



**CIPE**



**Center for International Private Enterprise**

**PAKISTAN**

# ANALYZING BUDGET DOCUMENT

*Interesting Stories*

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Washington, DC



# Organization of the workshop

- First half of the workshop is devoted to understand & analyze the major components of budget such as, revenues, expenditures, and roles of the civil society and journalists and chambers to echo their voice in the budget making process. Pedagogy includes; presentation, small exercises and discussions.
- The second half will look at the Economic Survey of Pakistan and focus on poverty, inflation and unemployment figures.

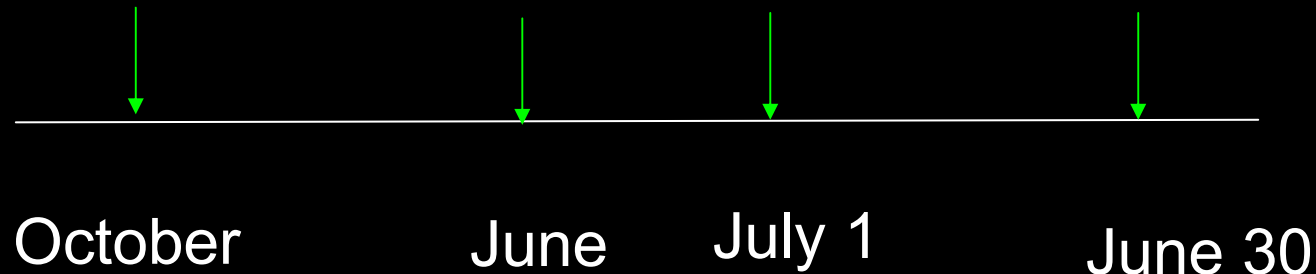
# What is Budget ?



# **BUDGET MAKING PROCESS IN PAKISTAN**

- July 1st to June 30<sup>th</sup>

# THE BUDGET CYCLE



The time frame in which the annual agency budget is formulated, presented, enacted, into law, and executed. Typically, the budget cycle begins 20-21 months prior to the start of the fiscal year for which funding is requested, and runs through the end of the fiscal year.

# Roles

- The role of the ministries and departments
  - **As a planning tool** – to set goals, estimate costs and expected outcomes
  - **As a control tool** - to hold ministries and departments accountable for planned revenue and expenditure
  - **As a fiscal tool** - to provide economic stability and to improve standards of living of the citizens
  - **As a political tool** – to help win hearts and minds of the voters of their constituency <sup>(H1)</sup>
- The role of journalists
- The role of civil society <sup>(H2)</sup>

