PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES
DEDICATED TO PARLIAMENTARY EXCELLENCE

ISSN # 2414-8040

Parliamentary Research Digest

VOLUME 5, ISSUE 04 APRIL, 2018

**INSIDE THIS ISSUE:**





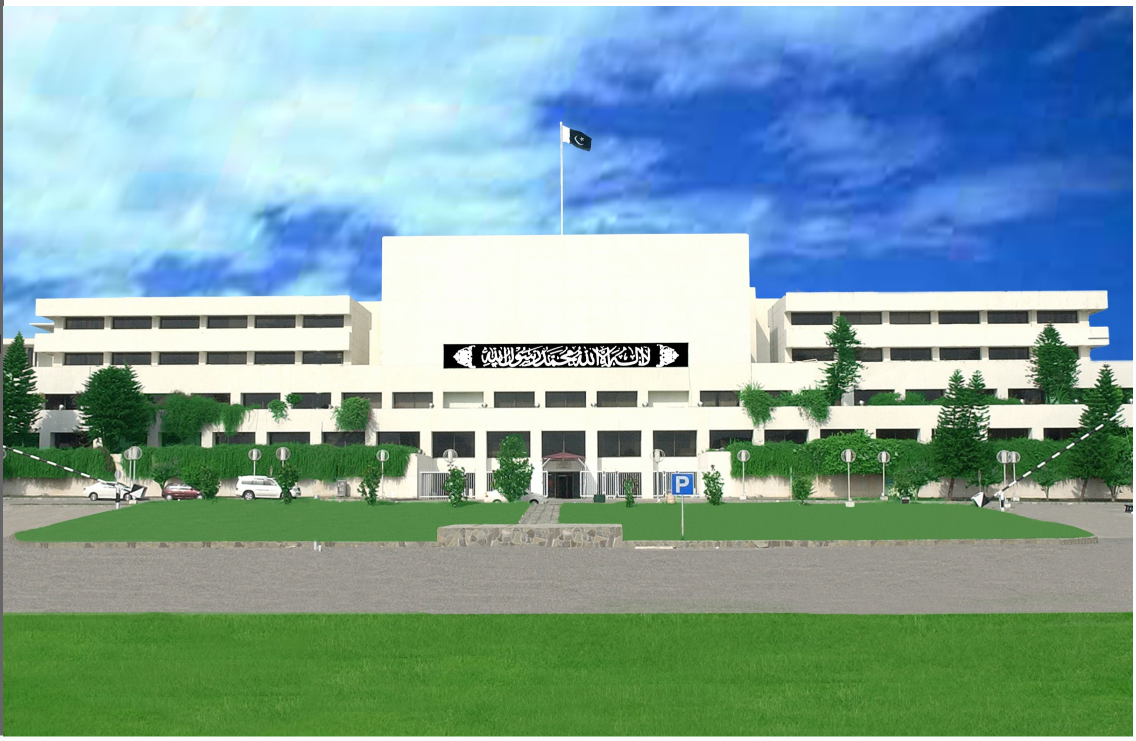
# Editorial

The Pakistan Institute for Parliamentary Services celebrates over 50th consecutive monthly publication of its Parliamentary Research Digest that commenced in January, 2014 covering proactively the issues at hand on legislative agenda of the legislatures.

This issue of PIPS Parliamentary Research Digest carries the text of key note speech by renowned human rights activist Mr I.A Rehman on Business and Human Rights as a recent roundtable at PIPS. It includes a comprehensive opinion piece on Gwadar Port – challenges and opportunities as well as a compilation of salient features of the Budget Strategy paper 2018-19, 2020-21 approved by the Cabinet and the Economic Survey 2017-18. Meanwhile Institute has continued its budget services to Honourable MPs in shape of Budget Briefs in April, 2018 that will continue during the budget session at the Parliament.

For any economy or budget related analysis or research on any topic that you want PIPS to send you research/briefing papers, please contact us at research@pips.gov.pk.
Happy Reading!

**Muhammad Rashid Mafzool Zaka**
D.G (Research and Legislation)



PARLIAMENTARY BUSINESS

## NATIONAL ASSEMBLY OF PAKISTAN

# RESOLUTION

11-04-18

"The National Assembly of Pakistan strongly condemns the recent atrocities perpetrated on innocent Kashmiris by Indian Security forces in Indian Occupied Jammu and Kashmir, including brutal killings of more than 20 persons, indiscriminate shooting and beating causing injuries to over 100 persons, gross human rights violations and restrictions on the freedom of expression including mass and social media in the Indian Occupied Kashmir (IOK).

This House salutes, and expresses complete solidarity with, the brave people of Indian Occupied Kashmir in their popular, spontaneous and peaceful protests against the illegal occupation by India and killing of innocent Kashmiris. It reiterates its continuing political, moral and diplomatic support for this just struggle.

This House denounces these reprehensible acts of unprecedented State Terrorism by India. It is confident that these blatant violations of international law cannot deter valiant, oppressed people of Jammu and Kashmir from continuing to press their demand for realization of their right to self-determination, which is enshrined in numerous United Nations Security Council Resolutions.

This House calls upon the Government to urge the international community, inter-governmental and inter-parliamentary organizations, international non-governmental organizations and civil society and media organizations to urge the Government of India immediately;

1) Stop all violations of the human rights of the people in Indian Occupied Kashmir and acts of state terrorism;
2) Repeal all black laws like Armed Forces (Jammu and Kashmir) Special Powers Acts, 1990, Jammu and Kashmir Public Safety Act 1978 and others which are repugnant to fundamental rights and human dignity;
3) Release all political prisoners, including Hurriyat leadership;
4) Lift all restrictions on the media and stop intimidation and harassment of journalists;
5) Implement United Nations Security Council Resolutions promising the right of self-determination to the people of Jammu and Kashmir; and
6) This House also demands that the Human Rights Council in Geneva should be requested to immediately send a fact finding mission to Indian Occupied Kashmir to investigate Human Rights violations by Indian Security Forces.

This House demands that: -

The United Nations take immediate cognizance of the escalating violence and violations of international human rights law and international humanitarian law by Indian forces in Indian Occupied Kashmir;

The United Nations Security Council insists on the return of United Nations Military Observer Group of India and Pakistan into Indian Occupied Kashmir till the holding of the plebiscite."

Sd/-
**Ch. Muhammad Barjees Tahir,**
Minister for Kashmir Affairs and Gilgit-Baltistan

**OPINION**

## The Corporate Duty to Respect Human Rights

**I. A. Rehman**[1]

The first pillar of the guiding principles, namely, the state's duty to protect against human rights abuses by third parties including businesses, was the subject of a consultation jointly organized, like the present one, by Oxfam and Pakistan Institute of Parliamentary Services some time ago. The second pillar of the guiding principles aims to ensure that business enterprises duly respect human rights in accordance with the standards that have been defined by the United Nations on the basis of a study by an independent scholar of repute and the third and final pillar of the Guide liners, Remedy, that is human rights abuse victims' access to redress, judicial as well as non-judicial.

The scope of our discussion is extremely wide. It covers almost the entire economy, that is, public sector undertakings and the informal sector as well as the private sector businesses, the employers have to meet their obligations to respect human rights whether they are in the public sector whether they are in the private sector and the employees have their rights regardless of who their employers are.

The theme of corporate duty to respect human rights enjoys extraordinary importance in the scheme of the UN Guiding Principles for two main reasons. First, even if the state fulfills its duty to protect human rights, the burden of complying with the laws, rules, regulations and policies devised by the state will fall on the corporate sector, especially on enterprises that are engaged in selling their goods in the country or employ labour to produce goods and commodities for consumption at home or export to foreign markets. Secondly, the responsibility of the corporate sector is independent of the state's success or failure to protect human rights, That means that even where the state does not create an adequate framework for the protection of human rights, business enterprises must do so on their own.

**The very first question before us is: What does respect for human rights mean in the context of business and workplace?**

The responsibilities of the corporate sector fall in several categories: responsibilities to the community, responsibilities to consumers and responsibilities to employees.

a) **Responsibilities to the Community:**

Responsibilities to the community include avoidance of projects that will adversely affect the country's economic agenda or its ecology or destroy renewable resources or interfere with the people's right to preserve their heritage. They also include paying due respect to the laws applicable to business and industry. Now the principle of social responsibility of all enterprises has been universally accepted. This means that businesses should generally promote the wellbeing of the community amidst whom they operate. The forms such initiatives take vary

[1] Text of Keynote speech at PIPS Roundtable on Business and Human Rights (April 20, 2018).

from establishing educational and health facilities to afforestation and clean water supply projects.

