

# FISCAL DEVELOPMENT

<b>HIGHLIGHTS</b>		
<i>(Rs. Billion)</i>		
<b>(CONSOLIDATED BUDGETARY POSITION)</b>	<b>2006-07 (Revised)</b>	<b>2007-08 (Budget)</b>
<b>I. Total Expenditure</b>	1663.8	1874.7
i) Current	1296.2	1378.2
ii) Development	374.5	493.3
iii) Net Lending to PSEs etc.	-6.9	3.2
<b>II. Total Resources</b>	1297.7	1475.9
i) Tax Revenue	891.3	1095.5
ii) Non-Tax Revenue	406.4	380.4
<b>III. Overall Deficit</b>	-366.1	-398.8
<b>IV. Financing</b>	366.1	398.8
i) External borrowing	209.7	193.1
ii) Domestic	156.4	205.6
a) Non-Bank borrowing	46.2	49.7
b) Bank borrowing	35.2	80.9
c) Privatization Proceed	75.0	75.0
<b>V. Domestic Debt</b>	2523.4	2627.0
<b>VI. Debt Servicing</b>	426.1	424.3
<b>VII. Overall deficit as % of GDP</b>	4.3	4.0

TABLE 4.1

## FEDERAL GOVERNMENT OVERALL BUDGETARY POSITION

		(Rs Million)	
Fiscal Year/ Item		2006-07 (R.E)	2007-08 (B.E)
<b>A. REVENUE</b>			
1.	<u>Direct Taxes</u>	<u>320,619</u>	<u>408,250</u>
2.	<u>Indirect Taxes</u>	<u>518,979</u>	<u>622,297</u>
	i. Customs	134,000	154,000
	ii. Sales Tax	311,000	375,000
	iii. Federal Excise	72,000	91,000
	iv. Others	1,979	2,297
3.	<u>Total Tax Revenue (1+2)</u>	<u>839,598</u>	<u>1,030,547</u>
4.	<u>Surcharges (Gas &amp; Oil)</u>	<u>74,000</u>	<u>60,000</u>
5.	<u>Non-Tax Revenue</u>	<u>374,444</u>	<u>337,593</u>
6.	<u>Total Revenue Receipts Gross (3+4+5)</u>	<u>1,288,042</u>	<u>1,428,140</u>
<b>B. EXPENDITURE</b>			
9.	<u>Current Expenditure*</u>	<u>979,492</u>	<u>993,464</u>
	i. Defence	252,630	275,000
	ii. Debt Servicing	368,797	395,000
	iii. Grants	128,516	69,141
	iv. Economic Services @	91,222	78,941
	v. Health & Education	26,667	29,387
	vi. Other	111,660	145,995
10.	<u>Development Expenditure(PSDP)</u>	<u>279,522</u>	<u>393,261</u>
11.	<u>Total Expenditure (9+10)</u>	<u>1,259,014</u>	<u>1,386,725</u>

