PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES
DEDICATED TO PARLIAMENTARY EXCELLENCE

ISSN# 2414-8032

Parliamentary Research Digest

BUDGETSPECIAL VOLUME 10, ISSUE 05 MAY, 2023

INSIDE THIS ISSUE:

Editorial

Dear Readers,

We are pleased to share that in recent article Commonwealth Parliamentary Association (CPA) journal The Parliamentarian *(Issue One: Jan.-March 2023)* Dr Vicky Ward (University of St Andrews Scotland) and Mr Mark Monaghan (Loughborough University England), parliamentary academic fellows at UK POST, recognize the Pakistan Institute for Parliamentary Services (PIPS) amongst well-known international Parliamentary Research Institutes engaging academic research for MPs contributing over 1500 research and technical papers to individual MPs, committees and cross party caucuses; Pls see pg. 60-61 of the issue: *https://www.cpahq.org/media/nljdjbr0/parl2023iss1finalonlinesinglereduced.pdf*

We take this opportunity to share that the Commonwealth Parliamentary Association (CPA) and the Pakistan Institute for Parliamentary Services (PIPS) have signed a landmark MoU of cooperation on May 9th, 2023, for organizing capacity building activities for parliamentary institutions across the globe including effort for joint research-based solutions to mutual challenges faced by the world. The Institute continued its training activities as well as research and social media assistance to the National Assembly of Pakistan on the landmark celebration of golden jubilee of the Constitution on May 10-11, 2023.

As per the tradition, this Special Issue of the PIPS Parliamentary Research Digest on Economy and Budget includes analytical article on State of Economy of Pakistan: Challenges and way forward, Participatory Budget Making in addition to economic forecasts by the Asian Development Bank and the World Bank for economic outlook. We welcome feedback of our invaluable readers. Please Do not hesitate to send your feedback or contact for any of our services at research@pips.gov.pkHappy Reading!

Muhammad Rashid Mafzool Zaka
Director General (Research)

Honorable Speaker National Assembly Raja Pervez Ashraf distributing Prize amongst the Winners of Declamation contest held in-connection with Golden Jubilee Celebrations of the Constitution of Islamic Republic of Pakistan at Parliament House.

Three Steps to See Expenditure in Budget Documents

Muhammad Adnan Azeem
Finance Division, Government of Pakistan

STEP ONE: Open the book titled - "Demands for Grants and Appropriations"

1. Go to the Table of Contents =>
2. See List of Ministries in Alphabetical Order (for example at "c" we will find commerce) =>
3. See Page No. of Required Demand =>

Honourable MP will get one page Summary of the demand (Object wise summary).

It gives total amount of grant at the top of page, along with charged and voted bifurcation. The page will only touch upon at major object classification that includes PRIMARILY TOTAL AMOUNTS of Employees' related expenses, i.e. A011 Pay, A012 Allowances, A03 Operating Expenses, A04 Employees retirement benefits, A05 Grants, subsidies and write off loans, A06 Transfers, A09 Physical Assets and A13 Repairs and Maintenance.

STEP TWO: See Pink colored book titled: **Details of Demands for Grants and Appropriations (Volume – I Current Expenditure)**

1. Go to Table of Contents =>
2. See Page No. of Required Demand =>

and Get following details:

- Summary of the demand (Object wise summary)
- Cost centre wise details e.g. Secretariat, National Tariff Commission, Pakistan Institute of Trade & Development, Directorate General of Trade Organizations.

STEP THREE: READING THE SPECIFIC PAGE OF PINK BOOK to find annual budget allocation of a COST CENTRE, that is, those departments who come under specific Division/Ministry and who have asked for Demands for Grants.

- Go to page no. for said cost centre
  - Column 1 … Functional Classification
  - Column 2 …Object Classification
  - Column 3…Description of Object Classification
  - Column 4 … Budget Estimate 2022-23
  - Column 5…Revised Estimate 2022-23
  - Column 6…Budget Estimate 2023-24

ANALYSIS

State of Pakistan's Economy: challenges and the way forward

Prof. Dr. Wasim Shahid Malik
Former State Bank Chair

1. Introduction

Fiscal year 2022–23 has undeniably been tough for Pakistan's economy. Almost all the economic indicators performed poorly, and all sectors of economic activity have been hit hard, the pain of which has been felt by all segments of society. Historically, Pakistan's economy has always remained average. Over the past six decades, the economy expanded at a lower rate than that of the high-performing and fast-growing economies but at a higher rate than that of the countries facing growth disasters. Hence, Pakistan was able to eradicate poverty at some level, but the living standard of a median (or average) person, as measured by income, did not improve significantly. However, the ongoing fiscal year is exceptional as the economy is under extreme stress.

In this article, I have briefly discussed some key macroeconomic variables and explained the reasons for their poor performance. Let me state at the outset that the article does not explain each and every sector of economic activity; rather, it briefly describes the state of the economy in terms of selected macroeconomic indicators. Such indicators reflect decisions taken by economic agents in the current economic environment. It is noteworthy that the current economic environment is determined by past economic history, the prevailing economic situation, and future projections.

To put my discussion in perspective, let me introduce the macroeconomic framework, which is used to analyze the current economic situation of a country. A typical economy has two sides: the 'supply side' and the 'demand side'. The supply side is responsible for determining the long-run economic growth path of an economy, while the demand side is concerned with economic stability and balance. The supply side contains production activities related to three sectors, namely agriculture, industry, and services. The long-run performance of an economy depends on the productive capacity of these three sectors, which is determined by education and skills in labor, capital, energy, technology, raw materials, and weather. The demand side comprises four components, namely household consumption, business investment, government expenditure, and net demand by foreigners. A balance between these two sides results in economic stability. However, poor performance on the supply side makes the economy grow at a low rate over long time periods, resulting in a poor standard of living for the public as measured by per capita income. On the other hand, imbalances in demand and supply pose a number of economic challenges in a short period of time. For instance, lower demand results in the accumulation of inventories, which makes firms cut production and lay off workers. On the other hand, high demand, as compared to supply, results in inflation and the depletion of foreign exchange reserves if a country is heavily dependent on imports. Moreover, the three sectors on the demand side, namely the private sector, government sector, and external sector, are perfectly integrated as their joint balance must be zero at all times. For instance, a government budget deficit needs financing, which requires the private sector to generate a surplus and the external sector to be in deficit.

In the ongoing fiscal year, Pakistan's economy faced both demand side and supply side challenges. The real GDP growth rate which was 6 percent[1] in the last fiscal year while maintaining an average of 4.5 percent over the past six decades, is expected to be lower than one percent in the current fiscal year. The inflation rate that historically maintained an average of 8%, is recorded 27.3%[2] in July-March, FY 2023 and is projected to rise to 30% in the fiscal year 2022-23; this is the highest inflation rate observed after the 1970s. Foreign exchange reserves that stood above US$ 15 billion at the end of the last fiscal year are currently below US$ 10 billion,[3] which has resulted in massive currency depreciation by 39% over the first eight months of this fiscal year. Large scale manufacturing, which holds the largest share of the industrial sector's economic activity, has declined as its quantum index decreased by an average 5%, year-on-year basis, over the first eight months of this fiscal year.[4] The policy rate of the State Bank of Pakistan, which was below 14% at the end of the last fiscal year, is now set at 21%[5] - an unprecedentedly high rate in the recent history. The maximum rate on the six-month treasury bills is observed at around 22%[6] compared to the less than 15% observed in the last fiscal year. Combined debt servicing on domestic and foreign debt is estimated at slightly below five and half trillion rupees as compared to the marginally above three trillion rupees in the last fiscal year. Both measures of debt - the Public Debt and the Government Debt - have increased by about ten trillion rupees in the first nine months of the current fiscal year. However, the trade deficit was significantly reduced during the first ten months of the current fiscal year; it is estimated at US$ 22.4 billion as compared to US$ 36.6 billion during the same time period of the last fiscal year,[7] reducing the current account deficit from US$ 13.7 billion to only US$ 3.3 billion despite the reduction observed in workers' remittances.

Not all the problems being witnessed in the current fiscal year can be associated with the events and occurrences of this year. In fact, all of the economic problems are chronic and have deep-rooted determinants. However, the existence of deep-rooted issues makes an economy vulnerable to shocks; its economic activity is volatile as it becomes sensitive to external shocks and domestic policies and shocks. The prime focus of this article is to look at the proximate determinants of the current crisis, though some chronic problems are also discussed wherever necessary.

