

Planning Commission Newsletter

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Macroeconomic

Government of the Republic of Korea initiated Knowledge Sharing Program (KSP) from 2004 with the purpose of sharing Korea's development experience and thereby promoting socio-economic development and national competitiveness of other nations including Pakistan. Since 2010, KSP is engaged with Pakistan to contribute in its development efforts through extending cooperation in the areas of policy research, development consultation and capacity-building. In order to achieve the expected goals of the Knowledge Sharing Program (KSP), Government of the Republic of Korea is cooperating and collaborating with governments of developing countries. The spirit of 'joint partnership'

can be applied to address the problems in the jointly identified areas.

In response to the Knowledge Sharing Program 2012 and deliberations in the Planning Division, Macroeconomics Section of Planning & Development Division submitted a proposal for "Creating Space for Urban Micro Enterprises" to support management of up-coming urbanization threat. Korean Delegation during their visit in April, 2012 to different ministries attended a meeting here in P & D Division to different areas of possible cooperation between two countries. After detailed presentation by the Macroeconomic Section the delegation approved the proposal (In total four proposals of different ministries were approved by

Korean Government for KSP 2012).

KSP mission again visited Pakistan from 27th Aug. to 31st Aug. 2012. On 28th to 30th August, Macroeconomic Section presented the pilot study, Macroeconomic situation and also arranged meeting of the delegation with SME Bank and SMEDA. The delegation has approved the pilot study and Planning Commission has nominated a Co-Researcher from Macroeconomics Section to work with Korean experts and develop a comprehensive report on Micro Enterprises sector of Pakistan and design policy guidelines for development of the sector in the light of Korean experience.

Money, Prices & Fiscal Policy

Fiscal Developments Revenues

The consolidated total revenues during FY-12 stood at Rs 2,566.5 billion, thus 10.6% below the budget target of Rs 2,870.5 billion. The consolidated tax revenues during FY-12 stood at Rs 2,052.9 billion, 4.6% lower than the budget target of Rs 2,151.2 billion. FBR tax collection (including Rs 25.0 billion SRB) stood at Rs 1,906.5

billion, 2.3% below the target of Rs 1,952.3 billion. Petroleum development levy (PDL) collection stood at Rs 60.4 billion, 49.7% lower than the budget target of Rs 120.0 billion as government partially passed on rising international prices pressure to general public in order to give them relief. Figure below gives the comparative performance of FBR tax collection, under its major heads, dur-

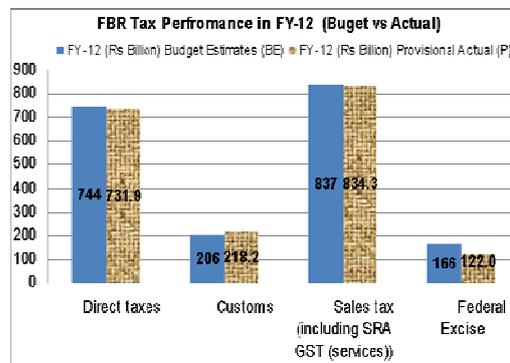
ing FY-12.

FBR, during FY-12, achieved 97.7% of its full year tax collection target of Rs 1,906.5 billion (including Sindh Revenue Authority collection of GST on services) with direct taxes at 98.4% and indirect taxes at 97.2% of full target for FY-12. Sales tax collection stood at 99.7% of the target for FY-12. This significant performance under sales tax could be attributed

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impressive growth 39.6% on GST on imports due to withdrawing of exemptions on certain items and 16% growth in the value of imports during FY-12. However, GST on domestic front grew by 15.3% due to lackluster growth in large scale manufacturing (LSM) as it grew by 1.17% as compared to target of 2.0% for FY-12.

Federal excise duty achieved only 73.5% of full year target of FY-12 mainly on account of abolishment of special excise duty (SED), doing-away with FED on 15 items and decreases in the rate on certain items in the budget FY-12. Notwithstanding, customs duty surpassed the budget target on account of 16.0% increase in imports during FY-12.