**b) Responsibilities to the Customers:**

The responsibilities to the consumers include avoidance of production and distribution of goods, especially food items, that can be injurious to consumers' health or which can cause death. In a country where adulteration of food items is an extremely serious matter, it is absolutely essential to inform the consumers what they are buying and what the ingredients of a packed item are.

**c) Responsibilities to Employees:**

The responsibilities to employees include paying due respect to a wide range of their human rights.

Most of the human rights recognised by the international community are included in the fundamental rights chapter of the constitution of Pakistan. These rights and the duty of businesses to respect them can be summed up as follows;

- **The right to life and liberty (Article 9 of the constitution):** Respect for this right demands that nobody should be asked to do anything that poses a direct threat to his / her life and if anyone has to undertake hazardous work he is fully armed with safety equipment, that the shop/ factory environment does not endanger a workman's life, and that in the event of an accident in which the victim's life is threatened, arrangements for his prompt transfer to a hospital equipped to deal with all emergencies are always in place. Respect for this right also means that nobody is given a job at the cost of his liberty.
- **Bar against slavery, etc**: Article 11 forbids slavery and slavery-like practices, forced labour, trafficking in human beings and employment of children under 14 in a factory or for any hazardous work. The enforcement of these rights is primarily the duty of the state but the corporate sector can promote respect for them by incorporating the relevant safeguards in their employment policies and operational manuals.
- **Dignity of person:** Article 14 (1) confers on the people the only right they have in absolute terms-- the right to dignity of person. Respect for this right demands a total ban on any form of violence on any employee in a shop or in a factory and effective remedy for the victims of violations.
- **Protection against torture:** Article 14 (2) offers limited protection against torture but the subject is fully covered by the Convention against Torture that Pakistan has ratified. The corporate sector will earn a lot of goodwill, especially among its employees, if it joins the civil society in persuading the government to carry out legislation to ensure due compliance with the Convention against Torture.

  While on this point mention may also be made of the Protection Against Sexual Harassment at Workplace Act. A large number of private sector employers have already decided to implement this law and universal adherence to it in the country will reassure the employees, especially women workers.
- **Right to form associations and trade unions:** One of the most significant rights guaranteed to labour is the right to form associations offered under Article 17. The

employers who derive satisfaction from the erosion of the right to form trade unions are no friends of labour nor are they their own best friends. They will do well to respect the trade unions' rights as this will help them raise productivity and reap higher profits.

- **Protection against discrimination:** Article 25 prohibits discrimination on the basis of sex. It envisages an end to all forms of discrimination against women's employment and acceptance of the principle of equal wage for equal work.

Another way of enumerating the human rights that business enterprises should respect is to take a look at the conventions a country must respect in order to qualify for GSP Plus status and to retain it. The benefits that accrue to Pakistan from this agreement with the European Union cannot be exaggerated. Pakistan has recently won a two-year extension in GSP Plus status and its economic progress depends to a considerable extent on meeting the conditions laid down by the EU.
The human rights instruments listed in the GSP Plus agreement are:

i. International Covenant on Civil and Political Rights. The relevant articles have been taken from the constitution of Pakistan.
ii. International Covenant on Economic, Social and Cultural Rights, This covenant elaborates labour's rights to unionize, a proper wage and leisure, already noted above.
iii. International Convention on the Elimination of All Forms of Racial Discrimination, This instrument was ratified by Pakistan in the 1960s and Islamabad maintains that there is no racial discrimination in the country. However, it is necessary to keep a strict watch on the terms of employment of low caste Hindus in agriculture and the brick-kiln industry to avoid the charge of discrimination against them.
iv. The Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW). Much needs to be done to implement this convention but the need to avoid discrimination against female workers has already been noted.
v. Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment. The need to make domestic legislation to ensure compliance with the provisions of this convention has been noted above.
vi. Convention on the Rights of the Child. Although some of the rights of the child are protected under the constitution and specific laws, there is need for more legislation to claim full compliance.
vii. Convention on the Prevention and Punishment of the Crime of Genocide. Pakistan is yet to take this convention seriously.

In addition to the seven human rights instruments described above, Pakistan is required to implement eight ILO conventions which should also be treated as human rights instruments, and these are:

i. ILO Convention 138 on the minimum age for employment: Pakistan needs to meet the criticism that different laws mention different minimum ages for employment.
ii. Convention 182 on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour: The government and the corporate sector have to join

hands to ensure compliance with the convention that has been ratified by the largest number of states.

iii. Convention 105 on abolition of forced labour: Business enterprises must avoid employing bonded labour such as we find working in agriculture and at brick-kilns, otherwise they will come into conflict with the Bonded Labour System (Abolition) Act.
iv. Convention 29 on forced compulsory labour.
v. Convention 100 on equal remuneration for men and women for work of equal value. The principle of equal wage for equal work we have discussed earlier.
vi. Convention 111 on discrimination in respect of employment and occupation --- to reinforce the bar to discrimination on any ground.
vii. Convention 87 on freedom of association and protection of the right to organize. One of labour's most fundamental rights that must be respected by all employers as discussed above.
viii. Convention 98 on the application of the right to organise and to bargain collectively: Another convention that provides for collective bargaining by organizations of employees and employers for mutual good, maximum output and avoidance of conflict.

Taken together these seven human rights instruments and eight ILO Conventions can create a tension free environment for all parties concerned.

A few words about foreign- owned enterprises and transnational business houses will not be out of place here, especially in view of widespread complaints that these companies have created chains of sweat shops in developing countries where low-paid labour is exploited to increase profits in the home market as well as on the global level.

Pakistan's concern on this subject can be gauged from the fact that during a decade between 2004 and 2014 it supported six resolutions on business and human rights, two of them adopted by the Commission on Human Rights and four passed by the Human Rights Council.

The first of these resolutions (2004) was of basic importance as it dealt with the responsibilities of transnational corporations and related business enterprises with regard to human rights. The second resolution (2005) concerned the same theme but also defined the mandate of the Special Representative of the UN Secretary-General to study the matter. The third resolution (2008) was about the mandate referred to above. The fourth (2011) resolution dealt with the special representative's report, The fifth resolution (2012) took the debate forward by discussing the contribution of the United Nations system to the advancement of the business and human rights agenda and the dissemination and implementation of the Guiding Principles on Human Rights . Finally the sixth resolution (2014) summed up the nexus between human rights and transnational corporations and business enterprises.

The duties of the corporate sector to respect the human rights of workers, consumers and the community at large detailed in the preceding paragraphs including businesses social responsibility to the community, apply to transnational / multinational corporations as well and they have some additional responsibilities too. For example one of the points emphasized during the debates at the UN related to transnational companies' responsibility to ensure that their operations did not harm the national economy of the host country. This harm can take the form of over exploitation of natural resources such as exploitation of Brazil's timber resources, for instance.

The second important requirement is payment of due respect for the host country's labour laws. The multinational corporations are often keen to secure guarantees that their activities will not be subject to national labour laws. This is not a fair demand as no country should like to leave its citizens unprotected against exploitation, or even unfair practices, by employers. The MNCs' desire to avoid loss of resources or man-hours caused by differences or disputes with the employees is understandable but their legitimate concerns can be met through productivity agreements with labour. An example worth mentioning is an agreement a US firm and a textile mill in Faisalabad had for the production of cloth for draperies.

The ILO has issued a Tripartite Declaration of Principles concerning multinational enterprise and social policy. Compliance with it by both employers and employees will increase productivity and also ensure a tension-free work environment. The employers and employees will do well to jointly try to persuade the government to hold tripartite consultations on yearly basis.

It is also necessary that the labour should be paid a fair wage, with provision for incremental increase in it and that women worker, if any, should be entitled to equal wage for equal work.The employers and employees both should cooperate with one another to ensure fullest possible compliance with ILO's tripartite Declaration of Principles concerning multinational enterprises and social justice.

Now let me briefly refer to **Pillar III of the UN Guiding Principles, namely, Greater access by victims to effective remedy, judicial and non-judicial.**

The whole scheme of ensuring that businesses duly defend and promote human rights will become meaningless if adequate remedy is not provided to victims of violations. It is the duty of State to ensure that both employers and employees have access to effective remedy for human rights violations through legislative, judicial, or administrative means.The state-based judicial mechanism will demand efficient machinery for settlement of grievances, that is, labour courts and appellate tribunals. These institutions must be helped with clear laws and adequate human and financial resources to be able to resolve matters expeditiously.

