



## PREFACE

The *Budget in Brief* presents a synopsis of the Federal Budget 2015-16. It provides aggregated information on revenues and expenditures budgeted for Financial Year 2015-16 alongwith budget estimates and revised estimates for the outgoing Financial Year 2014-15. Detailed information is available in the relevant budget documents. The budgeting and accounting classification system used in the budget remains the same which was adopted under the New Accounting Model introduced in Financial Year 2004-05.

The Medium Term Budgetary Framework (MTBF) process, initiated in the Financial Year 2009-10 has been strengthened with experience. Indicative ceilings for the current and development budgets are issued to all Principal Accounting Officers of the Federal Government on a three-year rolling basis. The annual budget estimates for any Financial Year e.g 2015-16 are then finalised in consultation with various Federal Ministries. Linkage of allocations to public service delivery is obtained through *Output Based Budgeting*, where the budget is formulated in terms of service delivery (outputs) expected from budgetary allocations and the projected effects of these services on target populations (outcomes) over the Medium Term. Performance of Federal Government Ministries is then monitored against precisely defined key performance indicators.

*Medium* Term macroeconomic indicators have also been included in this document to provide the strategic economic perspective which contextualises the budget 2015-16.

For the convenience of readers, some additional information regarding subsidies, loans and advances, and public sector development programme has been shown separately. After approval by the Parliament, all budget books including the *Budget in Brief* will be uploaded on the website of the Ministry of Finance: [www.finance.gov.pk](http://www.finance.gov.pk).

‘Budget at a Glance’ given at the end of this document offers a quick overview of the federal budget. I hope that this document will prove to be of benefit to all those who seek a simple and clear understanding of Budget 2015-16.

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Islamabad, the 5<sup>th</sup> June, 2015

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**CHAPTER - 1**  
**REVIEW OF THE BUDGET 2014-15**

**SALIENT FEATURES**

1.1 The budget 2014-15 had the following salient features:

- a) The total outlay of budget 2014-15 was Rs 4,302 billion. This size was higher by 7.9% than the size of budget 2013-14. The size of outlay decreased to Rs 4,235.1 billion in revised estimates 2014-15 or by 1.6%.
- b) The resource availability during 2014-15 had been estimated at Rs 4,074 billion. However, volume of resources decreased to Rs 3,833 billion or by 5.9% in revised estimates 2014-15.
- c) The net revenue receipts for 2014-15 had been estimated at Rs 2,225 billion, which increased to Rs 2,378 billion or by 6.9% in revised estimates 2014-15.
- d) The provincial share in federal revenue receipts was estimated at Rs 1,720 billion during 2014-15, which decreased to Rs 1,575 billion in revised estimates 2014-15.
- e) The net capital receipts for 2014-15 had been estimated at Rs 691 billion, which decreased to Rs 603 billion in revised estimates 2014-15 or by 12.7%.
- f) The external receipts in 2014-15 were estimated at Rs 671 billion, which increased to Rs 693 billion in revised estimates or by 3.3%.
- g) The overall expenditure during 2014-15 had been estimated at Rs 4,302 billion, out of which the share of current expenditure was Rs 3,463 billion and that of development expenditure was Rs 839 billion. Current expenditure in revised estimates 2014-15 showed an increase of Rs 18 billion from budget estimates, while development expenditure showed a decline of Rs 84.2 billion.
- h) The share of current expenditure in total budgetary outlay for 2014-15 was 80.8% as compared to 82.5% in revised estimates 2014-15.
- i) The expenditure on general public service for budget 2014-15 was estimated at Rs 2,543 billion, which was 73.4 % of the total current expenditure.
- j) The other development expenditure outside Public Sector Development Programme (PSDP) was budgeted at Rs 162 billion for Financial Year 2014-15.

- k) The total size of Public Sector Development Programme (PSDP) for 2014-15 was Rs 1,175 billion. Out of this, Rs 650 billion was allocated to Provinces. Federal PSDP 2014-15 was estimated at Rs 525 billion, out of which Rs 296.3 billion for Federal Ministries / Divisions, Rs 175.2 billion for Corporations, Rs 12.5 billion for Pak MDGs and Community Department Programme, Rs 36 billion for Special Federal Development Programme and Rs 5 billion for Earthquake Reconstruction and Rehabilitation Authority (ERRA). An amount of Rs 45 billion in revised estimates 2014-15 is for Special Development Programme for Temporarily Displaced Persons (TDPs) and Security Enhancement, while Rs 7 billion is for Prime Minister's Youth Programme. Federal PSDP increased from budget estimates of Rs 525 billion to Rs 542 billion in revised estimates.
- l) In the budget estimates 2014-15, bank borrowing was projected at Rs. 227,906 million, which has been revised upwards to Rs. 402,373 million.

1.2 Table-1 below presents a summary of comparative position of the budget and revised estimates for Financial Year 2014-15:

**TABLE - 1**  
**SUMMARY 2014-15**

Classification	(Rs in Million)	
	Budget 2014-15	Revised 2014-15
<b>RESOURCES (A + B + C)</b>	<b>4,073,839</b>	<b>3,832,739</b>
<b>A Internal Resources</b>	<b>3,205,229</b>	<b>3,122,278</b>
- Net Revenue Receipts	2,225,322	2,377,763
- Capital Receipts	690,618	602,954
- Estimated Provincial Surplus	289,289	141,561
<b>B External Resources</b>	<b>670,610</b>	<b>692,687</b>
<b>C Privatization Proceeds</b>	<b>198,000</b>	<b>17,774</b>
<b>EXPENDITURE (A + B)</b>	<b>4,301,746</b>	<b>4,235,111</b>
<b>A Current Expenditure on Revenue Account</b>	<b>3,463,245</b>	<b>3,480,790</b>
- Current Exp. on Revenue Receipts	3,463,245	3,480,790
<b>B Total Development Expenditure</b>	<b>838,500</b>	<b>754,321</b>
- Federal PSDP	525,000	542,000
- Other Development Expenditure	161,813	132,292
- Development Loans & Grants to Provinces	151,688	80,029
<b>BANK BORROWING</b>	<b>227,906</b>	<b>402,373</b>

**RESOURCES:****INTERNAL RESOURCES**

1.3 The internal resources come through net revenue receipts, capital receipts and estimated provincial surplus. Table-2 provides the details of budget and revised estimates for 2014-15 in respect of net revenue receipts, while table-3 provides the details of net capital receipts.

**NET REVENUE RECEIPTS**

1.4 After the share of Provinces in gross revenue is transferred, the net revenue receipts of Federal Government were estimated at Rs 2,225,322 million in the budget 2014-15, which have now been revised upwards to Rs 2,377,763 million in the revised estimates 2014-15 showing an increase of 6.9%. Table-2 provides the details:

**TABLE - 2**  
**NET REVENUE RECEIPTS**  
**( 2014-15 )**

Classification	(Rs in Million)	
	Budget 2014-15	Revised 2014-15
<b>TAX REVENUE ( A + B )</b>	<b>3,129,210</b>	<b>2,910,180</b>
<b>A. FBR Taxes</b>	<b>2,810,000</b>	<b>2,605,000</b>
- Direct Taxes	1,180,000	1,109,000
- Indirect Taxes	1,630,000	1,496,000
<b>B. Other Taxes</b>	<b>319,210</b>	<b>305,180</b>
<b>NON-TAX REVENUE</b>	<b>816,294</b>	<b>1,042,292</b>
- Income from Property and Enterprise	191,992	221,101
- Receipts from Civil Administration and Other Functions	417,453	610,894
- Miscellaneous Receipts	206,850	210,297
<b>Gross Revenue Receipts</b>	<b>3,945,504</b>	<b>3,952,472</b>
Provincial Share in Gross Revenue	1,720,182	1,574,709
<b>Net Revenue Receipts</b>	<b>2,225,322</b>	<b>2,377,763</b>

1.5 The tax revenue was estimated for budget 2014-15 at Rs 3,129,210 million, which decreased to Rs 2,910,180 million or by 7% in revised estimates 2014-15. The non-tax revenue for 2014-15 was estimated at Rs 816,294 million, which increased to Rs 1,042,292 million or by 27.7% in revised estimates 2014-15.

### **NET CAPITAL RECEIPTS**

1.6 These receipts comprise proceeds of borrowing, money received in repayment of loans, recoveries of advances/investments, proceeds of saving schemes, net receipts from transactions under deposits and remittances heads. The net capital receipts for the year 2014-15 were budgeted at Rs 690,618 million. The revised estimates are Rs 602,954 million, which indicates a decline of 12.7%. Table-3 provides the details:

**TABLE - 3**  
**NET CAPITAL RECEIPTS**  
**( 2014-15 )**

Classification	(Rs in Million)	
	Budget 2014-15	Revised 2014-15
<b>I. CAPITAL RECEIPTS ( A + B + C )</b>	<b>754,786</b>	<b>680,490</b>
<b>A. Recovery of Loans</b>	<b>68,803</b>	<b>75,613</b>
<b>B. Public Debt (Net)</b>	<b>415,456</b>	<b>317,298</b>
- Permanent Debt	249,935	149,935
- Floating Debt	165,521	167,363
<b>C. Public Account</b>	<b>270,527</b>	<b>287,579</b>
<b>II. DISBURSEMENTS</b>	<b>64,168</b>	<b>77,536</b>
<b>NET CAPITAL RECEIPTS (I-II):</b>	<b>690,618</b>	<b>602,954</b>

### **ESTIMATED PROVINCIAL SURPLUS**

1.7 The estimated provincial surplus was budgeted at Rs 289,289 million for 2014-15, which decreased to Rs 141,561 million in revised estimates 2014-15.



## **EXTERNAL RESOURCES**

1.8 The Government obtains foreign loans and grants to use for capital and development expenditure. The external loans for 2014-15 were budgeted at Rs 623,807 million, which are now projected at Rs 662,357 million in revised estimates showing an increase of 6.2%.