The consolidated non-tax revenues stood at Rs 513.6 billion, 28.6% below than the budget target of Rs 719.3 billion. Main reasons behind non-tax under performance were non-realization of PTA receipts (3-G license) of Rs 75 billion, defence services (particularly Coalition Support Fund) of Rs 108.9 billion and provincial non-tax revenue recorded a shortfall of Rs

29.0 billion. Nevertheless, SBP profit stood at Rs 204 billion, 2% higher than the budget target of Rs 200 billion.

Expenditure

The consolidated total expenditure in FY-12 stood at Rs 4,327.2 billion (including Rs 391 billion One-Off payment to settle energy and commodities debt), 16.3% higher than the budget target of Rs 3,721.1 billion. Of this, 59.3% is being accommodated by the consolidated government revenues while rest of 40.7% is being financed through borrowings. The consolidated current expenditure stood at Rs 3,513.5 billion, 18.0% higher than the budget target of Rs 2,976.3 billion. Analysis of federal and provincial current

and development expenditure.

The consolidated development expenditure stood at Rs 731.9 billion, by 0.7% lower than the budget target of Rs 737.41 billion. Federal (PSDP) stood at Rs 289.3, by 3.6% lower than the budget target of Rs 300.0 billion while provincial (PSDP) stood at Rs 375.4 billion, 10.4% higher than the budget target of Rs 340.0 billion. Other development expenditure stood at Rs 67.1 billion, 30.9% lower than the budget target of Rs 97.1 billion.

Fiscal Deficit

As a result of revenues and expenditures slippages, the consolidated fiscal deficit (including Rs 391 billion One-Off payment to settle energy and commodities debt) rose to Rs 1,760.7 billion (8.5% of GDP), 107% higher than the budget target of Rs 850.6 billion (4.0% of GDP). Provinces were supposed to generate a surplus of Rs 124.9 billion (0.6% of GDP), in-fact, they recorded a deficit of Rs 22.1 billion that further accentuated the overall fiscal deficit.

by just 0.8%. Huge slippages in federal current expenditure were contributed mainly by subsidies expenditure and interest payments. During FY-12, the consolidated total receipts at Rs 2,566.5 billion were slightly higher than the federal current expenditure at Rs 2,545.7 billion while financing gap of Rs 1760.7 billion were close to the federal development, provincial current

Monetary Developments

During 1st July 2012 to 27th July 2012, M2 contracted by Rs 183.1 billion showing a reduction of 2.4 % in the stock at the end of June 2012 against a contraction of Rs 132.3 billion during the corresponding period of previous year. Net Foreign Assets (NFA)

Money, Prices & Fiscal Policy (continued...)

has been contracted during period under review by 10.3 % whereas, Net Domestic Assets (NDA) of the Banking Sector have also been contracted by 1.8 % due to repayment of government loans to SBP.

During 1st July 2011 to 27th July 2012 Net Foreign Assets (NFA) of the banking system contracted by Rs 54.0 billion reflecting a decrease of 10.3% as compared to contraction of Rs 9.2 billion during the corresponding period of previous year. Contraction in NFA is mainly due to reduction in SBP's foreign exchange reserves that arose from the widening of current account deficit and deteriorating capital and financial account surpluses.

Net Domestic Assets (NDA) has also showed contraction of Rs 129.0 billion during the period under review reflecting a decrease of 1.8 % in stock at end June 2012 as compared to contraction of Rs 123.6 billion during corresponding period of previous year.

Education

The working paper of the Project titled "Capacity Building of Teachers Training Institutions and Training of Elementary School Teachers in I.C.T, FATA, Gilgit Baltistan and AJ&K" and Project titled "Sindh Basic Education Programme (SBEP)" were prepared and presented in the CDWP Meeting.

Borrowing for budgetary support from SBP has been considerably contracted by Rs 187.8 billion during 1st July 2011 to 27th July 2012 as compared to contraction of Rs 24.9 billion during the corresponding period of previous year. However, borrowing from scheduled banks during this period has increased by Rs 181.4 billion as compared to increase of Rs 90.7 billion during the corresponding period of previous year.

Credit to private sector has shown contraction of Rs 51.6 billion during period under review whereas this contraction was Rs.74.2 billion during the corresponding period of previous year.

Inflation

CPI inflation has been targeted at 9.5% for 2012-13. In July 2012, CPI registered an increase of 9.6% against an increase of 12.4% in July 2011. The WPI and SPI recorded an increase of 7.2% and 7.7% respectively during July 2012

against 20.3% and 13.1% during the corresponding period of previous year.