The non-judicial mechanisms supported by states can take the form of contractual obligations both employers and employees must be made to assume within the employment deeds.
Due attention also needs to be paid to non-state non-judicial mechanisms. Compliance with human rights along with remedies for human rights abuse could be inscribed in appointment letters and the process of remedy clearly outlined.
To be effective, all non-judicial redress mechanisms, state- based or non-state based, must be;1) Legitimate; 2) Accessible ; 3) Predictable; 4) Equitable; 5) Transparent ; 6) Compatible with rights; and 7) should facilitate continuous upgrading.

**OPINION**

# Gwadar Port: Challenges and Opportunities

**Mr. Asif Abro**
PIPS PRC Associate, Provincial Assembly of Balochistan, Quetta

## Abstract

*Gwadar Seaport has assumed an important place not only in the region but also on the international front. This increase of the importance is solely because of China Pakistan Economic Corridor (CPEC). The Chinese vision of one belt one road and more importantly its strategic cum economic dividend would only materialize if Gwadar evolves into a proactive trade and economic hub in the Region. In this context, it is heartening that federal budget 2018-19 allocates substantial funds for development of Gwadar port as well as CPEC. In near future, the port will be the junction of regional connectivity as well as hub of regional and international trade and businesses. The port provides avenue of development and prosperity not only to whole of Pakistan but also for the region. The dividends of port are not limited to Pakistan; the whole region will be benefited.*

## Introduction

After the division of the Indian subcontinent into two sovereign states, areas except Gwadar and its surroundings joined the Balochistan States Union, as part of Makran state. In October 1955, Makran was given the status of a district of former West Pakistan province after its accession to Pakistan. In 1958, Gwadar and its surrounding area were reverted back from Maskat to Pakistan and were made a tehsil of Makran district. On 1st July 1970, when one unit was dissolved and Balochistan gained the status of a province, Makran became one of its 8 districts. On 1st July 1977, Makran was declared a division and was divided into three districts, named Panjgur, Turbat (renamed Kech) and Gwadar. Gwadar was notified as a district on July 1, 1977 with its headquarters at Gwadar town.[2] Basically Gwadar was a small fishing city.

In 1954, United State geological survey identified Gwadar as suitable place for sea port with less financial spending. In 1964, Government of Pakistan planned to establish Gwadar sea port. Simultaneously, government planned to build two new sea ports: Gwadar and Port Qasim to reduce financial and naval dependency on Karachi port. Later it, in 1993, a technical and financial study was conducted to develop the Gwadar port. The study proved the geo-strategic and trade importance of small fishing town, Gawdar.[3] The Gwadar port is warm water and deep sea port, situated on mouth of Persian Gulf, strait of Hurmoz.

The port's construction started in 2002 with the financial and technical assistance of China; its first phase completed in 2006. In 2007, the then President Pervez Musharraf inaugurated the port. The management of port was given to Port Singapore Authority (PSA). From 2007 to 2012

2 "Gwadar District." Government of Balochistan. Accessed February 17, 2018. http://www.balochistan.gov.pk/index.php?option=com_content&view=article&id=819&Itemid=1105
3 Khetran, Mir Sherbaz. "The Potential and Prospects of Gwadar Port." Institute of Strategic Studies, Islamabad.: 70-89. Accessed February 17, 2018

management remained with this authority, but due to its poor performance in 2013, the management was given to new authority, China Overseas Port Holding Company. The new management accelerated the pace of development and made the port functional. Furthermore, the other mega projects are under construction.[4] Dr. Hafeez Jamali in his working paper, the anxiety of development: megaprojects and the politics of place in Gwadar says, US$ 248 million were spent of first phase of port, for second phase the policymakers planned to spend more US$ 524 million. Besides this, Asian Development Bank also promised US$ 500 million for road infrastructure from Gawadr to Afghanistan and Central Asia. He further writes that, the total estimate of port is 1.16 to 1.60 US$ billion, with the setting up of Free Trade Zones, Export Processing Plants and Industrial Estate. Authorities expect that the port would be terminal to transport oil and gas from Central Asia and transitional port hub for maritime commerce passing through in Indian Ocean.[5]

**PORT PROFILE**

**CURRENT PORT INFRASTRUCTURE**

3 -multipurpose berths - each 200 meters long.
1 -RO-RO facility
1-100 meter service berth
4.7 km long approach channel dredged to 14.4 m at outer channel, 13.8 m at inner channel /turning basin and 14.5 m depth alongside berth.
Outer channel is-206 m and inner channel width in 155m
Turning Basin 595 m diameter
The port, currently, has the capacity to handle 50,000 DWT bulk carriers @ 12.5 meter maximum depth.

| **CURRENT PORT FACILITIES** | |
|---|---|
| **Port Area** | 64,000 sq-m |
| **Container stacking area** | 48,278 sq-m |
| **Reefer Cargo space** | (400 points)367sq-m |
| **Empty container stacking area** | 6,875 sq-m |
| **Storage yard** | 28,669 sq-m |
| **Transit shed** | 3,750 sq-m |
| **Hazardous cargo storage yard** | 1,800 sq-m |
| **Control tower (foot print only)** | 1,536 sq-m |
| **Buoy yard** | 1,500 sq-m |
| **Generator building** | 593 sq-m |
| **Maintenance workshop (general) Â Â Â Â** | 1,440 sq-m |
| **Vehicles Servicing Garage** | 450 sq-m |
| **Security building** | 65 sq-m |
| **Common offices for GPA, Customs,** | Immigration Several floors, per floor: 4 ,144 sq-m |
| **Mosque** | 324 sq-m |
| **Operations office and canteen. Per floor: Â Â Â Â** | 1,742 sq-m |
| **Lorry car park** | 1,125 sq-m |
| **Future development area** | 118,575 sq-m |
| **Oil recovery system** | 1 complete set |
| **Communication** | |
| **VHF/DSC including INMARSAT-B** | Complete system |

[4] Ajaz, Aymen. "Significance of Gwadar Port." Islamabad Policy Research Institute. August 15, 2015. Accessed February 27, 2018. http://www.ipripak.org/significance-of-gwadar-port/.
[5] Jamali, Hafeez. "The Anxiety of Development: Megaprojects and the Politics of Place in Gwadar, Pakistan." *Cross Road Asia*, January 2013. Accessed February 27, 2018.

***Crafts and vessels***

- 2 - Tug boats (each 2400 HP)
- 1 -Survey boat
- 1- Working boat
- 1 -Mooring boat

2 -Pilot boats

**CRANES AND YARD EQUIPMENT**

5 - Rail-mounted Cranes

a. 2 x 40 tons- 40 m
b. 1 x 16 tons- 33 m
c. 2 x 10 tons-33 cranes

- 2 - 40 tons RTGS
- 2 -10 tons mobile cranes
- Refrigeration Container Sockets- 400 in No.
- Power House Main Generators 03 Nos. (1.5 WM each)
- Power House Emergency Generator (116 KW)
- 12 Fork lift trucks with rated lifting capacity 5 tons.
- 2 Containers reach stackers, capacity 40 tons
- 6 Container tractors, capacity 100 kN.
- 4 Container semi-trailers, carrying one 40' container or two 20' containers
- 4 25 t flat trucks
- 4 10 t flat trucks
- 8 Hoppers, 6 m x 6 m
- 8 Mobile bagging plants, capacity 50 t/h
- 12 Fork lift trucks, capacity 5 t
- 2 Weighing bridges, capacity 80 t
- 2 Fire tender
- 1 Sweeping Vehicle
- 1 Garbage Truck
- Oil Tanker

DESALINATION PLANT

A desalination plant has been set-up at Gwadar Port to supply 100,000 gallons/day of drinking water to ships calling Gwadar Port.[6]

## Significance of Port

With the changing dynamics of sea politics and the geostrategic and economic importance in 21st century increase the significance of Gwadar port many fold. The Gwadar port is third important port of Pakistan. The port is situated at important junction of sea route. The most of the oil and trade ships pass by port. The port would connect the three regions: Central Asia, South Asia and Middle East. Gwadar port will bring economic prosperity for Pakistan and the region. The port has geostrategic and economic significance for Pakistan.[7]

## Geostrategic significance

[6] "Port Profile." Gwadar Port Authority. Accessed February 27, 2018. http://www.gwadarport.gov.pk/portprofile.aspx.

[7] Ajaz, Aymen. "Significance of Gwadar Port." Islamabad Policy Research Institute. August 15, 2015. Accessed February 27, 2018. http://www.ipripak.org/significance-of-gwadar-port/.

