

PREFACE

The Budget in Brief is a summary of the Federal Budget 2009-10. It is meant to provide essential budgetary information about the revenues and expenditures at a glance. Detailed information is available in other budgetary documents.

The federal budget is being prepared in accordance with the budgeting and accounting classification system that has been approved by the Government of Pakistan as an integral part of the New Accounting Model.

This is the first year the federal budget is being prepared using the newly adopted Medium-Term Budgetary Framework (MTBF). Under this method macro projections are made over a rolling 3-year budgetary horizon. This year, expenditure ceilings were issued to Ministries on recurrent budget after Cabinet's approval, in line with the Government's stated priorities. The Ministries prepared their budget accordingly. It is hoped that during the next few years the new system will further develop to improve linkages of the stated Government priorities with the allocation of public resources.

Another new feature of this document is the inclusion of Medium Term Economic Framework (MTEF) covering a period of three years. For the convenience of readers, some additional information regarding subsidies, loans and advances has been shown separately. Another new facility being introduced is that the Annual Budget Statement, Explanatory Memorandum and Estimates of Foreign Assistance will be placed on the Ministry of Finance website (finance.gov.pk) for un-restricted access by all.

I hope that this document will prove to be useful and handy portal into the budget 2009-10.

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Islamabad, the 13th June, 2009

C O N T E N T S

	Page
<u>CHAPTER- 1 REVIEW OF THE BUDGET 2008 - 09</u>	1
Salient Features	1
Comparison - Budget and Revised Estimates	2
Resources	3
Internal	3
External	5
Expenditure	6
<u>CHAPTER- 2 THE BUDGET 2009 - 10</u>	7
Salient Features	7
Comparative Budgetary Position	8
<u>CHAPTER- 3 RESOURCE POSITION</u>	9
Internal Resources	9
Revenue Receipts	9
Capital Receipts	13
Self - financing of PSDP by Provinces	14
Change in Provincial Cash Balance	14
External Resources	15
<u>CHAPTER- 4 PROVINCIAL SHARE IN FEDERAL</u>	16
<u>REVENUE RECEIPTS</u>	
<u>CHAPTER- 5 CURRENT EXPENDITURE</u>	19
General Public Services	20
Defence Affairs and Services	21
Public Order and Safety Affairs	22
Economic Affairs	23
Environment Protection	24

Contd.....

C O N T E N T S

Housing and Community Amenities	24
Health Affairs and Services	25
Recreational, Culture and Religion	26
Education Affairs and Services	27
Social Protection	28
<u>CHAPTER- 6 SUBSIDIES</u>	29
<u>CHAPTER- 7 PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP) 2009 - 10</u>	31
<u>CHAPTER- 8 LOANS AND INVESTMENTS</u>	34
Current Loans	34
Development Loans	35
Current Investment	36
<u>CHAPTER- 9 MEDIUM TERM BUDGETARY FRAMEWORK (MTBF)</u>	37
<u>BUDGET 2009 - 10 AT A GLANCE</u>	39

CHAPTER - 1
REVIEW OF BUDGET 2008- 09

SALIENT FEATURES

- 1.1 The budget 2008-09 had the following salient features:
- a) The total outlay of budget 2008-09 was Rs 2010 billion. This was 29.7% higher than the size of budget estimates 2007-08.
 - b) The current expenditure was estimated at Rs 1493 billion and the development expenditure Rs 550 billion. Current expenditure at this level was less by Rs 23 billion from revised estimates of 2007-08. The development expenditure increased by 20% in 2008-09 over the revised estimates 2007-08.
 - c) The share of current expenditure in total budgetary outlay for 2008-09 was 74.3% as compared to 77.8% in revised estimates for 2007-08.
 - d) In the current expenditure the General Public Services (inclusive of debt servicing transfer payments and superannuation allowance) occupied 62.3% of the current expenditure in 2008-09.
 - e) The size of Public Sector Development Programme for 2008-09 was Rs 550 billion. While for Other Development Expenditure an amount of Rs 44 billion was allocated i.e. an increase of 20% over the revised estimates 2007-08.
 - f) The resource availability during 2008-09 were estimated at Rs 1836 billion against Rs 1394 billion in the budget estimates of 2007-08.
 - g) Net revenue receipts for 2008-09 were estimated at Rs 1111 billion indicating an increase of 23% over the budget estimates of 2007-08.
 - h) The capital receipts (net) for 2008-09 were estimated at Rs 221 billion against the budget estimates of Rs 59 billion in 2007-08.
 - i) The external receipts in 2008-09 were placed at Rs 300 billion indicating an increase of 16% over the budget estimates for 2007-08.
 - j) The provincial share in federal revenue receipts was estimated at Rs 568 billion during 2008-09 which was 22% higher than the budget estimates for 2007-08.

1.2 In the light of features outlined above, a comparison has been drawn between budget estimates and revised estimates 2008-09 in the following Table:

TABLE - 1
SUMMARY 2008 - 09

Classification	(Rs in Million)	
	Budget 2008-09	Revised 2008-09
<u>RESOURCES</u>	<u>1835698</u>	<u>1939713</u>
- <u>Internal Resources</u>	<u>1535530</u>	<u>1572280</u>
- Revenue Receipts (Net)	1110900	1223738
- Capital Receipts (Net)	221302	187236
- Financing of PSDP by Provinces	124407	123660
- Change in Provincial Cash Balance	78921	37647
- <u>External Resources</u>	<u>300169</u>	<u>367433</u>
<u>EXPENDITURE</u>	<u>2009812</u>	<u>2087027</u>
- Current Expenditure	1493183	1649224
- PSDP	549709	418967
- Other Development Expenditure	43920	58836
- Est. Operational Shortfall in PSDP	-77000	-40000
<u>PRIVATIZATION PROCEEDS</u>	<u>25106</u>	<u>1290</u>
<u>BANK BORROWING</u>	<u>149008</u>	<u>146024</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 2008-2009 in respect of tax and non-tax revenue, while Table-3 provides the details of net capital receipts.