# The role of the parliament



Source: Dawn

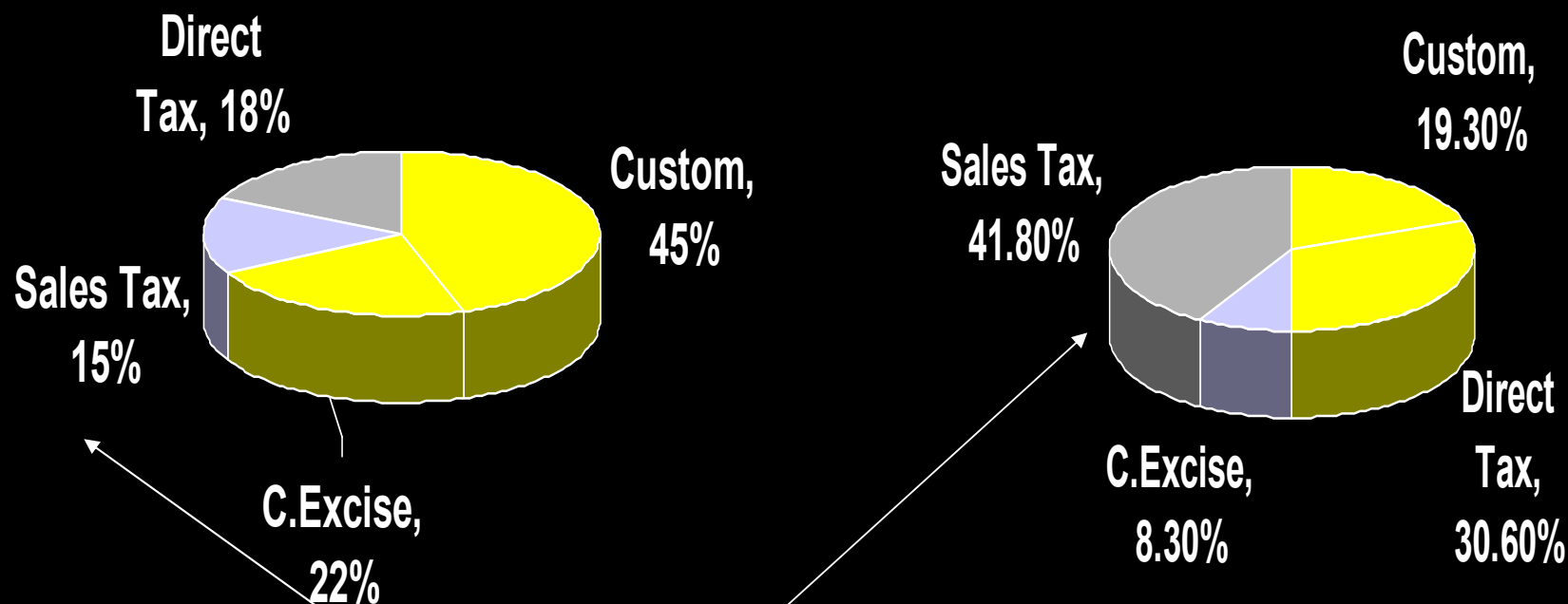
# Tax Revenue

- Direct Tax
  - Tax on income & income related assets
  - Example: Income tax
- Indirect Tax
  - Customs
  - Sales Tax
  - Federal Excise

