, the current expenditure has been estimated at Rs 1493183 million, showing a decrease of 1.5 % from revised estimates 2007-08.

5.2 Following table indicates the comparative position of the budget and revised estimates of current expenditure for the year 2007-08 and the budget estimates for 2008-09.

TABLE - 15
CURRENT EXPENDITURE
(SUMMARY)

Classification	(Rs in Million)		
	Budget 2007-08	Revised 2007-08	Budget 2008-09
General Public Service	641875	881657	929522
Defence Affairs and Services	275000	277265	296077
Public Order and Safety Affairs	24540	26106	26770
Economic Affairs	78941	293442	201151
Environment Protection	182	183	210
Housing and Community Amenities	1095	1146	1359
Health Affairs and Services	5240	5287	5490
Recreational,Culture and Religion	2929	3131	3191
Education Affairs and Services	24147	24280	24622
Social Protection	2401	3765	4791
<u>TOTAL:</u>	<u>1056350</u>	<u>1516262</u>	<u>1493183</u>

5.3 The bulk of expenditure has been placed under General Public Service. The expenditure against this head has been budgeted at Rs 929522 million (62.3 % of current expenditure) as compared with Rs 881657 million in the revised estimates and Rs 641875 million in the budget estimates of 2007-08. While 19.8 % for Defence, 13.5 % for Economic Affairs and 4.4 % for other services have been allocated in the budget estimates 2008-09.

GENERAL PUBLIC SERVICE

5.4 The details under General Public Service are given in Table-16.

TABLE - 16
GENERAL PUBLIC SERVICE

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>GENERAL PUBLIC SERVICE</u>	<u>641875</u>	<u>881657</u>	<u>929522</u>
Executive & Legislatives Organs, Financial.....	551708	749671	780819
Superannuation Allowance and Pension	46130	48068	50052
Servicing of Foreign Debt	56409	59353	64077
Foreign Loan Repayments	62886	61686	96185
Servicing of Domestic Debt	318164	443118	459095
Others	68119	137446	111410
Foreign Economic Aid	94	94	94
Transfer Payments	69142	120319	121334
General Services	1628	1662	1947
Basic Research	1432	1434	1594
R&D General Public Services	3526	3533	4406
Administration of General Public Service	1280	2148	599
General Public Services(not defined elsewhere)	13066	2796	18729

5.5 Under General Public Service, the major portion goes to executive & legislative organs, financial and fiscal affairs. At Rs 780819 million, it forms 84% of the allocation of Rs 929522 million. The prominent heads of expenses are superannuation allowances and pensions, domestic and foreign debt servicing. Other major item is the transfer payments. These are 8.1% of the total current expenditure.

DEFENCE AFFAIRS & SERVICES

5.6 Details of estimates of expenditure on Defence Affairs and Services in 2007-08 (budget & revised) and 2008-09 (budget) are given below.

TABLE - 17
DEFENCE AFFAIRS AND SERVICES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>DEFENCE AFFAIRS & SERVICES</u>	<u>275000</u>	<u>277265</u>	<u>296077</u>
<u>Defence Administration</u>	<u>1459</u>	<u>1460</u>	<u>1170</u>
<u>Military Defence</u>	<u>273541</u>	<u>275805</u>	<u>294907</u>
Employees Related Expenses	91680	95741	99092
Operating Expenses	71296	74331	82841
Physical Assets	87334	82913	87638
Civil Works	23672	23203	25736
Less Recoveries	-441	-382	-400

PUBLIC ORDER AND SAFETY AFFAIRS

5.7 Under this head an amount of Rs 26770 million has been provided in the budget 2008-09 as compared with Rs 26106 million in the revised estimates and Rs 24540 million in the budget estimates 2007-08. The allocation for Police (Rs 25029 million) forms the major component under this classification which is higher by 2.6 % as compared with revised estimates and 10.7 % as compared with the budget estimates 2007-08. The following Table provides the details.