TABLE - 2
REVENUE RECEIPTS
(2008- 09)

		(Rs in Million)	
Classification		Budget 2008-09	Revised 2008-09
<u>A</u>	<u>TAX REVENUE</u>	<u>1251462</u>	<u>1180462</u>
-	Direct Taxes	496000	461000
-	Indirect Taxes	755462	719462
<u>B</u>	<u>NON - TAX REVENUE</u>	<u>427776</u>	<u>603140</u>
-	Income from Property and Enterprises	128068	107807
-	Receipts from Civil Administration and Other Functions	183087	236915
-	Miscellaneous Receipts	116621	258418
	<u>Revenue Receipts (Gross)</u>	<u>1679238</u>	<u>1783602</u>
	<u>Less Provincial Share</u>	<u>568338</u>	<u>559865</u>
	<u>Revenue Receipts (Net)</u>	<u>1110900</u>	<u>1223738</u>

1.4 The tax revenue recorded a decrease of 5.7% over budget estimates while the non-tax revenue increased from Rs 427776 million to Rs 603140 million or an increase of 41%.

1.5 After deducting the provincial share, the net revenue receipts were estimated at Rs 1110900 million in the budget 2008-09. These are now estimated at Rs 1223738 million in the revised estimates 2008-09 i.e. an increase of 10.2%.

CAPITAL RECEIPTS (NET)

1.6 The capital receipts (net) expected to register a decrease of Rs 34066 million in the revised estimates. The following Table provides the details:

TABLE - 3
CAPITAL RECEIPTS (NET)
(2008- 09)

		(Rs in Million)	
Classification		Budget 2008-09	Revised 2008-09
I.	<u>Receipts (A + B)</u>	<u>277282</u>	<u>284401</u>
	<u>A. Federal Consolidated Fund</u>	<u>143130</u>	<u>69159</u>
	- Recovery of Loans	34358	38888
	- Permanent Debt	43772	21271
	- Floating Debt	65000	9000
	<u>B. Public Account</u>	<u>134152</u>	<u>215242</u>
II.	<u>Disbursements</u>	<u>55980</u>	<u>97166</u>
	<u>CAPITAL RECEIPTS (NET) (I-II)</u>	<u>221302</u>	<u>187236</u>

EXTERNAL RESOURCES

1.7 The government obtains foreign loans and grants to use for capital and development expenditure. The external resources for 2008-09 were budgeted at Rs 300169 million which are now projected at Rs 367433 million in revised estimates or an increase of 22.4%. This increase is mainly due to receipts from Other Aid. The following Table gives the details:

TABLE - 4
EXTERNAL RESOURCES
(2008- 09)

		(Rs in Million)	
Classification		Budget 2008-09	Revised 2008-09
<u>I.</u>	<u>EXTERNAL LOANS (a to e)</u>	<u>283776</u>	<u>347807</u>
	a. Project Loans	70055	64063
	b. Programme Loans	145625	191264
	c. Earthquake Loans	5596	0
	d. Global Bonds	31250	0
	e. Other Aid	31250	92480
<u>II.</u>	<u>EXTERNAL GRANTS</u>	<u>16393</u>	<u>19625</u>
	<u>TOTAL (I + II)</u>	<u>300169</u>	<u>367433</u>

EXPENDITURE

1.8 The budget estimates of current and development expenditure for the year 2008-09 have been compared with the revised estimates 2008-09 in Table-5.

TABLE - 5
CURRENT AND DEVELOPMENT EXPENDITURE
(2008- 09)

Classification	(Rs in Million)	
	Budget 2008-09	Revised 2008-09
<u>A. CURRENT</u>	<u>1493183</u>	<u>1649224</u>
- General Public Services	929522	1132595
- Defence Affairs & Services	296077	311303
- Public Order and Safety Affairs	26770	27343
- Economic Affairs	201151	136678
- Environment Protection	210	210
- Housing and Community Amenities	1359	1359
- Health Affairs & Services	5490	5490
- Recreational, Culture and Religion	3191	4564
- Education Affairs and Services	24622	24640
- Social Protection	4791	5042
<u>B. DEVELOPMENT</u>	<u>516629</u>	<u>437803</u>
- Public Sector Dev. Programme (PSDP)	549709	418967
- Other Development Expenditure	43920	58836
- Est. Operational Shortfall in PSDP	-77000	-40000
<u>Total Expenditure (A + B)</u>	<u>2009812</u>	<u>2087027</u>

1.9 The overall expenditure at Rs 2087027 million in revised estimates 2008-09 shows an increase of 3.8% over budget estimates 2008-09.

CHAPTER - 2
THE BUDGET 2009 - 10

SALIENT FEATURES

2.1 The budget 2009-10 has the following main salient features:

- a) The total outlay of budget 2009-10 is Rs 2462 billion. This size is 22.5% higher than the size of budget estimates 2008-09.
- b) The resource availability during 2009-10 has been estimated at Rs 2299 billion against Rs 1836 billion in the budget estimates of 2008-09.
- c) Net revenue receipts for 2009-10 have been estimated at Rs 1352 billion indicating an increase of 21.7% over the budget estimates of 2008-09.
- d) The provincial share in federal revenue receipts is estimated at Rs 655 billion during 2009-10 which is 15.3% higher than the budget estimates for 2008-09.
- e) The capital receipts (net) for 2009-10 have been estimated at Rs 191 billion against the budget estimates of Rs 221 billion in 2008-09.
- f) The external receipts in 2009-10 are estimated at Rs 510 billion. This shows an increase of 70% over the budget estimates for 2008-09.
- g) The overall expenditure during 2009-10 has been estimated at Rs 2462 billion of which the current expenditure is Rs 1699 billion and development expenditure at Rs 803 billion. Current expenditure shows an increase of 3% over the revised estimates of 2008-09, while development expenditure will increase by 68.1% in 2009-10 over the revised estimates of 2008-09.
- h) The share of current expenditure in total budgetary outlay for 2009-10 is 69% as compared to 79% in revised estimates for 2008-09.
- i) The expenditure on General Public Services (inclusive of debt servicing transfer payments and superannuation allowance) is estimated at Rs 1189 billion which is 70% of the current expenditure.

- j) The size of Public Sector Development Programme (PSDP) for 2009-10 is Rs 646 billion. While for Other Development Expenditure an amount of Rs 157 billion has been allocated. The PSDP shows an increase of 54% over the revised estimates 2008-09.
- k) The provinces have been allocated an amount of Rs.200 billion for budget estimates 2009-10 in their PSDP.
- l) An amount of Rs 25 billion has been allocated to Earthquake Reconstruction and Rehabilitation Authority (ERRA) in the PSDP 2009-10.