RE- Revised Estimate

Source: Budget Wing, Finance Division, Islamabad

B.E.- Modified Budget Estimate

@ : Include Law and Order, Social, Economic and Community Services

\* Current expenditure here includes earthquake related spendings

TABLE 4.2

## SUMMARY OF PUBLIC FINANCE (CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENTS)

Fiscal Year/ Item	(Rs Million)										% Change 2007-08/ 2006-07	
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 R.E.	2006-07 (B.E)	2007-08 (B.E)		
<i>Total Revenues (I+ii)</i>	468,601	512,500	553,000	624,100	720,800	805,827	900,014	1,076,600	1,297,693	1,475,909	13.7	
Federal	429,691	477,600	514,000	584,000	673,600	745,895	842,900	992,200	1,195,993	1,349,909	12.9	
Provincial	38,910	34,900	39,000	40,100	47,200	59,932	57,114	84,400	101,700	126,000	23.9	
I) Tax Revenues	390,726	405,600	441,600	478,100	555,800	617,899	659,410	803,700	891,298	1,095,547	22.9	
Federal	375,078	386,800	422,500	459,300	534,000	583,818	624,700	766,900	839,598	1,030,547	22.7	
Provincial	15,648	18,800	19,100	18,800	21,800	34,081	34,710	36,800	51,700	65,000	25.7	
ii) Non-Tax Revenues	77,875	106,900	111,400	146,000	165,000	187,928	240,604	272,900	406,395	380,362	-6.4	
Federal	54,613	90,800	91,500	124,700	139,600	162,077	218,200	225,300	356,395	319,362	-10.4	
Provincial	23,262	16,100	19,900	21,300	25,400	25,851	22,404	47,600	50,000	61,000	22.0	
<i>Total Expenditures (a+b+c)</i>	647,778	709,100	717,900	826,250 *	898,200	940,359	1,116,981	1,401,900	1,663,828	1,874,672	12.7	
a) Current	547,279	626,400	645,700	700,200	791,700	763,077	864,500	1,034,700	1,296,242	1,378,194	6.3	
Federal	424,443	477,900	479,000	524,600	599,800	582,380	664,200	789,100	950,242	962,194	1.3	
Provincial	122,836	148,500	166,700	175,600	191,900	180,697	200,300	245,600	346,000	416,000	20.2	
b) Development(PSDP)	98,286	95,600	89,800	126,250	129,200	160,988	227,718	365,100	374,522	493,261	31.7	
c) Net Lending to PSE's	2,213	-12,900	-17,600	-200	-22,700	16,294	24,763	2,100	-6,936	3,217	-	
d) Statistical Discrepancy	-	9,700	14,800	-11,700	3,200	-	0	-86,307	0	0	-	
Overall Deficit	-179,177	-206,300	-179,700	-190,450	-180,600	-134,532	-216,967	-325,300	-366,135	-398,763	-	
Financing (net)	179,177	206,300	179,700	190,450	180,600	134,532	216,988	325,200	366,136	398,718	-	
External (Net)	97,070	69,700	120,700	83,100	113,000	-4,475	120,432	148,900	209,716	193,081	-	
Domestic (i+ii)	82,108	136,600	59,000	107,350	67,600	139,007	96,556	176,300	156,420	205,637	-	
i) Non-Bank	155,919	96,700	92,000	85,000	119,500	64,097	8,050	8,100	46,180	49,700	-	
ii) Bank	-73,811	39,900	-33,000	14,000	-55,600	63,698	60,179	70,900	35,240	80,937	-	
iii) Privatization Proceeds	-	-	-	8,350	3,700	11,212	28,327	97,300	75,000	75,000	-	
Memorandum Item												
GDP (mp) in Rs. Billion	2,938	3,826	4,210	4,453	0	4,876	5,641	6,500	7,594	8,707	9,970	14.5
												(As Percent of GDP at Market Price)£
Total Revenue	15.9	13.4	13.1	14.0	14.8	14.3	13.8	14.2	14.9	14.8	14.8	
Tax Revenue	13.3	10.6	10.5	10.7	11.4	11.0	10.1	10.6	10.2	11.0	11.0	
Non-Tax Revenue	2.7	2.8	2.6	3.3	3.4	3.3	3.7	3.6	4.7	3.8	3.8	
Expenditure	22.0	18.8	17.4	18.3	18.5	16.7	17.2	18.5	19.1	18.8	18.8	
Current	18.6	16.4	15.3	15.7	16.2	13.5	13.3	13.6	14.9	13.8	13.8	
Development	3.3	2.5	2.1	2.8	2.2	3.1	3.9	4.8	4.2	5.0	5.0	
Overall Deficit Incl. E.quake Exp.	6.1	5.4	4.3	4.3	3.7	2.4	3.3	4.3	4.2	4.0	4.0	

B.E: Budget Estimates

Source: Budget Wing, Finance Division, Islamabad

R.E: Revised Estimates

£ Beginning from 1999-2000, Pakistan's GDP was rebased at 1999-2000 Prices from two decades old base of 1980-81 Therefore, wherever, GDP appears in denominator the number of prior to 1999-2000 are not comparable.