TABLE - 18
PUBLIC ORDER AND SAFETY AFFAIRS

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>PUBLIC ORDER AND SAFETY AFFAIRS</u>	<u>24540</u>	<u>26106</u>	<u>26770</u>
Law Courts	880	925	960
Police	22607	24396	25029
Fire Protection	68	70	74
Prison Administration and Operation	18	18	13
R&D Public Order and Safety	23	23	19
Administration of Public Order	944	674	675

ECONOMIC AFFAIRS

5.8 The allocation under this head in the budget 2008-09 has been projected at Rs 201151 million. This is 154.8% higher than the budget estimates of 2007-08. The allocation for General Economic, Commercial & Labour Affairs has been increased by 179.3%. This increase is mainly due to high subsidies to be paid during the year 2008-09. The following Table provides the details under this head.

TABLE - 19
ECONOMIC AFFAIRS

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>ECONOMIC AFFAIRS</u>	<u>78941</u>	<u>293442</u>	<u>201151</u>
General Economic, Commercial and Labour Affairs	56998	231938	159198
Agriculture, Food, Irrigation, Forestry and Fishing	12504	52005	32262
Fuel and Energy	616	628	436
Mining and Manufacturing	855	840	867
Construction and Transport	6282	6289	6511
Communication	1194	1194	1301
Other Industries	492	548	576

ENVIRONMENT PROTECTION

5.9 Environment Protection has been provided with Rs 210 million under Water Waste Management. This is higher by 15.4 % than the budget estimates 2007-08.

TABLE - 20
ENVIRONMENT PROTECTION

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>ENVIRONMENT PROTECTION</u>	<u>182</u>	<u>183</u>	<u>210</u>
Water Waste Management	182	183	210

HOUSING AND COMMUNITY AMENITIES

5.10 An allocation of Rs 1359 million has been provided in the budget 2008-09 for community development which is higher by Rs 213 million against the revised estimates for 2007-08. However, it is more by Rs 264 million when compared with the budget estimates 2007-08.

TABLE - 21
HOUSING AND COMMUNITY AMENITIES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>HOUSING AND COMMUNITY AMENITIES</u>	<u>1095</u>	<u>1146</u>	<u>1359</u>
Community Development	1095	1146	1359

HEALTH AFFAIRS AND SERVICES

5.11 Under Health Affairs and Services a total allocation of Rs 5490 million has been made in the budget estimates 2008-09. This allocation is higher by 4.8 % when compared with budget estimates of 2007-08. Details are given in the following Table.

TABLE - 22
HEALTH AFFAIRS AND SERVICES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>HEALTH AFFAIRS AND SERVICES</u>	<u>5240</u>	<u>5287</u>	<u>5490</u>
Medical Products, Appliances and Equipment	53	53	54
Hospitals Services	4296	4341	4892
Public Health Services	318	320	347
R & D Health	2	2	2
Health Administration	571	571	195

RECREATIONAL, CULTURE AND RELIGION

5.12 In budget 2008-09 an amount of Rs 3191 million has been provided for Recreational, Culture and Religion. The bulk of the expenditure has been earmarked for Broadcasting and Publishing which is 71.7% of the total allocation under this head. Details are given in Table-23:

TABLE -23
RECREATIONAL, CULTURE AND RELIGION

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>RECREATIONAL, CULTURE AND RELIGION</u>	<u>2929</u>	<u>3131</u>	<u>3191</u>
Recreational and Sporting Services	79	79	84
Cultural Services	221	221	289
Broadcasting and Publishing	2141	2330	2289
Religious Affairs	355	368	379
Administration of Information Recreation and Culture	133	133	150

EDUCATION AFFAIRS AND SERVICES

5.13 The Education Affairs and Services have been provided with Rs 24622 million in the budget estimates 2008-09 as compared with Rs 24280 million under the revised estimates and Rs 24147 million in the budget estimates 2007-08 respectively. The bulk of expenditure at Rs 17461 million has been allocated for Tertiary Education Affairs and Services in budget 2008-09. The details are as under:

TABLE - 24
EDUCATION AFFAIRS AND SERVICES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>EDUCATION AFFAIRS AND SERVICES</u>	<u>24147</u>	<u>24280</u>	<u>24622</u>
Pre-Primary & Primary Education Affairs Services	1981	2004	2368
Secondary Education Affairs and Services	2801	2874	3464
Tertiary Education Affairs and Services	17283	17319	17461
Education Services non-definable by level	37	37	35
Subsidiary Services to Education	23	23	26
Administration	1552	1553	739
Education Affairs, Services (not elsewhere)	470	470	529

SOCIAL PROTECTION

5.14 The social protection with Rs 4791 million in the budget 2008-09 million is higher by Rs 2390 million as compared with budget estimates of 2007-08 and higher by Rs 1026 million than the revised estimates 2007-08.

TABLE - 25
SOCIAL PROTECTION

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>SOCIAL PROTECTION</u>	<u>2401</u>	<u>3765</u>	<u>4791</u>
Administration	538	1948	2754
Others	1863	1817	2037

CHAPTER- 6
SUBSIDIES IN BUDGET 2008-09

6.1 As a matter of public policy the Government provides subsidies to provide relief to the citizens from the impact of high international fuel and food prices. A huge amount is being spent on providing subsidies on POL products, power tariffs, wheat, fertilizer and other items. Expenditure on this account was estimated at Rs 114 billion during the current financial year, which is expected to increase to Rs 407 billion. This is mainly because of (a) subsidy payments to Oil Marketing Companies as Price Differential Claims (PDC), (b) subsidy on imported wheat, (c) subsidy on electricity and (d) subsidy on fertilizers.

6.2 These may not be visible separately under the new Chart of Accounts, however, details are as follows. In the budget estimates 2007-08 subsidies were 1.1% of GDP, in revised estimates 2007-08 at 3.9% of GDP and in the budget estimates 2008-09 reduced to 2.4% of GDP. Table- 26 provides the details:

TABLE - 26
SUBSIDIES

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>WAPDA</u>	<u>52893</u>	<u>113658</u>	<u>74612</u>
WAPDA - GST	24893	21307	3018
WAPDA GoP Share(12.5%) for Agri. Tubewells	0	1665	2037
WAPDA Tubewell - Balochistan	3000	3686	4557
Inter Disco Tariff Differential	25000	87000	65000
<u>KESC</u>	<u>19596</u>	<u>19596</u>	<u>13800</u>
KESC- GST	3350	3350	1285
KESC - Differential Agri. Tubewell in Balochistan	133	133	198
KESC on account of Tariff Differential	15796	15796	12000
KESC- Payable to PSO & PGCL	317	317	317

Contd.....

(Rs in Million)			
Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
<u>TCP</u>	<u>8700</u>	<u>46500</u>	<u>26600</u>
TCP- Import of Wheat	0	40000	20000
TCP- Import of Sugar	7500	6500	6300
TCP Reimbursement of Losses - Cotton Operation	1200	0	300
<u>USC</u>	<u>1800</u>	<u>1800</u>	<u>2700</u>
Ghee Package (USC)	1200	1200	1500
Sales of Pulses (USC)	200	200	500
Sale of Atta	200	200	500
Ramzan Package	200	200	200
<u>OTHERS</u>	<u>17431</u>	<u>196431</u>	<u>142492</u>
PASSCO for Misc./Export of wheat	610	610	672
PASSCO on account of Paddy Operations	30	30	0
FFC Jordan	860	860	860
Oil Refineries/OMCs/Others	15000	175000	140000
Pakistan Dairy Development Company	200	200	81
SOPREST/GIK	80	80	78
Sales of Wheat in FATA	110	110	195
Sale of Wheat, Salt & Sugar in Gilgit Agency	541	541	606
R&D support to Textile Sector	0	19000	0
<u>Current Subsidies</u>	<u>100420</u>	<u>377985</u>	<u>260204</u>
<u>Development Subsidies</u>	<u>13500</u>	<u>29500</u>	<u>35000</u>
Import of Urea Fertilizer	4000	4000	3000
DAP Fertilizer	9500	5500	12000
Import of Phosphatic and Pottasic Fertilizer	0	20000	20000
<u>Total Subsidies</u>	<u>113920</u>	<u>407485</u>	<u>295204</u>