CPI inflation in July 2012 is the lowest since December 2009 and is in single digit. The ease in inflation is mainly contributed by food inflation. Food inflation is slowing down due to improvement in domestic production and supplies. The slow down in non-food inflation is due to two straight cuts in retail prices of petroleum products and its impact on different commodities kept the inflation at 9.6 percent in July 2012.

Stock Market Developments

The KSE-100 index on August 31, 2012 stood at 15,391.6 points registering a growth of 11.5% as compared to 13,801.4 points on June 29, 2012. The market capitalization was Rs. 3,919.2 billion as on August 31, 2012 as compared to Rs. 3,518 billion on June 29, 2012, recording a growth of 11.4%.

(SBEP)" were submitted for consideration of ECNEC.

The Project titled "Debt for Education SWAP-II" of Elementary and Secondary Education Department; Khyber Pukhtunkhwa was analyzed and comments /observations were submitted.

Pre-CDWP Meeting in respect of Project titled "Sindh Basic Education Programme (SBEP)" was arranged and headed by Honorable Member (SS) at 'P' Block, Pak Secretariat Islamabad. While two summaries titled "Punjab School Library Project (German Debt SWAP-I)" and "Sindh Basic Education Programme

Food & Agriculture

During August, 2012 following activities were carried out;

- The material for preparation of brief for the Prime Minister's participation in the Annual Meeting of Champions 2012: Tainjn, China, to

be held on 11-13 September, 2012.

- The Technical comments were compiled on the project " Boring and installation of 50 nos. new tubewells of 2.0 cusecs and rehabilitation of existing

tubewells and drains in Late Shaheed Benazirabad area".

- Technical comments in view of abnormal climate patterns threatening global food crises were also compiled.

Pakistan Planning and Management Institute (PPMI)

Training course on "Growth Strategy of Pakistan" from 27-30 August, 2012 was conducted at

PPMI. Twenty one officers from Federal/ Provincial Governments and Public Sector Or-

ganizations participated in this training course.

National Fertilizer Development Centre (NFDC)

The Monthly Fertilizer Review of Mid August, 2012 has been published, which reveals that overall nutrient offtake during July, 2012 was about 271 thousand tonnes compared to 354 thousand tonnes in July, 2011, rep-

resenting a decrease of 23.3 per cent. Among the nutrients, nitrogen, phosphate and potash offtake decreased by 22.2, 25.2 and 67.6 per cent respectively. Urea offtake during July, 2012 was 389 thousand tonnes which de-

creased by 19.2 per cent over July 2011, while DAP offtake was 101 thousand tonnes, which also decreased by 23.1 per cent over corresponding month of 2011.

Governance

During the month of August, 2012, PC-I of the project titled "Project Preparation Facility (PPF) for Revenue Mobilization Project (RMP) FTO Component" was examined and its working paper was presented in the Pre-CDWP and CDWP meeting. Following comments were prepared during the month;

- Comments/views on "ADB Country Operations Business Plan

(COBP) 2012-14 for Pakistan" from governance perspective were prepared and forwarded to PIP Section.

- Comments on the questionnaire regarding "Conversion of 61 projects posts of monitoring of PSDP financed project (Projects Wing) into non-development side" were prepared.
- Comments on Revised PC-I of the project titled "Strengthening FATA

Levies Training Centre at Shahkas Jamrud Khyber Agency" were prepared.

151 Nominations for training / seminar / workshop (Local/Foreign) were processed. Two meetings of the Committee on Foreign Training were convened whereas 04 officers attended the foreign training/seminar/workshop during the month.

Science & Technology

CDWP meeting was held on 15th August, 2012 and a project of Higher Education sector "Developing Academic Facilities, Library and IT

Infrastructure of New Beaconhouse National University (BNU) Campus, Lahore (Phase-II)" was approved by CDWP at a cost of Rs 687.00

million without FEC, with PSDP share of Rs 265.00 million. Minutes of the meeting were prepared and issued for this project.

Information & Telecommunication Technologies

In-house computer training

Short term in-house computer training programme is continued at JACC. Training programme of one week duration was prepared for officers and three batches consisting of 31 officers including Assistant Chiefs and Research Officers have been imparted training during August, 2012. The participants were awarded training certificates on completion of training.