2. External Account Imbalance

The story of the current turmoil began at the start of fiscal year 2020-21, soon after the Pakistani government had lifted lockdown. Before the outbreak of COVID-19, economic activity was suffocated for a couple of years through a bunch of policy measures that were taken to complete the IMF program. Lockdown, owing to COVID-19, further suppressed the economic activity. Meanwhile, the government initiated some relief measures after the outbreak of COVID-19: a

[1] Finance Division, Government of Pakistan, *Pakistan Economic Survey, 2021*-22, (Islamabad: Finance Division, 2022), https://www.finance.gov.pk/survey/chapter_22/Economic%20Survey%202021-22.pdf

[2] State Bank of Pakistan, *Monetary Policy Statement*, (State Bank of Pakistan, April 2023).

[3] State Bank of Pakistan Official Website

[4] Pakistan Bureau of Statistics official website

[5] *Monetary Policy Statement*, April 2023

[6] State Bank of Pakistan Official Website

[7] State Bank of Pakistan, "Summary Balance of Payments as per BPM6-April 2023,": State Bank of Pakistan, https://www.sbp.org.pk/ecodata/Balancepayment_BPM6.pdf

cash support program was launched, the interest rate was cut significantly, and some business loan schemes, including house finance, were introduced. As the economy was struggling to overcome the recession, these measures provided a breathing space to the economy. Economic activity started picking up, businesses expanded owing to excess demand for goods and services and consequent price incentives, employment opportunities were created, and numerous positive measures were initiated. However, as usual, this led to higher imports and a consequent current account deficit. This remains a chronic issue of Pakistan's economy that whenever economic activity expands above average (average growth rate is about 4.5 percent), it contributes to the increase in current account deficit. This phenomenon is backed by a multitude of reasons. Hence, let's take a pause here and go back to the fundamental reasons behind this chronic issue. Firstly, premature de-industrialization to expand the services sector was a wrong decision for Pakistan's economy. The economy jumped from agriculture sector to services sector and failed to improve the industrial base. This problem was exacerbated by low investment and high consumption. Resultantly, the economy could not generate an exportable surplus and exports remained very low. On the other hand, growth in income expanded demand for goods and services, which resulted in a rise in imports, as domestic production was not enough to meet the domestic demand. Secondly, due to low investment in human capital, education and health, labor productivity is quite low in Pakistan, because of which the country has a very low exportable surplus. Moreover, due to a lack of knowledge, quality of manufactured goods is poor. Thus, domestically produced goods cannot compete in the world market, resulting in low exports. Thirdly, historically, Pakistan did not keep the market exchange rate system in place and mostly kept the exchange rate overvalued (overvaluation of currency refers to its value over and above what is determined by market fundamentals without government intervention in the market for foreign exchange). Hence, overemphasis on the overvalued currency led to high imports and low exports. It is noteworthy that the persistent current account deficit leads to accumulation of external debt as the deficit is financed through foreign savings.

Let's get back to the current issue. Oil prices in the world market dipped during COVID-19 times but gradually picked up, owing to fast recovery in the economic activity worldwide. For instance, WTI crude oil price decreased from US$ 59.4 per barrel in January 2020 to US$ -37.6 on 20th of April 2020. It then gradually increased to US$ 90.4 in February 2022. At that time, the Russia-Ukraine war caused an unusual increase in the energy prices. For instance, WTI crude oil price reached US$ 119.7 on 8th of March, 2022. Though oil prices started declining from June 2022 onward, they are still significantly higher than the pre-COVID-19 level. Pakistan is a net importer of oil, which constitutes most part of its total import basket. The substantial increase in oil prices resulted in a higher import bill, which coupled with a higher growth momentum, started after the lockdown was lifted, quickly depleted Pakistan's foreign currency reserves and consequently, the currency underwent massive depreciation. Net foreign exchange reserves with the State Bank of Pakistan (SBP) decreased from US$ 17.3 billion in June-2021 to US$ 4.4 billion in May, 2023 (Figure 1). At the same time, price of US$ increased from 160 rupees to 284 rupees. So, accumulated external debt, primarily caused by current account deficit, further increased, in PKR terms, due to currency depreciation.

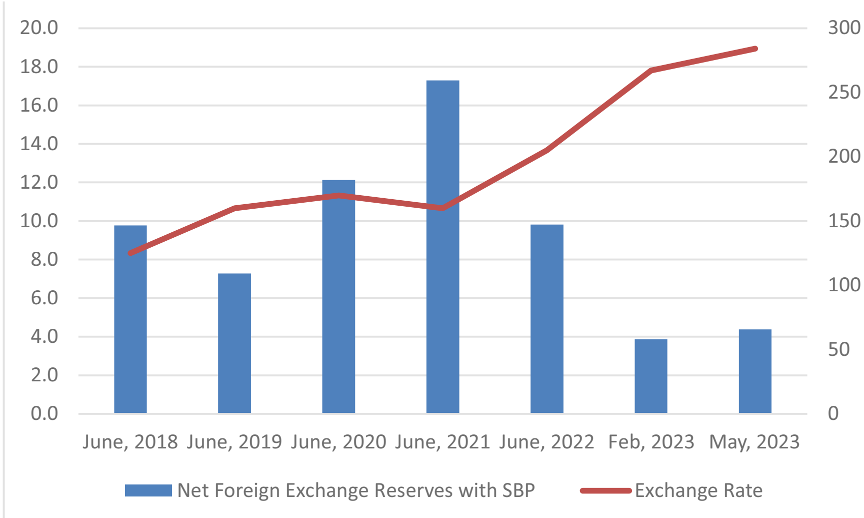

Figure 1: Net Foreign Exchange Reserves with SBP (US$ billion) and Exchange Rate (Rs/US$)
Source: State Bank of Pakistan

3. **Price Hike**

Another problem to be taken into consideration here is that in Pakistan, expansion in economic activity fuels inflation. This occurs mainly because of a weak production base, owing to low investment. Moreover, Pakistan's production side is not sufficiently modernized and efficient; therefore, it is not feasible to increase labor productivity, which results in low output per worker. Labor force participation is quite low, which creates a wedge between the number of producers and consumers in the economy. Consequently, production cannot keep pace with the expanding demand at the time of economic recovery or during boom cycles in the economic activity. Alongside this, almost all the high economic growth spells throughout the history of Pakistan were consumption-driven and therefore could not be sustained. Such consumption-driven growth episodes led to an economic imbalance, which in turn resulted in price hikes and other economic evils.

Beside these chronic problems exist a number of other factors contributing to the current price hike. First, as mentioned above, Pakistani currency had massively depreciated over the past two years, which led to a high inflation rate. Exchange rate affects inflation rate through many channels. For instance, import prices of finished goods increases in response to high exchange rate, inflating price index in an import dependent country. (This effect depends on the weight of imported items in consumers' basket). Similarly, currency depreciation makes imported intermediate goods and raw materials costly, which increases the cost of production of domestic goods; this increase in the cost incurred by firms is passed on to the consumers, increasing the cost of living of the locals. Second, there are some global concerns. For instance, high transportation cost owing to high energy prices, supply chain disruptions and climate change are key drivers of the recent spike in prices, especially food prices. According to the World Bank's Food Security Update, more than 90 percent of the lower-middle-income countries have been hit by the food price increase in 2023. The top ten most-affected countries witnessed a year-on-year nominal inflation rate in food prices, ranging from 51 percent to 352 percent in April 2023 (range of the corresponding real inflation rate has been estimated from14 percent to 89 percent).

Third, political and economic uncertainty, coupled with the risk of default on sovereign debt of Pakistan, fueled inflationary expectations. Producers increased prices, fearing that they might not get raw material in case the country defaults. Fourth, the Government of Pakistan banned some of the imported items, while created bottlenecks for others. This created a severe shortage of the industrial inputs, resulting in high input costs and a consequent inflator pressure on the manufactured goods.

By the virtue of the aforementioned factors, inflation rate touched a historic peak in Pakistan. Year-on-year inflation rate of the overall CPI increased from 5 percent in January 2021 to 33.5 percent in April, 2023 (Figure 2). Food inflation rate in the same period increased from 7.3 percent to 47 percent. This made many lives miserable and a large segment of society became food insecure.