6.3 The main subsidies are discussed below:

- a The international price of crude oil has increased more than doubled during the last one year. The government did not pass on this increase to the consumers. Resultantly the subsidy on account of price differential claims of POL products adversely hit the budget in 2007-08. An excess of Rs 160 billion over and above the Rs 15 billion budgeted amount is expected to be paid during the current financial year. Based on the average international price of POL products for the month of May, 2008 government is paying Rs 37.5 billion per month and Rs 1.25 billion per day as subsidy on this account.
- b The government has been heavily subsidizing the cost at which fertilizer is made available to the farmers. In the current year the bill of subsidy was Rs 29.5 billion. In the next year Rs 35 billion has been kept to subsidize Urea, Phosphatic and Pottasic fertilizers.
- c In October 2007, it was observed that the stock of wheat had fallen short in the country. Trading Corporation of Pakistan imported wheat on the direction of Government. Accordingly an amount of Rs 40 billion as subsidy i.e. difference between the cost price and sale price has been released to TCP during current financial year and an amount of Rs 20 billion has been allocated in the budget 2008-09 for the said purpose..
- d The Government is regularly monitoring the situation of supply, demand and prices of various food items. In compliance with government policy Utility Stores Corporation (USC) is providing various food items i.e Edible Oil/Ghee, Pulses, Sugar, Rice, Atta and Tea at subsidized rates to the consumers. During 2007-08 an amount of Rs 1.8 billion was earmarked for subsidizing these items. An amount of Rs 2.7 billion is provided for 2008-09.

CHAPTER - 7
PUBLIC SECTOR DEVELOPMENT PROGRAMME(PSDP)
2008 - 09

7.1 For the year 2008-09 National Economic Council(NEC) has approved an overall size of Public Sector Development Programme (PSDP) at Rs 549.7 billion which is equal to 4.5 % of the GDP compared to 4.4 % of GDP in the Revised Estimates 2007-08.

7.2 The Salient features of PSDP allocations for 2008-09 are as follows:

The PSDP has been raised to Rs.550 billion in the budget for 2008-09 showing an increase of 20% as against the revised estimates 2007-08 at Rs.458 billion.

Federal PSDP including ERRA for the year 2008-09 has been estimated at Rs 400 billion i.e 30 % higher than the revised estimates 2007-08 of Rs 308 billion.

The share of Federal Ministries/Divisions in 2008-09 PSDP is Rs 234 billion showing a rise of 19 % over revised estimates 2007-08.

The Corporations' PSDP 2008-09 has been placed at Rs 51 billion indicating an increase of 19 % over revised estimates 2007-08.

Special Programmes have been allocated a sum of Rs 62 billion in PSDP 2008-09 which includes Rs 34 billion for Income Support Fund, Rs.28 billion for People's Works Programme.

Earthquake Rehabilitation and Reconstruction Authority (ERRA) has been allocated Rs 27 billion for budget estimates 2008-09.

An amount of Rs 26 billion has been provided in the budget 2008-09 for the development of Special Areas i.e. AJ&K, N.A and FATA which is higher by 25 % as compared with revised 2007-08.

The provincial programme for 2008-09 has been estimated at Rs 150 billion.