1.9 External grants reduced from Rs 46,803 million in the budget estimates 2014-15 to Rs 30,331 million in the revised estimates 2014-15 or lower by 35.2%.

1.10 Overall external resources were estimated at Rs 670,610 million, which increased to Rs 692,687 million or by 3.3% in the revised estimates 2013-14. Table-4 below presents the details:

**TABLE - 4**  
**EXTERNAL RESOURCES**  
**( 2014-15 )**

Classification	(Rs in Million)	
	Budget 2014-15	Revised 2014-15
<b>I. EXTERNAL LOANS ( a to c )</b>	<b>623,807</b>	<b>662,357</b>
a. Project Loans	174,843	222,889
b. Programme Loans	201,464	186,050
c. Other Aid	247,500	253,418
<b>II. EXTERNAL GRANTS</b>	<b>46,803</b>	<b>30,331</b>
<b>TOTAL EXTERNAL RESOURCES ( I + II ):</b>	<b>670,610</b>	<b>692,687</b>

**EXPENDITURE**

1.11 The budget estimates 2014-15 of the overall expenditure were Rs 4,301,746 million, which decreased to Rs 4,235,111 million in revised estimates 2014-15 or by 1.6%.

1.12 The components of expenditure are current and development. Table-5 below shows the comparative position of the budget and revised estimates of current and development expenditure for the Financial Year 2014-15:

**TABLE - 5**  
**CURRENT AND DEVELOPMENT EXPENDITURE**  
**( 2014-15 )**

(Rs in Million)		
Classification	Budget 2014-15	Revised 2014-15
<b>A. CURRENT</b>	<b>3,463,245</b>	<b>3,480,790</b>
- General Public Service	2,543,334	2,530,384
- Defence Affairs & Services	700,148	720,002
- Public Order and Safety Affairs	86,450	87,598
- Economic Affairs	47,585	55,264
- Environment Protection	936	936
- Housing and Community Amenities	2,012	2,012
- Health Affairs & Services	10,017	10,124
- Recreation, Culture and Religion	7,060	7,242
- Education Affairs and Services	64,014	64,519
- Social Protection	1,691	2,709
<b>B. DEVELOPMENT</b>	<b>838,500</b>	<b>754,321</b>
- Federal PSDP	525,000	542,000
- Other Development Expenditure	161,813	132,292
- Development Loans & Grants to Provinces	151,688	80,029
<b>TOTAL EXPENDITURE (A + B):</b>	<b>4,301,746</b>	<b>4,235,111</b>

**CHAPTER - 2**  
**THE BUDGET 2015-16**

**SALIENT FEATURES**

2.1 The budget 2015-16 has the following salient features:

- a) The total outlay of budget 2015-16 is Rs 4,451.3 billion. This size is 3.5% higher than the size of budget estimates 2014-15.
- b) The resource availability during 2015-16 has been estimated at Rs 4,168.3 billion against Rs 4,073.8 billion in the budget estimates of 2014-15.
- c) The net revenue receipts for 2015-16 have been estimated at Rs 2,463.4 billion indicating an increase of 10.7% over the budget estimates of 2014-15.
- d) The provincial share in federal taxes is estimated at Rs 1,849.4 billion during 2015-16, which is 7.5% higher than the budget estimates for 2014-15.
- e) The net capital receipts for 2015-16 have been estimated at Rs 606.3 billion against the budget estimates of Rs 690.7 billion in 2014-15 i.e. a decline of 12.2%.
- f) The external receipts in 2015-16 are estimated at Rs 751.5 billion. This shows an increase of 12.1% over the budget estimates for 2014-15.
- g) The overall expenditure during 2015-16 has been estimated at Rs 4,451.3 billion, out of which the current expenditure is Rs 3,482.2 billion and development expenditure is Rs 969 billion.
- h) The share of current and development expenditure respectively in total budgetary outlay for 2015-16 is 78.2% and 21.8%
- i) The expenditure on General Public Services is estimated at Rs 2,446.6 billion which is 70.3% of the current expenditure.
- j) The other development expenditure outside PSDP for 2015-16 has been estimated at Rs 164.4 billion.

- k) The size of Public Sector Development Programme (PSDP) for 2015-16 is Rs 1,513.7 billion. Out of this, Rs 813.7 billion has been allocated to provinces. Federal PSDP has been estimated at Rs 700 billion, out of which Rs 252.6 billion to Federal Ministries / Divisions, Rs 271.9 billion to Corporations, Rs 20 billion to Pak Millennium Development Goals and Community Development Programme (MDGs), Rs 28.5 billion to Special Federal Development Programme, Rs 7 billion to Earthquake Reconstruction and Rehabilitation Authority (ERRA), Rs 100 billion for Special Development Programme for Temporarily Displaced Persons (TDPs) and Security Enhancement and Rs 20 billion for Prime Minister's Youth Programme.
- l) To meet expenditure, bank borrowing has been estimated for 2015-16 at Rs 282.9 billion, which is significantly lower than revised estimates of 2014-15.

2.2 Table-6 below presents the comparative position of budget and revised estimates for Financial Year 2014-15 and budget estimates for Financial Year 2015-16.

**TABLE - 6**  
**COMPARATIVE BUDGETARY POSITION**  
**2014-15 AND 2015-16**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>RESOURCES ( A + B + C )</b>	<b>4,073,839</b>	<b>3,832,739</b>	<b>4,168,338</b>
<b>A Internal Resources</b>	<b>3,205,229</b>	<b>3,122,278</b>	<b>3,366,827</b>
- Net Revenue Receipts	2,225,322	2,377,763	2,463,351
- Net Capital Receipts	690,618	602,954	606,303
- Estimated Provincial Surplus	289,289	141,561	297,173
<b>B External Resources</b>	<b>670,610</b>	<b>692,687</b>	<b>751,511</b>
<b>C Privatization Proceeds</b>	<b>198,000</b>	<b>17,774</b>	<b>50,000</b>
<b>EXPENDITURE (A + B)</b>	<b>4,301,743</b>	<b>4,235,111</b>	<b>4,451,277</b>
<b>A Current Expenditure on Revenue Account</b>	<b>3,463,245</b>	<b>3,480,790</b>	<b>3,482,239</b>
- Current Exp. on Revenue Account	3,463,245	3,480,790	3,482,239
<b>B Total Development Expenditure</b>	<b>838,497</b>	<b>754,321</b>	<b>969,038</b>
- Federal PSDP	525,000	542,000	700,000
- Other Development Expenditure	161,813	132,292	164,400
- Dev. Loans & Grants to Provinces	151,688	80,029	104,639
<b>BANK BORROWING</b>	<b>227,906</b>	<b>402,373</b>	<b>282,940</b>

**CHAPTER - 3**  
**RESOURCE POSITION**  
**( 2015-16 )**

3.1 There are two type of resources i.e. internal and external. The internal resources comprise of revenue receipts, capital receipts and estimated provincial surplus. The external resources come from foreign loans and grants. Table-7 below presents the overall comparative resource position for the year 2014-15 (budget and revised) and 2015-16 (budget).

**TABLE - 7**  
**RESOURCE POSITION**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>A Internal Resources</b>	<b>3,269,397</b>	<b>3,199,814</b>	<b>3,499,862</b>
1 Net Revenue Receipts [(i) - (ii)]	2,225,322	2,377,763	2,463,351
(i) Gross Revenue Receipts	3,945,504	3,952,472	4,312,745
(ii) Less Provincial Share in Taxes	1,720,182	1,574,709	1,849,394
2 Capital Receipts	754,786	680,490	739,338
3 Estimated Provincial Surplus	289,289	141,561	297,173
<b>B External Resources</b>	<b>670,610</b>	<b>692,687</b>	<b>751,511</b>
<b>TOTAL RESOURCES ( A + B )</b>	<b>3,940,007</b>	<b>3,892,501</b>	<b>4,251,373</b>

**INTERNAL RESOURCES****NET REVENUE RECEIPTS**

3.2 The gross revenue receipts in budget 2015-16 are estimated at Rs 4,312,745 million showing an increase of 9.1% over the revised estimates 2014-15.

3.3 The provincial share in taxes for 2015-16 is estimated at Rs 1,849,394 million, which is 17.4% higher than the revised estimates of 2014-15. After the share of Provinces in gross revenues is transferred, the net revenue of Federal Government has been estimated to be Rs 2,463,351 million for Financial Year 2015-16.

3.4 The tax revenue for 2015-16 is estimated at Rs 3,418,221 million, which reflects an increase of 17.5% over revised estimates 2014-15. Out of which FBR collection is Rs 3,103,706 million. Non-tax revenue is projected at Rs 894,525 million in 2015-16 as compared with Rs 1,042,292 million in revised estimates 2014-15.