2.2 The comparative position of 2008-09 (budget & revised) and 2009-10 (budget) is given in Table-6 below:

TABLE - 6
COMPARATIVE BUDGETARY POSITION
2008- 09 AND 2009 - 10

(Rs in Million)			
Classification	Budget 2008-09	Revised 2008-09	Budget 2009-10
i) <u>RESOURCES (a + b)</u>	<u>1835698</u>	<u>1939713</u>	<u>2298813</u>
a. <u>Internal Resources</u>	<u>1535530</u>	<u>1572280</u>	<u>1788400</u>
- Revenue Receipts (Net)	1110900	1223738	1351988
- Capital Receipts (Net)	221302	187236	190513
- Financing of PSDP by Provinces	124407	123660	172987
- Change in Provincial Cash Balance	78921	37647	72911
b. <u>External Resources</u>	<u>300169</u>	<u>367433</u>	<u>510413</u>
ii) <u>EXPENDITURE</u>	<u>2009812</u>	<u>2087027</u>	<u>2462310</u>
- Current Expenditure	1493183	1649224	1699193
- Development Expenditure (PSDP)	549709	418967	646000
- Est. Operational Shortfall (PSDP)	-77000	-40000	-40000
- Other Development Expenditure	43920	58836	157117
<u>PRIVATIZATION PROCEEDS</u>	<u>25106</u>	<u>1290</u>	<u>19351</u>
<u>BANK BORROWING</u>	<u>149008</u>	<u>146024</u>	<u>144146</u>

CHAPTER - 3
RESOURCES POSITION
(2009 - 10)

3.1 The internal resources comprise of revenue receipts, capital receipts, financing of Public Sector Development Programme (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 2008-09 (budget and revised) and 2009-10 (budget) is given in Table -7 below:

TABLE - 7
RESOURCE POSITION

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
A. <u>INTERNAL RESOURCES</u>	<u>1535530</u>	<u>1572280</u>	<u>1788400</u>
Revenue Receipts (Net)	1110900	1223738	1351988
Capital Receipts (Net)	221302	187236	190513
Financing of PSDP by Provinces	124407	123660	172987
Change in Provincial Cash Balance	78921	37647	72911
B. <u>EXTERNAL RESOURCES</u>	<u>300169</u>	<u>367433</u>	<u>510413</u>
<u>TOTAL RESOURCES (A + B)</u>	<u>1835698</u>	<u>1939713</u>	<u>2298813</u>

INTERNAL RESOURCES

REVENUE RECEIPTS

3.2 The revenue receipts in budget 2009-10, on gross basis, are estimated at Rs 2007206 million showing an increase of 19.5% over the budget estimates 2008-09. The provincial share in taxes for 2009-10 is estimated at Rs 655217 million which is 15.3% higher than the budget estimates of 2008-09.

3.3 The tax revenue at Rs 1493560 million for 2009-10 shows an increase of 26.5% over revised estimates 2008-09. Non-tax revenue has been projected at Rs 513646 million in 2009-10 as compared with Rs 427776 million in budget estimates 2008-09. At this level the non-tax revenue is higher by 20% when compared with the budget estimates 2008-09.

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

TABLE - 8
REVENUE RECEIPTS

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
<u>Tax Revenue</u>	<u>1251462</u>	<u>1180462</u>	<u>1493560</u>
Direct Taxes	496000	461000	565600
Indirect Taxes	755462	719462	927960
<u>Non - Tax Revenue</u>	<u>427776</u>	<u>603140</u>	<u>513646</u>
Property and Enterprises	128068	107807	118719
Civil Administration and Other Functions	183087	236915	281014
Miscellaneous Receipts	116621	258418	113913
Revenue Receipts (Gross)	<u>1679238</u>	<u>1783602</u>	<u>2007206</u>
Less: Provincial Share	568338	559865	655217
Revenue Receipts (Net)	<u>1110900</u>	<u>1223738</u>	<u>1351988</u>

TABLE - 9
TAX REVENUE

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
<u>*TAX REVENUE (I + II)</u>	<u>1251462</u>	<u>1180462</u>	<u>1493560</u>
<u>I. Direct Taxes</u>	<u>496000</u>	<u>461000</u>	<u>565600</u>
Income Tax	477000	443341	544531
Workers Welfare Tax	3500	0	0
Workers Participation Tax	9000	11618	13861
Capital Value Tax	6500	6041	7208
<u>II. Indirect Taxes</u>	<u>755462</u>	<u>719462</u>	<u>927960</u>
Customs	170000	145000	162200
Sales Tax	472000	457000	499400
Federal Excise	112000	116000	152800
Other Taxes (ICT)	1402	1402	1500
Airport Tax	60	60	60
Carbon Surcharge on POL	0	0	112000
* Of which F.B.R	1250000	1179000	1380000

TABLE - 10
NON - TAX REVENUE

(Rs in Million)

Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
<u>NON - TAX REVENUE</u>	<u>427776</u>	<u>603140</u>	<u>513646</u>
<u>Income From Property and Enterprises</u>	<u>128068</u>	<u>107807</u>	<u>118719</u>
Profits of Pak Telecom Authority	5780	0	0
Profits of Pakistan Post	629	161	1300
Interest (Provinces)	17000	18468	16819
Interest (PSEs & Others)	22659	24236	25372
Dividends	82000	64942	75229
<u>Receipts from Civil Admn and Other Functions</u>	<u>183087</u>	<u>236915</u>	<u>281014</u>
General Administration	1618	1001	1021
SBP Profits	110000	150000	150000
Defence	70003	84256	128200
Law and Order	403	643	713
Community Services	747	666	709
Social Services	316	351	371
<u>Miscellaneous Receipts</u>	<u>116621</u>	<u>258418</u>	<u>113913</u>
Economic Services	2155	1744	1778
Petroleum Development Levy	14000	129237	0
Gas Development Surcharge	17375	26283	29937
Discount Retained on Local Crude Oil Price	23508	23676	15045
Royalty on Oil	12742	15124	7973
Royalty on Gas	21300	31213	27057
Passport and Copyright Fee	8175	8225	8950
Others	17366	22916	23173

CAPITAL RECEIPTS (NET)

3.5 Capital receipts (net) in the budget 2009-10 have been estimated at Rs 190513 million against Rs 221302 million in the budget estimates 2008-09. The details of capital receipts and disbursements are reflected in Table-11.

