

## Gender

### Proposed Initiatives for Women's Empowerment

#### 10 PROJECTS FOR WOMEN'S UPLIFT

The Women's Development Ministry's Director General Javaid Iqbal Butt has said that the Ministry plans to start 10 projects for women's uplift. He said the Ministry would provide one bus each for Govt College for Women, Sakardu, and Khyber Medical College, Peshawar, and a vocational centre in Rawalpindi. He said plans were afoot to open skill centres in cities to provide free of cost technical education for women. Butt said the Ministry would start a programme to raise awareness among women about their rights and responsibilities. He said the Ministry would educate and train women councilors at all levels by providing them with computer education, particularly in Azad Jammu and Kashmir. Currently, the Ministry is running 25 women's centres in different cities imparting social counselling, temporary shelter and free legal and medical aid for the needy and intends to open 30 more centres. Butt said the Ministry would empower women in different fields including legal, political, social and economic sectors. He said the Ministry demanded Rs 520 million for development projects but the government had allocated Rs 183 million for the Ministry.

#### WOMEN QUOTA IN PUBLIC SERVICE TO BE DOUBLED, SAYS SHERRY

Minister for Information and Broadcasting Sherry Rehman, on June 6, said existing 10 percent women quota in public service would be doubled. She said at a workshop on "Social and Legal Aspects of Discrimination and Inequalities against Women" organized by Gender Development Section, Ministry of Law and Justice in collaboration with the National Gender Reform Action Plan (NGRAP) that we are struggling hard to empower women in the country and would use all available resource including other ministries in this respect. The workshop discussed laws and their implications for the social and legal aspects of women, how discrimination and inequalities are manifested and their impact on women. Later, talking to media, Rehman reiterated commitment of the PPP government to bring women into the national mainstream. She indicated that legislative process was underway to make laws regarding women prisoners, domestic violence and land allotment for ensuring social and economic rights to the women. "We'll fast track it," she added.

#### IT TRAINING FOR WOMEN COUNCILLORS

The Ministry of Women Development (MoWD) has planned to lessen high computer illiteracy among women councillors through an Information Technology (IT) training programme. The training is to get underway in the next few months throughout the country but this will happen only if Planning Commission approves its PC-1 before July. A senior MoWD official feared that any delay in the project's launch would increase its capital outlay manifolds and obstruct achievement of objectives set in the Medium Term Development Framework (MTDF), 2005-10 and the MoWD and UN policy agendas on women issues. According to him, 89 percent (25,400) of a total of 28,500 women councillors are computer illiterate, while only 11 percent (3,100) have basic computer or IT know-how. Against this backdrop, the Ministry has now made a plan to reduce high computer illiteracy among female elected representatives at grassroots level. Under the plan, basic IT training will be imparted to 11,500 women councillors in the next five years from July 2008 to July 2013. Around 3,100 women councillors have already attended such training. For the training, the Ministry has set matriculation the minimum education qualification for female councillors from the Punjab, urban Sindh and the NWFP, and middle (8th grade) for those coming from Balochistan, interior Sindh and distant areas of the NWFP. Hence, 51 percent women councillors (14,600) are eligible for the training. According to the plan, 1,500 councillors (13%) will be trained in basic IT/computer education during 2008-09, 2,000 (17%) during 2009-10, 2,700 (23.5%) during 2010-2011, 2,700 (23.5%) during 2011-2012 and 2,600 (20%) during 2012-2013. 30 percent of these councillors (3,500) will be from the Punjab, 26 percent

(3,000) from Sindh, 21 percent (2,400) from the NWFP, 16 percent (1,800) from Balochistan and seven percent (800) from Azad Kashmir, Northern Areas, Tribal Areas and Islamabad. The training will be undertaken in the Punjab's 35 districts, Sindh's 23, the NWFP's 24, Balochistan's 29 and Azad Kashmir, Northern Areas, Tribal Areas and Islamabad's 22 districts.

The official said that the MTFD, 2005-10, had no specific allocations for the 105.28 million worth of project but the 'block allocation' mentioned in the framework would 'accommodate' it. He said that a Project Committee would oversee the project in the light of input forwarded by four provincial coordinators, agencies from the tribal areas, FATA Secretariat, Women Development Social Welfare Department from Azad Kashmir and Islamabad DC's office. With the MoWD secretary (principal accounting officer) its administrative in-charge, the committee will consist of the director general (Development), the deputy secretary (Empowerment) and a senior technical advisor. According to the official, women councillors will be paid Rs 400 TA/DA a day and Rs 2,800 for participation in the seven days training session. The amount of TA/DA will later be enhanced to 500 per day. The provincial coordinators will get Rs 6000 worth of monthly remuneration with a five percent annual increment. All other staff of the project will be entitled to five percent annual pay rise after completion of one-year service. He said that the trainees will also be provided with reading material. The official said that public or private agencies, NGOs and computer centres with well-equipped laboratories would train women councillors by hiring skilful IT teachers. He said that the proposed project would enable 11,500 women councillors to use technology with ease and comfort in their constituencies and improve their marketing and corporate skills.

#### **4 MODEL WOMEN WELFARE CENTRES TO BE ESTABLISHED BY MINISTRY OF SOCIAL WELFARE**

Ministry of Social Welfare will establish four Model Women Welfare and Development Centres costing Rs. 160 million in four provinces to provide vocational training facilities to low income families. According to official sources, the Ministry is also introducing Pakistan Senior Citizens Welfare Bill to improve life of senior citizens and establishing women welfare development projects. Sources said that Nutrition Supplement Programme for Girls worth Rs. 600 million is a remarkable addition in the development programmes scheduled for 100 days. The pilot programme aims at provision of food supplement for 131,000 primary girls students in 10 high poverty stricken districts throughout the country to improve their nutritional status and control school drop-out ratio. The Programme also includes cash transfer programmes and Zakat, public works, school nutrition, social care services for disables and vulnerable children. The Ministry is launching a National Programme for Patients Welfare in 65 deficient districts costing Rs. 319.540 million. The Ministry of Social Welfare and Services has commenced medical social service projects being established at the federal level have proved very successful. These projects are being replicated in 65 deficient district headquarters (DHQ) hospitals. The Ministry has plan to establish the Monitoring and Evaluation Cell worth Rs. 28.718 million. The Cell is being established to monitor the efficient implementation of development projects within the stipulated time period as well as to evaluate the performance of team to be fielded for this purpose.

## **Women & Laws**

### **WOMEN' RIGHT TO DIVORCE: AN UNDER-EMPLOYED PROVISION**

Although Pakistan has in some areas moved slowly towards pro-female legislation, most women remain either unaware of their legally-recognized rights or are prevented from using them by a patriarchal society and a traditional mindset. Nowhere is this clearer than in the case of Section 18 of the nikahnama (Muslim marriage contract), which — subject to the groom's agreement at the time of marriage — gives a wife the right to institute divorce proceedings. Lawyers and women's rights groups point out that although this clause allows women to file for divorce using the same legal procedures as are ordinarily followed by men, in 99 per cent of the cases Section 18 of the nikahnama is struck out at the time of marriage and rendered not applicable, thus stripping women of a right that is recognized under the law.