7.3 Table-27 indicates the allocations made for federal government and provincial governments.

TABLE - 27
SIZE OF PSDP

		(Rs in Million)		
		Budget	Revised	Budget
		2007-08	2007-08	2008-09
Classification				
(i) Federal Ministries/Divisions		229756	196453	233656
1	Cabinet Division	495	398	2822
2	Pakistan Atomic Energy Commission	12210	15630	15331
3	Pakistan Nuclear Regulatory Authority	421	421	458
4	Commerce Division	1579	206	463
5	Communications Division	613	227	312
6	Ministry of Ports & Shipping	757	1027	372
7	Culture Division	378	314	413
8	Sports Division	523	426	350
9	Youth Affairs Division	152	6	34
10	Tourism Division	168	55	19
11	Defence Division	5135	3278	4939
12	Defence Production Division	527	505	1450
13	Economic Affairs Division	10	3	12
14	Education Division	6509	4383	6270
15	Higher Education Commission	18000	16900	18000
16	Environment Division	1619	1648	2223
17	Establishment Division	503	0	293
18	Local Govt. & Rural Dev. Division	128	26	108
19	Finance Division	16963	11604	14770
20	Revenue Division	2527	1521	2371
21	Food, Agriculture & Livestock Division	15799	15354	20516
22	Foreign Affairs Division	579	172	407
23	Health Division	14273	13853	19010
24	Industries and Production Division	9499	6433	10459
25	Information & Broadcasting Division	1538	980	1038
26	Information Tech. & Telecom Division	3214	2345	1976
27	Interior Division	9511	6028	6943
28	Labour Manpower & OP Division	198	139	124

Contd.....

		(Rs in Million)		
	Classification	Budget 2007-08	Revised 2007-08	Budget 2008-09
29	Law Justice and Human Rights Division	4021	2412	2381
30	Narcotics Control Division	277	226	768
31	Overseas Pakistani Division	5	5	3
32	National Reconstruction Bureau	50	33	77
33	Petroleum & Natural Resources Division	928	479	850
34	Planning and Development Division	14437	2888	11455
35	Population Welfare Division	4328	4328	4315
36	Railways Division	11642	9331	11280
37	Textile Industry Division	1029	410	770
38	Science & Technological Research Division	3601	3253	3015
39	Statistics Division	263	165	175
40	Water & Power Division	63550	66170	62320
41	Women Development Division	163	151	184
42	Social Welfare & Special Education	428	324	510
43	Housing & Works Division	1206	2396	4070
(ii) Corporations		49602	42395	50637
1	WAPDA (Power)	20602	6616	14137
2	National Highway Authority	29000	35779	36500
(iii) Special Programme		34420	29372	62420
1	Khushal Pakistan Programme-I	4420	2126	0
2	Khushal Pakistan Programme-II	20000	17246	0
3	People's Works Programme-I	0	0	4420
4	People's Works Programme-II	0	0	24000
5	Khushal Pakistan Fund	10000	10000	0
6	Income Support Fund	0	0	34000
(iv) Special Area		21222	21063	26277
1	Azad Kashmir	9162	8973	11997
2	Northern Areas	4560	4590	5618
3	FATA	7500	7500	8662
A	Federal Programme(i to iv)	335000	289283	372990
B	ERRA	35000	19000	26719
C	Provincial Programme	150000	150000	150000
Total PSDP (A+B+C)		520000	458283	549709

CHAPTER - 8 **LOANS AND INVESTMENTS**

8.1 The financial assets of the federal government consist of investible funds and loans provided to the provincial governments, AJ& K and various agencies/ institutions and government servants to enable them to meet their loans and investment requirements. The significance of these funds lies in the fact that they meet the financial requirements of the provinces as well as some of the federal programmes.

CURRENT LOANS

8.2 Total current loans and advances have been estimated at Rs 8365 million in budget 2008-09. These loans are provided by the federal government for various purposes as specified in Table-28:

TABLE - 28
CURRENT LOANS

		(Rs in Million)		
	Agency	Budget 2007-08	Revised 2007-08	Budget 2008-09
1	Loans-WAPDA for Hub & Khanpur Dams	21	21	23
2	Loans to Govt. Servants	1935	1935	2128
3	Ways & Means Advances to AJ&K	4574	4574	5702
4	Loans to Friendly Countries	0	49	500
5	Loan to Employees of PNRA	4	4	4
6	Junagrah & Kathiawar Chief	1	1	1
7	Loan against the Liability of PODB	95	95	0
8	Loan to WAPDA (LSFO - HSFO)	3407	0	0
9	Loan to Printing Corporation of Pakistan	123	123	0
10	Others	10	9	7
	Total:	<u>10170</u>	<u>6811</u>	<u>8365</u>