TABLE - 11
CAPITAL RECEIPTS (NET)

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
I. <u>RECEIPTS (A + B)</u>	<u>277282</u>	<u>284401</u>	<u>284747</u>
A. <u>Federal Consolidated Fund (1+2+3)</u>	<u>143130</u>	<u>69159</u>	<u>49776</u>
1. <u>Recovery of Loans</u>	<u>34358</u>	<u>38888</u>	<u>38461</u>
Provinces	16176	20996	20400
Others	18182	17893	18061
2. <u>Permanent Debt</u>	<u>43772</u>	<u>21271</u>	<u>315</u>
Income Tax Refund Bonds	-2134	-2134	-73
Federal Investment Bonds	0	0	-537
Pakistan Investment Bonds	50000	-10000	5000
FEBCs	-70	-70	-50
FCBCs	-10	-10	-10
U.S. Dollar Bearer Certificate	-15	-15	-15
Ijara Sukuk Bonds	0	35500	0
Special US Dollar Bonds	-4000	-2000	-4000
3. <u>Floating Debt</u>	<u>65000</u>	<u>9000</u>	<u>11000</u>
Prize Bonds	20000	9000	10000
Treasury Bills	5000	0	1000
Govt Commercial Paper(GCP)	40000	0	0
B. <u>Public Account</u>	<u>134152</u>	<u>215242</u>	<u>234971</u>
Saving Schemes	130000	213624	231482
G.P.Fund	2000	2000	2000
Deposits (Net)	2152	-382	1489
II. <u>DISBURSEMENT</u>	<u>55980</u>	<u>97166</u>	<u>94234</u>
Government Investments, Loans and Advances and Others	17212	21019	28536
Short Term Credits	38768	76147	65699
<u>CAPITAL RECEIPTS (NET) (I - II)</u>	<u>221302</u>	<u>187236</u>	<u>190513</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 transfer, grants and external assistance. Self-financing of PSDP by provinces during 2009-10 has been estimated at Rs 172987 million.

CHANGE IN PROVINCIAL CASH BALANCE

3.7 The provincial change in cash balance is estimated at Rs 72911 million for 2009-10 (budget).

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

TABLE - 12
TRANSFER TO PROVINCES (NET)

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
Divisible Pool	505706	477418	569821
Straight Transfer	62632	82447	85396
Special Grants/Subventions	38166	40568	52900
Project Aid	25503	26333	26923
Japanese Grant	90	20	90
<u>Total Transfer to Provinces</u>	<u>632097</u>	<u>626786</u>	<u>735130</u>
<u>Less Payments to Federal Govt.</u>	<u>33176</u>	<u>39464</u>	<u>37218</u>
Interest Payments	17000	18468	16819
Loans Repayments	16176	20996	20400
<u>Transfer to Provinces (Net)</u>	<u>598921</u>	<u>587322</u>	<u>697912</u>

3.9 The transfer to provinces on net basis registered a decrease of Rs 11599 million in the revised estimates 2008-09 mainly due to lesser tax collection by FBR during the year. However, these are placed at Rs 697912 million in budget estimates 2009-10 i.e. an increase of 18.8% over the revised estimates 2008-09.

EXTERNAL RESOURCES

3.10 The budget estimates 2009-10 have been projected at Rs 510413 million which is 70% higher than budget estimates 2008-09. Details of receipts from external resources are given in Table-13 below:

TABLE - 13
EXTERNAL RESOURCES

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
I. <u>EXTERNAL LOANS (A to F)</u>	<u>283776</u>	<u>347807</u>	<u>444975</u>
A. PROJECT LOANS (1+2)	70055	64063	77065
1. Federal Government	46417	41057	52528
- Ministries/Divisions	23019	16575	26189
- Corporations/Autonomous Bodies	23398	24482	26339
2. Provinces	23638	23006	24537
B. PROGRAMME LOANS	145625	191264	140333
C. EARTHQUAKE LOANS	5596	0	0
D. GLOBAL BONDS	31250	0	41250
E. TOKYO PLEDGES	0	0	145078
F. OTHER AID	31250	92480	41250
- Islamic Development Bank	31250	52480	41250
- China Deposits	0	40000	0
II. <u>EXTERNAL GRANTS</u>	<u>16393</u>	<u>19625</u>	<u>65438</u>
- Project Grants	6739	8593	8798
• Federal	4874	5267	6412
• Provinces	1865	3327	2386
- Budget Support Grants	5419	10080	10313
- Earthquake Grants	4235	0	0
- Tokyo Pledges Grants	0	952	46328
<u>TOTAL (I + II)</u>	<u>300169</u>	<u>367433</u>	<u>510413</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 all 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 Government 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	<u>5.22%</u>
Total:	100.00%

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	<u>5.11%</u>
Total:	100.00%

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	<u>33.00%</u>
Total:	100.00%

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 4.3 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 2009-10 is 55% with the remainder 45% going to the four provinces, under Distribution of Revenue and Grand-in-Aid (Amendment) Order, 2006.

4.8 The royalty on crude oil and 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 transfer to the provinces on account of their share out of Federal revenue receipts for 2008-09 (budget & revised) and 2009-10 (budget) .

TABLE - 14
SHARE OF PROVINCES IN FEDERAL REVENUE RECEIPTS

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
Income Tax	196166	182324	226826
Capital Value Tax	2702	2511	3081
Sales Tax (net of 1/6th)	119985	116162	134588
1/6th of the Sales Tax	73837	71484	79170
Federal Excise (Net of Gas)	43710	45723	55921
Customs Duties	69305	59213	70235
Royalty on Crude Oil	12487	14822	7814
Royalty on Natural Gas	20874	30589	26516
Surcharge on Gas	17027	25757	29338
Excise Duty on Natural Gas	6697	5870	6458
GST on Services	5547	5409	15270
<u>Total</u>	<u>568338</u>	<u>559865</u>	<u>655217</u>
<u>PROVINCE- WISE SHARE</u>			
Punjab	292758	277513	334407
Sindh	168924	174598	194049
NWFP	72212	69031	85329
Balochistan	34443	38722	41433
<u>Total</u>	<u>568338</u>	<u>559865</u>	<u>655217</u>

CHAPTER - 5
CURRENT EXPENDITURE
(2009 - 10)

5.1 The revised estimates for 2008-09 on account of current expenditure have increased to Rs 1649224 million from the budget estimates of Rs 1493183 million. For 2009-10, the current expenditure has been estimated at Rs 1699193 million, showing an increase of 3% from revised estimates 2008-09.