The right granted under Section 18 of the nikahnama refers to Section 8 of the Muslim Family Laws Ordinance 1961. When invoked, it allows a woman to divorce her husband using Section 7 of the Muslim Family Laws Ordinance 1961, which defines the procedure for talaq (divorce). Significantly, it allows a woman to institute divorce proceedings while retaining her rights over the dower amount, or haq meher, agreed upon by the contracting parties and recorded on the nikahnama. The clause is of vital significance since a woman who does not have the right of divorce under Section 18 of the nikahnama must resort to pleading for khula (dissolution of marriage), a procedure during which she loses her claim over the dower, alimony or maintenance. The usual procedure for divorce (as opposed to khula) is that under Section 7 of the Muslim Family Laws Ordinance 1961, the husband presents a notice to the nazim of the relevant union council. If the nazim's efforts to bring about reconciliation fail, a certificate of divorce is issued within 90 days. Section 8 of the same ordinance dictates an identical procedure for women who have the right of divorce under Section 18 of the nikahnama.

Despite the advantages of this clause in the nikahnama, lawyers and clerics told that in actual practice, barely one per cent of women contracting marriages claim the right. 'One of a thousand retain right' Even though the law recognizes a woman's right to institute divorce proceedings under Section 18 of the nikahnama, the procedure nevertheless remains controversial. University teacher Professor Abdul Ghafoor, for example, claimed that women cannot be granted the right of divorce. "Islam gives women the right to separation and men the right of divorce," he maintained. "These rights cannot be reversed." He added that in his long experience of conducting nikah ceremonies – over 600 – he had never come across a woman or family that asked for the right of divorce under Section 18 of the nikahnama. This may appear to question the relevance of the law concerned, which states that "Where the right to divorce has been duly delegated to the wife and she wishes to exercise that right [...] the provisions of Section 7 shall [...] so far as applicable, apply" (Section 8, Muslim Family Laws Ordinance 1961). But lawyer Aftab Bano Rajput argued that since the provision has remained part of the law for decades, there is little point in continuing to debate whether or not it is appropriate for women to be granted the right of divorce. Nevertheless, she conceded, there is a great gap between theory and reality. She is of the view that perhaps one out of a thousand women would have been given the right. She said that about ten years ago, she came across one case where the woman had the right under Section 18 of the nikahnama, and that too because her sister was a lawyer. Refuting the suggestion that retaining the right paved the way for a troubled marriage, she added that she knew a couple of women who had the right to divorce but remained happily married. The fact that Section 18 of the nikahnama is rarely invoked is confirmed by Noor Naz Agha of the Women Lawyers' Association. She told that less than one per cent of the women or their families demand the right of divorce. First, few people know what the right means or entails and secondly, many feel that it is inauspicious to ask for this particular right at the time of marriage. Nevertheless, she pointed out, there is a stark contradiction since no one gives a second thought to the man's right to divorce, but the same thing becomes objectionable when it refers to a woman.

Irfan Aziz, for example, is a professor who gave his wife the right under Section 18 of the nikahnama, although he admits that neither his family nor that of his bride gave the provision a thought – or even knew about it. He commented that the fact is, however, that the days are long past when women were considered irrational. Today, they are educated and logical and compete with men in every field. Mr Aziz said that he came to know about the clause through debates on TV, and resolved to give his wife the right to divorce. However, he did not tell his family what Section 18 of the nikahnama pertained to, since he believed that they would have trouble accepting it.

The fact that few women or their families retain the fundamental right to divorce is a sad indictment on citizens' level of familiarity with their legal rights and obligations. In most cases, a number of sections of the nikahnama are struck out at the time of marriage, and Section 8 is one of the most common casualties.

## Women & HR

### VIOLENCE AGAINST WOMEN -- URBAN WOMEN FACED GREATER RISK OF INJUSTICE

According to a report published by the Aurat Foundation, a total number of 1,321 women were subjected to violence in the four provinces and Islamabad in the first quarter of 2008. The report said that during the first quarter of the current year – January to March – a total of 1,321 women were subjected to violence in Islamabad (44), Punjab (546), Sindh (298), NWFP (282), and Balochistan (151). In addition to these incidents, 30 men in Sindh and one man in Balochistan also lost their lives in incidents of 'honour killings' during the period. The percentage of women murder cases was highest – 27.7 percent – followed by abduction 18.6 percent, hurt or body injury 13.5 percent, domestic violence 9 percent honour killings 6.8 percent, rape/gang rape 6 percent, suicide 5 percent, offences of miscellaneous nature, 4.3 percent, sexual assault 2.6 percent, attempt to murder 1.9 percent, custodial violence 1.8 percent and burning/acid throwing 1.4 percent. Nearly 99 percent of these incidents were male either relatives or outsiders.

**Cases of Violence in Punjab Province:** According to the report violence against women has been more common in urban areas where 275 cases were reported from January to March 2008, while 186 such cases were reported from rural areas. The total number of such cases in 35 districts of the province was 546 during the period. It said that 141 of these cases were of murder, including 11 of 'honour killing', 177 of abduction, 56 of injuries to women, 42 of rape, including eight of gang rape, 27 of suicide, 34 of domestic violence, 13 of sexual assault, 13 of attempt to murder, 10 of custodial violence, six of burning, four of trafficking and 20 cases of violence of miscellaneous nature.

The report said the motives behind 47 murder cases were domestic disputes. The reason was suspicion of illicit relations in 30 murder cases. Two victims' choice marriage was behind their murder. Property disputes became the reason for the murder of seven women. In honour-killing cases, most of the accused were the immediate family members of the victim, such as husband, brother, father, brother-in-laws and cousins. The motive was 'unknown' or 'uncertain' in 20 murder cases, the report added. The report said that in 27 suicide incidents, 15 women took their lives after being treated harshly

by their husbands or in-laws, six women committed suicide due to family suppression, including parents' denial to let the girls marry choice husbands. Women committed suicide due to property disputes in two cases. In one case, the cause was illness and in another it was unknown why the women committed suicide. In another case, a woman committed suicide because of her forced marriage, while in two other cases they killed themselves due to fear of angry husbands. Of the 34 cases of domestic violence, 24 cases were related to physical violence by husbands and in-laws, and in 10 cases, women met with emotional or psychological violence.

The report said of the 546 cases, 402 (74 percent of the total) were registered with the police. Aurat Foundation officials said the government was responsible for addressing women's issues. They said people should show tolerance towards women and help the government curb violence against women.

## Women & Media

### **MEDIA URGED 'TO STOP PORTRAYING NEGATIVE IMAGE OF WOMEN'**

Condemning the stereotypical approach of electronic and print media towards women, speakers at a project launch said on June 5 that women are presented through the lens of male gaze while ignoring her dignity and integrity. These views were expressed at the launching of Rozan's media project 'Munsalik'. Minister for Information, Women Development and Health Sherry Rehman was the chief guest on the occasion. Aimed at utilizing media power to tackle social issues like violence against women, the project is designed to sensitize media on gender and gender-based violence.

Giving an introduction, project coordinator Shabana Arif said that it would be a three-year project focusing especially on less developed cities. "It will also include annual meetings and scholarships for aspiring journalists in this field for regional exposure. With prominent journalists from both mediums as panelists at the discussion titled '*Pakistani Aurat Ki Kahani, Media Ki Zubani*,' the portrayal of women was discussed through different angles. They stressed the need to develop intellectual infrastructure and working on out of the box solutions to tackle social issues effectively. The team of panelist included Ghazi Salahuddin, Faryal Gohar and Absar Alam.

In their presentations, Ghazi Salahuddin analyzed the reasons for negative portrayal of women and issues related to her under the theme '*Adhoori Kahani*,' Gohar spoke on the portrayal of women in cinema and theatre while Alam highlighted the use of women, as a commodity to market a commodity in the advertising sector. Pointing out gaps in the coverage of women-related issues, Salahuddin said while reporting an event, the process that led to the incident or the impact it would have on the readers or the audience was usually ignored. Calling for more coordination between the media and NGOs, he said that there was a need to develop a more tolerant society, as absence of any intellectual infrastructure was leading us towards violence. "The negative or stereotypical portrayal of women is a holistic issue and all stakeholders need to cooperate for a real change.