DEVELOPMENT LOANS

8.3 Development loans and advances are made to provinces, Government of Azad Jammu & Kashmir, PSEs, local bodies and others to assist them in carrying out their development programmes. Total development loans are estimated at Rs 95801 million in the budget 2008-09 showing an increase of 27 % over the revised estimates of Rs 75404 million in 2007-08.

8.4 Table-29 shows the position of development loans:

TABLE - 29
DEVELOPMENT LOANS

(Rs in Million)				
Classification		Budget 2007-08	Revised 2007-08	Budget 2008-09
1.	Cash Development Loans	41607	36838	43060
2.	External Development Loans	45974	38566	52741
<u>TOTAL</u>		<u>87581</u>	<u>75404</u>	<u>95801</u>

CURRENT INVESTMENTS

8.5 The investment on current account for the year 2008-09 has been estimated at Rs 8847 million as compared to Rs 10936 million in the revised estimates of 2007-08. The comparative position is given below.

TABLE - 30
FEDERAL INVESTMENTS ON CURRENT ACCOUNT

(Rs in Million)				
	Agency	Budget 2007-08	Revised 2007-08	Budget 2008-09
1	Share capital of ECO trade	1500	1481	1677
2	Gateway foundation share subscription	61	0	1
3	Karachi Shipyard & Engineering Works (KS&EW)	376	376	398
4	GOP Equity in PIA	2700	891	2359
5	GOP Contribution to SAARC	0	0	950
6	GOP Equity in USC	60	60	0
7	Pak-Oman Investment Co. (POIC)	1500	1500	0
8	GOP Contribution/share in Equity of Pak - Brunei Investment Co.	2000	1750	0
9	Enhanced Capital of Islamic Development Bank(IDB) Jeddah	785	785	828
10	Equity from GoP for Pak-Malaysia	2135	0	0
11	Equity from GoP for Pak China Inv. Co.	3050	3239	1000
12	Equity from GOP - Pak Iran Inv. Co.	2000	689	0
13	Equity of Pak-Bahrain Joint Inv. Co	3050	0	0
14	GoP Equity in Pak Steel Mills	165	165	160
15	GOP Equity in Pakistan Textile City Ltd	0	0	500
16	GOP Equity in Pakistan Dairy Dev. Co.Ltd	0	0	200
17	GOP Equity investment NIP Karachi	0	0	295
18	Contribution to Poverty Alleviation Fund	0	0	413
19	Capital Stock of Islamic Corp.(ICIEC)	0	0	66
	Total:	19382	10936	8847

CHAPTER - 9
MEDIUM TERM BUDGETARY FRAMEWORK
(MTBF)

9.1 Government of Pakistan has initiated budget reforms under Medium Term Budgetary Framework(MTBF). MTBF will assist in improving the overall quality of planning and budgetary process and also enhancing the quality and effectiveness of public expenditure. Multi-year budget horizon provides the ministries the space and flexibility they need to formulate, plan and implement policies that focus on public service delivery or 'outputs'.

9.2 The MTBF reforms initiated in 2003 comprise two major components - the strategic or "top-down" component implemented in the Ministry of Finance and the "bottom up" component which introduces strengthened budget preparation through output based budgeting, progressively across the federal ministries. Under the strategic component the Medium Term Fiscal Framework(MTFF), a Financial Programming Framework(FPF) and a Budget Strategy Paper (BSP) have been developed to provide strategic guidance to the budget preparation process.

