

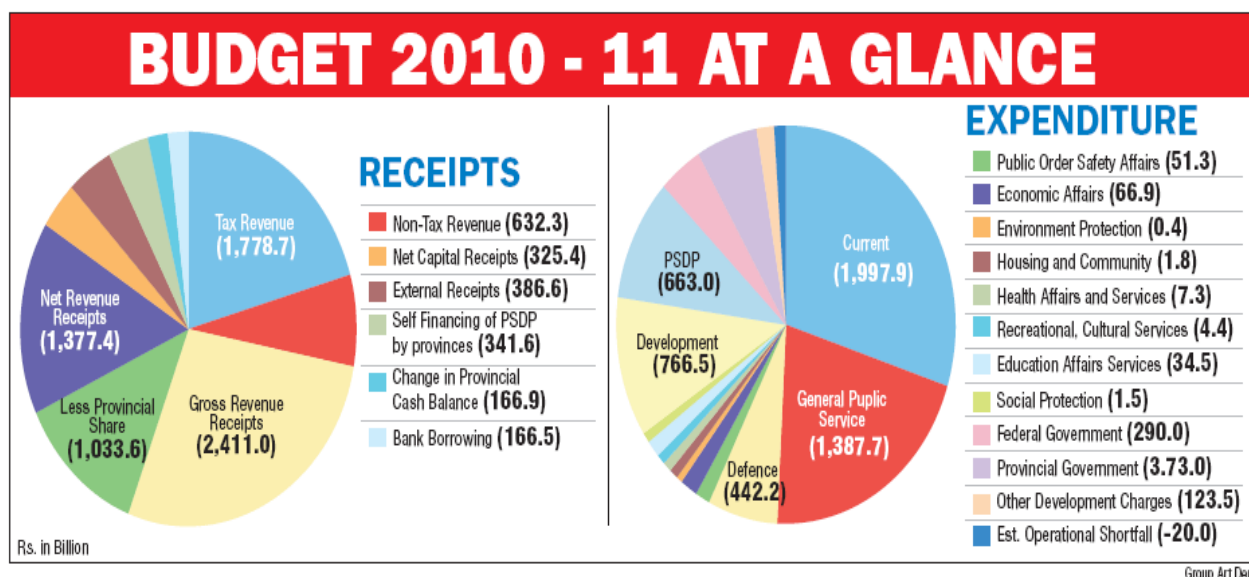
EMBASSY OF PAKISTAN  
ECONOMIC DIVISION

**Highlights of the Federal Budget**  
**Fiscal Year 2010-11**  
**July 1, 2010**

**I. TARGETS FOR 2010-11**

- **Overall** growth rate of 4.5 % compared to 4.1 % during FY2010
- **Agriculture** growth of 3.8 % compared to 4.7 percent in FY2010
  - **Major Crops** 3.7%
  - **Minor Crops** 3.0%
  - **Livestock** 4.2%
  - **Fishery** 2.0%
  - **Forestry** 2.5%
  - **Sugarcane** 53.7 tons
- **Manufacturing** growth of 5.6 % compared to negative 4.0 % in FY2010
- **Industrial sector** growth is projected at 4.9% as compared to
- **Services** to grow by 4.7 % compared to 3.6 % during FY2010
  - **Transport, Storage and Communication** 4.6%
  - **Wholesale and retail trade** 5.1%
- **Inflation** is targeted at 9.5 % compared to end-June 2010 target of 12%
- **Current expenditure** to decrease to 14.8 % of GDP in FY2011
- **Fiscal deficit** will be 4% of GDP
- **FBR Tax to GDP ratio** will be 9.8 percent as against 9 percent during Fiscal Year FY2010 and **Total Tax to GDP ratio** 10.9%
- **Revenue** as a percentage of GDP is projected at 15.2 percent in FY 2011

## II. Salient Features of the Budget



### A. Budget Outlay

- **Total outlay of budget FY2011** is Rs 2764 billion, 12.3% higher than the size of budget estimates of Rs 2462 billion and 7% higher than the revised estimates for FY2010