TABLE 4.3

## CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENTS REVENUES

(Rs Million)

Fiscal Year/ Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (R.E)	2007-08 (B.E)	% change
											2007-08/ 2006-07
Total Revenue (I+II)	468,601	512,500	553,000	624,100	720,800	791,100	900,014	1,076,600	1,297,693	1,475,909	13.7
Federal	429,691	477,600	514,000	584,000	673,600	740,900	842,900	992,200	1,195,993	1,349,909	12.9
Provincial	38,910	34,900	39,000	40,100	47,200	50,200	57,114	84,400	101,700	126,000	23.9
I. Tax Revenues (A+B)	390,726	405,600	441,600	479,335	555,800	608,400	659,410	803,700	891,298	1,095,547	22.9
Federal	375,078	386,800	422,500	460,224	534,000	580,300	624,700	766,900	839,598	1,030,547	22.7
Provincial	15,648	18,800	19,100	19,111	21,800	28,100	34,710	36,800	51,700	65,000	25.7
A. Direct Taxes (1+2)	105,588	115,672	128,556	147,403	157,886	169,858	193,075	230,298	324,119	417,350	28.8
Federal	103,476	112,600	124,585	142,649	151,976	165,300	176,930	215,000	320,619	408,250	27.3
Provincial	2,112	3,072	3,971	4,754	5,910	4,558	16,145	15,298	3,500	9,100	160.0
B. Indirect Taxes (3+4+5+6+7)	285,138	289,931	315,732	331,932	396,109	439,996	466,286	595,739	631,157	714,544	13.2
3. Excise Duty	62,691	56,934	50,325	48,572	45,437	46,228	60,813	58,702	74,649	93,649	25.5
Federal	60,572	55,600	49,000	47,189	44,002	44,600	58,670	55,000	72,000	91,000	26.4
Provincial	2,119	1,334	1,325	1,383	1,435	1,628	2,143	3,702	2,649	2,649	0.0
4. Sales Tax*	68,680	116,767	153,500	166,618	195,138	219,100	235,533	294,600	311,000	375,000	20.6
5. Taxes on Interna- tional Trade	78,654	61,600	65,000	47,817	68,835	89,900	117,243	138,200	134,000	154,000	14.9
6. Surcharges*	61,927	38,912	30,200	54,854	68,230	61,400	26,769	50,800	60,230	47,235	-21.6
6.1 Gas	9,855	13,500	12,300	18,867	21,358	16,800	16,165	26,300	33,230	22,235	-33.1
6.2 Petroleum	52,072	25,400	17,900	35,987	46,872	44,600	10,604	24,500	27,000	25,000	-
7. Other Taxes **	13,186	15,718	16,707	14,071	18,469	23,368	25,928	53,437	51,278	44,660	-12.9
7.1 Stamp Duties	5,287	6,397	5,230	5,721	6,631	7,564	10,573	13,033	15,110	12,210	-19.2
7.2 Motor Vehicle Taxes	2,368	2,803	3,121	3,195	3,893	4,638	5,749	7,476	8,206	9,100	10.9
7.3 Foreign Travel Tax*	1,769	1,350	1,048	1,097	4,054	2,088	2,050	2,739	2,619	3,250	24.1
7.4 Others	3,762	5,168	7,308	4,058	3,891	9,078	7,556	30,189	25,343	20,100	-20.7
II. Non-Tax Revenues	77,875	106,900	111,400	146,000	165,000	182,700	240,604	272,900	406,395	380,362	-6.4
Federal	54,613	90,800	91,500	124,700	139,600	160,600	218,200	225,300	356,395	319,362	-10.4
Provincial	23,262	16,100	19,900	21,300	25,400	22,100	22,404	47,600	50,000	61,000	22

\* Revenues under these heads are exclusively Federal.

Source: Budget Wing, Finance Division, Islamabad

\*\* Mainly include Provincial Revenues.