# Structure of Taxes

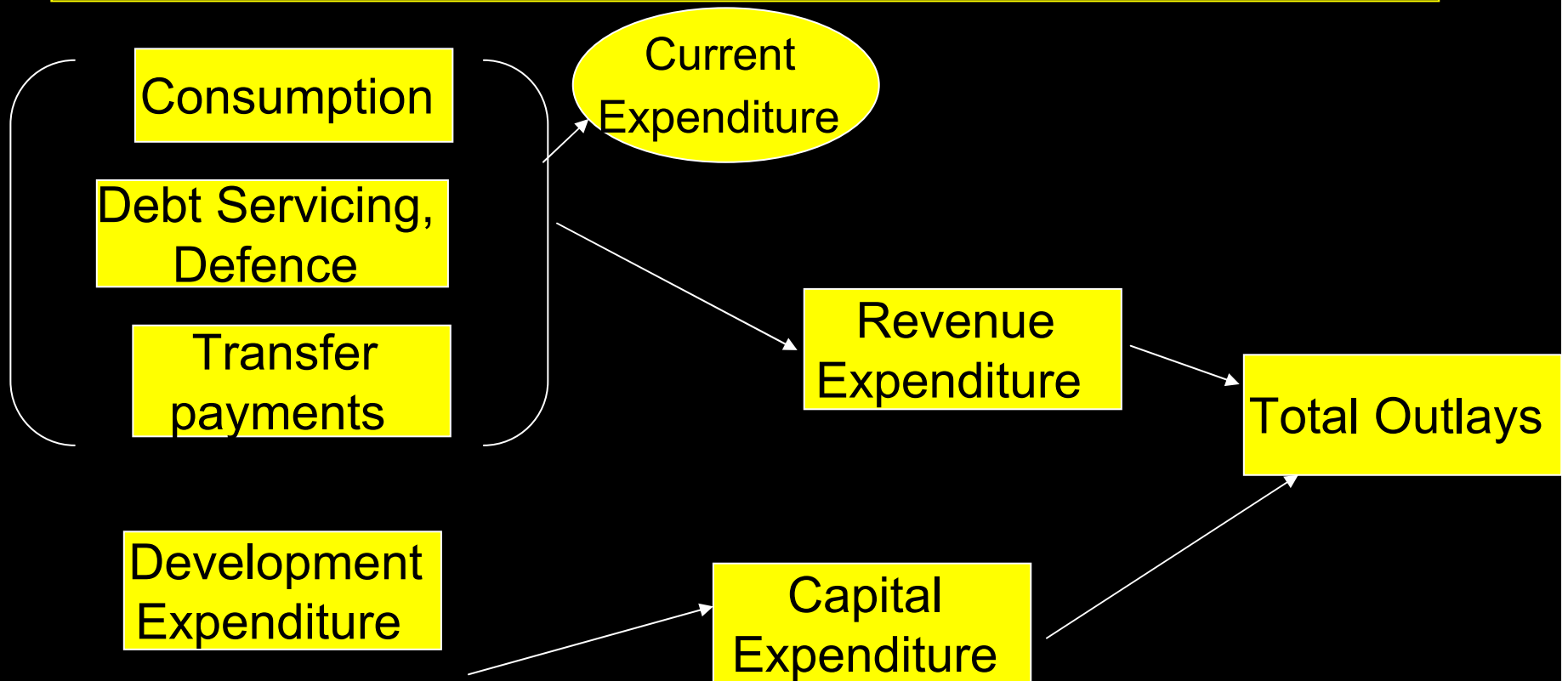
1990-91

2005-06



Source: Economic Survey of Pakistan  
2005-06

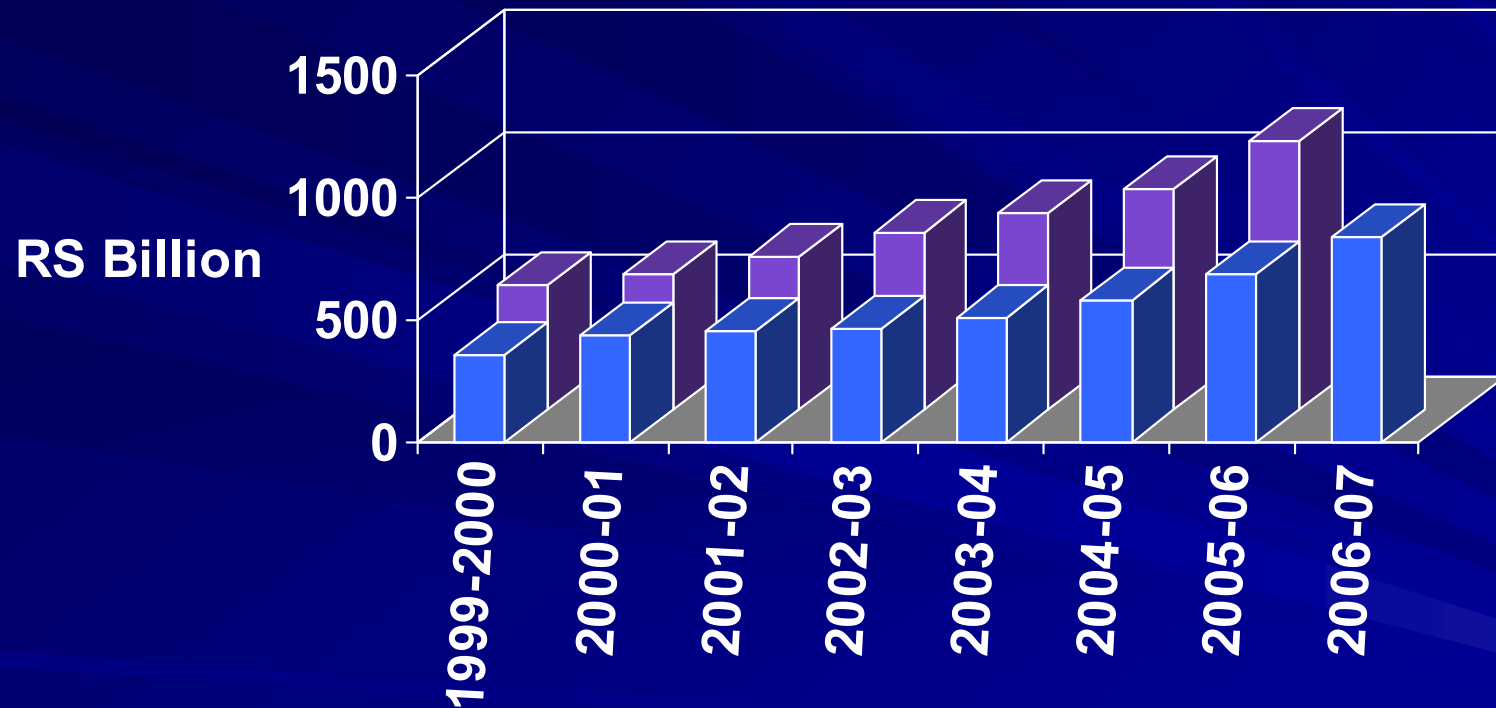
# GOVT EXPENDITURE



# GOVT'S FISCAL DEFICIT

- Govt's Total Expenditure **exceeds** Govt's Receipts
- Revenue deficit: Revenue Expenditure **exceeds** Revenue Receipts
- Deficit on Capital Account: Capital Expenditure **exceeds** Capital Receipts