In her elaborate presentation on the status of women in Pakistani cinema, Faryal Gohar said that female sexuality had always been the focus of movies produced in the country. She said that male gaze completely dominated the film script, camera and even women audience never resisted this image. Gohar regretted that rape scenes were the ones most enjoyed in Pakistani cinema with audience seen whistling and even clapping. "It is always depicted that the women invite rape and the vamp character commonly gets violent death, indirectly punishing women for her sexuality," she added. "Rape is usually shown as the ultimate act of revenge seeking redress of a crime committed." Gohar said that women were presented in extreme roles and either the producers and storywriters portrayed her as an angle or a vamp. She pointed out that women's image was compromised for revenue generation. She said that unfortunately both male and female producers never realized the unjust approach towards women in cinema. There is a need to develop female gaze and invent new dynamics to counter patriarchal domination in the cinema..

Absar Alam said that in 90 per cent of advertisements of products from motorcycles to fans women were used as a marketing commodity. It's a global phenomenon that gender, skin or suggestive gestures of women are unnecessarily used to attract customers. He further said that models, advertising agencies and concept makers were equally responsible for this kind of presentation. He said that during prime time on news channels, 60 per cent of the time was reserved for advertisements, which were also taken as news by the viewers. Alam also screened clippings of advertisements focusing on women sexuality. He criticized media groups that use images of women to attract readership and viewer ship.

Speaking on the occasion, Sherry Rehman said that there was always a woman at the back of a story and her version should come forward. There is a need to gender sensitize all stories rather than focusing on stories regarding women issues. Sherry said that there was a need to enhance funding and resources of Ministry of Women Development and that

she was planning to introduce gender experts in all ministries to make all planning and policies of key ministries gender specific. She urged reminding the authorities of such issues again and again so that those do not get ignored in the political and economic crises of the country.

## Books/Articles/Reports on Gender

Title	Whispers to Voices: Gender and Social Transformation in Bangladesh
Author	Das, M. B.
Publication Date	March 2008
Publisher	World Bank
Donor	World Bank
Short Summary	<p>Why has Bangladesh been hailed as 'a shining new example' of a poor country achieving impressive gains in gender equality? According to this World Bank report, Bangladesh has made great progress in achieving gender equality and enhancing the status of women. It points to successes in increasing girls' school enrolment rates, in reducing fertility and mortality and increasing access to microcredit, and argues that these advances are the result of concerted efforts by the government, the women's movement and civil society groups to improve the quality of life for all citizens. In particular, it suggests that women have found it easier to organise because of the relative homogeneity of the population, and that this has helped them make significant gains. The report is divided into seven chapters. The first considers the evolution of policy within institutions that have furthered gender equality and woman's status in Bangladesh. Others discuss advances made in particular sectors, including health, education, labour market issues, and women's empowerment, but also in marriage and violence against women. However, it recognizes that significant challenges remain, for example:</p> <ul style="list-style-type: none"><li>- Women still lack adequate access to reproductive health services</li><li>- Boys are now lagging behind girls in education achievement</li><li>- Female employment rates are still very low</li><li>- Women's decision-making power within households and at community levels is weak</li><li>- Property ownership is still overwhelmingly male (96.5% for agricultural holdings) limiting women's control over key assets.</li><li>- Girls and women continue to be at risk of gender-based violence at home, and have their external mobility curtailed because of security concerns.</li></ul>
Complete Document	 <a href="#">(Portable Document Format)</a>

# Democracy Watch

## By-Polls

### RULING COALITION SWEEPS BY-POLLS

The ruling coalition swept the by-elections on June 26, winning most of the five national and 23 provincial assemblies' seats, while 26 people were injured in election related violence.

Following are the returned candidates in by-elections:

Constituency	Returned Candidate	Party	Votes
<b>National Assembly</b>			
NA-11 (Mardan-III)	Khanzada Khan	PPPP	20896
NA-52 (Rawalpindi-III)	Muhammad Safdar	PML-N	54917
NA-55 (Rawalpindi-VI)	Haji Pervaiz Khan	PML-N	25237
NA-131 (Sheikhupura-I)	Rana Afzaal Hussain	PML-N	119180
NA-147 (Okara-V)	Khurram Jahangir Wattoo	PPPP	79195
<b>Provincial Assemblies</b>			
<b>Punjab</b>			
PP-10 (Rawalpindi-X)	Mian Muhammad Shahbaz Sharif	PML-N	Un-Contested
PP-48 (Bhakkar-II)	Mian Muhammad Shahbaz Sharif	PML-N	Un-Contested
PP-59 (Faisalabad-IX)	Qasim Zia	PPPP	79195
PP-70 (Faisalabad-XX)	Rana Sanaullah Khan	PML-N	23070
PP-99 (Gujranwala-IX)	Qaiser Iqbal Sandhu	PPPP	33943
PP-118 (Mandi Bahuddin-III)	Major (R) Zulfiqar Ali Gondal	PPPP	20859
PP-124 (Sialkot-IV)	Rana Shamim Ahmed Khan	PML-N	24994
PP-141 (Lahore-V)	Mujtaba Shuja-ur-Rehman (Un-Contested)	PML-N	Un-Contested
PP-154 (Lahore-XVIII)	Syed Zaeem Hussain Qadri	PML-N	8211
PP-171 (Nankana Sahuib.II (Old Sheikupura-X)	Rana Muhammad Arshad	PML-N	22715
PP-219 (Khanewal-VIII)	Karam Dad Wahla	Independent	38098
PP-229 (Pakpattan-III)	Sardar Wajid Ali	PML-N	24989
PP-243 (Dera Ghazi Khan-IV)	Sardar Zulfiqar Ali Khan Khosa	PML-N	27829
PP-258 (Muzaffargarh-VIII)	Mukhdoom Zada Syed Haroon Ahmed Sultan Bukhari.	Independent	27829
PP-277 (Bahawalnagar-I)	Mian Fida Hussain	PML-N	32706
PP-295 (Rahimyar Khan-XI)	Syed Abdul Qadir Gillani (Un-Contested)	PPPP	Un-Contested
<b>Sindh</b>			
PS-30 (Khairpur-II)	Pir Syed Muhammad Bachal Shah	PPPP	23548
PS-44 (Matiari-Cum-Hyderabad (Old Hyderabad)	Syed Pir Amir Ali Shah (Un-Contested)	PPPP	Un-Contested
PS-62 (Tharparkar-III)	Sharjeel Inam Memon (un-Contested)	PPPP	Un-Contested
<b>NWFP</b>			
PF-20 (Charsadda-IV)	Muhammad Taimoor Khan	ANP	8351
PF-45 (Abbottabad-II)	Sardar Shamhoon Yar Khan	PML-N	23126
PF-59 (Battagram-I)	Taj Muhammad Khan Tarand	Independent	16528
PF-75 (Lakki Marwat-II)	Dr. Muhammad Khalid Raza Pir Zakori Sharif	Independent	24997
PF-81 (Swat-II)	Sher Shah Khan	ANP	7731
PF-91 (Upper Dir-I)	Muhammad Anwar Khan Advocate	PPPP	14445
PF-92 (Upper Dir-II)	Badshah Saleh	PPPP	11967
<b>Balochistan</b>			
PB-9 (Pishin-II)	Asfand Yar Khan Kakar	PPPP	15182
PB-32 (Jhal Magsi. (Old Kachhi-III)	Nawabzada Tariq Magsi	Independent	56261
PB-44 (Lasbela-I)	Peer Abdul Qadir Al-Gillani	Independent	16911

### **BY-POLL TURNOUT 32 PERCENT**

Overall turnout in by-polls was recorded at 32 percent as widely expected by the electoral experts. The ECP Secretary Kanwar Muhammad Dilshad told that the turnout in the electoral exercise remained 32 percent. He said that it was primarily the responsibility of political parties and the contesting candidates to motivate people to turn-up and take part in the process. The Secretary explained that the turn-out in the five National Assembly constituencies was 27 percent whereas it was much higher in case of 23 provincial assembly constituencies and remained 37 percent.