3.5 Tables 8 to 10 present information on various components of tax revenue and non-tax revenue.

**TABLE - 8**  
**NET REVENUE RECEIPTS**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>Tax Revenue (A + B)</b>	<b>3,129,210</b>	<b>2,910,180</b>	<b>3,418,221</b>
<b>A. FBR Taxes</b>	<b>2,810,000</b>	<b>2,605,000</b>	<b>3,103,706</b>
- Direct Taxes	1,180,000	1,109,000	1,347,872
- Indirect Taxes	1,630,000	1,496,000	1,755,834
<b>B. Other Taxes</b>	<b>319,210</b>	<b>305,180</b>	<b>314,515</b>
<b>Non-Tax Revenue</b>	<b>816,294</b>	<b>1,042,292</b>	<b>894,524</b>
- Property and Enterprise	191,992	221,101	227,680
- Civil Administration and Other Functions	417,453	610,894	444,295
- Miscellaneous Receipts	206,850	210,297	222,548
<b>Gross Revenue Receipts</b>	<b>3,945,504</b>	<b>3,952,472</b>	<b>4,312,745</b>
Provincial Share in Gross Revenue	1,720,182	1,574,709	1,849,394
<b>Net Revenue Receipts</b>	<b>2,225,322</b>	<b>2,377,763</b>	<b>2,463,351</b>

**TABLE - 9**  
**TAX REVENUE**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>A. FBR TAXES (I + II)</b>	<b>2,810,000</b>	<b>2,605,000</b>	<b>3,103,706</b>
<b>I. Direct Taxes</b>	<b>1,180,000</b>	<b>1,109,000</b>	<b>1,347,872</b>
- Taxes on Income	1,163,821	1,091,691	1,326,835
- Workers Welfare Fund	15,500	16,216	19,709
- Capital Value Tax (CVT)	679	1,093	1,328
<b>II. Indirect Taxes</b>	<b>1,630,000</b>	<b>1,496,000</b>	<b>1,755,834</b>
- Customs Duties	281,000	255,000	299,125
- Sales Tax	1,171,000	1,082,000	1,250,272
- Federal Excise	178,000	159,000	206,437
<b>B. OTHER TAXES</b>	<b>319,210</b>	<b>305,180</b>	<b>314,515</b>
- Other Indirect Taxes (ICT)	4,720	4,105	4,365
- Airport Tax	90	75	150
- Gas Infrastructure Development Cess	145,000	145,000	145,000
- Natural Gas Development Surcharge	46,400	30,000	30,000
- Petroleum Levy	123,000	126,000	135,000
<b>TOTAL TAX REVENUE:</b>	<b>3,129,210</b>	<b>2,910,180</b>	<b>3,418,221</b>

**TABLE - 10**  
**NON-TAX REVENUE**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>NON-TAX REVENUE (A+B+C)</b>	<b>816,294</b>	<b>1,042,292</b>	<b>894,524</b>
<b>A. Income from Property and Enterprise</b>	<b>191,992</b>	<b>221,101</b>	<b>227,680</b>
- Pakistan Telecom Authority (Surplus)	14,720	5,000	5,000
- PTA (3 G Licences)	56,000	56,000	65,000
- Regulatory Authorities	350	350	386
- Mark up (Provinces)	12,952	13,319	12,019
- Mark up (PSEs & Others)	25,981	63,365	57,154
- Dividends	81,989	83,067	88,122
<b>B. Receipts from Civil Administration and Other Functions</b>	<b>417,453</b>	<b>610,894</b>	<b>444,295</b>
- General Administration	2,874	3,604	4,419
- Profit of SBP	270,000	399,000	280,000
- Defence	140,220	204,026	154,023
- Law and Order	1,142	961	1,230
- Community Services	1,561	1,535	2,259
- Social Services	1,656	1,768	2,365
<b>C. Miscellaneous Receipts</b>	<b>206,850</b>	<b>210,297</b>	<b>222,548</b>
- Economic Services	2,993	3,114	4,035
- Foreign Grants	35,000	45,000	40,000
- Passport and Citizenship Fees	20,000	21,000	25,000
- Discount Retained on Local Crude Price	20,000	21,000	21,000
- Royalty on Crude Oil	32,261	19,728	18,373
- Royalty on Natural Gas	49,164	37,469	40,246
- Windfall Levy against Crude Oil	17,000	17,000	18,000
- Petroleum Levy on LPG	1,000	2,000	2,000
- Others	29,432	43,986	53,895



**NET CAPITAL RECEIPTS**

3.6 Capital receipts on net basis in the budget 2015-16 have been estimated at Rs 606,303 million against Rs 690,618 million in the budget estimates 2014-15 and Rs 602,954 million in the revised estimates 2014-15. Table-11 below presents the details of capital receipts, disbursements and net capital receipts.

**TABLE - 11**  
**NET CAPITAL RECEIPTS**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>I. CAPITAL RECEIPTS (A + B + C)</b>	<b>754,786</b>	<b>680,490</b>	<b>739,338</b>
<b>A. Recoveries of Loans &amp; Advances</b>	<b>68,803</b>	<b>75,613</b>	<b>89,860</b>
- Provinces	39,418	38,564	42,193
- Others	29,386	37,049	47,667
<b>B. Public Debt Net (1 + 2)</b>	<b>415,456</b>	<b>317,298</b>	<b>395,208</b>
<b>1. Permanent Debt</b>	<b>249,935</b>	<b>149,935</b>	<b>219,935</b>
- Pakistan Investment Bonds	250,000	150,000	220,000
- FEBCs	(5)	(5)	(5)
- FCBCs	(5)	(5)	(5)
- U.S. Dollar Bearer Certificates	(5)	(5)	(5)
- Special US Dollar Bonds	(50)	(50)	(50)
<b>2. Floating Debt</b>	<b>165,521</b>	<b>167,363</b>	<b>175,273</b>
- Prize Bonds	65,521	67,363	75,273
- Treasury Bills	100,000	100,000	100,000
<b>C. Public Account</b>	<b>270,527</b>	<b>287,579</b>	<b>254,270</b>
- Saving Schemes	221,416	263,638	229,332
- G.P. Fund	4,000	4,000	4,000
- Net Deposits	45,111	19,941	20,938
<b>II. DISBURSEMENTS</b>	<b>64,168</b>	<b>77,536</b>	<b>133,035</b>
- Government Investments, Loans, Advances and Others	36,684	38,129	43,611
- Repayment of Short Term Credits	27,484	39,407	89,425
<b>NET CAPITAL RECEIPTS (I - II):</b>	<b>690,618</b>	<b>602,954</b>	<b>606,303</b>
<b>Net Lending to Others:</b>	<b>7,298</b>	<b>1,080</b>	<b>(4,056)</b>

**ESTIMATED PROVINCIAL SURPLUS**

3.7 The estimated provincial surplus has been projected at Rs 297,173 million for 2015-16 as against Rs 141,561 million in revised estimates 2014-15.

**EXTERNAL RESOURCES**

3.8 The government obtains loans and grants to bridge the gap between the receipts and expenditure. The external resources for 2015-16 have been projected at Rs 751,511 million, which are higher by 12.1% and 8.5% than the budget and revised estimates 2014-15 respectively. Table-13 below presents the details of receipts from external resources.

**TABLE - 12**  
**EXTERNAL RESOURCES**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>I. EXTERNAL LOANS (A to C)</b>	<b>623,807</b>	<b>662,357</b>	<b>727,533</b>
<b>A. Project Loans (i+ii)</b>	<b>174,843</b>	<b>222,889</b>	<b>208,275</b>
<b>i Federal Government</b>	<b>92,835</b>	<b>176,504</b>	<b>141,128</b>
- Ministries/Divisions	24,592	48,545	22,842
- Corporations/Autonomous Bodies	68,243	127,959	118,286
<b>ii Provinces</b>	<b>82,008</b>	<b>46,385</b>	<b>67,147</b>
<b>B. Programme Loans</b>	<b>201,464</b>	<b>186,050</b>	<b>187,360</b>
<b>C. Other Aid</b>	<b>247,500</b>	<b>253,418</b>	<b>331,898</b>
- Islamic Development Bank	49,500	97,999	125,854
- Euro Bonds	49,500	-	101,250
- Sukuk Bonds	49,500	101,250	-
- China Safe Deposits	99,000	50,625	101,250
- Economic Trade Bank	-	3,544	3,544
<b>II. EXTERNAL GRANTS</b>	<b>46,803</b>	<b>30,331</b>	<b>23,978</b>
- Project Aid Grants	30,852	25,092	23,978
• Federal Departments	8,752	7,182	3,334
• Autonomous Bodies	550	2,409	2,325
• Provinces	21,551	15,500	18,319
- Kerry Lugar	15,951	5,239	-
<b>TOTAL (I + II):</b>	<b>670,610</b>	<b>692,687</b>	<b>751,511</b>

## **CHAPTER - 4**

### **PROVINCIAL SHARE IN FEDERAL TAXES**

#### **NFC Award**

4.1 Pakistan is a Federal Democracy. In order to maintain inter-governmental fiscal relationship, Article 160 of the Constitution of Islamic Republic of Pakistan provides for setting up a National Finance Commission (NFC) at intervals not exceeding five years. The mandate of NFC is to recommend to the President the distribution of resources between the Federal and Provincial Governments. The President, through Presidential Order, gives legal cover to the recommendations of the NFC.

4.2 Presently, 7th NFC Award (2009) is operative. Through this Award, the financial autonomy of the provinces has been strengthened by increasing their share in the Divisible Pool (taxes) from 50% to 56% in fiscal year 2010-11 and to 57.5% from fiscal year 2011-12 onwards. For the first time in history, multiple indicators were adopted for distribution of provincial shares in the divisible pool whereas in all the previous Awards, population remained as sole criterion for distribution of provincial share in the divisible pool with special grants (subventions) to smaller provinces.

4.3 A special feature of the Award is recognition of requirements of Balochistan. Its share from the divisible pool was guaranteed at Rs.83 billion in fiscal year 2010-11 which was more than double from the actual divisible pool share of fiscal year 2009-10. It has also been ensured that Balochistan province would receive provincial share in the divisible pool based on the budgetary projections instead of actual FBR collection for the next four years of the 7th NFC Award. Shortfall, if any, based on the actual collection reported by FBR would be borne by the Federal Government itself. This arrangement is in practice since financial year 2010-11 and shall continue for the whole period of 7th NFC Award. In this regard, an amount of Rs 67.436 billion stands released to Government of Balochistan as additionality from 2010-11 to 2014-15.

4.4 The 8th NFC was constituted on 21st July, 2010, but it did not give any Award. The 9th NFC has been constituted on April 24, 2015 and its 1st meeting was held on 28th April, 2015. NFC, in its first meeting, decided to constitute four working groups to undertake thematic studies and put forth their recommendations for consideration by the Commission. The present Award will remain operative till 9th NFC Award is implemented. As such, the shares of the provinces in the divisible pool have been worked out in accordance with the 7th NFC Award, 2009.

