

Q. critically analysis
last year budget and
suggest how you can
improve it? note:...

[Economics](#), [Tax](#)



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NOTE: You can select Industrial & Agricultural Sector Your Suggestion for improvement is Obvious Two Page Assignment

----- Submission Date: 27-11-2012 Pakistan's Budget 2012-2013 Salient points of Pakistan Budget 2012-2013 » * Budget session begins under the chair of Dr Fehmida Mirza * Newly elected member Israr Tareen took oath * Finance Minister Hafeez Sheikh delivered budget speech amid opposition protest. * The economy the government inherited in 2008 was very unstable, unbalanced and in bad shape. Foreign exchange reserves were down and the value of the rupee was falling swiftly because of which the business fraternity had lost confidence. The oil prices in the international market had reached a historic peak of \$145 in July 2008. In September 2008 due to the global economic crisis the developed world was facing depression. The growth rate of developed economies had on average fallen by 2. 8%. * The opposition members clashed with the treasury benches. * In such conditions the present government assumed responsibilities in March 2008. During political change the external shocks of the rising oil and food prices on a large scale, global economic chaos, large scale expenditure on security and policies created a crisis situation. * In 2008 due to the national economic pressure and global economic crisis unnecessary dependence on the dollar and transfer of investment to foreign countries was on the rise. * In the last four years despite the challenges like a decline in the global economy especially in the developed countries, economic commotion, devastating floods of 2010, more than usual rainfall in 2011, successive increase in oil prices and the ever changing security

situation, the government achieved a lot. * During the 2011 fiscal year an unexpected improvement was seen in the foreign exchange account of Pakistan which to an extent provided some support to the economy. Exports reached 25.4 billion dollars which shows an increase of 28.4% whereas in respect of imports there was an increase of 14.7%. * The present government has taken new steps in the last four years. * 70% share of the divisible pool is now being transferred to provinces and specific areas. * The amount in the 6th NFC award in the 2010-11 fiscal year was 999 billion rupees whereas in the 2011-12 fiscal year the estimated amount in the 7th NFC award was 1204 billion rupees. * Due to the 18th amendment in the constitution the concurrent list was eliminated and 17 ministries were transferred to the provinces. * In respect to subsidies the government in the last four years has so far: (1) Given a subsidy of more than a 1000 billion to consumers of electricity to give relief to the poor. (2) 104 billion rupees petroleum subsidy. (3) 110 billion rupees were given for subsidies on urea. (4) 137 billion rupees were spent for nutritional aid. * To keep the petroleum prices down the present government gave an exemption of 136 billion rupees in reference of petroleum levy. * The government provided additional resources of 138 billion rupees to the deserving underprivileged in accordance with the Benazir income support program. * In four years 119 billion rupees were given collectively to railways. * The government is working on several fronts. Recently an energy policy was formulated which will improve supply of energy. The government is rebuilding the electricity distribution companies keeping in mind increase in their profits. * The government has restructured the board of directors of some government

institutions in the energy sector. In addition to that programs for alternative energy were introduced and steps were taken for better organization of the budget and solving the problem of circular debt. * For the purpose of tax simplification the government: (1) Improved the procedure of the tax system. (2) The level of application of income tax was increased from 100, 000 to 350, 000. (3) Increased the tax base. (4) Empowerment of the tax department (5) Elimination of the special excise duty (6) Start of a systematic elimination of the federal excise duty. (7) Elimination of regulatory duties on 392 items. (8) Elimination of zero rating on key sectors. * Result of these efforts was that the tax collection of the federal board of revenue increased from 1000 billion rupees in 2007-08 to 2000 billion rupees in 2011-12. * The estimated economic growth for the current year (2011-12) is 3. 7%. * Estimated growth of agricultural sector 3. 1%, industrial sector 3. 4% and services sector is 4%. All this is despite the devastating rains that destroyed agricultural production and property in Sindh on a large scale. * Rs70 billion have been earmarked for for BISP. * Export Development fund would get Rs10 billion. * NO additional tax for the people. * Tax exemption ceiling raised from Rs350, 000 to Rs400, 000. * Income tax payers honour cards for law abiding tax payers. * The Prime Minister House will be transferred into an educational institute. * The ratio of tax to GDP in fiscal year 2011 is 9. 6% whereas the ratio of FBR is 8. 6%. * Income Tax Exemption limit raised by Rs. 50, 000 to Rs. 400, 000. * Finance Minister announces withholding tax to be imposed on daily withdrawals above Rs. 50, 000. * Income tax slab reduced from 17 to 5. * Income tax payers honour cards for law abiding tax payers. * Federal excise duty on 10 more items waived. * No more withholding tax on