5.2 Following table indicates the comparative position of the budget and revised estimates of current expenditure for the year 2008-09 and the budget estimates for 2009-10.

TABLE - 15
CURRENT EXPENDITURE
(SUMMARY)

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009 - 10
General Public Services	929522	1132595	1189082
Defence Affairs and Services	296077	311303	342914
Public Order and Safety Affairs	26770	27343	34641
Economic Affairs	201151	136678	84926
Environment Protection	210	210	415
Housing and Community Amenities	1359	1359	1522
Health Affairs & Services	5490	5490	6484
Recreational, Culture and Religion	3191	4564	3697
Education Affairs and Services	24622	24640	31569
Social Protection	4791	5042	3944
<u>TOTAL:</u>	<u>1493183</u>	<u>1649224</u>	<u>1699193</u>

5.3 The bulk of expenditure has been placed under General Public Service. The expenditure against this head has been budgeted at Rs 1189082 million i.e. 70% of current expenditure, while 20% for Defence, 5% for Economic Affairs and 5% for other services have been allocated in the budget estimates 2009-10.

GENERAL PUBLIC SERVICE

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

TABLE - 16
GENERAL PUBLIC SERVICE

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>GENERAL PUBLIC SERVICE</u>	<u>929522</u>	<u>1132595</u>	<u>1189082</u>
Executive & Legislatives Organs, Financial	780819	950579	939911
Superannuation Allowance and Pension	50052	66700	69763
Servicing of Foreign Debt	64077	71672	70334
Foreign Loan Repayment	96185	121331	132446
Servicing of Domestic Debt	459095	558591	576770
Others	111410	132286	90597
Foreign Economic Aid	94	94	99
Transfer Payments	121334	166949	221620
General Services	1947	1986	2263
Basic Research	1594	1653	2154
R&D General Public Services	4406	4406	4857
Administration of General Public Service	599	599	1161
General Public Services(not defined elsewhere)	18729	6329	17017

5.5 Under General Public Service, the major portion goes to executive & legislative organs, financial and fiscal affairs. At Rs 939911 million, it forms 79% of the allocation of Rs 1189082 million. The main heads of expenses are superannuation allowances and pensions, domestic and foreign debt servicing. Other major item is the transfer payments.

DEFENCE AFFAIRS & SERVICES

5.6 Details of estimates of expenditure on Defence Affairs and Services in 2008-09 (budget & revised) and 2009-10 (budget) are given below:

TABLE - 17
DEFENCE AFFAIRS AND SERVICES

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
<u>DEFENCE AFFAIRS AND SERVICES</u>	<u>296077</u>	<u>311303</u>	<u>342914</u>
<u>Defence Administration</u>	<u>1170</u>	<u>2851</u>	<u>1289</u>
<u>Military Defence</u>	<u>294907</u>	<u>308453</u>	<u>341624</u>
Employees Related Expenses	99092	99152	115034
Operating Expenses	82841	92019	92210
Physical Assets	87638	88316	107377
Civil Works	25736	29434	27495
<i>Less Recoveries</i>	-400	-467	-492

PUBLIC ORDER AND SAFETY AFFAIRS

5.7 Under this head an amount of Rs 34641 million has been provided in the budget 2009-10 as compared with Rs 27343 million in the revised estimates and Rs 26770 million in the budget estimates 2008-09. The allocation for Police (Rs 32169 million) forms the major component under this classification which is higher by 28.5% as compared with the budget estimates 2008-09. The following Table provides the details.

TABLE - 18
PUBLIC ORDER AND SAFETY AFFAIRS

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009- 10
<u>PUBLIC ORDER AND SAFETY AFFAIRS</u>	<u>26770</u>	<u>27343</u>	<u>34641</u>
Law Courts	960	963	1483
Police	25029	25421	32169
Fire Protection	74	74	81
Prison Administration and Operation	13	13	15
R & D Public Order and Safety	19	18	16
Administration of Public Order	675	854	877

ECONOMIC AFFAIRS

5.8 The allocation under this head in the budget 2009-10 has been projected at Rs 84926 million. This is less by 57.8% than the budget estimates of 2008-09. The main reason for this reduction is elimination of subsidies. The following Table provides the details under this head.

TABLE - 19
ECONOMIC AFFAIRS

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>ECONOMIC AFFAIRS</u>	<u>201151</u>	<u>136678</u>	<u>84926</u>
General Economic, Commercial and Labour Affair	159198	93767	35169
Agriculture, Food, Irrigation, Forestry and Fishing	32262	32985	38300
Fuel and Energy	436	445	468
Mining and Manufacturing	867	1101	1715
Construction and Transport	6511	6478	6919
Communication	1301	1321	1689
Other Industries	576	581	666

ENVIRONMENT PROTECTION

5.9 Environment Protection has been provided with Rs 415 million under Water Waste Management.

TABLE - 20
ENVIRONMENT PROTECTION

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>ENVIRONMENT PROTECTION</u>	<u>210</u>	<u>210</u>	<u>415</u>
Water Waste Management	210	210	415

HOUSING AND COMMUNITY AMENITIES

5.10 An allocation of Rs 1522 million has been provided in the budget 2009-10 for community development which is higher by 12% against the revised estimates for 2008-09.

TABLE - 21
HOUSING AND COMMUNITY AMENITIES

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>HOUSING AND COMMUNITY AMENITIES</u>	<u>1359</u>	<u>1359</u>	<u>1522</u>
Community Development	1359	1359	1522

HEALTH AFFAIRS AND SERVICES

5.11 Under health Affairs and Services a total allocation of Rs 6484 million has been made in the budget estimates 2009-10. This allocation is higher by 18% when compared with budget estimates of 2008-09. Details are given in the following Table.

