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# Impact of Budget on Economy

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(FORMERLY INCOME TAX BAR ASSOCIATION KARACHI)



Thursday, 9<sup>th</sup> June 2011 - Marriott Hotel, Karachi.

## Budget at a glance

# Impact of Budget on Economy

(Rupees in Billions)						
REVENUE	Budget Estimate 2010-11	%	Revised Estimate 2010-11	%	Budget Estimate 2011-12	%
<b>Tax Revenue</b>						
<b><u>Direct Taxes</u></b>						
Income tax	633.0	26.1	602.5	23.5	718.6	26.0
Others	24.7	1.0	24.4	1.0	25.0	0.9
	<b>657.7</b>	<b>27.1</b>	<b>626.9</b>	<b>24.5</b>	<b>743.6</b>	<b>26.9</b>
<b><u>Indirect Taxes</u></b>						
Customs	180.8	7.5	173.3	6.8	206.4	7.5
Sales tax	674.9	27.9	654.6	25.6	836.7	30.2
Federal excise	153.6	6.3	132.9	5.2	165.6	6.0
Carbon Surcharge on POL/CNG	110.0	4.5	90.0	3.5	120.0	4.3
Others	1.7	0.1	1.7	0.1	1.9	0.1
	<b>1,121.0</b>	<b>46.3</b>	<b>1,052.5</b>	<b>41.2</b>	<b>1,330.6</b>	<b>48.1</b>
<b>Total Tax Revenue:</b>	<b>1,778.7</b>	<b>73.4</b>	<b>1,679.4</b>	<b>65.7</b>	<b>2,074.2</b>	<b>75.0</b>

## Budget at a glance

# Impact of Budget on Economy

(Rupees in Billions)						
REVENUE	Budget Estimate 2010-11	%	Revised Estimate 2010-11	%	Budget Estimate 2011-12	%
<b>Total Tax Revenue B/f :</b>	<b>1,778.7</b>		<b>1679.4</b>		<b>2,074.2</b>	
Non Tax Revenue	632.3	26.1	556.5	21.7	658.5	23.8
	<b>2,411.0</b>	99.5	<b>2,235.9</b>	87.4	<b>2,732.2</b>	98.8
Less Provincial Share	1,033.6	42.7	997.7	39.0	1,203.3	43.5
	<b>1,377.4</b>	56.8	<b>1,238.2</b>	48.4	<b>1,528.9</b>	55.3
Net Capital Receipts	325.4	13.4	459.4	17.9	395.7	14.3
External Receipts	386.6	16.0	289.8	11.3	413.9	14.9
Change in Provincial cash balance	166.9	6.9	119.8	4.7	124.9	4.5
Bank Borrowings	166.5	6.9	452.2	17.7	303.5	11.0
<b>TOTAL REVENUE :</b>	<b>2,422.8</b>	100.0	<b>2,559.4</b>	100.0	<b>2,766.9</b>	100.0

## Budget at a glance

# Impact of Budget on Economy

(Rupees in Billions)						
EXPENDITURE	Budget Estimate 2010-11	%	Revised Estimate 2010-11	%	Budget Estimate 2011-12	%
<b>Current Expenditure</b>						
<b>General Public Services</b>						
Debt Servicing	873.0	36.0	855.5	33.4	1,034.2	37.4
Grants & transfers	227.2	9.4	300.0	11.7	295.0	10.7
Superannuation and pensions	90.7	3.7	92.9	3.6	96.1	3.4
Subsidies	126.6	5.2	395.8	15.5	166.4	6.0
Others	70.2	2.9	11.4	0.4	68.3	2.5
	<b>1,387.7</b>	<b>57.2</b>	<b>1,655.6</b>	<b>64.6</b>	<b>1,660.0</b>	<b>60.0</b>
Defence Affairs & Services	442.2	18.3	444.6	17.4	495.2	17.9
Economic Affairs	66.9	2.8	80.0	3.1	50.3	1.8
Public Order and Safety Affairs	51.3	2.1	58.7	2.3	59.6	2.2
Education Affairs & Services	34.5	1.4	40.3	1.6	39.5	1.4
Others	15.3	0.6	16.8	0.7	10.3	0.4
	<b>1,997.9</b>	<b>82.4</b>	<b>2,296.0</b>	<b>89.7</b>	<b>2,314.9</b>	<b>83.7</b>

## Budget at a glance

# Impact of Budget on Economy

(Rupees in Billions)						
EXPENDITURE	Budget Estimate 2010-11	%	Revised Estimate 2010-11	%	Budget Estimate 2011-12	%
<b>Total Expenditure B/f :</b>	<b>1,997.9</b>		<b>2,296.0</b>		<b>2,314.9</b>	
<b>Development Expenditure</b>						
PSDP	321.4	13.3	217.9	8.5	355.0	12.8
Others	103.5	4.3	45.5	1.8	97.0	3.5
	<b>424.9</b>	<b>17.6</b>	<b>263.4</b>	<b>10.3</b>	<b>452.0</b>	<b>16.3</b>
<b>TOTAL EXPENDITURE :</b>	<b>2,422.8</b>	<b>100.0</b>	<b>2,559.4</b>	<b>100.0</b>	<b>2,766.9</b>	<b>100.0</b>

# Key Objectives for the Budget 2010-11

# Impact of Budget on Economy



# Overall Reconciliation For Budget 2010-11

# Impact of Budget on Economy

## Revenue

(Rupees in Billions)

### Tax Revenue

Direct	(-)	31
Indirect	(-)	69
		<b>100</b>

### Non-Tax Revenue

(-) 76

**Total Revenue : 176**

Provincial share reduced	(+)	37
Net impact on revenue	(-)	139
Capital Receipts	(+)	134
Change in Provincial balance	(-)	47
<b>Net impact on Total revenue</b>	<b>(-)</b>	<b>52</b>

# Overall Reconciliation For Budget 2010-11

# Impact of Budget on Economy

## Expenditure

(Rupees in Billions)

<u>Current</u>		
Subsidy	(+)	268
Others	(+)	30
Development	(-)	161
Net impact on Expenditure	(+)	137
Overall impact		189
Shortfall in External Receipts	(-)	97
<u>Overall Shortfall represented by :</u>		
Increase in Bank borrowings		286



- Low domestic resource mobilization
- Low and declining productivity
- Lower growth
- High inflation
- Inadequate investments and savings rate
- Increasing reliance on external and domestic borrowings – sustainability
- Reduction in FDIs

- Struggle with macro-economic stabilization due to unsustainable fiscal policies
- Legacy of Economic Distortions
- Pressure of Demography
- Ailing Public sector Enterprises
- Security situation and war against terrorism
- External shocks on natural disasters Earthquake, Floods, High Petroleum prices, high commodity prices

# Key Objectives for the Budget 2011-12

# Impact of Budget on Economy

**Further reduction Fiscal Deficit.**

**Reduction of inflation to single digit.**

**Develop a broad equitable and stable Revenue Mobilization system.**

**Maintaining and further developing safety nets.**

**Focus on PSDP on infra-structure and Human Resource Development.**

**Restructuring of Loss incurring PSE.**

**Progressive elimination of untargeted subsidies.**

**KEY OBJECTIVES FOR THE BUDGET 2011-12**

**Reduction of Public Debt to sustainable level.**



**THANK YOU !**

Presenter's contact details

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