B.E Budget Estimate

R.E. Revised Estimates.

TABLE 4.4

## CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENTS EXPENDITURES

Fiscal Year/ Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 RE
Current Expenditure	547,279	626,400	645,700	700,200	791,700	763,077	864,500	1,034,700	1,296,242
Federal	424,443	477,900	479,000	524,600	599,800	582,380	664,200	789,100	950,242
Provincial	122,836	148,500	166,700	175,600	191,900	180,697	200,300	245,600	346,000
Defence	143,471	150,400	131,200	149,254	159,700	184,904	211,717	241,063	252,630
Interest	220,100	262,247	249,252	273,894	235,304	226,256	219,744	260,021	353,929
Federal	213,259	245,100	234,500	245,300	209,700	202,500	210,196	237,119	335,880
Provincial	6,841	17,147	14,752	28,594	25,604	23,756	9,548	22,902	18,049
Current Subsidies	15,035	23,239	29,028	29,221	57,114	67,920	66,673	101,238	128,516
Federal	9,533	14,700	19,900	25,488	50,000	62,500	57,800	86,300	99,266
Provincial	5,502	8,539	9,128	3,733	7,114	5,420	8,873	14,938	29,250
Gen. Administration*	66,950	92,108	100,981	91,024	100,210	120,023	130,531	157,353	157,353
Federal	26,650	47,500	70,700	56,300	60,900	75,500	81,400	103,100	103,100
Provincial	40,300	44,608	30,281	34,724	39,310	44,523	49,131	54,253	54,253
All Others**	101,723	98,406	135,239	156,807	239,372	163,974	235,835	275,025	403,814
Development Expenditure	98,286	95,600	89,800	126,250	129,200	160,988	227,718	365,100	374,522
Net Lending to PSEs	2,213	-12,900	-17,600	-200	-22,700	16,294	24,763	2,100	-6,936
Total Expenditure	647,778	709,100	717,900	826,250	898,200	940,359	1,116,981	1,401,900	1,663,828
Memorandum Items:									
									(Percent Growth over Preceding period)
Current Expenditure	3.3	14.5	3.1	8.4	13.1	-3.6	13.3	19.7	25.3
Defense	5.4	4.8	-12.8	13.8	7.0	15.8	14.5	13.9	4.8
Interest	8.8	19.1	-5.0	9.9	-14.1	-3.8	-2.9	18.3	36.1
Current Subsidies	70.1	54.6	24.9	0.7	95.5	18.9	-1.8	51.8	26.9
General Administration	9.0	37.6	9.6	-9.9	10.1	19.8	8.8	20.5	0.0
All Others	-16.0	-3.3	37.4	15.9	52.7	-31.5	43.8	16.6	46.8
Development Expenditure	-5.6	-2.7	-6.1	40.6	2.3	24.6	41.5	60.3	2.6
Total Expenditure	2.2	9.5	1.2	15.1	8.7	4.7	18.8	25.5	18.7
									As % of Total Expenditure
Current Expenditure	84.5	88.3	89.9	84.7	88.1	81.1	77.4	73.8	77.9
Defense	22.1	21.2	18.3	18.1	17.8	19.7	19.0	17.2	15.2
Interest	34.0	37.0	34.7	33.1	26.2	24.1	19.7	18.5	21.3
Current Subsidies	2.3	3.3	4.0	3.5	6.4	7.2	6.0	7.2	7.7
General Administration	10.3	13.0	14.1	11.0	11.2	12.8	11.7	11.2	9.5
All Others	15.7	13.9	18.8	19.0	26.7	17.4	21.1	19.6	24.3
Development Expenditure@	15.5	11.7	10.1	15.3	11.9	18.9	22.6	26.2	22.1
Total Expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Budget Wing, Finance Division

\* Also include law &amp; order, social, Economic and Community Services.

\*\* Include mainly Provincial Expenditures.

@ Include net lending

Note: Variation in figures of interest payments of table 4.4 and 4.5 is on account of different methodology and sources of data collection used by Budget Resource Section and Debt Management Section of Finance Division.