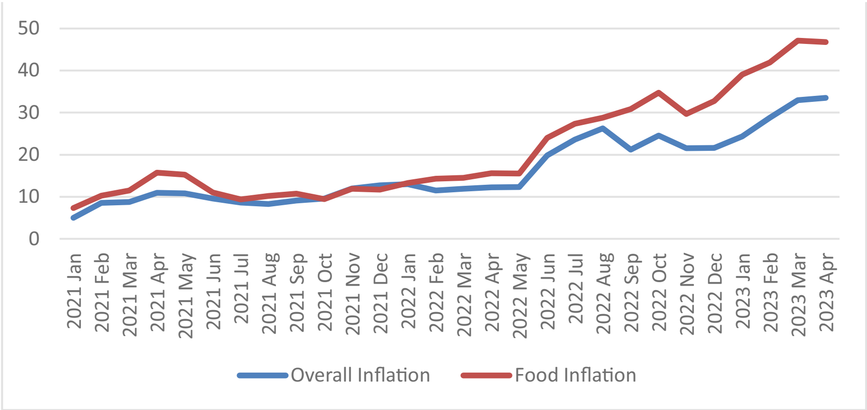

Figure 2: Overall and Food Inflation Rate (YoY %)

Source: Pakistan Bureau of Statistics

4. **Interest Rate Related Issues**

This high inflation rate caused another economic crisis. As a corrective measure, the State Bank of Pakistan increased its policy rate in response to high inflation. Again, let's take a pause here to understand why central banks increase interest rate to fight inflation. Inflation is basically an outcome of the economic imbalance either the supply is low or the demand is too high, both result in excess demand. Inflation rate in an economy positively correlates with excess demand for goods and services. Therefore, aggregate demand has to be contained to curb inflation. Aggregate demand can be contained through both fiscal and monetary policies, but the latter has a more significant role to play. Monetary policy, a policy of the central bank, can control aggregate demand through controlling money supply, which is inversely related to the interest rate. Thus, (short term) interest rate is used as an instrument of monetary policy to contain aggregate demand. Interest rate can also be increased to make domestic financial assets (like bonds) more attractive, which encourages capital inflow into the country. This is mostly done when the domestic currency is under pressure due to capital outflow.

Let's get back to the discussion of current scenario. Like many other countries, in response to the recent price hike, the State Bank of Pakistan has increased its policy rate from 7 percent in June, 2020 to 21 percent in April, 2023 (Figure 3). Benefits aside, this sharp increase in the interest rate has many negative consequences. Most important among these is that on the fiscal side; i.e. it increased the government's debt servicing cost to an unsustainable level. Government uses three debt instruments, namely Treasury Bills (t-bills), Pakistan Investment Bonds (PIBs) and Government Ijara Sukuk (GIS), to raise domestic debt through commercial banks. T-bills are used to raise short term debt, which has maturity up to one year at the time of issuance. PIBs are instruments used to raise long term debt, with maturity of more than one year. Government Ijara Sukuk (GIS), started in 2008-09, are debt instruments based on guidelines of Shariah as approved by SBP Shariah Board. Interest rates on all of these instruments respond to SBP policy interest rate. Hence, the government's floating (variable) debt became costly when interest rate increases. This has happened in the ongoing fiscal year. At the start of this fiscal year, the government allocated PKR 3950 billion for the interest payment, but due to the increase in interest rate, the revised estimate for interest payment is approximately PKR 5400 billion. This increased debt servicing cost added to the fiscal deficit for the current year and contributed to stock of the domestic public debt.

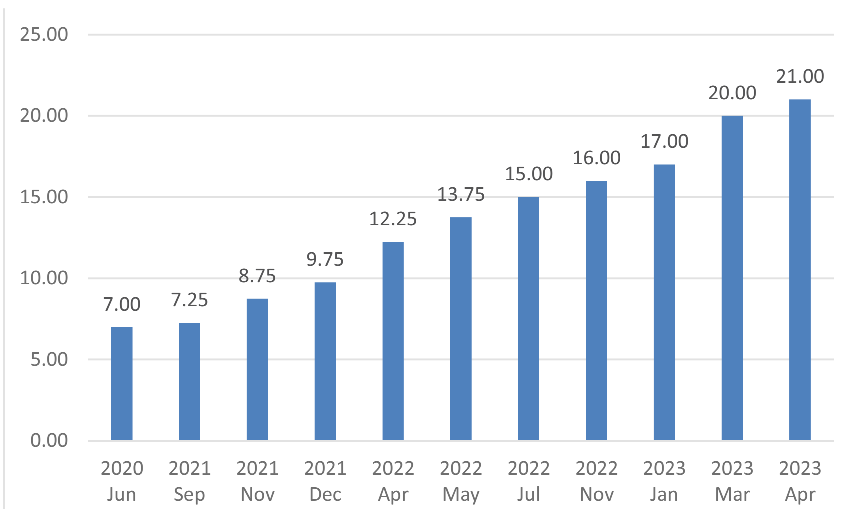

Figure 3: SBP Policy Rate (%)
Source: Monetary Policy Statements

It is noteworthy that Pakistan's economy has been facing some chronic problems in this area, which makes the fiscal side vulnerable to domestic and external shocks (like the one just experienced due to high interest cost). Firstly, after the 7th National Finance Commission (NFC) Award, the provincial share from the Federal Divisible Pool has increased significantly to 57.5%, and after the 18th amendment in the Constitution of Pakistan, some taxes like GST on services are collected by the provinces. Therefore, net federal financial resources are very limited even if tax collection is reasonably high. Secondly, historically, the government has focused more on increasing tax rate in order to increase revenue because of which the tax base shrank significantly. Government heavily relies on indirect taxes as they are easy to collect but since these taxes are regressive in nature, they levy more tax burden upon the lower income classes. Other issues like that of the lack of modernization, dearth of appropriately trained professionals in tax departments, poor forecasting and consequent inappropriate targets for tax collection etc. also result in poor revenue collection. Thirdly, governments have over the years have not been able to overturn the losses of state-owned enterprises (SOEs) and similarly, provincial governments also need to gear up their performance especially after the 18th amendment with regards to development of devolved sectors. Fiscal deficit, owing to these issues, allowed the country to accumulate huge domestic public debt. In so doing, repeated governments have exhausted borrowing options and country has become vulnerable to all shocks that put pressure on expenditure.

5. Economic Activity

Lastly, a number of factors have contributed to the low GDP for the current financial year. Firstly, at the start of this financial year, Pakistan has experienced heavy monsoon rains. These heavy rains flooded around 9.5 million acres of crops and killed an estimated 1.2 million livestock.[8] Though heavy losses were estimated by government to the tune of US$ 15.2 billion in general, the agriculture sector has been hit hard, facing huge production losses of PKR 69,619 million in livestock and US$ 2 billion because of the harvest failure in Kharif season. Secondly, Pakistan's industry is highly dependent upon imported raw materials. Government, in an attempt to save foreign exchange, restricted imports, which has resulted in the shortage of raw materials. This has caused severe supply chain disruptions, resulting in low industrial sector related economic activity. Thirdly, increased policy rate by SBP, increased the cost of borrowing for business loans. Working capital for businesses became costly, which resulted in low industrial activity. Figure 4 shows that year-on-year growth rate of Large Scale Manufacturing sector went down from 1 percent in February, 2020 to minus 46 percent in April 2020 (owing to COVID-19 lockdown). At that time, SBP cut its policy rate from 14 percent to 8 percent. This, coupled with lifting the lockdown, encouraged economic activity and year-on-year growth rate of LSM sector reached 74 percent in April, 2021. Subsequently, SBP started increasing policy rate, which reached 21 percent in April 2023. With the increase in interest rate, LSM showed deceleration in growth, while experiencing negative growth in 2023; for instance, LSM growth rate decreased from 26 percent in March, 2022 to negative 12 percent in February, 2023. Fourthly, political and economic uncertainty, coupled with the risk of default on sovereign debt, contributed to low business initiatives and investment, and also resulted in low economic activity. Due to the precedent reasons, GDP growth rate, which was envisaged at 5 percent at the time of Budget 2022-23,[9] is now projected below one percent (0.4 percent by the World Bank[10] and 0.8 percent by the Government[11]).

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[8] Ministry of Planning, Development and Special Initiatives, *Pakistan Floods 2022: Post-Disaster Needs Assessment* (The Government of Pakistan, Asian Development Bank, European Union, United Nations Development Programme, World Bank, October 2022).

[9] Finance Division, "Budget Speech 2022-23," https://www.finance.gov.pk/budget/Budget_2022_23/Budget_Speech_english_2022_23.pdf

[10] The World Bank, *Pakistan Development Update, April 2023,* (The World Bank, April 2023), https://thedocs.worldbank.org/en/doc/5ee854aff2b120cb30ef910f4e7421f9-0310012023/original/Pakistan-Development-Update-Report-April-2023.pdf

[11] Finance Division, Government of Pakistan, *Debt Sustainability Analysis Report, FY 2022-2023* (Finance Division, 2023).