### **FAFEN RELEASES BY-POLLS REPORT**

The Free and Fair Election Network (FAFEN), on June 27, released its detailed observation report about the June 26 By-Elections and noted that voters were influenced inside polling stations. The network had deployed as many as 464 observers to monitor over 2,500 polling stations in 28 constituencies. The report is based on data received from more than 1,500 polling stations in five National Assembly and 12 provincial constituencies.

Unlike the February 18 general elections, this time the interference of local governments was minimal. However, there had been significant increase in interference, as both federal and provincial ministers were active on and before the election-day, campaigning for their party candidates. Media reports, he pointed out, had given coverage to the fact that the Prime Minister, Chief Ministers and Federal and Provincial Ministers used official protocols and vehicles for the campaign of their favourite candidates, which was against the election law and code of conduct.

The report noted that turnout in 25 all-female polling stations in the Parallel Vote Tabulation (PVT) sample for the NA constituencies was lower than that of male and combined polling stations. In all-female polling stations, turnout was recorded at 17.7 per cent, compared to 22 per cent in all-male polling stations and 32 per cent in 83 combined polling stations. Turnout in all-female polling stations was lowest (7.3 per cent) in NA-55, followed by NA-147 (14 per cent) and NA-52 (15 per cent). Turnout of 45 per cent in all-female polling stations in NA-131 was comparatively high, but still less than that of all-male polling stations, which reported 53 per cent turnout and combined stations, which reported 61 per cent turnout. FAFEN observers reported the presence of unauthorized people inside many polling stations trying to coerce, coax or intimidate voters to vote for one candidate or the other.

Detailed report can be accessed through following link:

<http://www.fafen.org/admin/products/p485bee53f1dfc.pdf>

### **SC POSTPONES BY-ELECTIONS IN NAWAZ'S CONSTITUENCY**

The Supreme Court, on June 25, stayed by-elections in NA-123 until final disposal of the federation's position against the disqualification of PML-N Chief Nawaz Sharif by the Lahore High Court (LHC). A three members bench of the SC, comprising, justices Mohammad Moosa leghari, Syed Zawwar Hussain Jaffery and Muhammad Farrukh also issued notices to respondents before adjourning the proceedings until June 30.

A full bench of the Lahore High Court, on June 23, disqualified former Prime Minister and PML-N Chief Nawaz Sharif from contesting the by-election. The bench consisting of Justices Abdul Shakoore Paracha, M Bilal Khan and Syed Shabbaz Raza Rizvi also turned down a request to prevent Punjab Chief Minister Shahbaz Sharif from standing in the by-elections and forwarded a petition seeking Shahbaz's disqualification to the election tribunal. The bench directed the Election Commission of Pakistan to have the appeal against Shahbaz's candidature adjudicated upon while allowing him to continue in office.

Shahbaz qualified: Counsels for petitioners Dr Qazi Mohyuddin and Raza Kazim pleaded that the question of qualification had not been decided by the election tribunal as the judges had opposing opinions on the matter. Shahbaz had though been held qualified under Section 14(6) of the Representation of the People's Act 1976, Kazim said. He said the provision was repugnant to the constitution and asserted that a candidate could not be allowed campaign for polls without scrutiny. When asked by the bench what the legal position is now that Shahbaz had been declared a member of the Punjab Assembly and had assumed the post of chief minister, Kazim said he had also raised the qualification question before the returning officer – which was the proper stage for doing so – but his objection had yet to be decided on. He said the full court should decide on the pending objection first.

### **SHAHBAZ SHARIF ELECTED AS CM PUNJAB**

PML-N President Shahbaz Sharif took oath as Punjab Chief Minister on June 8 after getting elected unopposed to the Punjab Assembly. After taking oath, Shahbaz said that he was not the Chief Minister, but the chief servant (khadim-e-ala).

He said that the country's wealth looted by the previous regime would be recovered. He said that he would ensure the rule of law, access to justice and availability of basic needs to everyone. He said that his government would make sure that food, medicine and education was available to everyone. He said that a complaint cell would be formed at the chief secretary's office, where the staff would redress every complaint. He thanked Dost Muhammad Khosa for his services and said that he had attained a prestigious level at such a young age. He also appreciated the wisdom of Asif Ali Zardari and Nawaz Sharif and paid tribute to Benazir Bhutto for sacrificing her life for the cause of democracy. Punjab Assembly Speaker Rana Muhammad Iqbal chaired a special session convened for the election of Chief Minister Shahbaz Sharif, who was the only candidate for the slot and was elected Leader of the House by securing 265 votes.

### **SHEIKH RASHID QUILS PML-Q, FORMS AWAMI MUSLIM LEAGUE: WITHDRAWAL FROM ELECTION RACE**

Former Federal Minister Sheikh Rashid Ahmed has finally parted ways with the Pakistan Muslim League-Q and set up his own party after withdrawing his candidature for the by-election for National Assembly's NA-55 seat. He announced at a press conference here on June 1 that his party would be named Awami Muslim League (AML) and that he had resigned from the membership of the PML-Q of which he was a senior Vice-President. He said he foresaw a change taking place in the country during the current month. The former Minister said he did not expect the government to last long because the situation was serious and the atmosphere was charged with uncertainty. He said he had reversed his decision to contest the by-election because of people's lack of interest in the process and the deteriorating law and order situation. He said his constituency had gained international fame after his defeat in the general elections and everybody was interested in contesting the by-election from there. He said he had decided to withdraw from the 'short-term' election and support the covering candidate, Syeda Nasim Ali.

## **Government Watch**

### **COALITION OR COLLISION**

**PML-N Threatens to Quit Coalition:** PML-N spokesman Sadiq ul Farooq said that PML-N is not taken into confidence by the coalition Government regarding the military operation in NWFP and other issues. Sadiq ul Farooq said that there consent was not taken on any major issue after May 15 and gave strong signals pertaining to separation of PML-N from the ruling coalition. However, he said that PML-N would analyze the month of July to provide time to the other coalition partners for consideration. On being asked to depict the scenario of Punjab Government in case the coalition ends, he said the position of PML-N in Punjab was strong, adding that the Central Executive Committee would be contacted if no solution was found.

**Boucher comes to Rescue Coalition:** With an aim of keeping Pakistan's ruling coalition intact, the senior US diplomat Richard Boucher arrived, on June 30, on a four day visit during which he will try to help end differences between PPP and PML-N over the thorny issue of judges' restoration.

**PML-N Pours Cold Water on Package:** PML-N has poured cold water on the proposed constitutional package presented by PPP, saying it is part of the delaying tactics for not restoring the pre-November 3 Judiciary in accordance with the Murree Declaration. Top PML-N leaders said after analyzing the proposed constitutional package clause by clause. A senior PML-N leader commented that when you talk about the strength of the democratic institutions, empowering the democratically elected Prime Minister and curtailing the powers of the President, you are not supposed to purpose just the opposite in the Constitutional package. He further said that PML-N will definitely come up with its suggestions on almost every clause of the proposed package but only after the judges sacked by Musharraf are reinstated to the November 2 position in accordance with Murree Declaration.