The Gwadar port is located at crossroad of three important regions: South Asia, Central asia and Middle East. The port will prove as gate way to Central Asian region. The region is rich in natural resources and mineral. The Central Asia region has an area of 1.6 million square miles. Total oil reserves of the Caspian Sea region are estimated at above 200 billion barrels. Currently total production is 1 million barrel per day. It is estimated that this could reach 3.4 million barrel per day by the year 2012, assuming the increased demand of oil in the world markets. On the other hand, total gas reserves are over 3,000 billion cubic meters. Natural gas reserves in the Caspian Region are even larger than the region's oil reserves. Having many fortunes of natural resources, on other hand it is landlocked region. The Gwadar port is warm water port. The region can use Gwadar port for its export and the corridor of energy transportation.

Mostly world's natural energy is found in Middle East and Central Asia. China and India have great population and growing economies of the world. These two countries want effective, safe and rapid supply of energy for their industrial growth. The port due to it geostrategic location offers the shortest route of energy from Central Asia to these two giants of region.[8] Ajaz Aymen writes in his article for Islamabad Policy Research Institute, that through Gwadar port Pakistan can monitor the Sea Line of Communication; it will also give the Pakistan leverage vis-à-vis India, the port is the is far from the reach of India as compared to two old ports of Pakistan.[9]

Dr Shabbir Ahmed Khan illustrates in his research article that, along with Pakistan, China would be the main beneficiary of Gwadar port. China is a large country; its western areas are far away from the sea shores. The Chinese authorities have planned to develop the western areas of country. The Xinjiang province of China is adjacent with Pakistan. As per her rapid growth China needs uninterrupted and rapid supply of energy. Keeping in this view China will establish save and short energy supply route. China will build oil refinery and pipe line from Gwadar to western part of China. The pipe line will transport Persian Gulf's and African oil to western part of china. The pipe line will reduce the distance of hundreds of kilometers and will expedite the development of region. He further says, the distance from Shanghai Port to Gwadar and Persian Gulf via Indian Ocean is 10,000 km. It is evident that trade and energy transport from Persian Gulf and East-African States via Gwadar through Pakistan will reduce the distance of about 15000 km to a distance of just 2500 km. The route is cost effective and safe for trade. Now the Chinese oil tankers reach in 20 days from Western China to in Gulf. After completion of rail-road network through Pakistan, the oil tankers will reach in 48 hours in, right in mouth of Gulf, Gwadar.[10]

### Economic significance

Ammad Hassan, identifies the economic significance of Gwadar port that, economy is the imperative element of building a strong nation. Maritime sector plays very important role in

---

[8] Alamgir, Muhammad . "Strategic Importance of Gwadar Port for Pakistan." International Relations. Accessed February 28, 2018. https://muhammadalamgir.wordpress.com/2011/09/16/strategic-importance-of-gwadar-port-for-pakistan/.

[9] Ajaz, Aymen. "Significance of Gwadar Port." Islamabad Policy Research Institute. August 15, 2015. Accessed February 27, 2018. http://www.ipripak.org/significance-of-gwadar-port/.

[10] Khan, Shabbir Ahmed, Dr. "Geo-Economic Imperatives of Gwadar Sea Port and Kashgar Economic Zone for Pakistan and China." *IPRI Journal*, Spring, XIII, no. 03, 87 -100.

economy and more than 95% trade of Pakistan carried out through sea route. It is worth noting that for a majority of the world's top economies, sea-borne exports alone make up over 10 percent of the national income. Hong Kong's port contributed over 20 percent of the country's total 161.5 Billion Dollar GDP in 2002, and Dubai's trade was 16.5 percent of a $20 billion economy. The corridor entertains the 15-20 million tons fright annually worth of almost US$ 10 billion trade and Gwadar port is suitably located to attract this trade. These frights provide opportunities of revenue generation and toll tax. The flow of 10-15 million tons of Central Asian trade would generate millions of dollars per year in taxes and services. According to World Bank study, the service sector of Gwadar port can generate the $60 million annually. The Gwadar port will open the new avenues of foreign investment, job opportunities, development of coastal region, and enhancement of regional trade and industrialization of the area.[11]

**China Pakistan Economic Corridor**

Massarrat Abid and Ayesha Ashfaq write that, "One Belt One Road concept has international strategic importance. The One Belt One Road initiative covers countries and regions with a total population of 4.4 billion and a total economic volume of US$ 21 trillion, 63 percent and 29 percent respectively of the World's total. The mega project has three routes: Northern, Central and Southern routes. China Pakistan Economic Corridor (CPEC) is the southern route of ambitious project of One Belt One Road (OBOR). This route moves from Western China via Khunjrab and connects the western part of china with the Gwadar port in Arabian Sea. CPEC is an under-construction mega-project which will achieve the political and economic objectives through trade and development and will also strengthen the economic and trade cooperation between the two countries. This corridor will also be helpful in creating regional stability in South Asia. The Gwadar port is central point of One Belt One Road initiative and the China Pakistan Economic Corridor; without making port fully functional the OBOR and CPEC don't have any significance. China Pakistan Economic Corridor is consisting of road network, railway lines, energy projects and economic zones.[12]

In transport sector CPEC will play very important role. The Government has approved mega road and railway projects worth of $ 12 billion related to the China-Pakistan Economic Corridor. According to the Ministry of Planning and Development of Pakistan, $ 3.5 billion has been allocated for the construction of the Raikot- Islamabad motorway section, $ 6 billion for the construction of the Lahore-Karachi motorway and $1.6 billion has been allocated for the Metro Train Project (orange line) in Lahore. These mega-projects will open new job opportunities for the local communities and the infrastructure of the country will improve. The construction and up-gradation of railway is the part of CPEC. The government has allocated $ 7.89 billion for railway. The amount of $ 3.65 billion has been allocated for the up-gradation of the existing railway track from Karachi to Peshawar (ML-1). A new track would be constructed from Gwadar to Jacobabad via Besima and Khuzdar at the cost of $ 4.2 billion. China is taking interest in the

[11] Hassan, Ammad. *Pakistan's Gwadar port prospects of economic revival*. Monterey, Calafornia: Dudly Knox Library , 2006. PDF.
[12] Abid, Massarrat Abid, and Ayesha Ashfaq. "CPEC: Challenges and Opportunities for Pakistan." *Pakistan Vision*16, no. 2, 142-69. Accessed March 4, 2018.

development of the China-Pakistan Economic Corridor to use Gwadar Port for commercial purposes. [13]
In energy sector Government of Pakistan has allocated huge funds for energy projects worth $ 20.2 billion including $ 500 million for the construction of the Power Park infrastructure at Gadani, $ 700 million for Jetty for coal supply to 10 x 660 MW coal-based power stations at the Power Park Gadani, $ 1.85 billion for the construction of 2x660 MW coal power stations by Genco Holding Company at Gadani, $ 1.440 billion has been allocated for developing a new transmission line for evacuation from the Power Park Gadani and Thar Block-2, $ 13.339 for the construction of Diamer Basha Dam Project, $ 788 million for the Sindh-Engro Coal Mining (SECMC) Open Pit Mining project and $ 1.6 billion for 2 x 660 MW coal power projects by the Government of Punjab at Sahiwal.[14]

**Opportunities of port:**

- **Trade.** The development of the Gwadar port will play an incentive role in changing the economic destiny of the country in general, and the Balochistan province in particular. Large volumes of trade are expected after the establishment of industries at Gwadar and the surrounding area. The government has already planned an Export Processing Zone, declaring it as a Tax Free Zone. With the completion of a coastal highway, a sizable volume of trade from Pakistan's other industrial areas is also likely to flow through the Gwadar port, especially while both existing ports are reaching their capacity to meet the needs of domestic trade.
- **National revenue.** Being the only commercial port at Karachi, around 70 per cent of national revenue comes from Karachi for the past many years. In the long run, Gwadar Port is likely to earn enormous revenues for the country by providing transit and trans-shipment facilities to a number of countries. This would transform the composition of national revenue.
- **The Regional Connectivity.** As mentioned earlier, it is the shortest and the most feasible route to sea for Afghanistan and most Central Asia countries, and for parts of Russia, especially during winter when most of its ports are closed. However, it seems that Gwadar has become a crucial route for China under the developing geo-political situation. China is world's largest economy in terms of purchasing power parity. A portion of China‟s transit trade through Gwadar-Kashghar corridor could generate substantial economic activity for the whole of Pakistan, Balochistan and the region. The port connects three important regions of world: South Asia, Central Asia and Middle East. The port will be the junction of these regions.
- **Central Asia potential user.** Due to close geographical proximity, the region will be the potential users of the Gwadar port. The present total foreign trade of the area is estimated to be $20 billion, with $12 billion of exports. The total international trade of the region in terms of weight and volume is approximately 80 million tons. All kinds of consumer goods, electronic items and garments are imported by these countries, which ought to flow through

[13] Khetran, Mir Sherbaz. "The Potential and Prospects of Gwadar Port." Institute of Strategic Studies, Islamabad.: 70-89. Accessed March 4. 2018.
[14] ibid

a seaport. Whereas exports, which could find their way through the Gwadar port, include cotton, metal ores, machinery, gas and oil. The road distance from Kushka in Turkmenistan to Gwadar is only twelve hundred kilometers; whereas, the nearest Black Sea port of Odessa in the Ukraine is approximately three thousand and four hundred kilometers away from Central Asian States. Therefore, Gwadar is the most viable option available with the CARs.