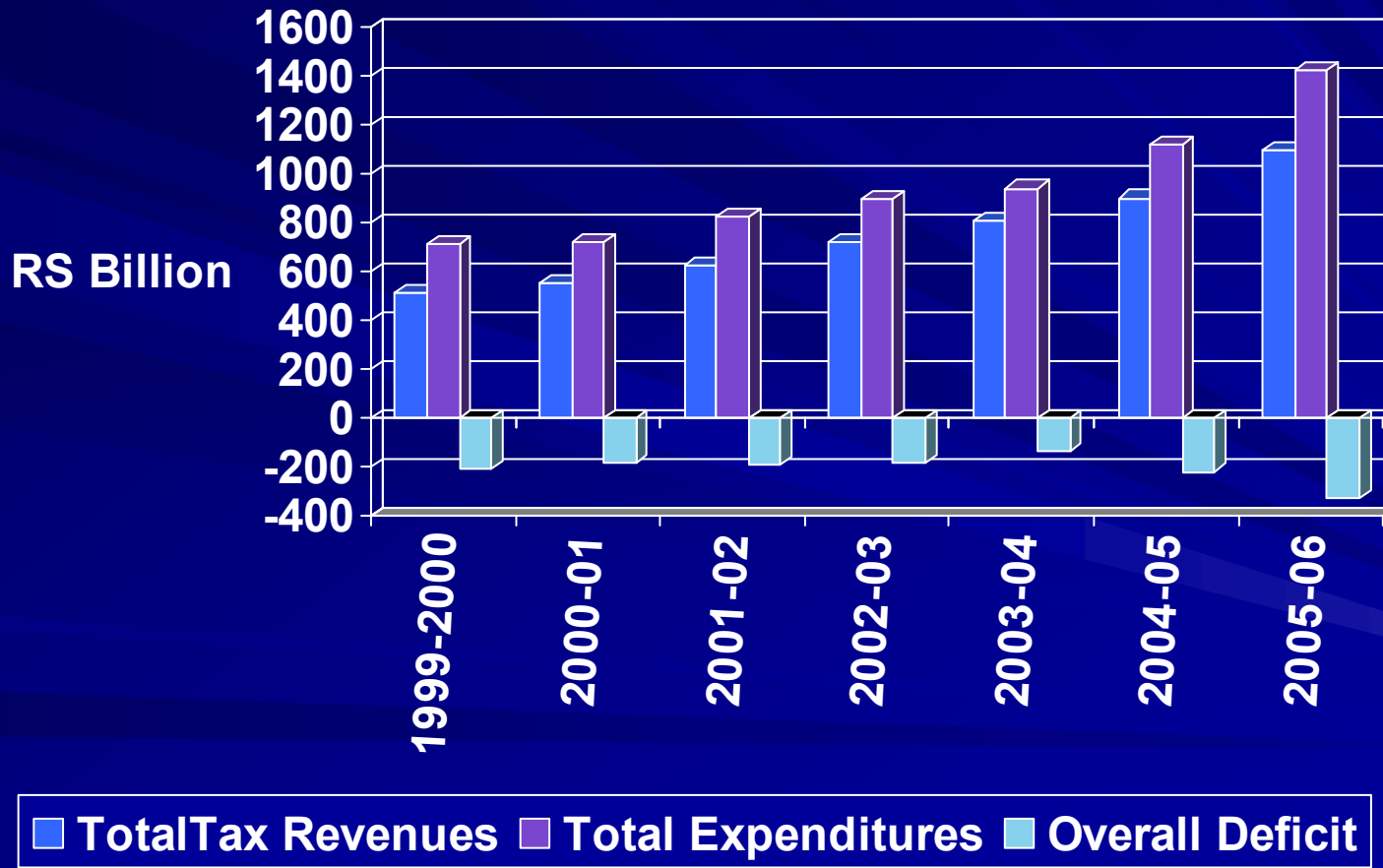
# Tax Revenues



■ Tax Revenues (budget) ■ Actual Performance

Source: Economic Survey