On the other hand, other parties in the sitting coalition JUI and ANP have left the judges' restoration issue to the two major parties. A senior JUI leader told that except the clauses concerning the restoration of judges seemed to be in favour of the Presidential form of Government in the country. ANP, on the other hand, is interested in getting the name of NWFP changed to Pakhtoonkhawa, abolition of the concurrent list and the provincial autonomy. Haji Adeel, senior vice-president of ANP told that he was hopeful of getting the package approved from the Parliament, as many Q-Leaguers would also favour some of the clauses of the package. He said that even MQM is ready to support some of the clauses to curtail the President's power.

### **INTRA-PPP DIFFERENCES – INTERVIEW BY SENATOR SAFDAR ABBASI**

Speaking exclusively to Business Plus, PPP Senator Safdar Abbasi said on June 30 that the time had come to voice and highlight any difference of opinion within the party, whether the leadership liked it or not. He said that “my first choice for the premiership was Makhdoom Amin Fahim and I also suggested the name of Shah Mehmood Qureshi because of my 40-years association and their charismatic personalities. He said that there is no forward bloc in the PPP.

## **MUSHARRAF GETTING UP THE NERVE TO ADDRESS PARLIAMENT**

President Pervez Musharraf hinted at addressing the joint session of Parliament. The indication came during the meeting with opposition leader in the National Assembly Chaudhary Pervaiz Elahi, who called on the President at the Presidential camp office in Rawalpindi and discussed with him political and economic situation of the country besides other important issues. During the meeting Pervaiz Elahi suggested to the President to address the Parliament adding that it will be the Government’s responsibility to maintain law and order in the House along with the security. He was of the view that it will make the President’s position strong.

## **PM OPENS NADRA MOBILE FACILITY**

Prime Minister Syed Yousuf Raza Gilani, on June 24, inaugurated a mobile facility introduced by the National Database and Registration Authority (NADRA) for issuance of free of charge Computerized National Identity Cards (CNICs) to the people, especially those belonging to the poor segments of the society. Around 22 million out of a total of 85 million eligible citizens would benefit from this facility introduced by the authority on the directive of Prime Minister. The facility would be available to only those applying for the first time, while those applying for the second or third time in case of misplacement of card will have to pay the charges. Gilani said it was not a mere card but an authentic identity that would help the citizens, especially the poorest of the poor, to benefit from the government’s various initiatives like micro-financing, Benazir Stipend Programme, Hepatitis Programme and other socio-economic programmes and health and education facilities. He also stressed the need for creating awareness among the masses of the necessity of having an identity card and urged public representatives to create awareness among the masses in this regard. The prime minister also directed NADRA officials to increase the number of mobile vans to ensure quick registration and delivery of ID cards. Rehman Malik told media persons that NADRA was also introducing a system to place finger-prints of a person on the CNIC with a view to eliminating the chances of any fraud or rigging in the elections in future. He said computerization of land revenue record was also being considered. Under the free of charge facility, the cards would be delivered to the applicant within 30 days.

## **BALUCHISTAN CABINET – BURDEN ON ECONOMY**

*Following article by Shahzada Zulfiqar has been published in Herald (June 2008) titled as ‘A Minister’s Worth’*

Despite having absolute majority in the Provincial Assembly, the Government of Nawab Muhammad Aslam Khan Raisani, Chief Minister of Balochistan is struggling to keep loose coalition together. Raisani’s problems in putting together his cabinet proved how difficult it was for him to accommodate competing demands from his disparate coalition partners. As a consequence, a record 45 out of 62 members of the provincial assembly have become ministers. After the February elections, Raisani’s PPP had won only seven seats in the Balochistan Assembly. Two independent legislators, Agha Irfan Karim and Jan Ali Changaizi, later joined the party that also had two seats reserved for women and one for minorities, thereby bringing the total strength to 12. Though PML-Q had emerged as the single largest party in the province, internal discords frustrated its plans, if it had any at all, to form speaker of the provincial assembly, joined ranks with five other legislators from the Party against Jam Yousaf, former Chief Minister of Balochistan, before the Caretaker Government came in. The six-some offered to support Raisani and his PPP for the top slot in the province. More PML-Q legislators joined them as the formation of the Government drew closer with Sardar Yar Muhammad Rind, a lone party legislator and former Minister, remaining in opposition and that too because of a long-running feud has with the tribe of Raisani. Even when the PML-Q and the PPP could have formed a Government without requiring support from any other party, there was no dearth of others willing to lend a helping hand. At the end of the day all eight parties – PPP, ML-Q, PML-N, JUI-F, JUI, BNP, ANP and NP – as well as seven independents led by Sardar Aslam Bizenjo, formed a ruling coalition with a single-member opposition.

While all and sundry were joining the Government, Raisani was promising cabinet slots to almost everyone. Though the central leadership of his party had promised him that he would have around 30 people in his cabinet, he was unable to withstand pressure from his allies. When he announced his cabinet on April 23, a full two weeks after he was sworn-in as Chief Minister, as many as 38 Ministers took oath with one of them getting berth in the Cabinet only few minutes before

swearing-in. Two days later, the Cabinet had its first expansion with one more legislator becoming a Minister and four other including a former of Provincial assembly, getting appointed as Advisors. In the second phase of expansion, three more were made Ministers, including two PML-Q women legislators who were appointed special assistant and advisor. In the final phase, special assistant Dr. Ruquiya Saeed Hshmi and advisor Raheela Hameed Khan Durrani as well as another PML-Q legislator, Saleem Khoso were made Ministers. The few remaining assembly members without cabinet appointments are sure to become Chairmen of the Standing Committees of the House though the agreement on their names is yet to be reached. The most interesting aspect of this generous dishing out of cabinet slots is that many Ministers don't have departments to head. Only 33 of them could get portfolios even after some departments were bifurcated to accommodate the large cabinet. All this raises a pertinent question: can a poor province like Balochistan afford such a large cabinet, requiring millions of rupees every month for the upkeep of its Ministers? Raisani believes it should, even if it cannot. "If Balochistan can suffer five military operations, why cant it bear the burden of 44 Ministers who have been appointed with the consensus of all the parties in the Provincial Assembly?"

Financial experts estimate that one Minister costs the public exchequer half a million rupees per month. For a province facing a financial crisis, how all this money will be arranged is a moot point. The Provincial Government has inherited a 19-billion rupees debt from the State Bank of Pakistan. With interest due on it, the debt is now worth 22 billion rupees. The Province must pay the State Bank 350 million rupees per month (3.6 billion rupees per annum) to keep servicing this debt. Balochistan is also facing problems in paying all its employees – with provincial resources failing short by a massive 300 million rupees every month from what it needs to pay in salaries. Raisani is seeking a 50 billion grant from Federal Government to overcome the financial crises and a decrease in the interest payment on the State Bank overdraft will reach 25 billion rupees by the end of current fiscal year. This will force the Government to cut its already meager development budget. Standing at around 10 billion rupees for one financial year, it will certainly come down to as low as six to seven billion rupees. If resolved, some pending financial issues between Quetta and Islamabad cannot only generate the money that Balochistan needs urgently but may also help stabilize the provincial finances in the mid-term. The Federal Government owes Balochistan 29 billion rupees in gas development surcharges that this money will multiply to 100.25 billion rupees after interest is taken into account. Experts also point out that the formula for the distribution of money generated by natural gas leaves Balochistan with a clear advantage. The Federal Government, these experts claim, earn 96 billion rupees a year on gas from Balochistan but the provinces get no more than 5 billion rupees in return. The Province also wants the distribution of resources under the National Finance Commission on a formula not solely based on population but also on the geographical size and deprivation.