- **Natural resources.** Balochistan is full of natural resources but their exploration is being awaited. Its large gas reservoirs, potential oil reserves and precious materials have attracted international attention. Investors are showing keen interest in its development process. The subsoil holds a substantial portion of Pakistan's energy and mineral resources, accounting for 36 per cent of its total gas production. It also holds large quantities of coal, gold, copper, silver, platinum, aluminum, and uranium. There is an estimated stock of 200 million tons of iron and 217 million tons of coal. In Saindak, gold and copper mines are estimated to contain reserves of up to 412 million tons. Similarly, Reko Diq contains 5.9 billion tons of copper and gold.
- **Exclusive economic zone.** The construction of Gwadar Port and requisite infrastructure linking it with the rest of the province and beyond will provide an easy access for those minerals. In addition, Balochistan also offers a vast exclusive economic zone spread over an area of approximately 180,000 sq km. A modern port and supporting infrastructure are required to exploit the full potential of this important resource as well. The first special exclusive economic zone of CPEC is being developed in Gwadar city, and the Gwadar Port Authority has completed land acquisition process for the economic zone. With the establishment of the exclusive economic zone, exports and imports will enhance significantly. In tandem with the exclusive economic zone, the Chinese company will also establish a large exhibition centre adjacent to the port for display of Chinese and Pakistani products. This will be the first exclusive economic zone in Pakistan, spread over an area of 9.23 sq km. adjacent to the Gwadar port.

**Challenges to port**

- **Terrorism**: Main challenge is related to terrorism, and increasing insurgency in Afghanistan. It may disrupt the work because the Tehrik-e-Taliban Pakistan (TTP) is still active despite the Zarb-i-Azb operations. Though it is divided into small groups, terrorists could target military personnel, labourers and engineers working in the area. Similarly, on the Chinese side, the East Turkistan Islamic Movement (ETIM) in Xinjiang may also create problems for the land-route economic activities.
- **Foreign involvement**: Another challenge to the economic corridor may be the external elements actively supporting and funding the Baloch militant organizations in Pakistan. The Government of Pakistan has raised this issue with the neighboring countries in order to weed out the insurgency. China and Pakistan have agreed to work together to counter insurgency and terrorism, and have agreed upon a joint security mechanism for the Chinese workers in Pakistan.
- **Security:** The most obvious of the challenges to the functioning of Gwadar Port could be that of security. Unfortunately some people with vested interests have tried to exaggerate apprehensions about the security situation in Gwadar. It is, therefore, vital that such

elements are controlled and security of the entire corridor is ensured. The best way to achieve this goal would be to keep the local population on board in the decision making and implementation process and let the signs of progress be visible to general population. Without the full-fledged support of the locals, it would be naive to believe that such an extensive project could be implemented successfully.

- **Topographical Conditions**: Another issue that may create a hurdle in the construction of the oil pipeline is the high altitude as the pipeline will be crossing an area which is 15,000 feet above the sea level. Technical complexities would remain there due to high elevation, but the Chinese have experience of constructing natural gas pipelines from Central Asian republics to China. China would therefore be able to construct the energy pipeline via Gwadar. This project would bring more benefits for the Chinese economy, for instance, it would decrease the dependency on oil transportation through Indian Ocean via the Strait of Malacca.
- **Concerns of local population**: The demographic changes are already identified in the region. According to the estimates of the Gwadar Development Authority (GDA), around 1.7 million people would move to Gwadar within a span of thirty years. This potential demographic change has created sense of insecurity in Baloch population of Gwadar. The local population shows concerns that the immigrants will outnumber the local population and will dominate the area and the political sphere of area.
- **Competitor ports:** The Gwadar port has it competitor ports in region: Rashid and al Jabel in Dubai; Salalah in Oman; Chahbar in Iran. The Chahbar port seems close competitor of Gwadar port. The Iranian port is developed with assistance of India. In recent days, during Iranian President's visit to India, President handed over functions of port to India. This move indicates the malicious intention of India. The arch enemy will try his level best to sabotage the Gwadar port.

**Conclusion**

Gwadar port has amount of significance for Pakistan. It could be the source of development, prosperity and wellbeing of people of Pakistan particularly for Balochistan. It enhances country's geostrategic importance at regional and international level. Port also offers many economic incentives and opportunities. Gwadar Port is the crown jewel of the ongoing ambitious project CPEC and is considered as life line of this mega project. Without fully functioning of port the CPEC would not be materialized. The port is regional economic hub, central point of energy corridor and cornerstone of strategic importance for Pakistan and China. The port has many opportunities for Pakistan, China and for whole of the region. Now, it is responsibility of all stakeholders to get benefit of offered opportunities and make port beneficial for all. Port can face number of challenges which need to be addressed by all stakeholders. Terrorism and security threats must be neutralized by regional powers.

On Pakistan's side, state must resolve the security issues as a whole within its territories and especially in Balochistan. The state authorities must keep in mind the lessons of history they experienced in the case of Balochistan, as they responded militarily and politically while ignoring the social conditions of the people of Balochistan. Now it's the time to address the grievances of the people of Balochistan by initiating the projects of social uplift.

**PARLIMENTARY BUSINESS**

## Salient Features of Federal Budget 2018-19

**Muhammad Faisal Israr,**
Adjunct Faculty, PIPS Economy and Budget Desk

PMLN Government presented its sixth annual federal budget for the FY 2018-19 in the National Assembly of Pakistan on April 27th, 2018. Macroeconomic indicators and salient features are presented as under:

***MACRO ECONOMIC INDICATORS***

| | *FY18R* | *FY19B* | *FY20F* |
|---|---|---|---|
| *Real GDP growth (%)* | *5.8* | *6.2* | *6.5* |
| *Inflation (%)* | *4.5* | *6.0* | *6.0* |
| *Total revenue (% of GDP)* | *16.0* | *16.3* | *16.4* |
| *Total expenditure (% of GDP)* | *21.5* | *21.2* | *21.1* |
| *Fiscal balance (% of GDP)* | *-5.5* | *-4.9* | *-4.7* |

***SALIENT FIRST IMPRESSIONS:***

1. Total current expenditure for 2018-19 at PKR4.1trn vs PKR 3.8trn last yr
2. Total expenditure for 2018-19 at Rs5.9trn vs Rs 5.1trn last yr
3. GDP target 6.2% for this year
4. Defence budget at PKR 1.1trn vs 0.9trn last year
5. Tax target at PKR 4.4trn vs. PKR 4.3trn last yr
6. Fiscal deficit this year will be only 5.5%
7. Inflation target set at 6%
8. PKR25bn for education
9. Individuals income exempted upto 12 lacs; Tax on individual income from Rs 12 lacs per annum and above will be taxed as per slab which has been decreased.
10. Benazir Income Support Programme BISP at PKR 125bn
11. Data mining introduced for new tax payers search.
12. Remittance upto One lac dollar exempt, above this will be investigated.
13. Immoveable assets undeclared the government within six months can purchase by double price to the declarant if not proper.
14. FBR rate for property valuation abolished.
15. Filer tax rate 1% against property sale and purchase.
16. GST exemptions same as per last year.
17. Exports refund will be paid within 12 months 1/7/2018
18. Corporate tax decreased to 25% upto 2023
19. Real state investors tax reduced to 7.5%
20. Non Filer bank transactions tax rate reduced to 0.4%
21. Tax audit only once in three year
22. Super Tax to be decrease by 1% each year to end it up.
23. AOP slab decrease to 30%