of Pakistan 2005-06 & Budget Document

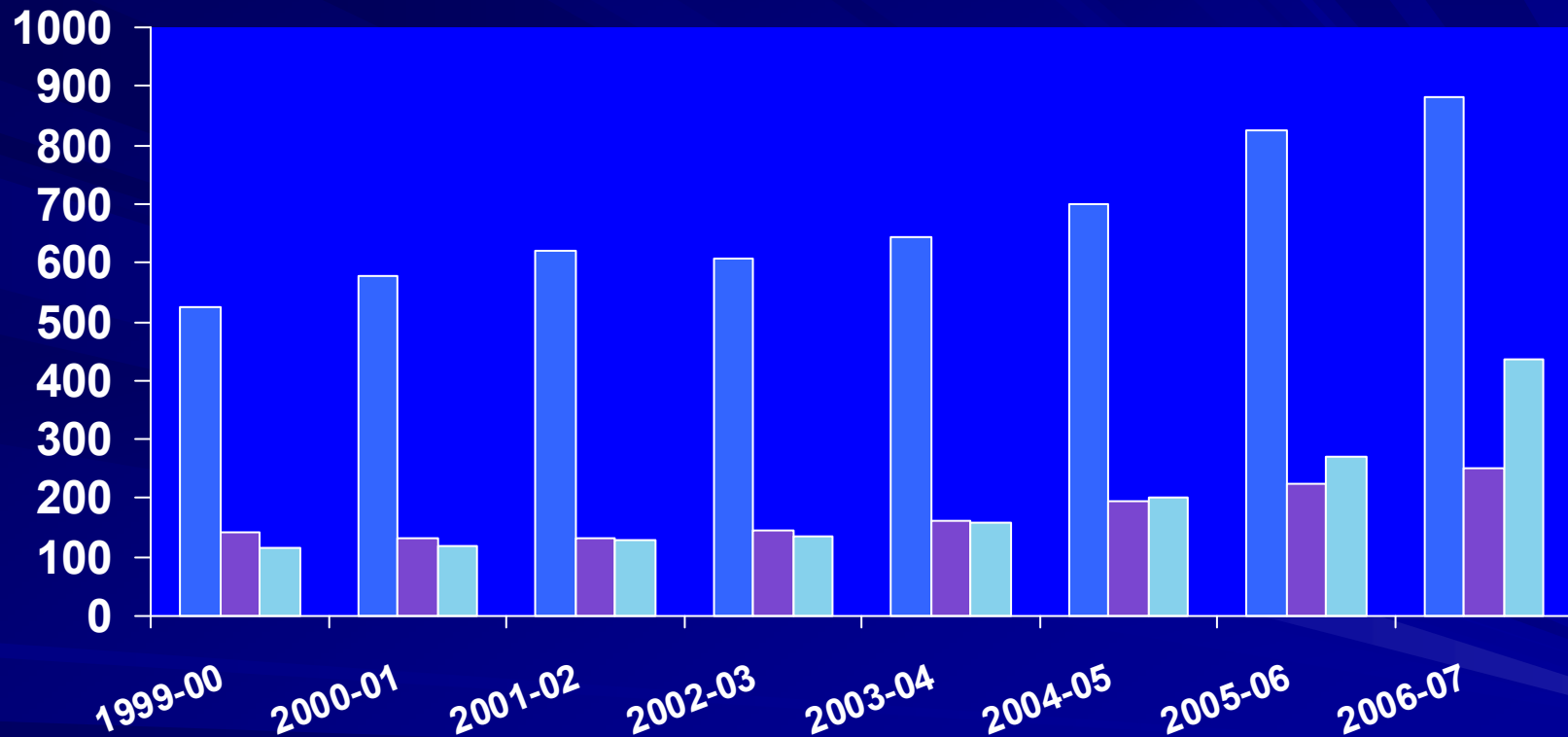
# Tax Revenues & Expenditures & Budget Deficit