withdrawal of Rs25, 000 from banks. * Now withholding tax will be charged on Rs500000 withdrawal. * Excise duty on livestock exempted. * Economic growth increased despite challenges. * Fiscal Deficit estimated to be Rs1. 185 trillion for 2012-13. * Subsidy of Rs183 billion allocated for energy sector. * The Finance Minister ended his speech at 06: 31 pm. Analysis on last year's budget of Agricultural Sector Pakistan economic growth faced a serious setback in fiscal year 2009 because of the depressed consumer credit market, slow progress of public sector programmes, inflation, reduction in subsidies, security threat, instability in the state and energy crisis. Additionally, no attention was given to the agriculture sector. The exports declined by six percent and imports by 10 percent. The only thing that became a silver lining was the increment in remittances by 22%. Apart from ignorance, agriculture sector has shown credible results because of good weather. Major crops, wheat, rice and maize recorded impressive growth i. e 7. 7% against the target of 4. 5%. Live stock and poultry also add to GDP as there was no viral disease this year. Shortages of energy and power don't let the boom entered into the industrial sector. In addition the sanction applied by IMF on different sectors creating a hurdle. This resulted in unemployment and services sector decline. Because of security crisis the graph of investment do not take any surge. The beginning of declining in core inflation is a hopeful factor but the domestic inflation is on peak. There is a marginal improvement in health and educational sectors but the poverty in country rise Pakistan have the highest population growth. The largest population represents a large potential market for goods and services yet the condition are deplorable. Being an agro based economy Pakistan should

focus on the development of agriculture department. Financial sector should be developed. Instead in focusing to much on macro financing, micro financing must be given a chance. Trade deficits should be reduced. This can only be done by eradicating the trust deficit, which will boost our exports as well as imports. It will also bring FDI's (Foreign Direct Investment) at home. There should be short term as well as long term policies. As Pakistan's economy is dependent economy so it should be made strong enough to reject the foreign aid or loans on their conditions, which can directly or indirectly bring harm to the economy. Still the Government is unable to differentiate and reorganize the developed and non-developed budget. Solid fiscal policies should be made to give advantage to both, demander and supplier. This would also be beneficial for the skilled workers, who fly away from the land. Despite all these, there must be political, economic and social stability in the state. A proper accountability set up must be introduced to eradicate corruption as it leads to massive human deprecation. And the final solution of this problem is good governance. The agriculture sector of Pakistan is the most important to the country's economic growth. However, over the last few years, this sector has been suffering from lack of research and new techniques. Considering this situation, the Punjab Agriculture Research Board (PARB) has approved budget of Rs 450 million for the year 2012-13 for funding high priority research projects under competitive grant system. This approval was made in the 27th meeting of PARB that was held with the Provincial Minister for Agriculture, Malik Ahmad Ali. According to official sources, 30 new agriculture research projects and ongoing projects under the supervision of PARB were also approved during this meeting. The

board also reviewed the progress of 12 projects currently being funded by PARB and expressed their satisfaction after evaluating them thoroughly. During the meeting, the agriculture minister encouraged PARB as well as other agriculture experts to construct effective agricultural policies for productivity enhancement and resource conservation. He further added that "Agriculture and livestock sector is top priority of the Punjab Government as these vital sectors contribute a major role in economic development of Pakistan. "Currently, the Punjab government is putting in a great deal of effort to increase result oriented research in agriculture sector of Pakistan. A few of the projects have already started to show positive outcomes for the sector. It is hoped that with the introduction of new technologies over the coming years, the agriculture sector would become more efficient and productive. The Punjab government has allocated Rs 250 billion for the development of the production sector in the budget for the fiscal year 2012-13. Out of the total production allocation, Rs 5.040 billion is for the agriculture sector, Rs 11.25 billion for irrigation, Rs 1.65 billion for livestock, Rs 475 million for forestry, Rs 350 million for wildlife, Rs 250 million for fisheries, Rs 300 million for mines and minerals and Rs 350 million for industries. Out of Rs 5.04 billion agriculture budget, Rs 4.5 billion would be spent on new schemes including Rs 3.4 billion on water management, while Rs 1 billion has been fixed for block allocations.