24. Undistributed profit decrease to 5%
25. Tax on bonus shares abolished
26. Dividend tax decrease to 5%
27. With holding on services would be above Rs 30,000/- and on supplies above Rs. 75000/-
28. Tax on bonus shares remove
29. Super tax to decrease 1% every year
30. Tax on brokers would be adjustable
31. Income tax rates for individuals reduced and tax slabs rationalized, as announced previously
32. Non-tax filer cannot buy real estate over PKR 40lac
33. Property rates to be abolished beyond July
34. Federal Govt to leave subsidies for agricultural sector up to provincial governments
35. Sales tax on fertilizer reduced to 2%. Agri machinery GST to be reduced from 7% to 5%
36. Value Edition offers 50 cents tax on the import of LNG
37. Import tax on coal reduced to 4% from 6%
38. Non filers companies to pay 8% tax from 7%
39. Zero-rated regime under SRO 1125: the 5 sectors will continue to be in this regime
40. New export package will be announced soon
41. Agricultural fund to be set up worth PKR 5bn for research on seeds, etc
42. Karachi development PKR5bn allotted
43. PKR 27.5bn alloted for Jamshoro power plant
44. PKR 137bn for Gwadar's infrastructure
45. PKR 76bn for Dadu hydel project
46. Desalination plant in Karachi proposed
47. Sales tac abolished on Fisheries sector
48. Import of LNG 3% value addition tax abolished
49. Import of Computer parts---sales tax abolished
50. Increase in taxes on Cigarettes
51. Eye side glasses taxes reduced to 3%
52. Cancer medicines exempted from tax
53. Further tax increase from 2 to 3%
54. Hybrid car duty reduced to 25%
55. Hotels exempted from tax

# A Glance at the Budget Strategy Paper 2018-19, 2020-21 and Economic Survey 2017-18

*Compiled by:*
**Muhammad Rashid Mafzool Zaka**, DG (Research and Legislation)
and **Mr Muhammad Adnan Azeem,** Adjunct Faculty, PIPS Economy and Budget Desk

– **Total Budget Outlay:** Rs5.237 trillion is the overall size of the budget, which is 10% or Rs484 billion higher than the previous year's original budget approved by Parliament in June 2017.[1] In a special meeting, the cabinet approved the Budget Strategy Paper for fiscal year 2018-19, authorising a record budget deficit of Rs2.029 trillion that will be equal to 5.3% of the GDP. The government will borrow Rs2.029 trillion from domestic and external sources to bridge the budget deficit gap.

– **Gross Domestic Product** recorded 13-year highest growth of 5.8 %.[2] The growth momentum remained above 5 percent for the last two years in a row and reached 5.79 percent in FY2018 which is 13 years high on account of a strong performance in agriculture, industry and services sectors which grew by 3.81 percent, 5.80 percent and 6.43 percent, respectively.

– **Sector-wise GDP contribution in percentage:** 66% services, 21% industry and 13% agriculture.

– **FBR tax collection** grew by 8.2 percent and stood at Rs 3,367.9 billion against Rs 3,112.5 billion recorded in FY 2016.

– **Headline inflation CPI**, averaged at 3,8 percent during July- March FY 2018[3] against 4.0 percent in the comparable period last year. Inflation has decreased from 7.4 percent in 2013, to 3.8 percent for 2018, while it was (8.6 percent in 2014, 4.5 percent in 2015, 2.9 percent in 2016 and 4.2 percent in 2017) respectively. Food inflation during July March FY2018, is recorded at 2 percent and not food 5 percent as against 3.08 percent and 4.2 percent respectively in the corresponding period of last year. Core inflation during July-March FY 2018 increased by 2-7 percent against the 3.8 percent last year.

– **Civil expenditures**: For running the civilian government, the federal cabinet approved Rs445 billion for the next fiscal year, which is up by Rs68 billion or 18% over the original budget for the outgoing fiscal year. However, the government has also revised upward the outgoing fiscal year's budget for running the civilian government to Rs426 billion. At the revised budget, the increase is only Rs19 billion or 4.5%.

– **Defence Budget:** More than half of the estimated budget of Rs5.237 trillion for new fiscal year to meet the growing needs of defence as well as debt servicing. It includes Rs1.1

[1] Cabinet Approves Budget Strategy Paper 2018-19, 2020-21 APP reports April 17, 2018
[2] Economic Survey 2017-18 published April 26, 2018
[3] Federal Bureau of Statistics report in the Economic Survey, 2017-18

trillion for regular defence budget and another Rs100 billion for Armed Forces Development Programme (AFDP) – a sum of Rs1.2 trillion that is equal to 23% of the proposed total budget of Rs5.237 trillion. [4]As against the original defence budget of Rs920 billion for the outgoing fiscal year, the cabinet on Tuesday approved Rs1.1 trillion for defence – an increase of almost 20%. However, it has revised upward the outgoing fiscal year's defence budget to Rs998 billion after adjusting the impact of salary increase. At Rs998 billion, the government has given 10.2% increase to the military. Interestingly the pensions for armed forces personnel are not included in this but would be reflected elsewhere within civilian budget.

– **Debt Servicing:** Another amount of Rs1.607 trillion or 30.7% of the proposed budget has been earmarked for debt serving. The original debt servicing cost in the outgoing fiscal year was Rs1.364 trillion which has now jacked by Rs243 billion or 17.8% for the next year. "Defence and debt serving would consume 53.7% or Rs2.8 trillion out of Rs5.237 trillion."

– **Pensions**: Allocation of Rs36 billion for covering the cost of increase in pay and pension. 10% increase in salaries, 10% increase in pension to new retirees and 20% increase in pensions to old retirees. Another main expense is on account of pension including military's, as the cabinet approved Rs342 billion or 6.5% of the proposed budget under this head. In the outgoing fiscal year, former finance minister Ishaq Dar had set aside Rs248 billion for pensions which the finance ministry has now revised upward to Rs320 billion. The major chunk of pension is spent on military's retired personnel with a share of 72% as compared to 28% civilian in total allocations in 2017-18.

Table below gives the overall allocations and distribution in pensions over the last six years:

| **Comparison of civil and military Superannuation Allowances and Pensions** | | | | | | |
|---|---|---|---|---|---|---|
| **Year** | **2012-2013** | **2013-2014** | **2014-2015** | **2015-2016** | **2016-2017** | **2017-2018** |
| Civil | 36,014,860,000 | 45,258,834,000 | 52,082,630,000 | 61,729,062,000 | 67,413,700,000 | 67,847,875,000 |
| Defence | 131,424,668,000 | 142,425,341,000 | 167,875,370,000 | 174,270,938,000 | 177,586,300,000 | 180,152,125,000 |
| Total | **167,439,528,000** | **187,684,175,000** | **219,958,000,000** | **236,000,000,000** | **245,000,000,000** | **248,000,000,000** |

– **Tax collection target:** Rs4.435 trillion tax collection target for the Federal Board of Revenue (FBR).PM decided to increase the federal development budget to Rs800 billion against the finance ministry's proposal of Rs750 billion for the next year. The Rs800 billion is only 15.2% of the proposed budget which the government will unveil on April 27. But it is still Rs201 billion less than the outgoing fiscal year's original development budget.

– **Agriculture, Industrial and Service sectors** of Pakistan grew by 3.8 percent. High and broad based growth in agriculture sector in last 13 years was achieved on the back of initiatives such as expansion in credit to agriculture sector, better quality seeds and timely availability of agriculture inputs. Large Scale Manufacturing recorded a growth of 6.13 %, highest in ten years. Industrial sector improved by 5.80 %, which is highest in ten years. Economy continued to benefit from growth oriented initiatives, including higher development spending, low inflation,

[4] The Express Tribune, April 2018

vigilant monetary policy, and CPEC related investment thus providing impetus for economic recovery. According to the Economic Survey document, manufacturing grew by 6.24 percent, highest in 11 years, while the Services sector witnessed a growth of 6.43 percent in last two years.

– **Power Generation:** During 2013 to 2018, 39 projects with cumulative capacity of 12,230 MW have been added. Up till February 2018 installed capacity of electricity reached 29,573 MW which was 22,812 MW in 2012-13 thus posting a growth of 30 percent.

**– Telecom Revenues** from telecom sector reached an estimated Rs 235.5 billion during the first two quarters of FY 2017-18. The commercial launch of 3G and 4G Long Term Evolution (LTE) services opened new opportunities for revenue generation for the mobile operators. The broadband penetration jumped from 3.7 million to 52 million. During the first two quarters of the FY 2017-18 telecom sector contributed estimated Rs 78.62 billion to national exchequer in terms of taxes, regulatory fees, initial and annual license fees, activation tax, and other charges.

– Growth of forestry is 7.17 percent due to high timber production reported by Khyber Pakhtunkhwa (KPK).

– Fishing registered a growth of 1.6 percent compared to 1.23 percent last year.

– Households' average propensity to consume remained fairly constant at around 85.5 percent at constant prices and around 82.0 percent in current prices.

– Export growth is improving and the extension of the GSP plus status for next two years by the EU is a positive development. The exports growth during nine months of current year continued unbroken.

– National income remained less than expenditures during FY 2018 when compared with FY 2017 which resulted increase in Saving-Investment gap.

– Net factor income from abroad increased by 4.17 percent in FY 2018 compared to FY 2017.