4.5 The 7th NFC Award implemented through President's Order No.5 of 2010 is reproduced as follows:

"PRESIDENT'S ORDER No. 5 of 2010

AN  
ORDER

*to provide for distribution of revenues and certain grants*

WHEREAS in pursuance of clause (1) of Article 160 of the Constitution of the Islamic Republic of Pakistan hereinafter referred to as the Constitution, the President, by the Finance Division's Notification No. S.R.O. 739(I)/2005, dated 21st July 2005, as modified by the said Division's Notification No. S.R.O. 693(I)/2009, dated 24th July 2009, appointed a National Finance Commission to make recommendations, among other matters, as to the distribution between the Federation and the Provinces of the net proceeds of certain taxes;

AND WHEREAS the said Commission has also submitted its recommendations with regard to the said distribution;

NOW, THEREFORE, in pursuance of clauses (4) and (7) of Article 160 of the Constitution, the President is pleased to make the following Order:—

**1. Short title and commencement.—** (1) This Order may be called the Distribution of Revenues and Grants-in-Aid Order, 2010.

(2) It shall come into force on the first day of July, 2010.

**2. Definitions.—** In this Order, unless there is anything repugnant in the subject or context,—

- (a) "net proceeds" means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection as ascertained and certified by the Auditor General of Pakistan; and
- (b) "taxes on income" includes corporation tax but does not include taxes on income consisting of remuneration paid out of the Federal Consolidated Fund.

**3. Distribution of Revenues.—**(1) The divisible pool taxes in each year shall consist of the following taxes levied and collected by the Federal Government in that year, namely:—

- (a) taxes on income;
- (b) wealth tax;
- (c) capital value tax;
- (d) taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed;
- (e) export duties on cotton;
- (f) customs duties;
- (g) federal excise duties excluding the excise duty on gas charged at well-head; and
- (h) any other tax which may be levied by the Federal Government.

(2) One percent of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

(3) After deducting the amounts as prescribed in clause (2), of the balance amount of the net proceeds of divisible pool taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty-seven and half percent from the financial year 2011-12 onwards. The share of the Federal Government in the net proceeds of divisible pool shall be forty-four percent during the financial year 2010-11 and forty-two and half percent from the financial year 2011-12 onwards.

**4. Allocation of shares to the Provincial Governments.—**(1) The Province - wise ratios given in clause (2) are based on multiple indicators. The indicators and their respective weights as agreed upon are:—

(a)	Population	82.0%
(b)	Poverty or backwardness	10.3%
(c)	Revenue collection or generation	5.0%
(d)	Inverse population density	2.7%

(2) The sum assigned to the Provincial Governments under Article 3 shall be distributed amongst the Provinces on the basis of the percentage specified against each:—

(a)	Balochistan	9.09%
(b)	Khyber Pakhtunkhwa	14.62%
(c)	Punjab	51.74%
(d)	Sindh	24.55%
	<b>Total:</b>	<b>100.00%</b>

(3) The Federal Government shall guarantee that Balochistan province shall receive the projected sum of eighty-three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the Award. Any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan shall remain protected throughout the remaining four years of the Award based on annual budgetary projections.

5. **Payment of net proceeds of royalty on crude oil.**—Each of the provinces shall be paid in each financial year as a share in the net proceeds of the total royalties on crude oil an amount which bears to the total net proceeds the same proportion as the production of crude oil in the Province in that year bears to the total production of crude oil.

6. **Payment of net proceeds of development surcharge on natural gas to the Provinces.**—(1) Each of the Provinces shall be paid in each financial year as a share in the net proceeds to be worked out based on average rate per MMBTU of the respective province. The average rate per MMBTU shall be derived by notionally clubbing both the royalty on natural gas and development surcharge on Gas. Royalty on natural gas shall be distributed in accordance with clause (1) of Article 161 of the Constitution whereas the development surcharge on natural gas would be distributed by making adjustments based on this average rate.

(2) The development surcharge on natural gas for Balochistan with effect from 1st July 2002, shall be re-worked out hypothetically on the basis of the formula given in clause (1) and the amount, subject to maximum of ten billion rupees, shall be paid in five years in five equal installments by the Federal Government as grants to be charged on the Federal Consolidated Fund.

7. **Grants-in-Aid to the Provinces.**—There shall be charged upon the Federal Consolidated Fund each year, as grants-in-aid of the revenues of the province of Sindh an amount equivalent to 0.66% of the provincial share in the net proceeds of divisible pool as a compensation for the losses on account of abolition of octroi and zilla tax.

8. **Sales tax on services.**—NFC recognizes that sales tax on services is a Provincial subject under the Constitution of the Islamic Republic of Pakistan, and may be collected by respective Provinces, if they so desired.

9. **Miscellaneous.**—(1) NFC also recommended increase in the rate of excise duty on natural gas to Rs 10.0 per MMBTU. Federal Government may initiate necessary legislation accordingly.

(2) The NFC recommended that the Federal Government and Provincial Governments should streamline their tax collection systems to reduce leakages and increase their revenues through efforts to improve taxation in order to achieve a 15% tax to GDP ratio by the terminal year i.e. 2014-15. Provinces would initiate steps to effectively tax the agriculture and real estate sectors. Federal Government and Provincial Governments may take necessary administrative and legislative steps accordingly.

(3) Federal Government and Provincial Governments would develop and enforce mechanism for maintaining fiscal discipline at the Federal and Provincial levels through legislative and administrative measures.

(4) The Federal Government may assist the Provinces through specific grants in times of unforeseen calamities.

(5) The meetings of the NFC may be convened regularly on a quarterly basis to monitor implementation of the award in letter and spirit.

10. **Repeal.**— The Distribution of Revenues and Grants-in-Aid Order, 1997 (P.O. No. 1 of 1997), and the Distribution of Revenues and Grants-in-Aid, Order, 2010 (P.O. 4 of 2010) are hereby repealed.

**ASIF ALI ZARDARI,**  
President."

4.6 In accordance with the framework for distribution of resources structured by the 7th NFC Award, provincial share in federal taxes and straight transfers to Provinces are estimated at Rs 1,849,394 million for Financial Year 2015-16, reflecting an increase of 17.4% over revised estimates 2014-15. The details are as in Table-13 below:

**TABLE - 13**  
**DETAILS OF PROVINCIAL SHARE IN FEDERAL TAXES**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>A. DIVISIBLE POOL TAXES</b>	<b>1,580,787</b>	<b>1,476,554</b>	<b>1,746,239</b>
- Taxes on Income	660,660	623,372	753,198
- Capital Value Tax	389	606	762
- Sales Tax (excl. GST on Services)	667,491	623,009	715,051
- Federal Excise (excl. ED on NG)	94,928	85,140	109,294
- Customs Duties (excl. EDS)	157,318	144,426	167,935
<b>B. STRAIGHT TRANSFERS</b>	<b>137,482</b>	<b>97,415</b>	<b>102,379</b>
- Royalty on Crude Oil	31,616	19,334	18,006
- Royalty on Natural Gas (NG)	48,180	36,720	39,441
- Natural Gas Development Surcharge	45,472	29,400	29,400
- Excise Duty on Natural Gas (NG)	12,214	11,962	15,532
<b>C. GST ON SERVICES</b>	<b>1,913</b>	<b>740</b>	<b>776</b>
<b>Total (A to C):</b>	<b>1,720,182</b>	<b>1,574,709</b>	<b>1,849,394</b>
<b>PROVINCE- WISE SHARE</b>			
Punjab	812,786	751,457	894,653
Sindh	464,007	413,511	482,801
Khyber Pakhtunkhwa (Inclusive 1% War on Terror)	283,675	254,765	300,452
Balochistan	159,714	154,976	171,488
<b>Total:</b>	<b>1,720,182</b>	<b>1,574,709</b>	<b>1,849,394</b>



4.7 Table-14 below presents total net federal transfers to provinces.

**TABLE - 14**  
**NET FEDERAL TRANSFERS TO PROVINCES**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>A. Total Transfers to Provinces</b>	<b>1,904,658</b>	<b>1,688,444</b>	<b>1,992,385</b>
- Divisible Pool Taxes	1,580,787	1,476,554	1,746,239
- Straight Transfers	137,482	97,415	102,379
- GST on Services	1,913	740	776
- Special Grants / Subventions	32,737	33,707	38,300
- Project Loans and Grants	103,559	61,885	85,467
- Programme Loans	48,129	18,143	19,172
- Japanese Grant	52	-	52
<b>B. Less Payments to Federal Govt.</b>	<b>52,370</b>	<b>51,883</b>	<b>54,212</b>
- Interest Payments	12,952	13,319	12,019
- Loans Repayments	39,418	38,564	42,193
<b>Net Transfers to Provinces (A-B):</b>	<b>1,852,288</b>	<b>1,636,562</b>	<b>1,938,173</b>

4.8 In accordance with the framework for distribution of resources structured by the 7th NFC Award, the net transfers to provinces are Rs 1,938,173 million in the budget estimates 2015-16. These transfers were estimated at Rs 1,852,288 million in the budget estimates 2014-15 and Rs 1,636,562 million in revised estimates 2014-15.