### B. Resource Availability

- **Resource availability** during FY2011 has been estimated at Rs 2598 billion against Rs 2299 billion in the budget estimates and Rs 2496 billion in revised estimates of the outgoing fiscal year
- **Net revenue receipts** for FY2011 have been estimated at Rs 1377 billion indicating an increase of 1.9% over the budget estimates of FY2010
- **Capital receipts (net)** for FY2011 have been estimated at Rs 325 billion against the budget estimates of Rs 191 billion in FY2010 i.e. an increase of 70.2%
- **External receipts** in FY2011 are estimated at Rs 387 billion. This shows a decrease of 24% over the budget estimates for FY2010

### C. Resource Gap

- **Overall fiscal deficit** will be Rs 685 billion or 4.0% of GDP

- **Fiscal Deficit** will be met through----
  - External Financing Rs 186 billion
  - Domestic Financing Rs 499 billion
    - Banking Sources Rs 166 billion
    - Non-Banking Rs 333 billion

## D. Tax & Non-Tax Receipts

- **Gross Revenue Receipts** for FY2011 are estimated at Rs 2411 billion showing an increase of 20.1 % over the budget estimates FY2010
- **Total Tax revenue** is estimated at Rs 1778.7 billion in FY2011 showing an increase of 20 % over revised estimates of Rs 1483 billion in FY2010
- **Tax revenue (FBR)** is estimated at Rs 1667 billion in FY2011 as compared to revised estimates of Rs 1380 billion in FY2010 showing an increase of 20.8 %
- **Direct Tax** receipts are estimated at Rs 657.7 billion in FY2011 against Revised Estimates of Rs 540.4 billion in FY2010, an increase of 21.7%
- **Indirect Tax** receipts are estimated at Rs 1121.1 billion in FY2011 compared to Rs 942.6 billion in revised estimates of FY2010, an increase of 19%
- **Indirect tax estimates include** Rs 180.8 billion from custom duty, Rs 674.9 billion from sales tax, Rs 153.6 billion from Excise Duties and Rs 110 billion from Petroleum Levy as well as Rs 1.640 billion from Islamabad Capital Territory Taxes
- **Non-tax revenue** has been projected at Rs 632.279 billion in FY2011 as compared to Rs 513.646 billion in revised estimates FY2010, an increase of 23%
- **Share of Direct Tax** in total tax is 37% in FY2011 against 36.4% in FY2010

## Sources of Growth and Tax

Sector	Contribution to (in Percent)		
	GDP	Growth	Tax
Agriculture	22	10	1.00
Industry	25	30	63.00
Services	53	60	26.00

*Source: Economic Survey 2009-10*

## E. Expenditures

- **Overall expenditure** during FY2011 has been estimated at Rs 2764.437 billion compared to revised estimates of Rs 2585.557 billion in FY2010, an increase of 7%
- **Current expenditure** is Rs 1197.892 billion, a decline of 1% over the revised estimates of Rs 2017.255 billion in FY2010
- **Share of current expenditure** in total budgetary outlay for FY2011 is 72% as compared to 78 % in revised estimates for FY2010
- **Current Expenditure** include 25.8 % for General Public Services, 43.7% for debt servicing, 22.1 % for Defense, 3.4 % for Economic Affairs and 5 % for other services

## F. Debt Servicing

- **Debt servicing** is estimated at Rs 872.925 billion as compared to budget estimates of Rs.814.603 billion in FY2010 revised estimates, an increase of 7.15 percent
- **Structure of Total Expenditure (TE)**

Financial Year	Current Expenditure as % of TE	Development Expenditure As % of TE	Defense Expenditure As % of TE	Subsidies & Grants As % of TE	Debt Servicing As % of TE
2002	84.7	15.3	18.1	3.5	52.5
2003	88.1	14.4	17.8	6.4	31.6
2004	81.1	16.8	19.3	7.1	36.6
2005	77.4	20.4	19.0	6.0	26.2
2006	73.8	26.0	17.2	7.2	24.4
2007	76.4	24.1	13.9	4.2	25.4
2008	81.4	19.9	12.2	18.6	25.4
2009	80.7	19.0	20.5	14.6	34.8
2010	78.6	21.1	17.2	11.8	27.1
2011	72.0%	28%	22.1		43.7

*Source: Economic Survey 2009-10*

▪ **Trends in Real Expenditure** (1999-2000=100, % Growth)