Currently there are issues which will not be resolved quickly. In a province beset by a low-level insurgency, large scale disappearances of Baloch political activists and a military presence in vast tracts of land, the resolution of financial problems can go some way in allowing the Government to focus its attention on resolving the other problems. Common sense commands that this may be better achieved by keeping minimum burden on the exchequer – through a lean, mean but efficient cabinet. this may be better achieved by keeping minimum burden on

### ECONOMIC SURVEY OF PAKISTAN 2007-08

Finance Minister Syed Naveed Qamar launched Economic Survey 2007-08 on June 10. The survey conceded that there were failures in major areas, particularly GDP growth rate, agriculture, overall manufacturing, large-scale manufacturing, inflation, fiscal policy, monetary policy, exports, imports, current account deficit and trade balance during the first 10 months of the financial year ending on June 30. Mr Qamar said the new government is facing dual challenges of pulling the country out of the current economic mess and removing difficulties of the common man by framing “correct and viable” economic policies. He expressed the hope that the government would receive considerable budgetary support from “friendly countries and international donors” to help it improve the economy during the next financial year. He believed that the government might get about \$3 billion by June 30 which would enable it to achieve some of the economic objectives. He said that 2007-08 had been a “challenging year” as the economy experienced several unexpected political and economic events inside and outside the country. These events had an adverse impact on the economy.

Following are some findings of the Economic Survey:

**Growth and Investment:** Real **GDP** grew by 5.8 percent in 2007-08 as against 6.8 percent last year and growth target of 7.2%. The economy has shown great resilience against internal and external shocks of extraordinary nature during the out going fiscal year. Pakistan’s economy has grown at an average rate of almost 6.6 percent per annum during the last five years. **Agriculture** sector showed dismal performance and grew by 1.5 percent as against 3.7 percent last year and target of 4.8 percent. The poor show was mainly because of growth performance Major crops which registered negative growth of 3.0 percent as against an impressive positive growth of 8.3 percent last year and target for the year at 4.5 percent. Livestock a major component of agriculture exhibited some improvement in growth from 2.8 percent last year to 3.8 percent in 2007-08. Pakistan’s per **capita real GDP** has risen at a faster pace in real terms during the last six years (4.5% per annum on average in rupee terms) leading to a rise in average income of the people. Such increases in real per capita income have led to a sharp increase in consumer spending during the last three years. The per capita income in dollar term has grown at an average rate of 13.5 percent per annum during the last six years rising from \$ 586 in 2002-03 to \$ 1085 in 2007-08. The main factor responsible for the sharp rise in per capita income include acceleration in real GDP growth, stable exchange rate and four fold increase in the inflows of workers’ remittances. Total **investment** could not sustain its record level of 22.9 percent of GDP of the last fiscal year and declined to 21.6 percent of GDP in 2007-08. However, total investment has increased from 16.9 percent of GDP in 2002-03 to 21.6 percent of GDP in 2007-08 — showing an increase of 5.7 percent of GDP in five years.

**Agriculture:** The agriculture growth this year is estimated at 1.5 percent as compared with 3.7 percent during 2006-07. Cotton production at 11.7 million bales in 2007-08 has decreased by 9.3 percent in comparison to 12.9 million bales of last year. Wheat production is estimated at 21.7 million tons in 2007-08 as against 23.3 million tons last year, showing a decrease of 6.6 percent. Rice production has increased from 5.4 million tons in 2006-07 to 5.6 million tons in 2007-08, showing an increase of 2.3 percent. Sugarcane production has increased by 16.8 percent in 2007-08 from 54.7 million tons in last year to 63.9 million tons in 2007-08. As regards the minor crops, the production of mung, mosoor and mash increased by 28.4 percent, 13.8 percent and 8.8 percent, respectively. The production of chillies and onion increased by 96.1 percent, 13.8 percent respectively. The production of potato crop declined by 3.8 percent.

**Manufacturing and Mining:** Overall manufacturing posted a growth of 5.4 percent during the first nine months of the current fiscal year against the target of 10.9 percent and 8.1 percent of last year. Large-scale manufacturing, accounting for 70.0 percent of overall manufacturing registered a growth of 4.8 percent in the current fiscal year 2007-08 against the target of 12.5 percent and last year’s achievement of 8.6 percent.

**Money and Credit:** Overall developments in the money and credit sector during the fiscal year 2007-08 have been satisfactory. During July-May 10, 2007-08, money supply (M2) grew by 9 percent against the annual target of 13.7 percent and last year expansion of 14 percent for the same period. Weighted average lending and deposit rates increased to 10.9 percent and 4.2 percent in March 2008 while weighted average yields on 6 months T-bill increased to 9.4 percent in March 2008.

**Inflation:** The inflation rate as measured by the changes in Consumer Price Index (CPI) stood at 10.3 percent during the first ten months (July-April) of the current fiscal year, 2007-08, as against 7.9 percent in the comparable period of last year. The food inflation is estimated at 15.0 percent and non-food 6.8 percent, against 10.2 percent and 6.2 percent in the corresponding period of last year. The increase in inflation rate during the current year 2007-08 is attributable to the increase in food price inflation which has been due to increase in prices of wheat, edible oil, rice, pulses, milk, poultry, meat, fresh vegetables and fruits.

**External Debt and Liabilities:** External debt and liabilities (EDL) at the end of March FY08 were US\$ 45.9 billion. The net addition of \$ 5.4 billion represents a 13.3 percent increase over the stock at the end of FY07.

**Education:** The overall literacy rate (10 years & above) was 45 percent in 2001 which has increased to 55 percent in 2006-07, indicating a 10 percentage points increase over period of only six years. Male literacy rate (10 years & above) increased from 58 percent in 2001 to 67 percent in 2006-07 while it increased from 32 to 42 percent for female during the same period. Literacy remains higher in urban areas (72%) than in rural areas (45%) during 2006-07. In view of spreading higher education to every area of Pakistan, over the past three years, 17 new universities have been granted Charters, with the majority opened in areas where higher education opportunities were previously unavailable. To promote research and development (R&D) activities, Higher Education Commission (HEC) has awarded 5,837 PhD scholarships (3,237 indigenous, 2,600 foreign) over the past three years.

**Health and Nutrition:** During the fiscal year 2007-08, 43 basic health units and 13 rural health centers have been constructed, while 65 rural health centers and 950 basic health units have been upgraded. Some 4500 new doctors, 400 dentists, 3350 nurses and 4900 paramedics have completed their academic courses. 80000 Lady Health Workers (LHWs) have been trained and deployed mostly in the rural areas. Moreover, some 7.5 million children have been immunized and 22 million packets of ORS distributed.

**Population, Labour Force and Employment:** Pakistan's current population is 160.9 million with a growth rate of 1.80 percent. The overall vision of the population policy is to achieve population stabilization by 2020. The life expectancy in Pakistan for males is 64 years and for females is 66 years. About 2.6 million labour force is estimated as un-employed in 2006-07 and unemployment rate is 5.3 percent. To generate employment, the government has not only started President's Rozgar Scheme under which an average loan size of Rs.100,000 is given for a maximum period of five years with a grace period of three months but has also set up two banks (1) SME Bank, which has created 47,213 employment opportunities in the country and (2) Khushali Bank, which has so far created 1118,502 job opportunities.