9.3 Under the bottom-up component during the preparation of the budget for FY 2008-09 the application of output based budgeting has been successfully pilot implemented in 25 ministries. Through output-based budgeting, the ministries are supported to determine the cost of delivery of each line of service provided for in the budget and indicators and associated service delivery targets are being set for each line of service. Full adoption of out-put based budgeting in future budget cycle will provide greatly increased transparency on the results to be achieved from public spending in terms of levels of delivery of services which are expected to be achieved through federal budget appropriations.

9.4 Ministry of Finance anticipates the full roll-out and implementation of the MTBF system across the federal government in the preparation of the budget for FY 2009-10.

ROLL OUT IN OTHER MINISTRIES/DIVISIONS

9.5 At the line ministerial level separate MTBF Guidelines and MTBF Budget Call Circular were issued. Using the Guidelines and Budget Call Circular a total of 25 MTBF ministries have carried out a detailed process of defining their goals, Outcomes and Outputs for the 3 year MTBF period. A detailed methodology has been applied for linking budgetary allocations at the Spending Unit level to the high-level outputs and targeted outcomes of each ministry. In addition, indicators are being identified for each output(line of service delivery) and targets set for service delivery for the financial year. The process of training and capacity-building which has been a feature of the MTBF since 2005 has been continued both for the staff of ministries new to MTBF and in the ministries which have been within MTBF for several years. The ministries have been encouraged to take ownership of their budgetary preparation and determination of the strategic allocations of resources in line with their ministry's priorities within the overall budgetary allocation to the ministry.

9.6 The following Ministries have been covered under MTBF:

From 2005-06

- 1 Ministry of Health
- 2 Ministry of Population Welfare

From 2006-07

- 1 Ministry of Education
- 2 Ministry of Food, Agriculture and Livestock
- 3 Ministry of Women's Development

From 2007-08:

- 1 Ministry of Commerce
- 2 Ministry of Communications
- 3 Ministry of Ports and Shipping
- 4 Ministry of Textiles
- 5 Ministry of Environment
- 6 Ministry of Information Technology and Telecom
- 7 Ministry of Narcotics Control
- 8 Ministry of Water and Power
- 9 Ministry of Social Welfare
- 10 Ministry of Local Government and Rural Development

From 2008-09:

- 1 Ministry of Culture
- 2 Ministry of Economic Affairs and Statistics
- 3 Ministry of Industries, Production and Special Initiatives
- 4 Ministry of Privatization and Investment
- 5 Ministry of Minority Affairs
- 6 Ministry of Parliamentary Affairs
- 7 Ministry of Petroleum and Natural Resources
- 8 Ministry of Religious Affairs, Zakat and Ushr
- 9 Ministry of Tourism
- 10 Ministry of Youth Affairs

BUDGET AT A GLANCE

2008- 09

(Rs in Billion)

Receipts		Expenditure	
(a) Tax Revenue*	1251.5	<u>(A) CURRENT</u>	<u>1493.2</u>
(b) Non-Tax Revenue	427.8	General Public Service	929.5
Gross Revenue Receipts	1679.2	Defence Affairs & Services	296.1
Less Provincial Share	568.3	Public Order Safety Affairs	26.8
I. Net Revenue Receipts	1110.9	Economic Affairs	201.2
II. Net Capital Receipts	221.3	Environment Protection	0.2
III. External Receipts	300.2	Housing and Community	1.4
IV. Self Financing of PSDP by Provinces	124.4	Health Affairs and Services	5.5
V. Change in Provincial Cash Balance	78.9	Recreational,Culture Services	3.2
VI. Privatization Proceeds	25.1	Education Affairs Service	24.6
		Social Protection	4.8
		<u>(B) DEVELOPMENT</u>	<u>516.6</u>
		PSDP	549.7
VII. Bank Borrowing	149.0	Federal Government	399.7
		Provincial Government	150.0
		Est. Operational Shortfall	-77.0
		Other Dev. Expenditure	43.9
<u>TOTAL RESOURCES</u> (I to VII)	<u>2009.8</u>	<u>TOTAL EXPENDITURE</u> (A + B)	<u>2009.8</u>

* Out of which FBR collection has been estimated at Rs 1250 billion.