– Gross Fixed Capital Formation (GFCF), considered as fixed investment stood at Rs 5,099.1 billion in FY 2018 compared to Rs 4,632.8 billion last year posting a growth of 10.1 percent.

– Agriculture sector recorded a remarkable growth of 3.81 percent during 2017-18 and surpassed its targeted growth of 3.5 percent and last year's growth of 2.07 percent.

– Cotton production stood at 11.935 million bales as compared to 10.671 million bales in 2016-17 and recorded growth of 11.8 percent.

– During 2017-18, rice production reached historically high level of 7,442 thousand tonnes and recorded an increase of 8.7 percent over the production of 6,849 thousand tonnes last year.

– Sugarcane production witnessed another record production season as its production reached to 81.102 million tonnes by showing an increase of 7.4 percent over the last year's production of 75.482 million tonnes.

– Maize crop production stood at 5.702 million tonnes compared to the last year's production of 6.134 million tonnes and witnessed a decline of 7.0 percent.

– Livestock having share of 58.92 percent in the agriculture and 11.11 percent in GDP, recorded a growth of 3.76 percent compared to 2.99 percent during corresponding period last year.

– Fishing sector having share of 2.10 percent in agriculture value addition and 0.40 percent in GDP, grew at 1.63 percent compared to growth 1.23 percent of same period last year.

– Forestry sector having share of 2.09 percent in the agriculture and 0.39 percent in GDP posted a positive growth of 7.17 percent against the negative growth of 2.37 percent of same period last year due to higher timber production reported by Khyber Pakhtunkhwa.

– Fiscal deficit registered decline from 8.2 percent in FY 2013 to 5.8 percent of GDP in FY 2017.

– Current expenditure stood at Rs 2,5445.2 billion during July-December FY 2018 against Rs2,241.6 billion in the same period of FY 2017 thus posted a growth of 13.5 percent.

– Expenditure under PSDP has posted a growth of 25.4 percent and reached to Rs 558.8 billion during July-December, FY 2018 against Rs 445.7 billion in the same period of FY2-17.

– Pakistan exports had started increasing as the negative effect has bottoming out.

– **Foreign Investment** picked up the pace from last year's level, with both direct and portfolio investment to the gains. Net FDI inflows rose 4.4 percent to 2.1 billion dollars in July-March against 2 billion dollars during same period last year.

**–** **Education:** Total number of enrolments at national level during 2016-17 stood at 48.062 million as compared to 46.223 million during 2015-16 This shows a growth of 3.97 percent and it is estimated to further rise to 5..426 million during 2017-18. The total number of institutes stood at 260.8 thousands during 2016-17 as compared to 252.8 thousands during last year and the number of institutes is estimated to increase to 267.7 thousands during 2017-18.

– **Number of doctors** has increased to 208.007 thousand, dentists 20463, nurses 103,777 and hospital beds 126.019 in the country during 2017-18 compared to 195,896 doctors 18,333 dentists, 99,228 nurses and 122,769 hospital beds last year.

– Prime Minister's youth Skill Development program a total number of 100,000 youth has benefited from this program.

– **Railways**: During July December 2017-18 gross earning of Pakistan Railways number of passenger carried, freight carried and freight tones earning has improved by 26.7 percent.

– **Benazir Income Support Program** beneficiaries have increased from 3.73 million in 2012 to 5.6 million as on December 31 2017.

**Subsides, grants**

For subsidies, the government has proposed Rs179 billion in the next budget which is up from Rs144 billion revised budget for the outgoing year. For grants and other expenditures, Rs624 billion has been proposed for the next year as against Rs550 billion original budget for the outgoing fiscal year. The net lending has been reduced from Rs123 billion to Rs78 billion for the next budget.

***Sources of Data***

i. *Economic Survey 2017-18 as published on April 26, 2018.*
ii. *Federal Bureau of Statistics*
iii. *Budget Strategy Paper 2018-19, 2020-21*

# 3 steps to see Expenditure in Budget Documents

**PIPS Economy and Budget Desk**

**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 =>

And **Honourable MP will get to 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 2017-18
  - Column 5…Revised Estimate 2017-18
  - Column 6…Budget Estimate 2018-19

**PARLIAMENTARY BUSINESS**

**SENATE OF PAKISTAN**
**RESOLUTION NO. 385**

"This House strongly and unequivocally condemns the recent escalation of state sponsored violence in Shopian and Islamabad in the Indian-Occupied Kashmir, which has left scores of people killed and injured by Indian soldiers and police.

This House extends its deepest condolences to the families of the martyred persons and reiterates its undying solidarity with the people of Kashmir in their struggle for freedom and right to self-determination in the face of the most brutal state terrorism perpetrated by the Indian State and reassures the support of the Kashmir cause on every political and diplomatic front.

For decades, the people of Kashmir have suffered violent repression under the hands of the Indian army which commits unconscionable brutalities with full impunity from the state where thousands of innocent people have been brutally martyred-millions orphaned, widowed and mentally disabled. The Indian state's deplorable action range from shutting down schools, restricting movement of people, suspension of internet services to more heinous acts such as open firing, and the use of tear gas and pallets to subjugate the people of Kashmir.

This House firmly believes that such indiscriminate use of force is a violation of the most fundamental human rights which will only fuel further discontent and deterioration in the stability of an already volatile region. The danger of further escalation can only be thwarted if pressure is intensified to bring India to the negotiating table and find a peaceful resolution of the Kashmir conflict.

This House assures to the people of Kashmir that Pakistan will continue a robust diplomatic, political and moral support for the just cause of Kashmiri people.

This House urges the international community, the Islamic world, the OIC, the United Nations, International Human Rights Organizations and Watchdogs to denounce the Indian State's blatant violation of the UN Charter and UN Resolutions.

The Senate of Pakistan,-

Recommends to the Government to appoint a special Envoy / Representative to raise the Kashmir issue at all international forum;

Urges the Government to take all necessary steps to get appointed a Special Envoy of the United Nations for the Kashmir issue."

**Moved by Senator Sherry Rehman, Leader of the Opposition**
**Unanimously Passed by the Senate of Pakistan on Monday, the 9th April, 2018**

## Budget Favorables and Unfavorables

**Mazhar Mehmood,**
Member, PIPS Budget and Economy Desk

The overall performance of economic management is better if we compare it to the outgoing year. There are few unfavourable areas showing decline whereas performance in many economic activities have recovered from the preceding year. Except trade deficit, the rest of economic sectors secured stability. Even the much criticized unfavourable deficit seems justified in wake of heavy imports as part of commencement of large scale development programmes of the Chinaa Pakistan Economic Corridor (CPEC) that involves related machinery. This can also be categorized as investment. Most of the transportation has been completely shifted to imported Petrol /diesel from local CNG and both China and India depreciated their currencies that put pressure on our exports. There are other factors triggering the trade deficit such as delay in devaluation / depreciation of Rupee against Dollar, chaotic political situation in Saudi Arabia and other Gulf countries have affected our foreign remittances and delay in export related refunds.

On the favourable side, growth is spread across the various sectors for the economy including Agriculture, Manufacturing and Services. While the economy has grown, inflation has remained under control and has averaged at 5.5 percent in the last five years, down from the average of 11.83 percent in the 2008-2013. In the first 9 months of this year, CPI inflation remains at 3.8 percent. The volatile political situation has added uncertainty which adversely neutralized many jumps. The most important achievement of the outgoing fiscal year is of course the highest GDP growth in 13 years, supported by a strong growth in manufacturing that was the highest in 11 years, a recent pick-up in agriculture again highest in 13 years, in addition to a continuing robust performance in services. The data for favourale and unfavourable targets is given below in tabular form. (**Actual Performance Vs. Targets of Financial Year 2017-18)**