**Poverty:** The latest estimates for poverty available are for the year 2005-06 when economic conditions were altogether different as of today. For 2005-06 inflation-adjusted poverty line used is Rs.944.47 per adult equivalent per month, up from Rs.878.64 in 2004-05. Headcount ratio, i.e., percentage of population below the poverty line has fallen marginally from 23.94 percent in 2004-05 to 22.32 percent in 2005-06, an improvement of 1.62 percentage points. Poverty in rural areas declined from 28.13 percent to 27.0 percent, showing an improvement of 1.13 percentage points between 2004-05 and 2005-06. Poverty in Urban areas also registered a decline from 14.94 percent to 13.1 percent during 2004-05 and 2005-06, thereby, depicting an improvement of 1.84 percentage points in the period.

**Energy:** Crude Oil: Production of crude oil per day has increased to 70,166 barrels during July-March 2007-08 from 66,485 barrels per day during the same period last year, showing an increase of 5.54 percent. The overall production of crude oil has increased to 19.3 million barrels during July-March 2007-08 from 18.2 million barrels during corresponding period last year, showing an increase of 5.9 percent.

Natural Gas: The average production of natural gas per day stood at 3,966 million cubic feet during July-March, 2007-08, as compared to 3,876 million cubic feet over the same period last year, showing an increase of 2.3 percent. The overall production of gas has increased to 1,090,620 million cubic feet during July-March 2007-08 as compared to 10,62,124 million cubic feet in the same period last year, showing an increase of 2.7 percent.

Electricity: The total installed generation capacity has increased to 19,566 MW during July-March 2007-08 from 19,440 MW during the same period last year, showing a marginal increase (0.65 percent). Total installed capacity of WAPDA stood at 11,654 MW during July-March 2007-08 of which, hydel accounts for 55.6 percent or 6,474 MW, thermal accounts for 44.4 percent or 5,180 MW.

CNG: Presently, some 2,068 CNG stations are operating in the country. By March 2008 about 1.7 million vehicles were converted to CNG as compared to 1.35 million vehicles during the same period last year, showing an increase of 26 percent. With these developments Pakistan has become the leading country in Asia and the third largest user of CNG in the world.

For details click: [http://www.finance.gov.pk/finance\\_survey\\_chapter.aspx?id=18](http://www.finance.gov.pk/finance_survey_chapter.aspx?id=18)

## WORLD BANK'S WGI 1996-2007 – PAKISTAN THE WORLD'S MOST VOLATILE COUNTRY

According to WB's Worldwide Governance Indicators (WGI) for 2007, launched on June 24, Pakistan's political instability and violence score decreased by -1.12. The WGI report is covering 212 countries and territories and measuring six dimensions of governance between 1996 and 2007: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

The report says in 1998, Pakistan's score regarding **political stability and violence** was -1.33, which further decreased to -2.44. During the period of 1996 to 2007 in Pakistan, mainly headed by President Pervez Musharraf, Pakistan is termed as one of the most volatile country in the world where all the governance indicators performed negatively. The political instability and violence were rampant rather worsened during the period. The latest aggregate indicators are based on hundreds of specific and disaggregated individual variables measuring various dimensions of governance, taken from 35 data sources provided by 32 different organizations. The data reflects the views on governance of public sector, private sector and NGO experts, as well as thousands of citizens and firm survey respondents worldwide.

As per the **Voice and Accountability** indicator, the WGI says that Pakistan got score negatively with -1.05. It was an assessment of how mature and well-established the political system is. It is also an assessment of how far political opposition operates within the system or attempts to undermine it from outside. According to the Political Stability and

**Absence of Violence** indicator, the WGI says that Pakistan's score was -2.44 and it was the study of how widespread political unrest is, and how great a threat it poses to investors. Demonstrations in themselves may not be cause for concern, but they will cause major disruption if they escalate into severe violence. At the extreme, this factor would amount to civil war. Whether the country suffers from a sustained terrorist threat, and from how many sources and the degree of localization of the threat is assessed, and whether the active groups are likely to target or affect businesses.

In the sector of **Government Effectiveness**, Pakistan's score was again negative and remained at -0.55. The said indicator was an assessment of the quality of the country's bureaucracy. The better the bureaucracy the quicker decisions are made and the more easily foreign investors can go about their business. This factor also looks at the extent to which policy-making is far-sighted, or conversely aimed at short-term economic advantage.

According to **Regulatory Quality** indicator, again the score was -0.56. The indicator was about how efficient the country's tax collection system is. The rules may be clear and transparent, but whether they are enforced consistently. This factor looks at the relative effectiveness to corporate and personal, indirect and direct taxation.

The **Rule of Law** indicator also places Pakistan's record at -0.93. This was an assessment of how far the state and other outside actors can influence and distort the legal system. This will determine the level of legal impartiality investors can expect and how much of a threat businesses face from crime such as kidnapping, extortion, street violence, burglary and so on. These problems can cause major inconvenience for foreign investors and require them to take expensive security precautions.

Last but not the least, the indicator of **Control of Corruption**, the Pakistan's score was -0.83, which was an assessment of the intrusiveness of the country's bureaucracy. The amount of red tape likely to be countered is assessed, as is the likelihood of encountering corrupt officials and other groups, says the WGI report.

## PAKISTAN SLIPS IN WB GOVERNANCE REPORT – GOVERNANCE MATTERS VII

The rhetoric of the pro-Musharraf former Pakistan government headed by prime minister Shaukat Aziz about good governance has been exposed a new World Bank report, 'Governance Matters VII,' which states that governance in the country deteriorated to the lowest ebb in 2007 than a decade ago. Latest governance indicators, evaluated by the World Bank for all its member countries, include voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law and control of corruption. On almost all counts, the governance was better in 1998 than in 2007.

In fact, Pakistan's governance level was much lower than India and China and in some cases even below Bangladesh. Each of these governance indicators is evaluated on a scale of plus and minus 2.5. Positive 2.5 indicates highest level of governance and negative 2.5 represents lowest level of governance.

Pakistan falls in the negative zone in all the above governance indicators that call for massive reforms in all spheres of life. However, in 1998 its score was -1.33 that increased to the extreme of -2.44 in 2007. Even in China that is accused of human rights violations, the score was -1.70 while India with a score of -0.38 and Bangladesh -0.63 performed much better. India with a score of -0.38 is the best in the region while China with -1.70 is the worst. Bangladesh's score on this count was -0.63 that is 40% better than Pakistan. Pakistan scored the worst on the political stability and absence of violence indicator that measures perceptions of the likelihood that the government will be destabilised or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

The political stability in Pakistan has never been ideal. In 1998, its score was -1.33 that increased to -2.44 in 2007. Even a country like Rwanda has improved its standing on this count from -2.15 in 1998 to -0.19 in 2007. The government effectiveness indicator measures perceptions of the quality of public services, the quality of civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation and the credibility of the government's commitment to such policies. Pakistan's score improved marginally on this count from -0.66 to -0.62 in 2007. India with -0.03 was the best and Bangladesh with -0.81 is the worst country on this count. China's score of -0.15 is good from the regional perspective. Rule of law is the indicator that measures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Pakistan's performance worsened from a score of -0.79 in 1998 to -0.96 in 2007. India has a far better score of -0.10, while China -0.45 and Bangladesh -0.81 have better governance in this regard.