BE: Budget Estimates

RE: Revised Estimates

TABLE 4.5  
DEBT SERVICING

Fiscal Year/ Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 RE	2007-08 BE	(Rs million)
											%Change 2007-08/ 2006-07
A. <u>Interest Payments</u>	220,100	273,909	254,234	278,671	241,678	236,849	250,611	276,565	358,780	336,264	29.7
A.1 Federal	213,259	256,762	239,482	250,077	216,074	202,940	216,042	244,648	335,880	318,164	37.3
Interest on Domestic Debt	175,273	210,155	188,482	189,477	166,874	161,540	176,342	202,548	287,463	318,164	41.9
Interest on Foreign Debt	37,986	46,607	51,000	60,600	49,200	41,400	39,700	42,100	48,417	56,409	15.0
Foreign Loans	30,335	34,691	40,355	68,134	45,571	111,258	35,030	63,603	50,651	53,251	-20.4
IMF Drawings	1,707	2,513	2,909	2,483	0.0	1,295	423	0	0	0	0.0
Food Credit/Short Short Term Borrowings	3,133	6,167	4,187	2,483	1,840	288	445	814	1,213	385	49.0
Euro Bonds	2,811	3,236	4,690	4,812	3,609	2,242	4,720	5,774	7,762	9,365	34.4
\$ Denomination Bonds			-		429	265	198	264	265	265	0.2
A.2 Provincial	6,841	17,147	14,752	28,594	25,604	33,909	34,569	31,917	22,900	18,100	-28.3
B. <u>Repayments/Amortization of Foreign Debt.</u>	122,980	97,071	96,160	164,905	64,234	69,765	55,724	85,411	67,304	88,011	-21.2
Foreign Loans	77,431	78,608	74,623	68,134	46,207	45,978	54,258	63,603	54,040	62,886	17.2
Food Credits	45,549	18,463	21,537	96,771	18,027	23,787	1,466	21,809	13,264	25,125	1387.6
C. <u>Total Debt Servicing (A+B)</u>	343,080	370,980	350,394	443,576	305,912	306,614	306,335	361,976	426,084	424,275	18.2
MEMORANDUM ITEMS											
(As Percent of GDP)£											
Interest on Domestic Debt (Federal)	6.0	5.5	4.5	4.3	3.4	2.9	2.7	2.7	3.3	3.2	
Interest on Foreign Debt	1.3	1.2	1.2	1.4	1.0	0.7	0.6	0.6	0.6	0.6	
Repayment of Foreign Debt	4.2	2.5	2.3	3.7	1.3	1.2	0.9	1.1	0.8	0.9	
Total Debt Servicing	11.7	9.7	8.3	10.0	6.3	5.4	4.7	4.8	4.9	4.3	

- nil

Source: D.M. Section, Finance Division, Islamabad

B.E: Budget Estimates

R.E: Revised Estimates

Note: Variation in figures of interest payments of table 4.4 and 4.5 is on account of different methodology and sources of data collection used by Budget Resource Section and Debt Management Section of Finance Division.

£ Beginning from 1999-2000, Pakistan's GDP was rebased at 1999-2000 Prices from two decades old base of 1980-81  
Therefore, wherever, GDP appears in denominator the number of prior to 1999-2000 are not comparable.