| S.NO | Favorable | Target | Actual | +Ve | S.No | Unfavorable | Target | Actual | -Ve |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Inflation (%) | 6.00 | 3.80 | 2.20 | 1 | Fiscal Deficit (%) | 5.40 | 5.80 | (0.40) |
| 2 | Agriculture growth rate (%) | 3.50 | 3.80 | 0.30 | 2 | Trade Deficit ($) | 7.99 | 12.03 | (0.51) |
| 3 | Wholesale & Retail (%) | 7.20 | 7.50 | 0.30 | 3 | Trade deficit (%) | 5.40 | 4.30 | (1.10) |
| 4 | General Govt Services (%) | 7.00 | 14.00 | 7.00 | 4 | GDP growth Rate (%) | 6.00 | 5.80 | (0.20) |
| 5 | Sugarcane (Million -Ton) | 81.10 | 70.30 | 0.15 | 5 | Agriculture(%) | 6.40 | 3.80 | (2.60) |
| 6 | Doctors (Numbers) | 5,000 | 5,000 | 100% | 6 | Revenue Collection Rs. | 4,013 | 3,935 | (78.00) |
| | Performance touched HIGH | | | | 7 | Revenue Collection (%). | 4,013 | 3,935 | (0.02) |
| 7 | Stock Exchang | | | ✓ | 8 | Net Debts to GDP(%) | 61 | 60 | (0.02) |
| 8 | Forex | | | ✓ | 9 | PSDP Expenditure Rs. Bln. | 1,001 | 750 | (251.00) |
| 9 | Power generation | | | ✓ | 10 | PSDP Expenditure(%) | 1,001 | 750 | (0.25) |
| 10 | CPI (Curreption preception) | | | ✓ | 11 | Investment to GDP | 17 | 16 | (0.60) |
| 11 | CPEC | | | ✓ | 12 | Export (STPF) ($) | 35 | 25 | (10.00) |
| 12 | Infrastrcture | | | ✓ | 13 | Revenue growth Rate (%) | 14.00 | 11.30 | (2.70) |
| | | | | | 14 | Savings (%) | 14.50 | 11.40 | (3.10) |
| | | | | | 15 | industrial sector (%) | 7.30 | 5.80 | (1.50) |
| | | | | | 16 | Mining & Quarrying (%) | 3.50 | 3.00 | (0.50) |
| | | | | | 17 | Construction (%) | 12.10 | 9.00 | (3.10) |
| | | | | | 18 | Transport & Communicatio | 5.10 | 3.60 | (1.50) |
| | | | | | 19 | Finance & Insurance (%) | 9.50 | 6.10 | (3.40) |
| | | | | | 20 | Private Services (%) | 6.70 | 6.10 | (0.60) |
| | | | | | 21 | Large Scale Manufacturing- | 6.30 | 6.24 | (0.06) |
| | | | | | | | | | - |

| Performance Comparison with Preceding year | | | | | | |
|---|---|---|---|---|---|---|
| **Sector** | **Sub-Sector** | **Unit** | **2017-18** | **2016-17** | **% Inc. (dec.)** | **F / ( UF)** |
| **Agriculture** | | Value in Rs. | 3.83 | 2.07 | 1.76 | F |
| | Important crops | Million Tones | 3.57 | 2.18 | 1.39 | F |
| | Others Crops | Million Tones | 3.33 | (2.66) | 5.99 | F |
| | Cotton bails. | Bales in million | 11.94 | 10.67 | 11.85 | F |
| | Cotton ginning. | Million Tones | 8.72 | 5.58 | 3.14 | F |
| | Sugarcane. | Million Tones | 81.10 | 75.48 | 7.45 | F |
| | Rice. | Million Tones | 7.44 | 6.85 | 8.66 | F |
| | Wheat. | Million Tones | 25.49 | 26.67 | (4.43) | F |
| | Maize. | Million Tones | 5.70 | 6.13 | (7.04) | UF |
| **live Stock** | | | | | | |
| | Gross value of live stock. | Rs. (Billion) | 1,377.00 | 1,327.00 | 3.77 | F |
| | Fishing. | Million Tones | 1.63 | 1.23 | 0.40 | F |
| | Milk Production. | Million Tones | 57.89 | 56.00 | 3.38 | F |
| | Poultry meat. | Million Tones | 1.39 | 1.28 | 9.01 | F |
| | | | | | | F |
| **Industrial Sector** | | | 5.43 | 6.43 | (1.00) | F |
| | | | | | | |
| | Manufacturing -LSM (9-Months) | % | 6.24 | 4.40 | 1.84 | F |
| | Electronics | % | 38.79 | 17.91 | 20.88 | F |
| | Steel | % | 30.85 | 16.15 | 14.70 | F |
| | Automobile | % | 19.58 | 10.09 | 9.49 | F |
| | Paper & Board | % | 8.06 | 5.77 | 2.29 | F |
| | Coke & Petroleum | % | 10.26 | (0.07) | 10.33 | F |
| | Engineering | % | 5.21 | 3.41 | 1.80 | F |
| | Pharmaceutical | % | 9.44 | 8.87 | 0.57 | F |
| | Textile | % | 7.36 | 0.21 | 7.15 | F |
| | Mining | % | 3.04 | (0.08) | 3.12 | F |
| | | | | | | |
| **Service Sector** | | % | 6.50 | 6.40 | 0.10 | F |
| | | | | | | |
| **Inflation** | | % | 3.80 | 4.01 | (0.21) | UF |
| | SPI | % | 0.90 | 1.40 | (0.50) | UF |
| | WPI | % | 2.70 | 3.80 | (1.10) | UF |
| | Core inflation-Non-food & energy | % | 5.45 | 5.07 | 0.38 | F |
| | | | | | | |
| **Education** | | | | | | |
| | Total enrolment | Number in Million | 50.43 | 48.06 | 4.92 | F |
| | Total teachers | Number in Million | 1.81 | 1.73 | 4.75 | F |
| | Total institution | Number in Thousand | 267.70 | 260.80 | 2.65 | F |
| | | | | | | |
| **Health & Nutrition** | | | | | | |
| | Federal & Provinces | | 384.90 | 291.90 | 31.86 | F |
| | | | | | | |
| **Energy** | | | | | | |
| | Capacity (Base year is 2013) | MW | 29,573.00 | 22,812.00 | 29.64 | F |
| | Oil Consumption -(9-months) | Million Tones | 16.50 | 16.70 | (1.20) | UF |
| | Transportation share in oil | Million Tones | 64.40 | 57.20 | 12.59 | F |
| | Power sector share in oil | Million Tones | 26.40 | 33.20 | (20.48) | UF |
| | | | | | | |
| **Social Safety Net** | | | | | | |
| | Provincial expenditure-17 sectors. | Rs. Billion | 1,134.10 | 1,017.50 | 11.46 | F |
| | BISP - beneficiaries - Base year 2012-13 | Number in Million | 5.60 | 3.73 | 50.13 | F |
| | Per year per family - Base year 2012-13 | Rs. | 19,336.00 | 12,000.00 | 61.13 | F |
| | Annual disbursement - Base year 2008-09 | Rs. Billion | 121.00 | 16.00 | 656.25 | F |
| | | | | | | |
| **Per Capita Income** | | $ per person | 1,641.00 | 1,632.84 | 0.50 | F |
| Ref: Economic Survey 2017-18 & Business recorder | | | | | | |

**Sources of Data:**

1. Economic Survey of Pakistan
2. Business Recorder

**PARLIAMENTARY BUSINESS**

## SENATE OF PAKISTAN
## RESOLUTION NO. 389

"This House strongly condemns the bombing of innocent students of a religious seminary, Jamia Hashmia in district Dasht Urshi, Province Kunduz, Afghanistan two weeks ago by the America killing about 250-300 innocent students (Hafiz) of Quran, and expresses a solidarity with Muslims of Afghanistan and students of the said seminary."

**Moved by Senator Maulana Atta ur Rehman on his own behalf and on behalf of Senators Raja Muhammad Zafar-ul-Haq, Leader of the House, Sherry Rehman, Leader of the Opposition, Sirajul Haq, Mohsin Aziz and Mushtaq Ahmed**

**Unanimously Passed by the Senate of Pakistan on Wednesday, the 11th April, 2018.**

"The republican form of government is not only thoroughly consistent with the spirit of Islam, but has also become a necessity in view of the new forces that are set free in the world of Islam.

The growth of republican spirit, and the gradual formation of legislative assemblies in Muslim lands constitutes a great step in advance. The transfer of the power of Ijtihad from individual representatives of schools to a Muslim legislative assembly which, in view of the growth of opposing sects, is the only possible form *Ijma* can take in modern times, will secure contributions to legal discussion from laymen who happen to possess a keen insight into affairs.

**Allama Muhammad Iqbal**
Excerpts from Reconstruction of Religious Thoughts in Islam
Lecture: Principle of movement in the structure of Islam

**PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES**
DEDICATED TO PARLIAMENTARY EXCELLENCE

Pakistan Institute for Parliamentary Services was established in Dec 2008 through an act of the Parliament to promote research, provide training and to provide facility of information to the Parliamentarians in performance of their duties and for matters connected therewith and ancillary thereto.

PIPS team endeavors to serve the Parliament through its cherished values of :

***Integrity, professionalism, non-partisanship, accessibility and anticipation***

**For feedback feel free to contact Editor at:**
Ataturk Avenue (Service Road), F-5/2, Islamabad
Email: research@pips.gov.pk
Web: www.pips.gov.pk