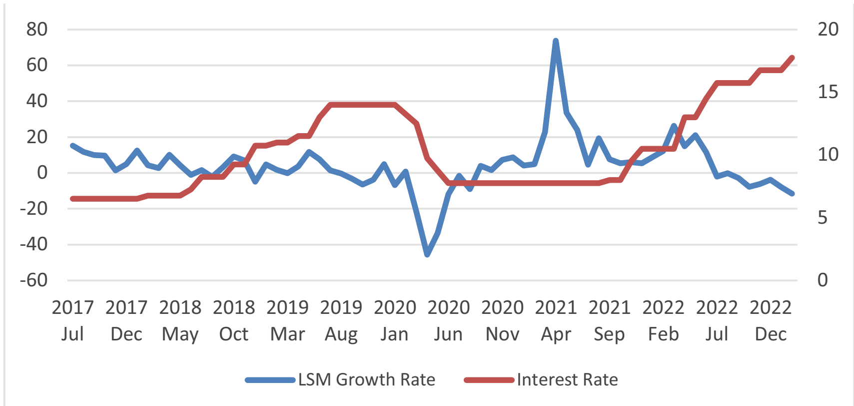

Figure 4: Trend Analysis of Interest Rate and LSM Growth

Source: Pakistan Bureau of Statistics; Monetary Policy Statements; Author's Calculations

6. Conclusion

Currently, Pakistan's economy is facing an economic turmoil, which stroked a chain of macroeconomic issues, yet to be resolved. Some of these are temporary while others are chronic. As far as the temporary problems are concerned, the government needs to be vigilant on the imbalances and must take considerable measures in the forthcoming budget to cater these imbalances. Experts are hopeful for the next year as some problems are temporary. However, this is a high time to rethink upon our growth strategy and economic management. Government has to take necessary steps to get rid of the chronic problems: the government has to cut its footprint in the economic activity; SOEs should be reformed so that they become profitable enterprises otherwise they must be privatized; government should invest in human capital to increase the workers' productivity; overtime, exports should be promoted through better quality products and appropriately valued exchange rate, rather than restricting imports; NFC formula needs to be changed, especially for vertical distribution; tax and non-tax measures should be made efficient; and monetary policy should be carefully run while taking care of the fiscal consequences of interest rate movements.

ANALYSIS

Pakistan Economic Revival: The Way Forward

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Department of Economics
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1. Background

Since 1947, Pakistan's economy has been bearing the brunt of problems such as economic growth and high inflation, lowering exports, a depreciating currency, rising external and internal debt, low productivity, etc. Today, the country has reached the point of stagnancy, where every sector of the economy is dwindling. By and large, most of the researchers and concerned government agencies are speaking out about the problems discussed above. Nonetheless, these problems are outcomes, not the reasons, which are by-products of the flawed structure and system. To find a way forward, we just need to identify the core of those structural issues, which are woven up as follows.

1.1 Ingrained Government Footprints

In the 1960s, the country's economic performance was good enough to witness rapid economic growth—the manufacturing industry's growth was 8.51 percent while Pakistan acquired its first automobile and cement industries along with other heavy manufacturing industries, higher agricultural yields due to the green revolution, and an annual growth rate ranging between 4.8 and 8.2 percent. Nonetheless, this development came to a halt after the nationalization of private enterprises in the 1970s. The control of flourishing industries shifted into the hands of incompetent officials, people who cared about nothing but their own benefits. In fact, this era has led to the rising involvement of the government in all sectors of the economy. Ul Haque and Ullah[1] have termed this over-involvement "increasing government footprints. Following are the highlights of these footprints:

i. There are more than 200 State-Owned Entities (SOEs), most of which are Public Sector Companies (PSCs), which have become white elephants for the government due to the looming fiscal risk arising from the gigantic number of liabilities and circular debts associated with these SOEs and PSCs.
ii. Overregulation of the economy by repeated governments have brought about an increase in the cost of doing business, which has hampered the private sector's ability to invest. Shoe leather's cost of doing business and increasing corruption have deteriorated the confidence of the local and international business communities, resulting in the loss of employment, productivity, and widening inefficiencies.
iii. The overall size of the government footprint is estimated to be 67 percent of the GDP. Out of this, 43 percent is directly controlled by the government, while 24 percent is attributed to regulatory costs.

[1] N. Ul Haque and R. Ullah, "Estimating the Footprint of Government on the Economy," PIDE Working Papers No. 2020:26.

1.2 Hasty Planning

The second problem that is contributing to the dismal state of the economy is attributed to the wrong choices or poor decision-making by the incumbent governments. They often launch projects in haste and without proper planning, which, instead of solving the problem itself, become a headache for successive governments and leads to mounting fiscal risk. Following are some classic examples of decisions taken by hasty planning without detailed indepth deliberations required:

i. The first is the initiation of independent power producers (IPPs). In 1994, Pakistan's Government introduced a policy to develop IPPs based on oil, gas, and coal. Following this policy, 16 IPPs were established. Most of Pakistan's petroleum products are imported and these IPPs led to a massive increase in petroleum products' demand. Furthermore, IPPs bill the government at far higher rates than WAPDA, the state-owned power company. Therefore, the public now pays substantially more for power, contributing to poverty. The government has been unable to pay IPPs for the electricity they have generated, which has led to a massive circular debt of over $10 billion. This debt is a major burden on the government's finances and is preventing it from investing in other important sectors. IPP-related issues negatively impacted the economy of Pakistan and made it more challenging for its government to provide essential services to its citizens. In addition, the IPPs are contributing to Pakistan's trade deficit because most them are using imported fuels for power production. The lack of political will to build cross party and provinces consensus on building indigenous hydro led power generation triggered such hasty decision making that is costing the country in millions.

ii. The trade deficit was somewhat manageable from 1998 to 2002. After that, the trade deficit continued to balloon into the enormous problem it is today due to several erroneous decisions, like ill-prepared and improper negotiations of Free Trade Agreements (FTAs) and handing over the telecom sector to foreign-owned firms. Pakistan is concentrating its resources on areas that do not help its export market, and most of the commodities produced in Pakistan using imported raw materials are sold in the domestic market, resulting in increased import demand and little to export. Industries such as Pakistan's automobile sector employ imported spare parts to build automobiles for domestic sale, resulting in a larger trade deficit. Even still, many automobiles manufactured are of poor quality, so the top class relies on foreign vehicles, which adds to the difficulties. Pakistan's economy is expanding slowly, which is partially because the government is not investing in sectors that will spur growth.

iii. Overly horizontal expansion of housing societies is another example of poor choices that have created multiple problems for the country: (a) crowding out of private investment from the productive sector to the unproductive housing sector, which leads to the flourishing of dead capital. More than 80 percent of private savings are attributed to this sector, hindering the growth of the manufacturing sector; (b) this sector is highly import intensive, which contributes to the worsening condition of the trade deficit; (c) expansion of the real estate sector has become threat and burden to the inclusive and effective urban planning; and (d) contraction of the agriculture sector and deforestation due to the housing sector bring about issues related to food insecurity and climatic shocks in the country.

1.3 Competitiveness and Low Productivity

A recent report by the World Bank has suggested that Pakistani firms are not competitive enough to grab international markets, and these are often overly protected by the government in terms of subsidies, tax exemptions and rebates. Moreover, the report highlights that older Pakistani firms are creating hindrances to the entry of new and efficient firms. This results in stagnant exports for the country. In addition, these firms are not as productive as international firms in the same age bracket. For example, our 40-years-old firms are as productive as the younger firms, while India's older firms are 70 percent more productive than the younger ones. Likewise, the USA's older firms are 300 to 400 percent more productive than younger ones.

Then comes Pakistan's manufacturing industry, surrounded by problems of its own. First and foremost, Pakistan's chronic energy shortages due to a lack of inexpensive, dependable electricity, businesses find it difficult to run, which causes production delays and higher costs of production. According to research conducted by the Pakistan Business Council in 2018, energy shortages cost Pakistani companies $10 billion annually. The research also discovered that energy constraints played a significant role in Pakistani company closures. Poor infrastructure, high taxes, and a lack of skilled labor make it even harder for businesses to operate successfully. In terms of ease of doing business, when compared to 190 other nations, Pakistan dropped to position 108 in 2019. Foreign import competition lowers costs and makes it challenging for firms to compete in Pakistan. This causes companies to relocate or close their doors.

1.4 Agriculture Sector

During the last couple of decades, the agriculture sector of the country has been overlooked by policymakers. According to the Pakistan Economic Survey, the agriculture sector contributed around 23 to 24 percent of the country's GDP during 2001-02, while its contribution declined and reached almost 19 percent during 2021-22. Similarly, the decline in labour absorption is also witnessed during these periods. Around 45 percent of the labour force was employed by agriculture during 2001-02, whereas around 37 percent of employment generation was recorded in 2021-22. Almost a 7 percent to 8 percent decline in employment is estimated. By looking into crop composition, a significant decline in cash crops such as cotton is reported. The sustainable growth of this sector is very important to achieve food security and rural development in the country. Focusing more on this sector will enhance households' farm income, diversify food supplies, improve the trade deficit, and reduce poverty as well.