**CHAPTER - 5**  
**CURRENT EXPENDITURE**  
**( 2015-16 )**

5.1 Table-15 below presents a summary of current expenditure:

**TABLE - 15**  
**SUMMARY**

		(Rs in Million)		
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16	
<b>(i) Mark-up Payment</b>	<b>1,325,232</b>	<b>1,270,037</b>	<b>1,279,895</b>	
- Mark-up on Domestic Debt	1,224,592	1,169,545	1,168,676	
- Mark-up on Foreign Debt	100,640	100,492	111,219	
<b>(ii) Pension</b>	<b>215,000</b>	<b>219,958</b>	<b>231,000</b>	
- Military	163,375	167,875	174,271	
- Civil	51,625	52,083	56,729	
<b>(iii) Defence Affairs and Services</b>	<b>700,148</b>	<b>720,002</b>	<b>781,162</b>	
- Defence Services	698,259	717,871	779,140	
- Defence Administration	1,889	2,131	2,022	
<b>(iv) Grants and Transfers</b>	<b>370,782</b>	<b>418,665</b>	<b>409,875</b>	
- Grants to Provinces	32,737	33,707	38,300	
- Grants to Others	338,045	384,958	371,575	
<b>(v) Subsidies</b>	<b>203,248</b>	<b>243,248</b>	<b>137,603</b>	
<b>(vi) Running of Civil Government</b>	<b>290,660</b>	<b>313,294</b>	<b>326,331</b>	
<b>(i) Salary</b>	<b>174,982</b>	<b>175,928</b>	<b>193,850</b>	
a) Pay	67,629	67,750	73,113	
b) Allowance	107,353	108,178	120,737	
<b>(ii) Non-Salary</b>	<b>112,678</b>	<b>137,366</b>	<b>129,481</b>	
<b>(iii) Others</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>	
<b>(vii) Provision for Pay and Pension</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	
<b>CURRENT EXPENDITURE (i to vii):</b>	<b>3,130,071</b>	<b>3,185,204</b>	<b>3,165,866</b>	
<b>(viii) Foreign Loans Repayment</b>	<b>333,174</b>	<b>295,586</b>	<b>316,373</b>	
<b>TOTAL CURRENT EXPENDITURE:</b> (includes foreign loans repayment)	<b>3,463,245</b>	<b>3,480,790</b>	<b>3,482,239</b>	

5.2 The main components of current expenditure are mark-up on government borrowing, defense, running of civil government, pension, grants and subsidies. Estimates for total current expenditure in the budget for Financial Year 2014-15 stood at Rs 3,463,245 million, which have now been revised upwards to Rs 3,480,790 million. For Financial Year 2015-16 an allocation of Rs 3,482,239 million has been made for current expenditure, showing a small increase over the revised estimates of the outgoing Financial Year 2014-15.

5.3 Table-16 below presents the comparative position of the budget and revised estimates of current expenditure for the year 2014-15 along with the budget estimates 2015-16. It shows breakup of Current Expenditure according to functional classification.

**TABLE - 16**  
**CURRENT EXPENDITURE**

		(Rs in Million)		
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16	
1) General Public Service	2,543,334	2,530,384	2,446,604	
2) Defence Affairs and Services	700,148	720,002	781,162	
3) Public Order and Safety Affairs	86,450	87,598	94,899	
4) Economic Affairs	47,585	55,264	60,195	
5) Environment Protection	936	936	1,055	
6) Housing and Community Amenities	2,012	2,012	2,256	
7) Health Affairs & Services	10,017	10,124	11,010	
8) Recreation, Culture and Religion	7,060	7,242	7,637	
9) Education Affairs and Services	64,014	64,519	75,580	
10) Social Protection	1,691	2,709	1,840	
<b>Total:</b>	<b>3,463,245</b>	<b>3,480,790</b>	<b>3,482,239</b>	

5.4 The bulk of expenditure falls under General Public Service. The expenditure against this head has been budgeted at Rs 2,446,604 million for 2015-16, which is 70.3% of current expenditure.

## **GENERAL PUBLIC SERVICE**

5.5 Under the head of General Public Service, the major portion goes to executive & legislative organs, financial, fiscal and external affairs. At Rs 2,003,902 million, this component forms 81.9% of the allocation for General Public Service. The main heads of expenses are Servicing of Domestic Debt, Foreign Loans Repayment and Others. Transfer payments constitute another important item.

5.6 The details of expenditures classified under General Public Service are given in Table-17 below.

**TABLE - 17**  
**GENERAL PUBLIC SERVICE**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>GENERAL PUBLIC SERVICE</b>	<b>2,543,334</b>	<b>2,530,384</b>	<b>2,446,604</b>
Executive & Legislative Organs, Financial, Fiscal Affairs & External Affairs	2,119,013	2,071,823	2,003,902
- Superannuation Allowances & Pensions	215,000	219,958	231,000
- Servicing of Foreign Debt	100,640	100,492	111,219
- Foreign Loans Repayment	333,174	295,586	316,373
- Servicing of Domestic Debt	1,224,592	1,169,545	1,168,676
- Others	245,607	286,243	176,635
Foreign Economic Aid	92	1,328	100
Transfers	370,782	418,665	409,875
General Services	5,107	6,147	6,415
Basic Research	3,041	3,041	3,559
Research and Development General Public Services	9,037	9,670	10,683
Administration of General Public Services	1,974	2,450	2,150
General Public Services not elsewhere defined	34,287	17,260	9,920

**DEFENCE AFFAIRS AND SERVICES**

5.7 Details of estimates of expenditure on Defence Affairs and Services in 2014-15 (budget & revised) and 2015-16 (budget) are given in Table-18 below:

**TABLE - 18**  
**DEFENCE AFFAIRS AND SERVICES**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>DEFENCE AFFAIRS AND SERVICES</b>	<b>700,148</b>	<b>720,002</b>	<b>781,162</b>
- <b>Defence Administration</b>	<b>1,889</b>	<b>2,131</b>	<b>2,022</b>
- <b>Defence Services</b>	<b>698,259</b>	<b>717,871</b>	<b>779,140</b>
- Employees Related Expenses	293,599	300,766	326,048
- Operating Expenses	180,250	180,515	200,625
- Physical Assets	152,841	163,588	169,648
- Civil Works	73,310	74,743	84,680
- Less Recoveries	(1,741)	(1,741)	(1,860)

## **PUBLIC ORDER AND SAFETY AFFAIRS**

5.8 Under the head of Public Order and Safety Affairs, an amount of Rs 94,899 million has been provided in the budget 2015-16 as compared with Rs 86,450 million in the budget estimates 2014-15 and Rs 87,598 million in revised estimates 2014-15. The allocation for Police (Rs 87,513 million) forms the major component, with a share of 92.2%, in the total allocation under this head. Table-19 below provides the details:

**TABLE - 19**  
**PUBLIC ORDER AND SAFETY AFFAIRS**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>PUBLIC ORDER AND SAFETY AFFAIRS</b>	<b>86,450</b>	<b>87,598</b>	<b>94,899</b>
- Law Courts	3,906	4,024	4,396
- Police	79,834	80,741	87,513
- Fire Protection	155	155	171
- Prison Administration and Operation	33	33	36
- R & D Public Order and Safety	25	25	29
- Administration of Public Order	2,496	2,619	2,754

## **ECONOMIC AFFAIRS**

5.9 The allocation under the head of Economic Affairs in the budget 2015-16 has been projected at Rs 60,195 million, which is higher by 8.9% than the revised estimates for 2014-15 and 26.5% than the budget estimates 2014-15. Major share of this head goes to Agriculture, Food, Irrigation, Forestry and Fishing, which is 39% of total allocation for Economic Affairs. Table-20 below provides the details under this head:

**TABLE - 20**  
**ECONOMIC AFFAIRS**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>ECONOMIC AFFAIRS</b>	<b>47,585</b>	<b>55,264</b>	<b>60,195</b>
- General Economic, Commercial and Labour Affairs	10,692	8,805	18,280
- Agriculture, Food, Irrigation, Forestry and Fishing	20,523	26,623	23,497
- Fuel and Energy	671	960	769
- Mining and Manufacturing	1,276	1,276	1,403
- Construction and Transport	10,530	12,353	11,854
- Communications	2,502	3,707	2,887
- Others	1,391	1,541	1,506

**ENVIRONMENT PROTECTION**

5.10 Under the head of Environment Protection, an amount of Rs 1055 million has been estimated for budget 2015-16 for Waste Water Management, which is higher by 12.7%, when compared with budget and revised estimates 2014-15.

**TABLE - 21**  
**ENVIRONMENT PROTECTION**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>ENVIRONMENT PROTECTION</b>	<b>936</b>	<b>936</b>	<b>1,055</b>
- Waste Water Management	936	936	1055

**HOUSING AND COMMUNITY AMENITIES**

5.11 Under the head of Housing and Community Amenities, an amount of Rs 2,256 million has been provided in the budget 2015-16 for Community Development, which is higher by 12.1%, when compared with budget and revised estimates 2014-15.

**TABLE - 22**  
**HOUSING AND COMMUNITY AMENITIES**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>HOUSING AND COMMUNITY AMENITIES</b>	<b>2,012</b>	<b>2,012</b>	<b>2,256</b>
- Community Development	2,012	2,012	2,256



## **HEALTH AFFAIRS AND SERVICES**

5.12 Under the head of Health Affairs and Services, a total allocation of Rs 11,010 million has been made in the budget estimates 2015-16, which is higher by 8.8% and 9.9% respectively when compared with budget and revised estimates 2014-15. The allocation for Hospital Services forms the major component under this classification. Details are given in Table-23 below:

**TABLE - 23**  
**HEALTH AFFAIRS AND SERVICES**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>HEALTH AFFAIRS AND SERVICES</b>	<b>10,017</b>	<b>10,124</b>	<b>11,010</b>
- Medical Products, Appliances and Equipment	100	100	27
- Hospital Services	8,306	8,296	9,133
- Public Health Services	356	384	423
- Health Administration	1,255	1,345	1,426

**RECREATION, CULTURE AND RELIGION**

5.13 In budget 2015-16 an amount of Rs 7,637 million has been budgeted for Recreation, Culture and Religion. Overall estimates under this classification for 2015-16 are higher by 8.2% and 5.5% respectively when compared with budget and revised estimates 2014-15. The bulk of expenditure under this head has been earmarked for Broadcasting and Publishing, which is 77.8% of the total allocation. Details are given in Table-24 below:

**TABLE - 24**  
**RECREATION, CULTURE AND RELIGION**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>RECREATION, CULTURE AND RELIGION</b>	<b>7,060</b>	<b>7,242</b>	<b>7,637</b>
- Recreation and Sporting Services	1	1	1
- Cultural Services	509	508	542
- Broadcasting and Publishing	5,519	5,639	5,942
- Religious Affairs	762	769	831
- Administration of Information, Recreation & Culture	269	326	320

## **EDUCATION AFFAIRS AND SERVICES**

5.14 Education Affairs and Services have been provided with Rs 75,580 million in the budget estimates 2015-16 as compared with Rs 64,014 million in budget estimates 2014-15 and Rs 64,519 million in revised estimates 2014-15. The bulk of expenditure at Rs 56,675 million has been allocated for Tertiary Education Affairs and Services in budget 2015-16, which is 75% of the total allocation under this head. The details are as under:

**TABLE - 25**  
**EDUCATION AFFAIRS AND SERVICES**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>EDUCATION AFFAIRS AND SERVICES</b>	<b>64,014</b>	<b>64,519</b>	<b>75,580</b>
- Pre-Primary & Primary Education Affairs Services	6,079	6,035	7,240
- Secondary Education Affairs & Services	7,873	7,873	8,999
- Tertiary Education Affairs and Services	47,693	47,745	56,675
- Social Welfare & Special Education Div.	75	75	75
- Subsidiary Services to Education	232	232	250
- Administration	1,275	1,327	1,435
- Education Affairs, Services not elsewhere classified	787	1,232	906

**SOCIAL PROTECTION**

5.15 Social protection has been allocated Rs 1,840 million in the budget 2015-16, which is higher by Rs 149 million as compared with budget estimates 2014-15, while lower by Rs 869 million when compared with revised estimates 2014-15. The revised estimates include additional expenditures on account of emergency relief and repatriation.