Source: Economic Survey of Pakistan 2005-06 & Budget Document

# Current, Development and Defence Spendings (Budget Figures)

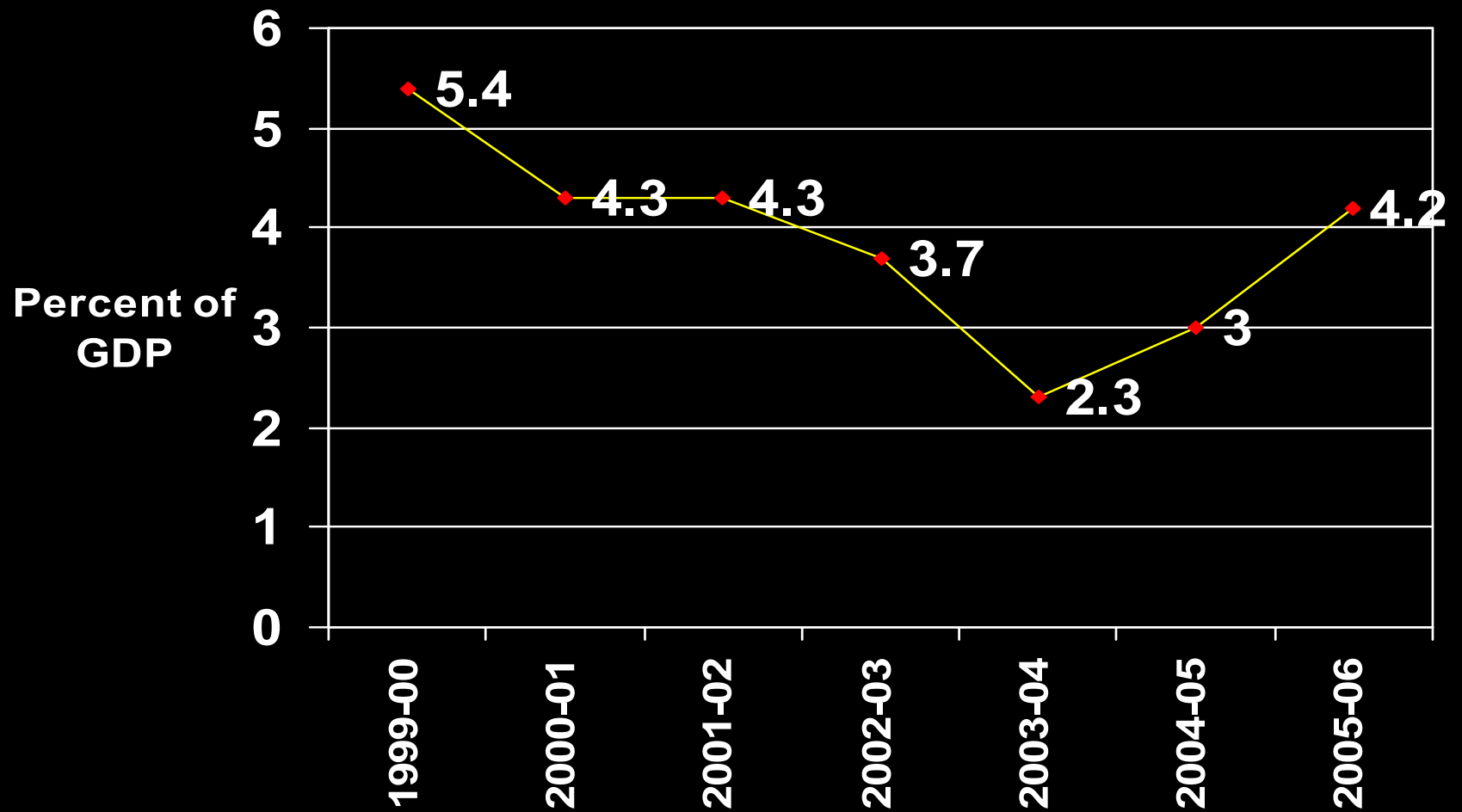
RS Billion



■ Current Expenditure ■ Defence Spending ■ Development Expenditure

Source: Economic Survey of Pakistan 2005-06 & Budget Document

# Fiscal Deficit



Source: Economic Survey of Pakistan 2005-06

# Some tips for business and economic reporting:

- Use plain language that people use in normal conversation.
- Remember that not only economists read the news! For average readers and viewers, economic jargon is dull, boring, and confusing.
- Journalist should try to translate economic jargon by using simple, ordinary words rather than opting for big words, complicated language, and run-on sentences.

# Story Time

*Create a story around numbers*

- “What is the story in the numbers? What is happening. What is happening with these figures?”
- Exercise 1 & 2

# Reporting the Full Story

- Do not tell just half of the story
- Do not hide one side of the story

# Numbers, Figures, and Statistics

## *Simplify Statistics*

- For the average reader, statistics are an alien language. The reporter's job is to put the statistics in context and explain why these changes are important.
- Do not report numbers by themselves. Numbers only have meaning in context.
- When reporting statistics, it is always better to have an explicit comparison to other numbers to demonstrate their relative worth, such as a comparison to the previous fiscal year or the previous quarter.

## **And...Action!**

*Find the human angle in each story*

- People want to know how economic statistics and measures taken in the budget will affect them. A reporter should always ask, “What consequences will this event have for Pakistanis? What substance and human element does this story have?”

## **And...Action!**

*Find the human angle in each story*

- For example, news about the price of public transportation, petrol, food, cars, utilities, taxes has a direct or an indirect link to the readers. Any story involving a consumer product, income tax changes, etc., will affect readers on a personal level.
- Exercise number 3

# Questions to Ask Yourself Before Writing Your Story:

- Why? Where? When? Who? How much? How many? So what? Good or bad?
- Relative to what? Compared to what? How long? Short term?
- Long term? Shrinking? Growing?
- Stagnant? Why is this story important?
- Will this story be of any interest to the reader/viewers?
- Dig...Dig...Dig...

# Monitoring the performance

- How can journalists monitor the performance of the Government (s).
  - H3
- Fudging the data
  - H4

# Good Governance

- Level of corruption in the country
- Impact of budget numbers and good governance
- Who benefits ?
- Who loses ?
- What should the Government do to improve the current state?

Good  
Governance

**NFC Award: Provincial Share in the Divisible  
Pool (Source: MoF)**

Rs. In Billion

	2004-05	2005-06 (BE)	2006-07 (Estimates)
Punjab	123.39	137.63	168.62
Sindh	51.00	56.89	77.19
NWFP	29.73	33.16	39.51
Balochistan	10.99	12.26	15.43
Total	215.11	239.94	300.75

# Economic Survey of Pakistan

- What you should be looking for :
  - Poverty figures
  - Unemployment
  - Inflation
  - GDP
    - H5 & H6
- See handouts on poverty, inflation and unemployment

# THANK YOU

- I would appreciate if you could fill out the feedback form that you have and return to me when you are done.