TABLE 4.6

## INTERNAL DEBT OUTSTANDING (AT END OF PERIOD)

Fiscal Year/ Type of Debt	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	(Rs million)		% Change 2007-08/ 2006-07
								2006-07 R.E.	2007-08 B.E.	
Permanent Debt	325,569	349,212	424,767	468,768	570,009	526,179	514,879	540,245	599,374	4.9
Floating Debt	647,428	737,776	557,807	516,268	542,943	778,163	940,233	1,086,525	1,264,306	15.6
Un-funded Debt	671,783	712,010	792,137	909,500	899,215	854,044	859,162	896,643	963,309	4.4
Total	1,644,780	1,798,998	1,774,711	1,894,536	2,012,167	2,158,385	2,314,274	2,523,413	2,826,989	9.0
	(Percent Share in Total Debt)									
<u>Memorandum Items:</u>										
Permanent Debt	19.8	19.4	23.9	24.7	28.3	24.4	22.2	21.4	21.2	
Floating Debt	39.4	41.0	31.4	27.3	27.0	36.1	40.6	43.1	44.7	
Un-funded Debt	40.8	39.6	44.6	48.0	44.7	39.6	37.1	35.5	34.1	
Total Debt as % of GDP (mp)	43.0	42.7	39.9	38.9	35.7	33.2	30.5	29.0	28.4	

R.E: Revised Estimates

Source: D.M. Section, Finance Division, Islamabad

TABLE 4.5  
DEBT SERVICING

Fiscal Year/ Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 RE	2007-08 BE	(Rs million)
											%Change 2007-08/ 2006-07
A. <u>Interest Payments</u>	220,100	273,909	254,234	278,671	241,678	236,849	250,611	276,565	358,780	336,264	29.7
A.1 Federal	213,259	256,762	239,482	250,077	216,074	202,940	216,042	244,648	335,880	318,164	37.3
Interest on Domestic Debt	175,273	210,155	188,482	189,477	166,874	161,540	176,342	202,548	287,463	318,164	41.9
Interest on Foreign Debt	37,986	46,607	51,000	60,600	49,200	41,400	39,700	42,100	48,417	56,409	15.0
Foreign Loans	30,335	34,691	40,355	68,134	45,571	111,258	35,030	63,603	50,651	53,251	-20.4
IMF Drawings	1,707	2,513	2,909	2,483	0.0	1,295	423	0	0	0	0.0
Food Credit/Short Short Term Borrowings	3,133	6,167	4,187	2,483	1,840	288	445	814	1,213	385	49.0
Euro Bonds	2,811	3,236	4,690	4,812	3,609	2,242	4,720	5,774	7,762	9,365	34.4
\$ Denomination Bonds			-		429	265	198	264	265	265	0.2
A.2 Provincial	6,841	17,147	14,752	28,594	25,604	33,909	34,569	31,917	22,900	18,100	-28.3
B. <u>Repayments/Amortization of Foreign Debt.</u>	122,980	97,071	96,160	164,905	64,234	69,765	55,724	85,411	67,304	88,011	-21.2
Foreign Loans	77,431	78,608	74,623	68,134	46,207	45,978	54,258	63,603	54,040	62,886	17.2
Food Credits	45,549	18,463	21,537	96,771	18,027	23,787	1,466	21,809	13,264	25,125	1387.6
C. <u>Total Debt Servicing (A+B)</u>	343,080	370,980	350,394	443,576	305,912	306,614	306,335	361,976	426,084	424,275	18.2
MEMORANDUM ITEMS											
(As Percent of GDP)£											
Interest on Domestic Debt (Federal)	6.0	5.5	4.5	4.3	3.4	2.9	2.7	2.7	3.3	3.2	
Interest on Foreign Debt	1.3	1.2	1.2	1.4	1.0	0.7	0.6	0.6	0.6	0.6	
Repayment of Foreign Debt	4.2	2.5	2.3	3.7	1.3	1.2	0.9	1.1	0.8	0.9	
Total Debt Servicing	11.7	9.7	8.3	10.0	6.3	5.4	4.7	4.8	4.9	4.3	

- nil

Source: D.M. Section, Finance Division, Islamabad

B.E: Budget Estimates

R.E: Revised Estimates

Note: Variation in figures of interest payments of table 4.4 and 4.5 is on account of different methodology and sources of data collection used by Budget Resource Section and Debt Management Section of Finance Division.

£ Beginning from 1999-2000, Pakistan's GDP was rebased at 1999-2000 Prices from two decades old base of 1980-81  
Therefore, wherever, GDP appears in denominator the number of prior to 1999-2000 are not comparable.