**TABLE - 26**  
**SOCIAL PROTECTION**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
<b>SOCIAL PROTECTION</b>	<b>1,691</b>	<b>2,709</b>	<b>1,840</b>
- Administration	1,210	2,227	1,309
- Others	481	481	531

**CHAPTER - 6**  
**SUBSIDIES & GRANTS / TRANSFERS**  
**( 2015-16 )**

**SUBSIDIES**

6.1 In order to alleviate the impact of inflation on citizens, especially the poor segments of society, the Federal Government spends a fairly large sum on providing power and food subsidies. In the budget estimates 2014-15 subsidies were Rs 203,248 million; in revised estimates 2014-15 they increased to Rs 243,248 million due to increase in subsidy to WAPDA/PEPCO/KESC for tariff differential. Total subsidies for Financial Year 2015-16 has been estimated at Rs 137,603 million.

6.2 In budget 2015-16, the allocation for subsidies to WAPDA / PEPCO forms the major component, which is 71.2% of the total allocation followed by subsidy to KESC with share of 14.5%. A total estimate of subsidies for budget 2015-16 is 0.5% of GDP. Table-27 provides the details:

**TABLE - 27**  
**SUBSIDIES**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>Subsidy to WAPDA/PEPCO:</b>	<b>156,100</b>	<b>185,000</b>	<b>98,000</b>
1 Inter-Disco Tariff Differential	150,000	174,000	60,000
2 Tariff Differential for Agri-Tubewells in Balochistan	1,000	1,000	9,000
3 Pick up WAPDA / PEPCO receivables from FATA	5,000	10,000	6,000
4 Exchange Rate Differential for USAID's Grant to GENCOs	100	-	-
5 Subsidy to WAPDA/PEPCO on account of Inter-Disco Tariff Differential (Arrears)	-	-	19,000
6 Subsidy to Pick up WAPDA/PEPCO receivables from AJK	-	-	4,000

Contd....

**SUBSIDIES**

Classification	(Rs in Million)		
	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>Subsidy to KESC:</b>	<b>29,000</b>	<b>36,000</b>	<b>20,000</b>
7 Pick up KESC's Tariff Differential	29,000	36,000	20,000
<b>Subsidy to USC:</b>	<b>7,000</b>	<b>10,250</b>	<b>7,000</b>
8 Ramzan Package	3,000	3,000	3,000
9 Sale of Sugar	4,000	4,000	4,000
10 Support for Sugar Export	-	3,250	-
<b>Subsidy to PASSCO:</b>	<b>8,000</b>	<b>10,850</b>	<b>11,300</b>
11 Cost differential for sale of Wheat	4,000	4,000	5,000
12 Wheat Reserved Stock	4,000	4,000	5,000
13 Support for Wheat / Flour Export	0	1,550	0
14 Freight Subsidy on Sugar Export by TDAP	0	1,300	1,300
<b>Subsidy to Others:</b>	<b>3,148</b>	<b>1,148</b>	<b>1,303</b>
15 Oil Refineries & OMCs / Others	2,000	-	1,000
16 Sale of Wheat in FATA	293	293	303
17 Sale of Wheat in Gilgit Baltistan	850	850	-
18 Sale of Salt in Gilgit Baltistan	5	5	-
<b>Total Subsidies:</b>	<b>203,248</b>	<b>243,248</b>	<b>137,603</b>

**GRANTS AND TRANSFERS**

6.3 Grants and transfers to provinces and others for the year 2015-16 have been estimated at Rs 409,875 million as compared with Rs 370,782 million in budget estimates 2014-15 and Rs 418,665 million in revised estimates. The detail of grants and transfers to the provinces and others is given in the following table:

**TABLE - 28**  
**GRANTS AND TRANSFERS**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>I. GRANTS IN AID &amp; MISC. ADJUSTMENTS</b>	<b>32,737</b>	<b>33,707</b>	<b>38,300</b>
<b>A. SPECIAL GRANTS</b>	<b>24,237</b>	<b>33,707</b>	<b>20,800</b>
- Punjab	-	3,606	-
- Sindh	10,800	9,280	10,800
- Khyber Pakhtunkhwa	-	4,431	-
- Balochistan	13,437	16,390	10,000
<b>B. LUMP PROVISION</b>	<b>8,500</b>	-	<b>17,500</b>
<b>II. GRANTS TO OTHERS</b>	<b>338,045</b>	<b>384,958</b>	<b>371,575</b>
- Contingent Liabilities	165,000	200,000	180,000
- Miscellaneous Grants	50,600	55,600	57,000
- Other outstanding Liabilities	25,000	25,000	25,000
- Pakistan Railways to meet their losses	37,000	37,000	37,000
- Remission of ZTBL loans	300	-	300
- Voluntary Separation Scheme of HBFCL	100	-	100

Contd.....

**GRANTS AND TRANSFERS**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
- National Internship Programme	123	123	80
- Lump Provision for Relief etc.	2,400	3,427	2,400
- GoP Contribution to President Rozgar Scheme	100	100	100
- Competition Commission of Pakistan	200	200	200
- Reimbursement of TT Charges on Home Remittances	13,000	16,000	15,000
- Pakistan Remittance Initiative	100	-	100
- Institute of Cost & Management Accountants of Pakistan, Karachi	2	-	-
- Grants to AJK Government	24,000	26,271	25,750
- Grant-in-Aid to Gilgit Baltistan	18,000	19,200	20,500
- Grant to Bait-ul-Maal	2,000	2,000	4,000
- Administrative Expenditure of banking Mohtasib Office, Karachi	120	37	-
- Wheat subsidy to Gilgit Baltistan	-	-	6,045
<b>Total Grants (I + II):</b>	<b>370,782</b>	<b>418,665</b>	<b>409,875</b>



**CHAPTER - 7**  
**LOANS AND INVESTMENTS**  
**( 2015-16 )**

7.1 The financial assets of the Federal Government consist of investible funds and loans provided to Azad Jammu and Kashmir (AJK) and various agencies / institutions as well as government servants to enable them to meet their financial requirements.

**CURRENT LOANS & ADVANCES**

7.2 Total current loans and advances have been estimated at Rs 25,401 million in budget 2015-16. The following table provides the details:

**TABLE - 29**  
**CURRENT LOANS & ADVANCES**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
1	6,500	6,516	12,000
2	1	1	1
3	6	16	10
4	1,000	995	2,000
5			
5	40	40	40
6	10	85	10
7	-	10	-
8			
8	3,769	4,221	4,692
-	802	802	1,003
-	616	616	770
-	217	217	271
-	337	337	422
-	260	297	324
9	15	15	19
10	5,000	13,804	3,840
11	-	264	-
<b>Total:</b>	<b>18,572</b>	<b>28,235</b>	<b>25,401</b>

### **DEVELOPMENT LOANS AND ADVANCES**

7.3 Development loans and advances are made by the Federal Government to Provinces, Government of Azad Jammu & Kashmir, Public Sector Enterprises (PSEs), Financial / Non-Financial Institutions, District Governments / TMAs, and Others to assist them in carrying out their development programmes.

7.4 Total development loans and advances (local and external) were estimated at Rs 318,735 million in the budget 2014-15, which have now been revised downwards to Rs 279,075 million in revised estimates 2014-15. For budget 2015-16, total development loans and advances have been estimated at Rs 372,871 million, showing an increase of 17% over budget estimates 2014-15 and 33.6% over revised estimates 2014-15.

7.5 For budget 2015-16, development loans and advances (local) have been estimated at Rs 165,665 million, while development loans and advances (external) at Rs 207,205 million. The details are as in Table-30 below:

**TABLE - 30**  
**DEVELOPMENT LOANS AND ADVANCES**

<b>Classification</b>	<b>(Rs in Million)</b>		
	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
1 Development Loans and Advances	118,875	84,129	165,665
2 External Development Loans and Advances	199,860	194,946	207,205
<b>Total:</b>	<b>318,735</b>	<b>279,075</b>	<b>372,871</b>

## **CURRENT INVESTMENTS**

7.6 The federal current investments for the year 2015-16 have been estimated at Rs 18,210 million as compared with Rs 9,894 million in the revised estimates of 2014-15 and Rs 18,112 million in budget estimates 2014-15. The allocation for investment in 2015-16 is higher by 84.1% as compared with revised estimates 2014-15. Table-31 provides the comparative position.