Pakistan does not produce crops to their full potential because of how old the techniques that the country uses are in comparison with the rest of the world. Yields per acre of basic crops like wheat, rice, cotton, and sugar cane are often lower in Pakistan than elsewhere in the world. This is because of various things, like the use of poor-quality seeds, poor irrigation as most farmers rely on rainwater, which is not all that reliable and can lead to crop failure, and a low use of technology. Pakistan's per acre yield of wheat is 3.3 tons, while the world average is 4.0 tons; per acre yield of rice is 2.5 tons, while the world average is 4.5 tons; per acre yield of cotton is 400 kilograms, while the world average is 500 kilograms; and Pakistan's per acre yield of sugar cane is 60 metric tons, while the world average is around 70.9 metric tons. The Food and Agriculture Organization of the United Nations (FAO) estimates that each year, around 25% of Pakistan's green land is left uncultivated. This equates to almost 12 million hectares of land. This is because of the lack of capital investment in the agricultural sector and the low prices at which agricultural produce is sold. The lack of government support makes it much more challenging for the farmers to farm their property since some of this acreage lacks access to water and other vital infrastructure.

1.5 Political and Economic Institutions

Pakistan has been bearing the brunt of ailing and exclusive political and economic institutions since its inception. Unending episodes of political instability and the socio-political structure of the country have curtailed the trust of the people in their institutions. Modern growth economists like Deron Acemoglu have suggested that those countries that have inclusive institutions are enjoying higher levels of growth and economic development as compared to those with repressive institutions.

2. Way Forward

This paper's main argument revolves around the fact that the current state of Pakistan's economy is the result of flawed structures and the hasty planning of projects without appropriate research and in depth analysis at critical junctures by different regimes and governments. Therefore, the way forward will stem from fixing those loop holes. For that matter, we can divide those steps into three categories: i) short-run, ii) medium-run, and iii) long-run measures.

Short-run Solutions

i. To tackle the current account deficit, strict administrative measures are required to be taken to curtail imports of all unnecessary and luxury items, as our current consumption patterns do not match our capacity to import.
ii. Curtailing the outflow of foreign exchange by increasing the interest rate relative to the world average interest. It may enhance the incentive for portfolio investment in Pakistan.
iii. Rescheduling the debt payments
iv. All unnecessary subsidies and tax exemptions should be withdrawn.
v. Strict austerity measures are required. Moreover, unproductive expenditures such as huge perks and privileges for government officials must be significantly reduced.

Medium-run Solutions

i. Improvement of the management structures of the loss-making SOEs and making them attractive for privatization
ii. Steps need to be taken to reduce the footprint of the government, such as ease of doing business by reducing shoe leather and transaction costs.

iii. Encouraging and training the local firms to be more efficient and competitive. So that firms contribute more to exports and import substitution.
iv. Documentation of the economy and use of modern technology for better tax collection

Long-Run Solutions

i. In the long run, for sustainable development, strong, just, and inclusive institutions are fundamental.
ii. For economic stability, long-term economic planning is required, and a charter of the economy between all key stakeholders is required for the continuity of economic policies.
iii. Reforms in the education system to provide world-class and competitive skill sets and human capital for industry, services, and agriculture sectors. Investment in ideas, technology, and research and development would create an environment where the common citizen would also start investing other than only dead capital in the form of real estate.
iv. Reduction of the government footprint to a bare minimum level.
v. Civil services, judicial, and police reforms, along with an efficient, effective, and inclusive local government system.
vi. Steps for cost-effective, renewable, and green energy, along with renegotiation of expensive IPP energy projects, are required.
vii. Completely revamping the agriculture sector by including modern technology, better seeds, and efficient irrigation techniques

The above-mentioned steps and measures are just food for thought for a larger debate and reform agenda. What is more important to emphasize here is the need for deep-rooted reforms and a structural adjustment program to correct fundamental imbalances and improve the quality of institutions on the right path for Pakistan's economic revival. Without realizing the dire need for such a structural adjustment program, Pakistan's economy would be more and more vulnerable to shocks and dependency syndrome.

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CONCEPT

Participatory Budgeting and the Role of Parliamentarians

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1. Introduction

Participatory Budgeting (PB) is a democratic process that allows citizens to participate directly in allocating public resources. It was first introduced in Porto Alegre, Brazil, in 1989 and has since been adopted in over 3,000 cities in more than 71 countries worldwide.[1] Participatory Budgeting typically involves a multi-step process that includes planning, outreach and engagement, idea collection, proposal development, proposal evaluation and selection, and implementation.[2] It aims to give citizens a direct say in how public funds are allocated, ensuring that public resources are used in a way that reflects the priorities and needs of the community. Participatory Budgeting is not a one-size-fits-all solution and can be adapted to suit the needs and context of different communities. However, the core principles of participatory budgeting include citizen participation, transparency, accountability, shared responsibility, and empowerment. [3]

2. Importance of Participatory Budgeting for democratic governance

Participatory Budgeting is an important tool for democratic governance as it promotes citizen participation and engagement in the decision-making process. By involving citizens in the allocation of public resources, participatory budgeting helps to ensure that public funds are used in a way that reflects the priorities and needs of the community. It also helps to build trust and legitimacy in government by giving citizens a direct say in how public funds are allocated. As such, participatory budgeting can help to strengthen democratic institutions and promote effective service delivery.

This article aims to provide a comprehensive understanding of Participatory Budgeting for parliamentarians in Pakistan. The article will provide examples of participatory budgeting processes from around the world, outline benefits for democratic governance, discuss the challenges and constraints and provide recommendations for implementing it in Pakistan.

3. Participatory Budget Process

Participatory Budgeting (PB) is a democratic process that involves citizens in the decision-making process of allocating public resources. The Participatory Budgeting process typically involves several steps:

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[1] According to Participatory Budgeting World Atlas, there are at least 11690 Participatory Budgeting cases in 71 countries worldwide. https://www.pbatlas.net/world.html.

[2] "What is Participatory Budgeting," https://www.participatorybudgeting.org/what-is-pb/, last accessed on 09 May 23.

[3] For a detailed account read, Unpacking the Values, Principles, and Standards, 2009 available at https://pbnetwork.org.uk/wp-content/uploads/2014/04/PB-Values-document-two-colour_lowres-website-version.pdf, last accessed on 09 May 23.

i. **Planning:** The first step in the PB process is to plan the process. This involves creating rules and engagement plan, identifying the public resources available for allocation, determining the scope and scale of the PB process, and identifying key stakeholders who will be involved in the process.
ii. **Outreach and Engagement:** The second step is to reach out to and engage with citizens to inform them about the PB process and encourage their participation. This can involve a variety of outreach methods, including public meetings, community events, social media and local media.
iii. **Idea Collection and Development:** The third step is to collect and develop ideas for public resource allocation from citizens. This can involve various methods, including community meetings, idea submission forms, and online platforms. The ideas are then developed into concrete proposals.
iv. **Proposal Evaluation and Selection:** The fourth step is to evaluate and select proposals for funding. This can involve various methods, including community meetings, citizen juries, and online voting. The proposals are evaluated based on their feasibility, impact, and alignment with community priorities.
v. **Implementation:** The fifth and final step is to implement the winning proposal. The community-led implementation is the hallmark of participatory budgeting, where citizens monitor the execution of the schemes.

4. Participatory Budgeting Around the World

i. **Brazil:** Participatory Budgeting originated in Brazil in the late 1980s and has since been implemented in over 300 municipalities, including the city of Porto Alegre. The process has been credited with improving public services, increasing citizen participation, and reducing corruption.
ii. **Portugal:** Participatory Budgeting has been implemented at the municipal, regional, and national levels in Portugal, with successful projects including cultural centers and environmental initiatives. The process has been credited with improving citizen participation and reducing corruption. In 2018, 691 projects were voted for, 272 with national coverage and 419 regional ones. These include projects in culture, education, sports, and agriculture.[4]
iii. **Spain:** Participatory Budgeting has been implemented in several cities in Spain, including Seville, Cordoba, Madrid, and Barcelona. In Seville, citizens can participate in online assemblies to identify and prioritize projects and decide about 50% of the local spending[5].
iv. **South Korea:** Seoul has implemented Participatory Budgeting since 2012, allowing citizens to decide on 1,000 projects, including bike paths and public playgrounds. In 2021 alone, citizens proposed projects for KRW 10 billion (USD 7.5 million) from the platform "Democracy Seoul."[6]
v. **United Kingdom:** Participatory Budgeting has been implemented in several local authorities in the United Kingdom, with successful projects including community

[4] "Portugal Participatory Budget," oecd-opsi.org, https://oecd-opsi.org/innovations/portugal-participatory-budget/.
[5] "Decide.Madrid.es Online Participatory Budgeting," participedia.net, https://participedia.net/case/4365, last accessed on 02 May 23.
[6] " Seoul's Participatory Budgeting," oidp.net https://oidp.net/en/practice.php?id=1302.