TABLE - 22
HEALTH AFFAIRS AND SERVICES

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>HEALTH AFFAIRS AND SERVICES</u>	<u>5490</u>	<u>5490</u>	<u>6484</u>
Medical Products, Appliances and Equipment	54	54	65
Hospital's Services	4892	4892	5708
Public Health Services	347	347	469
R & D Health	2	2	2
Health Administration	195	195	241

RECREATIONAL, CULTURE AND RELIGION

5.12 In budget 2009-10 an amount of Rs 3697 million has been provided for Recreational, Culture and Religion. The bulk of the expenditure has been earmarked for Broadcasting and Publishing which is 68% of the total allocation under this head. Details are given in Table-23:

TABLE - 23
RECREATIONAL, CULTURE AND RELIGION

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>RECREATIONAL, CULTURE AND RELIGION</u>	<u>3191</u>	<u>4564</u>	<u>3697</u>
Recreational and Sporting Services	84	1235	115
Cultural Services	289	289	353
Broadcasting and Publishing	2289	2398	2520
Religious Affairs	379	492	544
Administration of Information Recreation and Culture	150	150	166

EDUCATION AFFAIRS AND SERVICES

5.13 The Education Affairs and Services have been provided with Rs 31569 million in the budget estimates 2009-10 as compared with Rs 24640 million under the revised estimates 2008-09 and Rs 24622 million in the budget estimates 2008-09. The bulk of expenditure at Rs 23372 million has been allocated for Tertiary Education Affairs and Services in budget 2009-10 which is 74% of the total allocation under this head. The details are as under:

TABLE - 24
EDUCATION AFFAIRS AND SERVICES

Classification	(Rs in Million)		
	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>EDUCATION AFFAIRS AND SERVICES</u>	<u>24622</u>	<u>24640</u>	<u>31569</u>
Pre-Primary & Primary Education Affairs Services	2368	2368	2887
Secondary Education Affairs and Services	3464	3464	3828
Tertiary Education Affairs and Services	17461	17462	23372
Education Services non-definable by level	35	35	39
Subsidiary Services to Education	26	26	32
Administration	739	756	845
Education Affairs, Services (not elsewhere)	529	529	566

SOCIAL PROTECTION

5.14 The social protection with Rs 3944 million in the budget 2009-10 million is lesser by Rs 847 million as compared with budget estimates 2008-09 and also lesser by Rs 1098 million than the revised estimates 2008-09.

TABLE - 25
SOCIAL PROTECTION

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>SOCIAL PROTECTION</u>	<u>4791</u>	<u>5042</u>	<u>3944</u>
Administration	2754	4143	3426
Others	2037	899	517

CHAPTER - 6
SUBSIDIES IN BUDGET 2009-10

6.1 As a matter of public policy the Government provides subsidies to provide relief to the citizens. In the budget estimates 2008-09 subsidies were 2.4% of GDP, in revised estimates 2008-09 at 1.9% of GDP and in the budget estimates 2009-10 reduced to 0.9% of GDP. Table-26 provides the details.

TABLE - 26**SUBSIDIES**

(Rs in Million)

Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>WAPDA</u>	<u>74612</u>	<u>92840</u>	<u>62903</u>
WAPDA - GST	3018	4000	6000
WAPDA GoP Share (12.5%) for Agri. Tubewells	2037	2044	2157
WAPDA Tubewell - Balochistan	4557	4796	4746
Inter Disco Tariff Differential	65000	82000	10000
FATA	0	0	10000
Interest on WAPDA TFCs	0	0	30000
<u>KESC</u>	<u>13800</u>	<u>18800</u>	<u>3800</u>
KESC- GST	1285	1285	1285
KESC Differential Agri.Tubewell in Balochistan	198	198	198
KESC on account of Tariff Differential	12000	17000	2000
KESC - Payable to PSO and PGCL	317	317	317
<u>TCP</u>	<u>26600</u>	<u>26600</u>	<u>30000</u>
TCP - Import of Wheat	20000	20000	25500
TCP - Import of Sugar	6300	6300	4000
TCP Reimbursement of Losses - Cotton Operation	300	300	500
<u>USC</u>	<u>2700</u>	<u>3800</u>	<u>4200</u>
Ghee Package (USC)	1500	1500	1000
Sales of Pulses (USC)	500	500	500
Sales of Atta	500	500	1200
Ramzan Package	200	1300	1500

Contd...

(Rs in Million)			
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009-10
<u>OTHERS</u>	<u>142492</u>	<u>78312</u>	<u>19012</u>
PASSCO for Misc./Export of wheat	672	286	320
PASSCO on account of Paddy Operations	0	0	2000
PASSCO on account of Mung Operations	0	0	1
FFC Jordan	860	231	210
Oil Refineries/OMCs/Others	140000	70000	15000
Pakistan Dairy Development Company	81	81	0
SOPREST/GIK	78	78	76
Sales of Wheat in FATA	195	195	216
Sales of Wheat, Salt & Sugar in Gilgit Agency	606	606	664
R & D Support to Textile and clothing sector	0	4000	0
R & D Support to Motorcycle Industry Manufacturers	0	25	25
3% Markup subsidy to spinning sector	0	810	500
Compensatory support to the users of pure Terephthalic Acid (PTA)	0	2000	0
<u>Current Subsidies</u>	<u>260204</u>	<u>220352</u>	<u>119915</u>
<u>Development Subsidies</u>	<u>35000</u>	<u>31662</u>	<u>12000</u>
Import of Urea Fertilizer	3000	3000	10000
DAP Fertilizer	12000	21037	0
Import of Phosphatic and Pottasic Fertilizer	20000	7625	0
Benazir Tractor Support Programme	0	0	2000
<u>Total Subsidies</u>	<u>295204</u>	<u>252013</u>	<u>131915</u>

CHAPTER - 7
PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP)
2009-10

7.1 For the year 2009-10 National Economic Council (NEC) has approved an overall size of Public Sector Development Programme (PSDP) at Rs 646 billion which is equal to 4.4% of the GDP compared to 3.2% of GDP in the Revised Estimates 2008-09.