Period	Total Expenditure	Current Expenditure	Development Expenditure	Interest Payment	Defense	Non-Defense Non-Interest Expenditure
1980s	7.7	10.5	2.7	18.1	8.9	4.9
1990s	2.8	4.5	- 2.6	8.9	0.4	0.9
1990-I	2.4	3.9	- 1.7	4.2	0.7	3.0
1990-II	3.1	5.0	- 3.5	13.7	0.1	- 1.2
2000-2004	2.2	0.1	9.4	- 8.3	0.4	10.5
2004-2009	7.0	5.7	13.5	7.6	1.3	8.8

**Economic Survey 2009-10**

**G. External Loans**

- **External resources** have been projected at Rs 386.620 billion compared to Rs 577.985 billion in FY2010 revised estimates, which is 24.3 % lower than budget estimates FY2010 and 33.1% revised estimates Fy2010
- **Details** are as follows:

## External Resources

(Rs in million)

Classification	Budget 2009-10	Revised 2009-10	Budget 2010-11
<b>I. EXTERNAL LOANS (A to E)</b>	<b>444,975</b>	<b>450,217</b>	<b>286,934</b>
<b>A. PROJECT LOANS (1+2)</b>	<b>77,065</b>	<b>90,526</b>	<b>64,794</b>
<b>1 Federal Government</b>	<b>52,528</b>	<b>77,475</b>	<b>39,180</b>
- Ministries/Divisions	26,189	44,839	26,076
- Corporations/Autonomous Bodies	26,339	32,636	13,104
<b>2 Provinces</b>	<b>24,537</b>	<b>13,051</b>	<b>25,613</b>
<b>B. PROGRAMME LOANS</b>	<b>140,333</b>	<b>172,017</b>	<b>80,341</b>
<b>C. EURO BONDS</b>	<b>41,250</b>	-	<b>43,250</b>
<b>D. TOKYO PLEDGES</b>	<b>145,078</b>	<b>66,104</b>	<b>55,299</b>
<b>E. OTHER AID</b>	<b>41,250</b>	<b>121,570</b>	<b>43,250</b>
- Islamic Development Bank	41,250	27,184	43,250
- IMF	-	94,387	-
<b>II. EXTERNAL GRANTS</b>	<b>65,438</b>	<b>127,768</b>	<b>99,686</b>
- Project Grants	8,798	15,865	13,566
• Federal	6,365	12,666	7,576
• Provinces	2,386	2,992	5,772
• Autonomous Bodies	46	206	218
- Budget Support Grants	10,313	14,703	7,526
- Tokyo Pledges	46,328	29,600	26,694
- Other Aid	-	67,600	-
- Kerry Lugar	-	-	51,900
<b>TOTAL (I + II)</b>	<b>510,413</b>	<b>577,985</b>	<b>386,620</b>

- **Budget at a Glance is on the next page**

**BUDGET AT A GLANCE**  
**2010-11**

(Rs. in Billion)

<b>Receipts</b>		<b>Expenditure</b>	
(a) Tax Revenue*	1778.7	<b><u>(A) CURRENT</u></b>	<b><u>1997.9</u></b>
(b) Non-Tax Revenue	632.3	General Public Service	1387.7
Gross Revenue Receipts	2411.0	Defence Affairs & Services	442.2
Less Provincial Share	1033.6	Public Order Safety Affairs	51.3
I Net Revenue Receipts	1377.4	Economic Affairs	66.9
II Net Capital Receipts	325.4	Environment Protection	0.4
III External Receipts	386.6	Housing and Community	1.8
IV Self Financing of PSDP by Provinces	341.6	Health Affairs and Services	7.3
V Change in Provincial Cash Balance	166.9	Recreational, Culture Services	4.4
VI Bank Borrowing	166.5	Education Affairs Services	34.5
		Social Protection	1.5
		<b><u>(B) DEVELOPMENT</u></b>	<b><u>766.5</u></b>
		PSDP	663.0
		Federal Government	290.0
		Provincial Government	373.0
		Est. Operational Shortfall	-20.0
		Other Dev. Expenditure	123.5
<b><u>TOTAL RESOURCES</u></b>	<b><u>2764.4</u></b>	<b><u>TOTAL EXPENDITURE</u></b>	<b><u>2764.4</u></b>
<b>(I to VII)</b>		<b>(A + B)</b>	

\* Out of which FBR collection has been estimated at Rs 1667 billion