gardens, public artwork, and youth centers. The process has been credited with improving citizen engagement and building stronger communities.[7]

vi. **United States:** Several cities and states in the United States have implemented Participatory Budgeting, including New York City and the state of California. In New York City, citizens can participate in neighborhood assemblies to decide how to allocate around $40 million of the city's budget, with successful projects including school renovations and park improvements.[8]

5. Benefits ofParticipatory Budgeting

i. **Increased Civic Engagement:** Participatory Budgeting provides an opportunity for citizens to engage in the decision-making process and become more informed about public finance management. This can help to build trust between citizens and government and encourage more active participation in community affairs. In New York City, the PB process has engaged over 12,000 New Yorkers, 11 and up, regardless of immigration status in the fall of 2023 and collected 4,139 of their ideas. The citizens can decide how to spend $5 million of the city's budget to address local community needs[9]. Thus, by involving more citizens in the process, PB has helped to build stronger connections between communities and local government and has encouraged more active participation in community affairs.

ii. **Enhanced Transparency:** Participatory Budgeting promotes transparency and accountability by providing clear information about the budget process and how public funds are allocated. This can help to build trust in the government and increase confidence in public institutions. In Brazil, where PB was first developed, the process has helped to promote greater transparency and accountability in public finance management. It represents a shift from the culture of "clientelism," which tends to serve a selected few in society, to the involvement of more people, the poor in particular.[10] This has not only put pressure on authorities to consider public opinion, but it has also helped to build trust in government and increase confidence in public institutions.

iii. **Improved Decision-making:** By involving citizens in the decision-making process, PB can help to ensure that public resources are used in a way that reflects the needs and priorities of the community. This can help to identify and address important issues and promote more equitable and effective public services. In Chicago, it started with a single ward where an alderman used $1.3 million of its discretionary funds for participatory budgeting. By 2015-16, five new wards in Chicago replicated the experiment. It was precisely at that time when half of the New York City Council's members representing

[7] Communities in the driving seat: a study of Participatory Budgeting in England, Department for Communities and Local Government, 2011.

[8] New York City Council, "The City Budget," https://council.nyc.gov/budget/.

[9] Participatory Budgeting: The People's Money, Civic Engagement Commission, https://www.nyc.gov/site/civicengagement/our-programs/participatory-budgeting.page, last accessed on 02May23.

[10] This case study was prepared y a team comprising Pro eepti Bhatnagar and nimesh athore at the ndian nstitute o Management hmeda ad and Mag i Moreno Torres and Parameeta anungo at the World Bank (Washington DC) available at: https://archive.epa.gov/international/jius/web/pdf/14657_partic-budg-brazil-web.pdf, last accessed on 02May 23.

4.5 million residents launched PB.[11] PB has helped to identify and address important community issues, such as the need for improved public transportation and increased investment in affordable housing. By involving citizens in the decision-making process, PB has helped to ensure that public resources are used in a way that reflects the needs and priorities of the community.

iv. **Increased Social Inclusion:** Participatory Budgeting can provide a platform for marginalized groups to participate in the decision-making process and have their voices heard. This can help to promote greater social inclusion and address issues of inequality and discrimination. In Oakland, over 12000 community members decided how to spend $784678 over two years to benefit low- and moderate-income residents.[12]

v. **Innovative and Effective Solutions**: Participatory Budgeting can encourage the development of innovative and effective solutions to community challenges. By leveraging the knowledge and expertise of citizens, PB can identify new and creative approaches to public service delivery. In Paris, the PB process has encouraged the development of innovative and effective solutions to community challenges, such as creating a mobile health clinic to serve underserved communities. In 2016-17, New York participants voted to allocate $60,000 to fund the city's first mobile homeless shower stations. The cleaning service will be located outside of a Brooklyn soup kitchen, allowing 150-200 daily guests to wash before receiving their meals.

vi. **Increased Public Satisfaction**: Participatory Budgeting can enhance public satisfaction with the government by providing a tangible way for citizens to contribute to improving their communities. This can help to increase public trust in government and promote a sense of collective ownership over public resources. In Porto Alegre, Brazil, the PB process has increased public satisfaction with the government by providing a tangible way for citizens to contribute to improving their communities. Huai-Kapi, a mixed urban/rural district in Thailand, introduced Civic Tax Committees to improve tax collections. The Huai-Kapi program was able to enhance the quality of expenditures and tax collection, leading to an increase in citizen satisfaction with the local development plan, allocation of funds, and services. According to survey results, there has been notable growth in public satisfaction with the aforementioned aspects following the program's implementation. In addition, there was a significant increase of 48 percent in local tax revenues in the three years following the establishment of the tax committees.[13]

6. Participatory Budgeting in Pakistan

Pakistan has a very rudimentary and vague concept of participatory budgeting. Under the Local Government System of 2001, the concept of Citizen Community Boards was introduced, but this was not sustainable as the entire local government system was dissolved after 2010. At the provincial level, some provinces have started taking citizens' proposals for the next year's budget, but it is unclear how many proposals are accepted and translated into development schemes. Again, merely soliciting proposals from the citizens is a far cry from the mandatory steps of

[11] Hollie Russon Gilman, "Engaging citizens: Participatory budgeting and the inclusive governance movement within the United States," Ash Center Occasional Paper Series (2016)., available at: https://ash.harvard.edu/files/ash/files/participatory-budgeting-paper.pdf, last accessed on 02May 23.

[12] Visit Oakland Participatory Budget Website: https://pboakland.org/page/about.

[13] Alta Folsher, Participatory Budgeting in Asia in Anwar Shah (ed), *Participatory Budgeting*, (Washington DC: The World Bank, 2007), p-177.

participatory budgeting we discussed above. Some provinces solicit these proposals as late as May when according to their budget calendar, the budget-making process is already completed. At the Federal Government, a seminar is held around mid-May in collaboration with the Chamber of Commerce named "citizen participation." There is need to have greater citizen participation in the budget process that is possible if all parliamentary parties equip their members with understanding of economy and budget-making in addition to having an effective local government system that can enhance participatory budgeting in the country.

7. Major challenges in implementing participatory budgeting in Pakistan

In Pakistan, the implementation of participatory budgeting faces number of challenges. Some of them are discussed below:

i. **Effective Local Government system:** While some provinces have established district-level development committees or similar bodies, these entities may not have the necessary resources, capacity, or authority to effectively engage citizens in the budgeting process. For example, in Sindh province, the district Annual Development Program (ADP) is intended to conceive and execute district-level development schemes. Its annual volume during this financial year (2012-23) was PKR 30 billion. This is in addition to provincial PSDP. However, the district development committees often hold all the decision-making power and citizen participation is absent; thus, an opportunity to involve citizens in local development is lost.

   To overcome this challenge, there is a need to strengthen the capacity and authority of local government bodies, ensuring that they have the resources and power to effectively engage with citizens and incorporate their input into budget decisions. Additionally, it is crucial that citizen engagement is not limited to a single development plan or project. Instead, it is an ongoing and inclusive process that considers the needs and priorities of all citizens in the community. By strengthening the local government system and promoting meaningful citizen engagement, participatory budgeting can become a more effective tool for promoting equitable and sustainable development in Pakistan.

ii. **Citizen Participation:** Citizens may hesitate to engage with the participatory budgeting process due to a history of non-elected dictatorships. To overcome this challenge, it is important to prioritize transparency and accountability by the standing committees of the provincial assemblies and the National Parliament as well as the tradition of clear and accessible information about how decisions are made and how funds are allocated at the local government level. Additionally, policymakers in Pakistan can work through public hearings and seminars to build trust with citizens by providing opportunities for meaningful engagement and by demonstrating a commitment to addressing citizen concerns and priorities. By building trust through greater interactive sessions between citizens and the parliamentary institutions, participatory budgeting can become a more effective tool for promoting transparency, accountability and citizen engagement in the budgeting process.

Elected representatives, particularly Members of Parliament (MPs), often demand greater control over budget allocations in their constituencies, including the ability to direct funds towards projects that may increase their popularity or support base. Thus, Members of Parliament can play a decisive role in following the principles of participatory budgeting that ensure an inclusive and equitable process of budget decision-making that considers the needs and priorities of all citizens, not just those with political influence.

8. Call for Action for Parliamentarians

In light of the potential benefits of participatory budgeting and the challenges facing its implementation, it is important for Members of Parliament (MPs) in Pakistan to take action to promote this approach to budget decision-making. To this end, we urge MPs to:

1. Advocate for adopting participatory budgeting in their respective jurisdictions, including through legislative and policy reforms that promote transparency, citizen engagement and accountability in budget decision-making. Utilization of parliamentary tools such as public hearing and experts-roundtables can markedly enhance participatory budgeting.
2. Provide resources and support to local governments and civil society organizations to facilitate the implementation of participatory budgeting processes, including through capacity-building initiatives, technical assistance as well as funding support.
3. Foster greater awareness and understanding of participatory budgeting among their constituents, including through public outreach and engagement initiatives, media campaigns, and educational programs.
4. Work to address the challenges and constraints facing the implementation of participatory budgeting in Pakistan, including through measures to build trust and confidence in the budgeting process, improve local governance systems, and mitigate political interference.