7.2 The Salient features of PSDP allocation for 2009-10 are as follows:

- The PSDP has been raised to Rs 646 billion in the budget for 2009-10 showing an increase of 54% as against the revised estimates 2008-09 at Rs 419 billion.
- Federal PSDP for the year 2009-10 has been estimated at Rs 446 billion i.e 66% higher than the revised estimates 2008-09 of Rs 269 billion.
- The share of Federal Ministries/Divisions in 2009-10 PSDP is Rs 285 billion showing a rise of 96% over revised estimates 2008-09.
- The Corporations' PSDP 2009-10 has been placed at Rs 63 billion indicating an increase of 32% over revised estimates 2008-09.
- Special Programme have been allocated a sum of Rs 35 billion in PSDP 2009-10 indicating an increase of 25% over revised estimates 2008-09.
- Earthquake Rehabilitation and Reconstruction Authority (ERRA) has been allocated Rs 25 billion for budget estimates 2009-10.
- .An amount of Rs 38 billion has been provided in the budget 2009-10 for the development of Special Areas i.e AJ&K, N.A and FATA which is higher by 55.7% as compared with revised 2008-09.
- The provincial programme for 2009-10 has been estimated at Rs 200 billion.

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

TABLE - 27
SIZE OF PSDP

		(Rs in Million)		
Classification		Budget 2008- 09	Revised 2008- 09	Budget 2009-10
(i)	<u>Federal Ministries/Divisions</u>	<u>233656</u>	<u>145674</u>	<u>284855</u>
1	Cabinet Division	2822	572	4919
2	Pakistan Atomic Energy Commission	15331	15000	21534
3	Pakistan Nuclear Regulatory Authority	458	258	447
4	Commerce Division	463	304	839
5	Communications Division	312	312	266
6	Ports & Shipping Division	372	140	579
7	Culture Division	413	187	450
8	Sports Division	350	140	583
9	Youth Affairs Division	34	22	48
10	Tourism Division	19	10	177
11	Defence Division	4939	2295	7584
12	Defence Production Division	1450	515	1677
13	Economic Affairs Division	12	8	16
14	Education Division	6270	4162	8098
15	Higher Education Commission	18000	16400	22500
16	Environment Division	2223	1142	2969
17	Establishment Division	293	150	130
18	Local Govt. & Rural Dev. Division	108	52	444
19	Finance Division	14770	6368	44799
20	Revenue Division (FBR)	2371	1547	2448
21	Food & Agriculture Division	20516	14407	17977
22	Livestock & Dairy Development Division	0	0	2548
23	Foreign Affairs Division	407	261	250
24	Health Division	19010	13990	23156
25	Industries and Production Division	10459	2529	8772
26	Information & Broadcasting Division	1038	406	916
27	Information Tech. & Telecom Division	1976	800	1119
28	Interior Division	6943	5359	7031
29	Labour Manpower & OP Division	124	64	135
30	Law and Justice Division	2381	1500	2551
31	Narcotics Control Division	768	384	679
32	Overseas Pakistani Division	3	3	0

Contd.....

(Rs in Million)

Classification		Budget 2008- 09	Revised 2008- 09	Budget 2009-10
33	National Reconstruction Bureau	77	40	50
34	Petroleum & Natural Resources Division	850	201	2374
35	Planning and Development Division	11455	10157	18685
36	Population Welfare Division	4315	3000	5271
37	Postal Services Division	0	0	300
38	Railways Division	11280	6560	12681
39	Textile Industry Division	770	308	510
40	Science & Technological Research Division	3015	1510	3140
41	Statistics Division	175	97	180
42	Special Initiative Division	0	0	2794
43	Water & Power Division	62320	31210	47031
44	Women Development Division	184	113	344
45	Social Welfare & Special Education	510	354	488
46	Housing & Works Division	4070	2837	5365
(ii)	<u>Corporations</u>	<u>50637</u>	<u>47493</u>	<u>62758</u>
1	WAPDA (Power)	14137	11409	22835
2	National Highway Authority	36500	36084	39923
(iii)	<u>Special Programme</u>	<u>62420</u>	<u>28000</u>	<u>35000</u>
1	People's Works Programme-I	4420	4000	5000
2	People's Works Programme-II	24000	24000	30000
3	Income Support Fund	34000	0	0
(iv)	<u>Special Area</u>	<u>26277</u>	<u>24655</u>	<u>38386</u>
1	Azad Kashmir	11997	10375	17154
2	Northern Areas	5618	5618	8367
3	FATA	8662	8662	12865
A	Federal Programme (i to iv)	<u>372990</u>	<u>245822</u>	<u>421000</u>
B	ERRA	<u>26719</u>	<u>23145</u>	<u>25000</u>
C	Provincial Programme	<u>150000</u>	<u>150000</u>	<u>200000</u>
	<u>Total PSDP (A+B+C)</u>	<u>549709</u>	<u>418967</u>	<u>646000</u>

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 16407 million in budget 2009-10. These loans are provided by the federal government for various purposes as specified in Table-28.

TABLE - 28
CURRENT LOANS

		(Rs in Million)		
Classification		Budget 2008- 09	Revised 2008- 09	Budget 2009-10
1	Loans - WAPDA for Hub & Khanpur Dams	23	23	26
2	Loans to Govt. Servants	2128	2127	2442
3	Ways & Means Advance to AJ&K	5702	5702	6293
4	Loans to Friendly Countries	500	0	500
5	Loans to Employees of PNRA	4	4	4
6	Junagadh & Kathiawar Cheifs	1	1	1
7	Loan to PIAC for urgent requirement	0	2000	3000
8	Loan to Printing Corporation of Pakistan	0	50	100
9	Loan to UNHCR	0	4040	4040
9	Others	7	1	1
	<u>Total:</u>	<u>8365</u>	<u>13947</u>	<u>16407</u>

DEVELOPMENT LOANS

8.3 Development loans and advances are granted 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 111769 million in the budget 2009-10 showing an increase of 28.6% over the revised estimates of Rs 86903 million in 2008-09.