Progress on construction of JACC building

Construction work of JACC building continued at fast pace during August, 2012. Prefabricated UPVC windows have been fixed. Floor tiles have also been laid. The Civil & Electrical work contractors are in regular contact on site. In order to monitor day to day progress of work, fortnightly monitoring meetings were conducted by Director General JACC with the CDA and the contractors. All efforts are in hand for completion of work ahead of schedule.

Monitoring of IT Sector PSDP Projects

Regular monitoring meetings of IT Sector PSDP projects were conducted with project executing agencies on 29th-30th Au-

gust, 2012 in JACC. All sixty projects of IT & Telecom Sector included



in the PSDP 2012-13 were discussed with executing agencies and progress was obtained.

CDWP Meeting

A meeting of CDWP was convened on 15th August, 2012 in which one IT related project "Land Record Management & Information System" sponsored by the Government of Punjab was discussed. Cost of the project is Rs 11.200 billion. The CDWP recommended the project for approval of ECNEC.

Conversion of 24 project posts towards regular side

The case for conversion of 24 project posts for JACC is currently being processed by Management Services Wing, Establishment Divi-

sion. JACC is in close contact with the agency for earlier approval of the case.

Coding Scheme of PSDP Projects

A workshop on the Coding Scheme was conducted by JACC on 7th August, 2012 in which all Chiefs and Heads of Technical Sections participated. The purpose of the workshop was to share the work done in this regard and get feedback from the participants.

Website of Planning Commission

Planning Commission's website is regularly monitored and updated at JACC. The status of release of PSDP, Local & Foreign Trainings etc. were updated on the website of Planning Commission.

IT Services

Provision of I.T. services to Planning & Development Division continued during August, 2012 as regular activity of JACC. A separate server has been setup for implementation of Coding Scheme.



*We are on the
Web
www.pc.gov.pk*



Planning Commission

P-BLOCK, PAK SECRETARIAT,
ISLAMABAD.

International Trade & Finance

During the month data on External Sector of the economy was updated. According to provisional data released by PBS, exports declined by 4.6%

and stood at \$2,057 million during July 2012. The imports declined by 0.73% and stood at \$ 3,662 million during July, 2012. The exchange rate

during July, 2012 remained at Rs 94.4/\$ against Rs 86.0/\$ during July, 2011 showing a depreciation of 8.8 percent.

Nutrition

Nutrition Section during August, 2012 coordinated and extended technical assistance in Provincial workshops on multi-sectoral Nutrition Policy Guidance Notes & Strategic & Operational Planning on Development of National Nutrition Policy

and formulation of plans for five years held for the provinces of Punjab and Khyber Pakhtunkhwa.

The report on the estimated cost of minimum food Basket for the month of July, 2012 was completed in the month of August, 2012. The report

highlights national, provincial and regional estimates and comparisons.

With the collaboration of WHO an orientation workshop on improving the Management of Severe Malnutrition was organized on 27th August, 2012.

Poverty

A Technical Group on Poverty has been constituted by the Deputy Chairman, Planning Commission. The Technical Group is consisting of experts from P&D Division, Pakistan Bureau of Statistics, Quaid-e-Azam University (QAU), Benazir Income Support Program (BISP), National University of Science & Technology (NUST), Lahore University of Management Sciences (LUMS), and Institute of Business Administration (IBA) etc., who shall examine and

evaluate the technical aspects of calculating poverty. The Committee will:

- Revisit the process, survey sample design, data collection, processing the data, setting and updating poverty line, poverty head count estimation, reliability of data and all such allied issues.
- Suggest which government agency or combination of agency representatives may conduct this exercise every year.

- Provide analyses of the current poverty situation by examining issues around data and methodology.
- Suggest measures to improve the existing methodology, ways to overcome the data and alternate measures to ensure transparency of such estimations in future.
- Provide guidelines for future direction for calculating poverty numbers.

Administration Wing

On 29th August, 2012, consequent upon selection by the Federal Public Service Commission

Mr. Zafar Hussain and Ms. Bareerah Fatima have assumed charge of the posts of Research

Officer (BS-17), Water Resources Section of Planning & Development Division.