By taking these steps, MPs can help to build a more inclusive, equitable, and sustainable budgeting process in Pakistan, one that reflects the needs and priorities of all citizens and promotes more effective and efficient use of public resource. As elected representatives, MPs have a crucial role to play in ensuring that budget allocations are made in a transparent, inclusive and equitable manner. By promoting participatory budgeting, MPs can help to build trust and confidence in the budgeting process, increase public satisfaction with government services and promote more sustainable and equitable development outcome

INFORMATION

Key Indicators and Forecasts for Pakistan (2023-24)

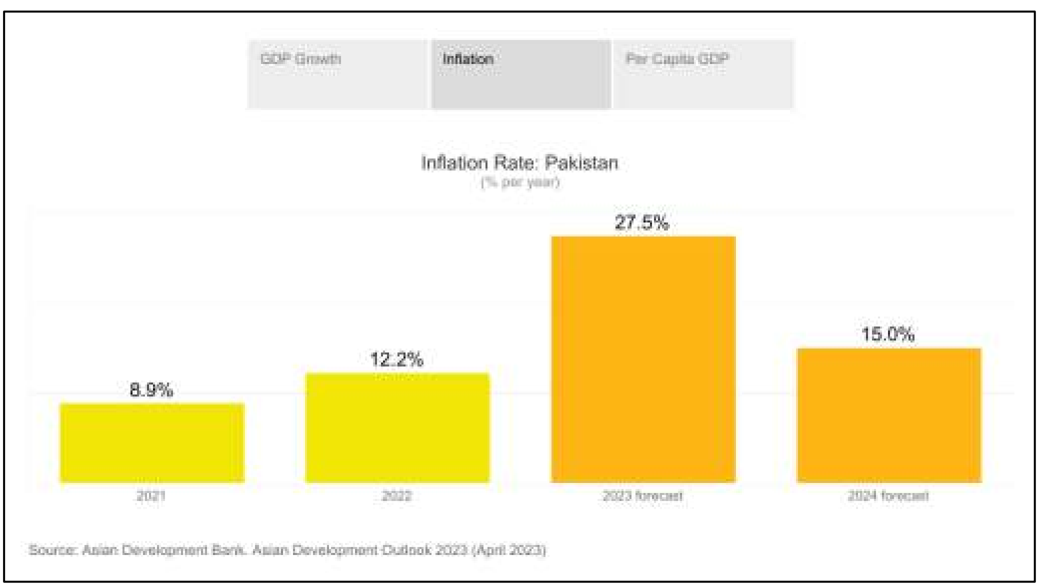
Economy and Budget Desk, Research Wing, PIPS

1. Asian Development Bank[1]

i. Pakistan's GDP Growth: 0.6% in 2023 and 2% in 2024
ii. Inflation: 27.5% in 2023 and 15% in 2024
iii. Per Capita GDP growth: 0.1% in 2023 to 1.4% in 2024
iv. Fiscal deficit will narrow slightly to equivalent of 6.9% of GDP in FY2023

2. Asian Development Bank (ADB) support

In 2022, the ADB's loan and grant disbursements to Pakistan amounted to $2.49 billion. This includes $1.8 billion in program lending, $680 million from project lending, and $4.6 million from grants. ADB provided $1.5 billion to help Pakistan boost social protection, promote food security, and support employment for people. The Building Resilience with Active Countercyclical Expenditure (BRACE) Program is designed to protect the poorest families, promote gender empowerment, and enable climate adaptation while cushioning the impacts of external shocks.



[1] http://www.adb.org//countries/pakistan/economy via @ADB_HQ

3. The World Bank [2]

i. **Pakistan's GDP Growth**, at constant factor prices: 0.4% in 2023 and 2% in 2024.[3]

ii. **Inflation:** Due to higher energy and food prices, inflation is projected to rise to 29.5 percent in FY23, but moderate as global inflationary pressures decrease. Pakistan's headline consumer price inflation rose to a multi-decade high in H1 FY23, reflecting the reversal of fuel and electricity subsidies, surging global commodity prices, and a weaker exchange rate. Inflation during H1 FY23 reached an average of 25.0 percent compared to 9.8 percent during H1 FY22. The increase in inflation was broad-based, with all product categories except communication services recording higher inflation. Across product categories, inflation for transportation, given its direct link to fuel prices, registered a sharp increase of 55.2 percent in H1 FY23 compared to 15.1 percent in H1 FY22. Meanwhile, inflation for utilities (water, electricity, gas, and other fuels), was less pronounced partly because there were fewer adjustments in electricity tariffs over the period.

iii. **Current Account Deficit:** As per estimates, it will narrow to 2.0 percent of GDP in FY23 but widen to 2.1 and 2.2 percent of GDP in FY24-FY25, respectively as import controls ease.

iv. **Fiscal deficit**: Excluding grants, it is projected to narrow to 6.7 percent of GDP in FY23 and further over the medium term as fiscal consolidation takes hold.

v. **Poverty:** The lower middle-income poverty rate is expected to increase to 37.2 percent in FY23 due to limited financial inflows, foreign reserves remain at precariously low levels and inflation is at a record high. Private sector activity has slowed sharply with deteriorating consumer and investor confidence and disruptions arising from administrative import controls.

[2] World Bank, Sustained Reform Commitment Needed to overcome Pakistan's economic crisis, April 2023, (Accessed on May 09, 2023), See at: https://www.worldbank.org/en/news/press-release/2023/04/03/sustained-reform-commitment-is-needed-to-overcome-pakistan-s-economic-crisis.

[3] The World Bank, Pakistan Development Update , April 2023, (Accessed on May 09, 2023), see at: https://thedocs.worldbank.org/en/doc/5ee854aff2b120cb30ef910f4e7421f9-0310012023/original/Pakistan-Development-Update-Report-April-2023.pdf

FROM THE PARLIAMENTARTY PAPERS

Economic Indicators – Comparison 2008 to 2022

Qaiser Iqbal, Librarian, and **Fayaz Gul**, Assistant. Librarian (PIPS)
PIPS Information Desk;
Infographics by **Areeb Shirazi**, Parliamentary Expert

On 27th March 2023, during the 51st session of 5th Parliamentary year of the National Assembly, Hon'able Minister of Finance and Revenue presented the comparative analysis of indicators measuring economic development, since 2008 – till 2022:

A. **GDP Growth Rate (%)**

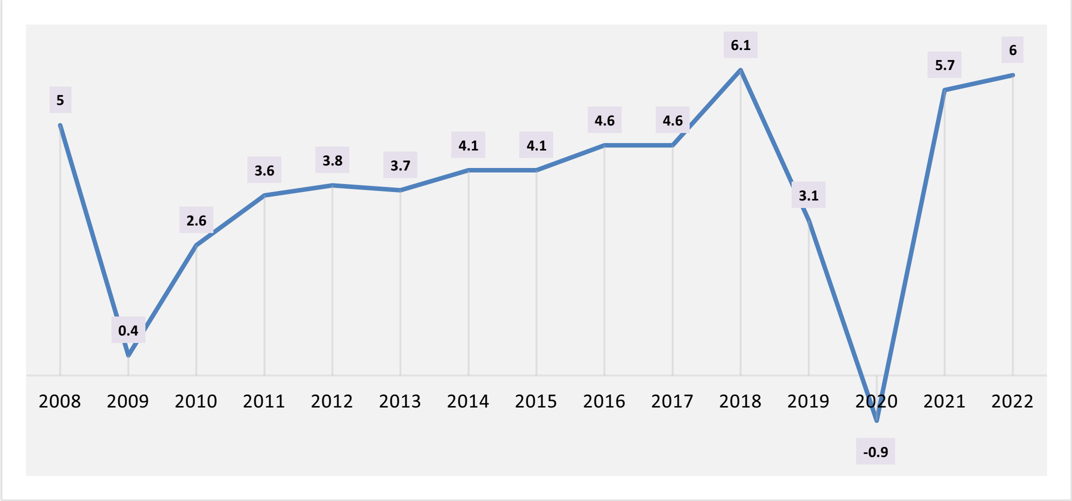


Figure 1: Annual GDP Growth (%) in Pakistan from 2008 to 2022

A. **GDP Volume ($US Billion)**

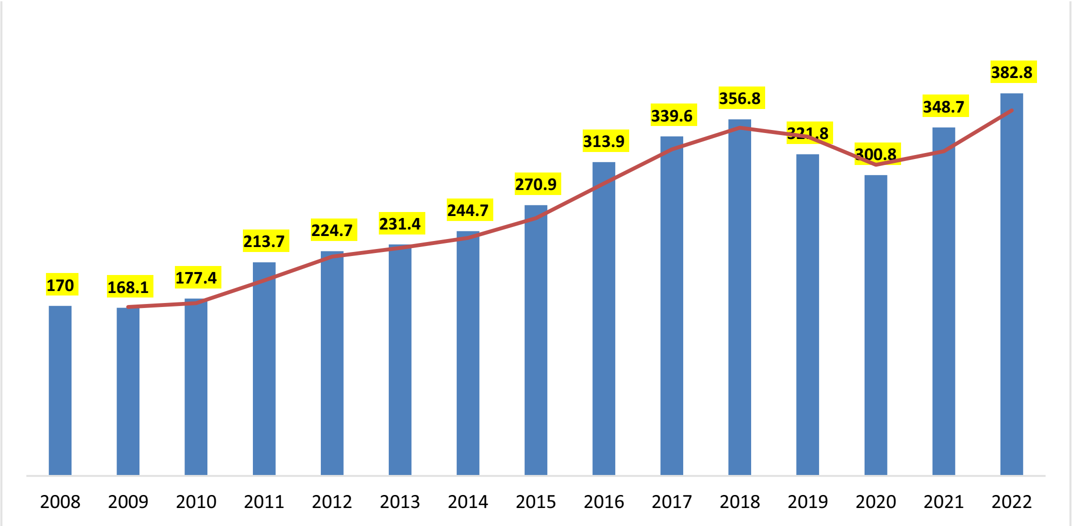


Figure 2: Annual GDP Volume (($US billion) in Pakistan from 2008 to 2022

B. Imports vs Exports ($US Billion)

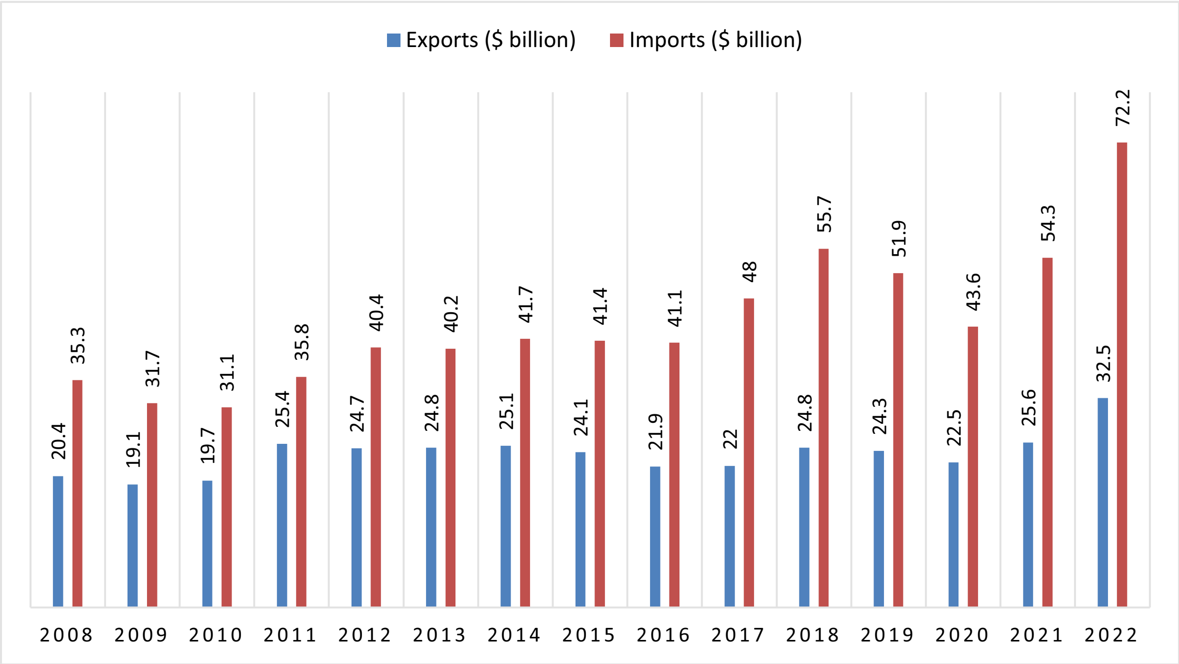


Figure 3: Annual Imports and Exports (($US billion) in Pakistan from 2008 to 2022

C. FBR Tax Collection (Rs Billion)

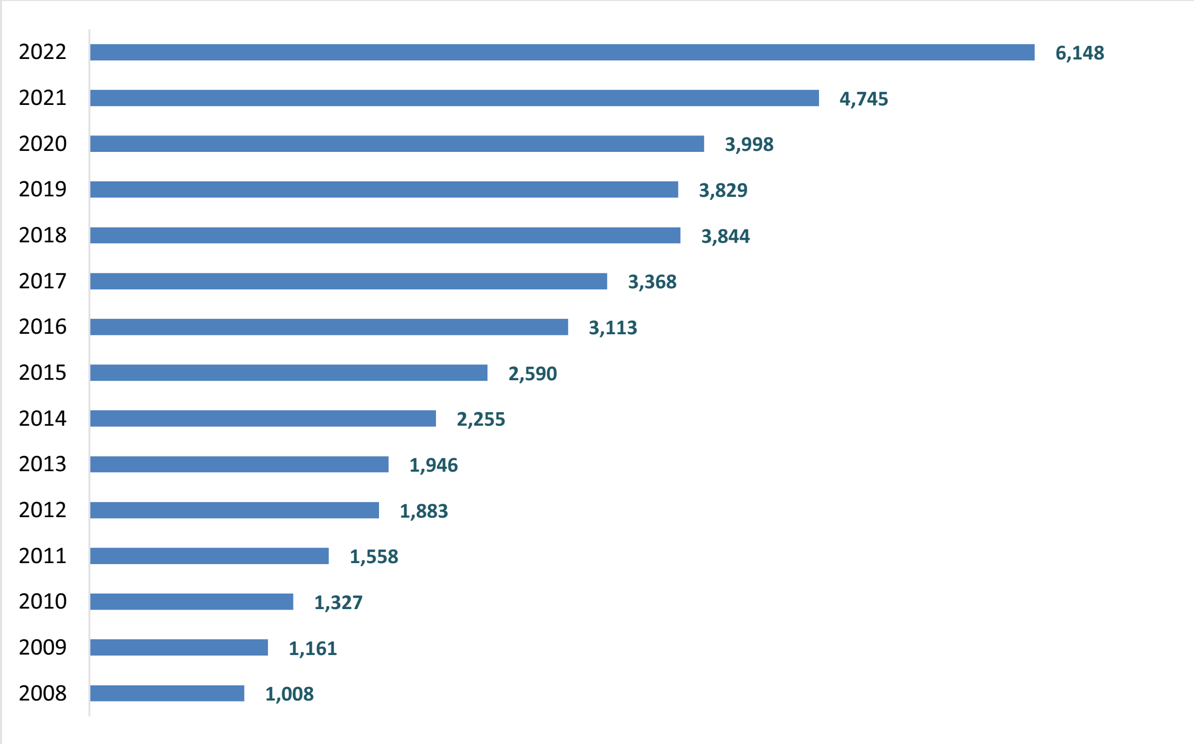


Figure 4: Annual FBR Tax Collection (Rs. billion) in Pakistan from 2008 to 2022

Resolution Passed by the National Assembly of Pakistan on the Fundamental Right of Freedom of Speech May 03, 2023

Adopted 3-5-2023

Resolution

The 3rd May which is recognized as world Press Freedom Day, this House resolves the fundamental right of freedom of speech enshrined in the Constitution under Article 19 which is the foundation of freedom of the press and recognizes that it is a fundamental human right protected by International Law, essential to democratic societies, and critical to the protection of human dignity. This House recommends that the Government should protect the freedom of the press from censorship and violence and promoting its full realization in accordance with its International Human Rights obligations; essential for the functioning of democratic societies, and vital for the protection of other human rights;

Recognizing the critical role of journalists and media professionals in providing accurate, timely and impartial information to the public, and the need to protect them from violence, intimidation, and harassment;

Affirming the obligation of the government to safeguard and uphold press freedom against any from of censorship, undue interference, or retribution; and

This House resolves to take effective measures to ensure the safety, security, and independence of journalists, to strengthen the legal and institutional framework for the protection of press freedom, and to promote a pluralistic, diverse, and vibrant media environment in Pakistan, in compliance with its International Human Rights obligations and commitments.

Shaista Pervaiz
NA 133

Mahreen Bhutto
DR. MAHREEN RAZZAQ BHUTTO
MNA, NA-311

NA 48

310

NA-293

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