8.4 Table -29 shows the position of development loans:

TABLE - 29
DEVELOPMENT LOANS

		(Rs in Million)		
Classification		Budget 2008- 09	Revised 2008- 09	Budget 2009-10
1	Cash Development Loans	43060	34352	55944
2	External Development Loans	52741	52551	55825
<u>Total:</u>		<u>95801</u>	<u>86903</u>	<u>111769</u>

CURRENT INVESTMENT

8.5 The investment on current account for the year 2009-10 has been estimated at Rs 12122 million as compared to Rs 7066 million in the revised estimates of 2008-09. The comparative position is given below:

TABLE - 30
FEDERAL INVESTMENTS ON CURRENT ACCOUNT

		(Rs in Million)		
Classification	Budget 2008- 09	Revised 2008- 09	Budget 2009-10	
1	Share capital of ECO Trade	1677	1888	2048
2	Gateway foundation share subscription WB	1	0	1
3	Karachi Shipyard & Engineering Works (KS&EW)	398	432	526
4	GOP Equity in PIA	2359	934	3695
5	GOP Contribution to SAARC	950	950	1100
6	Payment of Mark up on loans by PASDEC	0	0	50
7	5th General Capital Increase of ADB	0	0	495
8	GOP Contribution/share in Equity of Pak - Brunei Investment Co.	0	0	500
9	Enhanced Capital of Islamic Development Bank (IDB) Jeddah	828	828	1070
10	GoP Equity Investment - People Steel Mills	0	155	152
11	Equity from GoP for Pak China Inv. Co	1000	1000	1320
12	Equity from GoP - Pak Iran Joint Inv. Co.	0	0	500
13	GoP Equity in Pak Steel Mills	160	0	0
14	GoP Equity in Pakistan Textile City Ltd	500	0	0
15	GoP Equity in Pakistan Dairy Dev.Co.Ltd	200	90	77
16	GoP Equity investment NIP Karachi	295	310	291
17	Contribution to Poverty Alleviation Fund	413	413	273
18	Capital Stock of Islamic Corp (ICIEC)	66	66	23
Total:		8847	7066	12122

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 the planning and budgetary processes and also enhance the quality and effectiveness of public expenditure. Multi-year budget horizons provide 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 has two components: the 'top-down' and 'output based budget'. Under the 'top-down', the strategic component viz. Financial Programming Framework including Medium Term Economic Framework (MTEF) and Budget Strategy Paper is developed. This component will help in enhancing fiscal discipline and linking the Government's priorities with the budget. This component is implemented in the Ministry of Finance. The 'output based budget' component is designed to enhance efficiency and effectiveness in Government's spending. This is done through establishing policy linkages with the budget process in the Federal ministries, and providing service level (outputs) indicators and targets for monitoring of performance.

9.3 The Cabinet, in its meeting of 21 January 2009, approved the roll-out of the MTBF across the Federal Government (except Defence Services). The Cabinet also endorsed issuance of indicative budget ceilings (2009-12) on the recurrent budget while keeping in view fiscal policy. Under the MTBF, 'Budget Call Circular' and 'Guidelines' were issued to Federal ministries which included budget preparation forms to complement the concept of 'output based budgeting'. Using the Budget Call Circular and the Guidelines the ministries are required to identify their Goals and Outcomes and Outputs for the 3-year (medium-term) MTBF period. The Outputs (or services) are identified at a high-level by the ministry and are linked to the Spending Units providing those services.

9.4 Using the 'output based budgeting' methodology, it will be possible to produce budgets on Outcomes and Outputs together with their indicators and targets. This will provide a results orientation to the budget and a first step towards monitoring and evaluation of performance targets to enhance performance and accountability. This year, the Finance Division is working on producing 'Medium -Term Budget Estimates for Service Delivery' or 'Green Book' that will explain the services (outputs) provided by a ministry, the budget of those services and the performance targets for the entire Federal Government.

9.5 Ministry of Finance anticipates taking further steps to enhance public financial management from the next financial year, including preparation of monitoring guidelines to establish a system of monitoring of outputs within each Ministry and improving harmonization of recurrent and development budget to report on the total medium-term budget of outputs. In addition, it is anticipated that the budget presentation will be made more transparent through inclusion of reports related to fiscal balance.

9.6 Medium Term Economic Framework (MTEF) for the year 2009 -12 is given as under:

TABLE - 31
MEDIUM TERM ECONOMIC FRAMEWORK (MTEF)

Item	Unit	2008-09	2009-10	2010-11	2011-12
Agriculture	%	4.7	3.8	3.6	3.8
- Major Crop	%	7.7	3.5	3.6	4.0
- Livestock	%	3.7	4.0	3.8	4.0
Manufacturing	%	-3.3	1.8	4.3	5.0
- LS Manufacturing	%	-7.7	1.0	4.0	5.0
Services	%	3.6	3.9	4.2	4.5
- Wholesale & Trade	%	3.1	3.3	4.0	4.5
- Financial Business	%	-1.2	3.0	5.0	5.0
Real GDP Growth	%	2.0	3.3	4.0	4.5
Inflation (GDP Deflator)	%	22.6	9.5	7.0	6.0
GDP (mp)	Rs. Billion	13,095	14,824	16,517	18,305
		As % of GDP			
Investment	%	19.5	20.1	21.3	21.9
- Fixed Investment	%	18.0	18.5	19.7	20.3
National Savings	%	14.2	14.9	15.9	16.7
Foreign Savings (incl. Officials Transfers)	%	5.3	5.2	5.4	5.2

BUDGET AT A GLANCE

2009- 10

(Rs in Billion)

Receipts		Expenditure	
(a) Tax Revenue*	1493.6	<u>(A) CURRENT</u>	<u>1699.2</u>
(b) Non-Tax Revenue	513.6	General Public Service	1189.1
Gross Revenue Receipts	2007.2	Defence Affairs & Services	342.9
Less Provincial Share	655.2	Public Order Safety Affairs	34.6
I. Net Revenue Receipts	1352.0	Economic Affairs	84.9
II. Net Capital Receipts	190.5	Environment Protection	0.4
III. External Receipts	510.4	Housing and Community	1.5
IV. Self Financing of PSDP by Provinces	173.0	Health Affairs and Services	6.5
V. Change in Provincial Cash Balance	72.9	Recreational, Culture Services	3.7
VI. Privatization Proceeds	19.4	Education Affairs Service	31.6
		Social Protection	3.9
		<u>(B) DEVELOPMENT</u>	<u>763.1</u>
VII. Bank Borrowing	144.1	PSDP	646.0
		Federal Government	446.0
		Provincial Government	200.0
		Est. Operational Shortfall	-40.0
		Other Dev. Expenditure	157.1
<u>TOTAL RESOURCES</u> (I to VII)	<u>2462.3</u>	<u>TOTAL EXPENDITURE</u> (A + B)	<u>2462.3</u>

* Out of which FBR collection has been estimated at Rs 1380 billion.