**TABLE - 31**  
**CURRENT INVESTMENTS**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
1 GoP Equity in First Women Bank	500	500	1,000
2 GoP Contribution in equity of Pak China Inv. Co. Ltd.	1,600	-	1,600
3 GoP Equity in Mortgage Refinance Co.	1,000	1,200	10
4 GoP's Contribution to the SAARC (SDF)	2,000	1,975	-
5 Islamic Development Bank (IDB)	425	425	-
6 GoP Equity Investment against the liability of Peoples Steel Mills	170	170	184
7 Contribution in the 'Poverty Alleviation Fund' with IDB	536	536	-
8 Investment in HBFCL's Equity	1,000	1,000	-
9 GoP Investment in SME Bank Ltd.	500	-	-
10 GoP Equity in PIAC	-	3,974	-
11 Lump Provision for Miscellaneous Expenditure	10,257	-	5,000
12 Paid up Capital for the proposed Exim Bank of Pakistan	-	-	10,000
13 Capital Stock IDB	-	-	404
14 Others	124	114	12
<b>Total:</b>	<b>18,112</b>	<b>9,894</b>	<b>18,210</b>

## **CHAPTER - 8**

### **PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP) 2015-16**

8.1 The Public Sector Development Programme (PSDP) is the main instrument for improving the socio-economic conditions in the country and achieving the macroeconomic and development objectives and targets set by the government, which yield maximum benefits in the shortest possible time for the society.

8.2 For the year 2015-16 National Economic Council (NEC) has approved an overall size of PSDP at Rs 1,513.7 billion, which is 4.9% of GDP.

8.3 The Salient features of PSDP allocation for 2015-16 are as follows:

- The size of national PSDP (Rs 1,513.7 billion) in the budget for 2015-16 showing an increase of 27.4% as against the revised estimates 2014-15.
- Federal PSDP for the year 2015-16 has been kept at Rs 700 billion, which is higher by 29.2% than revised estimates 2014-15.
- The share of Federal Ministries / Divisions in 2015-16 PSDP is Rs 252.6 billion indicating a decline of 16.9% over revised estimates 2014-15.
- The Corporations' PSDP for 2015-16 has been placed at Rs 271.9 billion indicating an increase of 71.3% over revised estimates 2014-15.
- An amount of Rs 20 billion has been allocated in the budget 2015-16 to Pak Millennium Development Goals and Community Development Programme.
- An amount of Rs 28.5 billion has been provided in the budget 2015-16 for Special Federal Development Programme.
- Earthquake Rehabilitation and Reconstruction Authority (ERRA) has been allocated Rs 7 billion, which is higher by 40% than revised estimates 2014-15.
- An amount of Rs 100 billion has been budgeted for Special Development Programme for Temporarily Displaced Persons (TDPs) and Security Enhancement, which is higher by 122% than revised estimates 2014-15.
- Prime Minister's Youth Programme has been projected at Rs 20 billion, showing an increase of 185.7% over revised estimates 2014-15.
- The provincial development programme for 2015-16 has been estimated at Rs 813.7 billion as against Rs 646.2 billion in revised estimates 2014-15, showing an increase of 25.9%.

8.4 The following Table-32 indicates details of the size of Public Sector Development Programme (PSDP).

**TABLE - 32**  
**SIZE OF PSDP**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
<b>A. Federal Ministries/Divisions</b>	<b>296,324</b>	<b>303,802</b>	<b>252,612</b>
1 Aviation Division	1,402	1,395	3,900
2 Cabinet Division	2,078	5,767	654
3 Capital Administration & Development Division	1,806	1,806	1,043
4 Climate Change Division	25	25	40
5 Commerce Division	363	364	876
6 Communications Division (other than NHA)	191	5,153	365
7 Defence Division	2,261	4,286	2,458
8 Defence Production Division	937	937	900
9 Economic Affairs Division	5	5	-
10 Establishment Division	165	165	149
11 Federal Education & Professional Division	3,451	3,375	2,207
12 Federal Tax Ombudsman	13	13	10
13 Finance Division	11,062	14,075	9,135
14 Foreign Affairs Division	255	255	60
15 Higher Education Commission	20,069	25,042	20,500
16 Housing & Works Division	1,934	4,415	2,590
17 Industries and Production Division	1,148	1,151	791
18 Information, Broadcasting & National Heritage Division	424	391	391
19 Information Tech. & Telecom Division	556	526	923
20 Inter Provincial Coordination Division	413	1,067	610
21 Interior Division	3,900	3,930	8,300
22 Kashmir Affairs & Gilgit Baltistan Division	21,357	22,090	23,237
23 Law, Justice & Human Rights Division	2,352	2,352	1,500
24 Narcotics Control Division	324	328	230
25 National Food Security & Research Division	1,071	1,071	1,500

Contd.....

**SIZE OF PSDP**

<b>Classification</b>	<b>Budget 2014-15</b>	<b>Revised 2014-15</b>	<b>Budget 2015-16</b>
26 National Health Services, Regulations & Coordination Division	27,015	27,815	19,882
27 Pakistan Atomic Energy Commission	51,475	59,275	30,409
28 Pakistan Nuclear Regulatory Authority	230	230	321
29 Petroleum & Natural Resources Division	167	167	349
30 Planning, Development & Reform Division	32,878	6,265	14,000
31 Ports & Shipping Division	2,576	2,576	12,000
32 Railways Division	39,566	39,566	41,000
33 Religious Affairs & Inter Faith Harmony Division	-	-	3
34 Revenue Division	153	248	335
35 Science & Technological Research Division	904	1,211	1,060
36 States & Frontier Regions Division	19,100	19,100	19,700
37 Statistics Division	240	278	100
38 SUPARCO	700	700	800
39 Textile Industry Division	329	329	165
40 Water & Power Division (Water Sector)	43,427	46,058	30,120
<b>B. Corporations</b>	<b>175,176</b>	<b>158,698</b>	<b>271,888</b>
1 WAPDA (Power)	63,613	49,253	112,288
2 National Highway Authority (NHA)	111,563	109,445	159,600
<b>C. Pak MDGs &amp; Community Dev. Programme</b>	<b>12,500</b>	<b>12,500</b>	<b>20,000</b>
<b>D. Special Federal Development Programme</b>	<b>36,000</b>	<b>10,000</b>	<b>28,500</b>
<b>E. ERRA</b>	<b>5,000</b>	<b>5,000</b>	<b>7,000</b>
<b>F. Special Development Programme for Temporarily Displaced Persons (TDPs) and Security Enhancement</b>	<b>-</b>	<b>45,000</b>	<b>100,000</b>
<b>G. Prime Minister's Youth Programme</b>	<b>-</b>	<b>7,000</b>	<b>20,000</b>
<b>Total Federal PSDP (A to G):</b>	<b>525,000</b>	<b>542,000</b>	<b>700,000</b>
<b>H. Provinces</b>	<b>650,000</b>	<b>646,223</b>	<b>813,717</b>
<b>Total National PSDP (A to H):</b>	<b>1,175,000</b>	<b>1,188,223</b>	<b>1,513,717</b>

**OTHER DEVELOPMENT EXPENDITURE OUTSIDE PSDP 2015-16**

8.5 Other development expenditure comprises development expenditure of the Federal Government outside the Public Sector Development Programme (PSDP). Rs 164,400 million have been allocated in this head in the budget 2015-16, reflecting an increase of 24.3% over revised estimates 2014-15. Table-33 provides the details.

**TABLE -33**  
**DEVELOPMENT EXPENDITURE OUTSIDE**  
**PUBLIC SECTOR DEVELOPMENT PROGRAMME**

(Rs in Million)			
Classification	Budget 2014-15	Revised 2014-15	Budget 2015-16
1 <u>National Income Support Programme (i+ii)</u>	<u>118,150</u>	<u>91,780</u>	<u>102,000</u>
i. Benazir Income Support Programme	97,150	91,780	102,000
ii. Prime Minister's Schemes* :	21,000	-	-
Prime Minister's Interest Free Loan Scheme			
Prime Minister's Business Loan Scheme			
Prime Minister's Fee Reimbursement Scheme for Less Developed Areas			
Prime Minister's Youth Training Scheme			
Prime Minister's Youth Skill Development Scheme			
Prime Minister's Scheme for Provision of Laptops			
Prime Minister's Housing Scheme			
2 Crop Loan Insurance Scheme	-	-	500
3 Livestock Insurance Scheme	-	-	100
4 Credit Guarantee Scheme for Small Farmers	-	-	1,000
5 Grants for Reconstruction of Afghanistan	3,000	3,000	3,000
6 Pakistan Poverty Alleviation Fund (PPAF)	7,663	7,924	4,300
7 Strategic Trade Policy Framework	2,000	-	6,000
8 Textile Policy 2009-14	6,000	5,888	6,000
9 Subsidy to TCP for Import of Urea Fertilizer	25,000	23,700	25,000
10 Provision for Misc. Dev. Exp. outside PSDP	-	-	16,500
<b>Total:</b>	<b>161,813</b>	<b>132,292</b>	<b>164,400</b>

\* Now these schemes have been reflected under Prime Minister's Youth Programme in PSDP 2015-16.

**CHAPTER - 9**  
**MEDIUM-TERM BUDGETARY FRAMEWORK (MTBF)**  
**( 2015-16 )**

9.1 Medium-Term Budgetary Framework (MTBF) reform initiative is aimed at improving budget preparation process of the Federal Government. Since its full rollout, endorsed by the Cabinet in 2009, this reform initiative has made steady progress.

9.2 The MTBF includes the following key components:

- (1) An annual pre-budget analytical '**Budget Strategy Paper**', which includes a 3-year macro-fiscal framework, budget policies, and indicative ceilings (resource limits) for Ministries / Divisions. The Budget Strategy Paper is tabled in the Cabinet meeting where discussions on policy priorities, allocations, and performance against targets are made.

To compile the Budget Strategy Paper, the Finance Division, Planning Commission, Federal Board of Revenue, and State Bank of Pakistan share their projections and discuss different scenarios and options.

This component has led to greater coordination between technical and political levels of the Government in defining fiscal policy and benchmarks, and enhanced understanding of medium-term implications of current budgetary decisions.

- (2) **Performance budgeting** (also known as 'output-based budgeting'). Through this mechanism the Principal Accounting Officers (Secretaries) are gradually being given greater autonomy over the distribution of ceilings as per their own policy priorities. Together with greater autonomy, a system of performance-management is being introduced, which presents the budget by outputs (services delivered) as against inputs only (funding and material resources required).

The output-orientation to the budget allows a linkage of the budget with policy preferences, and provides a basis for defining and measuring performance. Through the use of mutually agreed indicators and targets, each Principal Accounting Officer is given a set of criteria against which the performance of the Ministry/Division is evaluated in terms of outputs generated from the utilisation of budgetary resources appropriated by the Parliament.

This information is then presented to the Parliament in the shape of 'Federal Medium-Term Budgetary Estimates for Service Delivery' - also known as the MTBF Green Book. The Green Book is a part of the reform agenda to make the budget more transparent and comprehensive by linking budgetary allocations with policy and performance.



- (3) **Performance monitoring.** The performance budgets prepared are being monitored by the Finance Division. Under this process, actual expenditure against appropriations and reasons for variations are compiled from Ministries / Divisions along with performance achieved vs targets.

9.3 To achieve the objectives as outlined above, the Federal Government has improved its budget preparation process through the MTBF. Under the reformed process:

- The Finance and Planning & Development Divisions prepare a Medium-Term Macroeconomic Framework in consultation with various Government Ministries and the State Bank of Pakistan
- Based on the macroeconomic situation, the Finance Division articulates its budgetary policy priorities and prepares a Medium-Term Fiscal Framework
- The Finance and Planning, Development & Reforms Divisions work out, for each Principal Accounting Officer, medium-term Indicative Budget Ceilings (IBCs) that align resource allocation with the Government's policies
- Based on these IBCs, ministries prepare their budgets that are reviewed for quality assurance by the Finance and Planning & Development Divisions
- The Secretaries of Finance, Planning & Development, and Economic Affairs Divisions jointly chair the Priorities Committee meetings that discuss policy and budget priorities with each Principal Accounting Officer
- Budgetary priorities and projections are shared with Parliamentary Standing Committees on Finance and Revenue
- The macroeconomic and fiscal frameworks, together with the IBCs, are presented to the Cabinet through the 'Budget Strategy Paper' (BSP) for approval
- The Annual Plan Coordination Committee (APCC) discusses the public sector investment proposals with the Federal and Provincial Governments

- The National Economic Council (NEC) approves the Public Sector Development Programme (PSDP) of the Federal and Provincial Governments
- The finalised budget is presented in the Cabinet for endorsement and Parliament for appropriation

### **MACROECONOMIC INDICATORS**

9.4 Macroeconomic Indicators / Rolling Targets for 2015-18 are provided below:

**TABLE - 34**  
**Medium-Term Budgetary Statement**

Consolidated Fiscal Projections	Budget 2014-15	Revised 2014-15	Budget 2015-16	Forecast	
				2016-17	2017-18
Real GDP Growth (%)	5.1	4.2	5.5	6.5	7.0
Inflation (%)	8.0	4.8	6.0	6.0	6.0
	(as percentage of GDP)				
<b>Total Revenue</b>	14.5	15.4	15.1	15.0	15.3
- Tax Revenue	11.5	11.5	12.0	12.5	13.0
- FBR Tax Revenue	9.7	9.5	10.1	10.6	11.3
- Non Tax Revenue	3.0	4.0	3.1	2.5	2.3
<b>Total Expenditure</b>	19.4	20.4	19.4	19.0	18.8
- Current	15.2	16.3	14.9	14.6	14.2
- Development*	4.2	4.1	4.5	4.4	4.6
<b>Fiscal Balance</b>	-4.9	-5.0	-4.3	-4.0	-3.5
Revenue Balance	-0.7	-0.9	0.1	0.4	1.1
Total Public Debt	58.7	62.9	62.0	58.8	55.2
GDP at market prices (Rs in Billions)	29,078	27,384	30,672	34,801	39,666

\* Contains a one-off item of 0.3% of GDP in 2015-16 budget.

**WORKING OF FISCAL DEFICIT AND FINANCING**  
**BUDGET 2015-16**

(Rs. in Billion)

Working Deficit		Financing of Deficit	
<b>A) Federal Revenue (net)</b>	<b>2,463</b>	<b>Gross External Loans</b>	<b>752</b>
<b>B) Total Federal Expenditure (i+ii)</b>	<b>4,089</b>	<b>Less Repayments</b>	<b>406</b>
i) Current Expenditure	3,166	Long Term Foreign Loans	316
ii) Development and Net Lending (a+b+c)	923	Short Term Foreign Loans	89
a) Federal PSDP	700	<b>i) Net External Financing</b>	<b>346</b>
b) Other Development Expenditure	164	<b>ii) Domestic Financing (a+b)</b>	<b>982</b>
c) Net Lending	58	<b>a) Bank Financing</b>	<b>283</b>
		of which SBP Financing	0
<b>C) Federal Deficit (A-B)</b>	<b>-1,625</b>	<b>b) Non Bank Financing</b>	<b>699</b>
Est. Provincial Surplus	297	Public debt	395
		Public Account	254
		Privatization Proceeds	50
<b>Overall Fiscal Deficit</b>	<b>-1,328</b>	<b>Total Financing of Deficit (i+ii)</b>	<b>1,328</b>
<b>% of GDP</b>	<b>-4.3%</b>	<b>% of GDP</b>	<b>4.3%</b>

**BUDGET AT A GLANCE****( 2015-16 )****(Rs. in Billion)**

<b>RECEIPTS</b>		<b>EXPENDITURE</b>	
<b>TAX REVENUE</b>	<b>3,418</b>	<b>A. CURRENT</b>	<b>3,166</b>
- FBR Taxes	3,104		
- Other Taxes	315		
<b>- NON-TAX REVENUE</b>	<b>895</b>	<b>Interest Payments</b>	<b>1,280</b>
a) Gross Revenue Receipts	4,313	<b>Pension</b>	<b>231</b>
b) Less Provincial Share	1,849	<b>Defence Affairs &amp; Services</b>	<b>781</b>
<b>I. Net Revenue Receipts (a-b)</b>	<b>2,463</b>	<b>Grants and Transfers</b>	<b>410</b>
<b>II. Net Capital Receipts</b>	<b>649</b>	<b>Subsidies</b>	<b>138</b>
<b>III. External Receipts (net)</b>	<b>346</b>	<b>Running of Civil Government</b>	<b>326</b>
<b>IV. Estimated Provincial Surplus</b>	<b>297</b>	<b>Provision for Pay &amp; Pension</b>	<b>0</b>
<b>V. Bank Borrowing</b>	<b>283</b>	<b>B. DEVELOPMENT</b>	<b>923</b>
		<b>Federal PSDP</b>	<b>700</b>
<b>VI. Privatization Proceeds</b>	<b>50</b>	<b>Net Lending</b>	<b>58</b>
		<b>Other Dev. Expenditure</b>	<b>164</b>
<b><u>TOTAL RESOURCES (I to V)</u></b>	<b><u>4,089</u></b>	<b><u>TOTAL EXPENITURE (A+B)</u></b>	<b><u>4,089</u></b>

## Glossary of Terms

<b>Bank Borrowing</b>	Includes borrowing from the State Bank of Pakistan and Scheduled Banks
<b>Capital Receipts</b>	Income from proceeds of borrowing, money received in repayment of loans, recoveries of advances and investments, proceeds of savings schemes, net receipts from transactions under deposit, and remittances
<b>Community Services Receipts</b>	Income from rents of government buildings, land, guest houses, and hostels, etc.
<b>Current Expenditure</b>	Include interest payments, pension, defence affairs & services, grants & transfers, subsidies, and running of civil government
<b>Development Expenditure</b>	Include federal PSDP, development loans & grants to provinces, and other development expenditure (outside PSDP)
<b>Direct Taxes</b>	Income tax, workers welfare tax, capital value tax, and wealth tax
<b>Disbursements</b>	Government investments, loans, advances and others, and repayment of short term credit
<b>External Resources</b>	Include project loans, foreign loans & credits, and foreign grants
<b>Grants</b>	Financial support to provinces, organisations, and industries for contingent liability, to fulfill losses, remission of loans, etc.
<b>Gross Revenue Receipts</b>	Sum of tax revenue and non-tax revenue (before excluding provincial share)
<b>Indirect Taxes</b>	Customs, sales tax, federal excise, petroleum levy, Islamabad Capital Territory (ICT) tax, and airport tax

Contd.....

## Glossary of Terms

<b>Internal Resources</b>	Include net revenue receipts, net capital receipts, and estimated provincial surplus
<b>Net Capital Receipts</b>	Capital receipts <i>minus</i> disbursements
<b>Net Lending to Others</b>	Government investments, loans and advances from Public Sector Enterprises (PSEs) <i>minus</i> recoveries of loans and advances from PSEs
<b>Net Revenue Receipts</b>	Gross revenue receipts <i>minus</i> provincial share
<b>Non-Tax Revenue</b>	Income from property and enterprises; receipts from civil administration and other functions; and miscellaneous receipts of the federal ministries, divisions and departments
<b>Other Development Expenditure</b>	Other development expenditure comprises development expenditure of Federal Government outside the PSDP
<b>Provincial Share</b>	Provincial share in federal taxes and straight transfers
<b>Provincial Surplus</b>	Provincial government deposits with State Bank of Pakistan
<b>Resources</b>	Include internal and external financial resources
<b>Social Service Receipts</b>	Fee charged from students of the institutions under administrative control of government and from medical services provided by federal government hospitals and health institutions; and tuition fee / training fee charged by Human Resource Division
<b>Tax Revenue</b>	Income from direct and indirect taxes
<b>Total Outlay / Expenditure</b>	Includes current expenditure and development expenditure