### **TRANSPARENCY INTERNATIONAL: GCR 2008**

Transparency International (TI) Global Corruption Report 2008 released on 25th June 2008 analyzes Corruption affects all aspects of the water sector, from water resources management to drinking water services, irrigation and hydro power. Syed Adil Gilani Chairman, TI Pakistan said that Corruption in Pakistan Water Sector since decades has been one of the major causes of slow economic development, shortage of power, irrigation as well as potable water. Water & Power Development Authority (WAPDA) is responsible for major development, operation, distribution and maintaining Dams, Barrages, Irrigation System, Hydro power Plants as well as Thermal Power Plants. Pakistan's Indus Basin Irrigation System, the world's largest water diversion scheme with more than 1.6 million kilometers of watercourses, is a prominent example of how corruption pervades economic development and distorts the priorities of infrastructure investment. Rather than counteract the pervasive dynamics of corruption. Pakistan's water sector, like many of those around the world, is fraught with large and small-scale corruption. According to a 2003 and 2006 survey by Transparency International, Pakistan's Water and Power Development Agency is perceived to be the second most corrupt institution in the country. Close to half of the more than 31,000 complaints received by Pakistan's anti-corruption ombudsman in 2002 were related to this one institution. He quoted the World Bank Pakistan water strategy report 2005 admits that top positions in the country's water bureaucracy are sold at a high price. Global Corruption Report 2008 reveals, there are several encouraging initiatives from all over the world that demonstrate success in tackling water corruption. This is the pivotal message that more than twenty experts and practitioners emphasize in this report.

The second part of the Global Corruption Report 2008 provides a snapshot of corruption-related developments in thirty-five countries from all world regions. **Pakistan Country report** comprises of Legal and institutional changes in 2007, application of Public Procurement Rules in Sindh, and Judicial crises occurred due to 9th March 2007 action against Chief Justice Iftikhar Muhammad Chaudhry, Military Role in grabbing of land, companies, such as the military has held unaccountable power for most of Pakistan's sixty years of existence and the weapons procurement with the secrecy such deals attract – has provided a flourishing channel for corruption.

TI Pakistan conducted its second National Corruption Perceptions Survey from April to July 2006 indicated that the majority of respondents were of the view that corruption in Pakistan in last three years increased by 100%..

Global Corruption Report 2008 and Global Corruption Report 2008 (Pakistan) can be accessed on following URL:  
<http://www.transparency.org.pk/>

## **PAKISTAN AMONG WORLD'S 10 MOST DYSFUNCTIONAL COUNTRIES**

According to 'Failed States Index', Pakistan features among the world's 10 most dysfunctional countries. The Index places Pakistan in the ninth slot – moving it three notches up from its last year's position as the 12<sup>th</sup> most failed states of the World. Seven of the most dysfunctional countries are in Somalia or in Sudan's Darfur region. The top 10, in order, are Somalia, Sudan, Zimbabwe, Chad, Iraq, Congo, Afghanistan, Ivory Coast, Pakistan and the Central African Republic. The Index is compiled annually by the independent magazine Foreign Policy and Fund for Peace, an independent research organization.

## **Governance & HR**

### **PAKISTAN YET TO SET-UP FIRST JUVENILE COURT**

Pakistan has yet to establish its first juvenile (child prisoners) court despite being a signatory of the United Nations (UN)'s Convention on the Rights of the Child (CRC), which demands its existence in the country. Also according to Pakistani law, a juvenile cannot be tried in an adult court, but this practice is common with no separate juvenile court in the country. At least 1,100 juveniles imprisoned in the 32 jails of Punjab are waiting for the implementation of a law that would expedite the hearing of their cases. Data provided by the Society for the Protection of the Rights of the Child (SPARC) revealed on June 2 that 91% in jails: 91% of the juveniles in the jails are under-trial and waiting for justice. 9% of them have been convicted. The Juvenile Justice System Ordinance (JJSO) 2000 states: "The Juvenile Court shall have the exclusive jurisdiction to try cases in which a child is accused of commission of an offence".

Their interaction with hardened criminals in the jails is affecting several juveniles' minds adversely and they are at risk of adopting the criminals' habits, a psychologist working with the juveniles said. Sameer, a juvenile at the Lahore Central Jail, is one such child. When he arrived at the jail, accused of murdering his three-year-old cousin, he was just not involved in any activity that did not suit his age. However, his fellow inmates have now put him on smoking and cursing. Another eight-year-old juvenile at the jail is accused of stealing Rs 300,000. During interrogation, he named two of his friends as his accomplices. The other two boys, also aged between 8 and 10, plead innocence, but are also in jail. Several other juveniles, also imprisoned in the jail, have yet to go to court.

A Prisons Department official said that juveniles were taken to court with adult criminals in the same van. He said, "The adult criminals present themselves as heroes to the juveniles and persuade them to join their gangs after getting out of jail. The juveniles are also at risk of being abused when they are alone with the adult criminals.

SPARC Regional Manager Amir Hameed Mughal said the law prohibited keeping children in the same jail as adults. He said the children should be sent to reformation school. He added that the law required the cases against juveniles decided within four months, but many juveniles have been languishing in the jails of Punjab for years. Mughal said the Probation Department should send the juveniles out on probation, but currently there are only 18 children on probation in the province. The law required the Police Department to inform the Probation Department and the child's parents about the allegation on him before registering an FIR against the child, but this was also never done.

### **ASIAN DEVELOPMENT BANK TO WITHDRAW AJP FUNDS**

The Asian Development Bank is likely to withdraw \$16 million of the \$20 million technical assistance loan – granted for the Access to Justice Programme (AJP) – because the funds could not be utilized within the stipulated period. The government launched the \$350 million justice sector reform programme in 2001. The Ministry of Law, Justice and Human Rights through its programme management unit was the executing agency of the AJP. The five-year programme was launched with a loan of \$350 million (obtained from the Asian Development Bank), but the time was extended till 2008. AJP Project Director Afzal Kahot said that the Law Ministry has utilized only 20 percent of the total amount allocated for technical assistance to date. An official of the Ministry said that the loan was provided on soft conditions (on 1 percent interest rate) by the Asian Development Bank to provide justice to the masses at their doorsteps. He said that former Prime Minister Shaukat Aziz convinced the donor agency in December 2006 to extend the cut-off date with the condition that the executing agency would set up a separate programme management unit in Punjab to utilize the fund, after which the deadline was extended to June 2008. Kahot said that about five technical assistance loan consultants had already left the programme because the authority did not renew their contracts. He said that it was difficult to use maximum funds in soft policy matters.

According to the AJP website, the programme was started to implement legislative, judicial, police and administrative reforms in the country to strengthen the system of administration of justice. It said that the programme was a key part of the government's nationwide efforts to improve the accessibility of public entitlements for all citizens, particularly for the poor, women and the minorities. Its objective was not only to carry on with the technical/capacity building work, but also to identify possible areas where investment should be made from the total loan. It said that the implementation of reforms was the responsibility of the implementing agencies of AJP, which included the judiciary (high courts), Law and Justice Commission, Interior/Home, Law, Finance and Police departments, the ombudsmen and the Federal Judicial Academy.

## President's Impeachment

**ZARDARI FEARS LANDHI JAIL IF MUSHARRAF NOT REMOVED:** Asif Ali Zardari has said the PPP has a consensus with the PML-N over the reinstatement of the deposed judges and the nation will hear good news very soon. He expressed these views while talking to journalists on the 55<sup>th</sup> birth anniversary celebrations of late Benazir Bhutto at the Bhutto House in Naudero on June 21. Zardari said if President Pervez Musharraf was not removed, both he and PML-N chief Nawaz Sharif would be in Landhi Jail.

**PRESIDENCY RIGHT OF PPP AND SINDH, SAYS ZARDARI:** PPP Co-Chairman Asif Ali Zardari said on June 22 that a worker of assassinated PPP chairwoman Benazir Bhutto will soon be installed as President, adding that the office is a 'privilege' of the PPP and Sindh. He said the PPP was fighting a war for Pakistan's survival, and they had rendered many sacrifices for the cause of democracy. Zardari said he was aware that remains of the dictatorship still exist and that they are continuously conspiring to create divisions in the PPP and PML-N alliance.

## Restoration of Judges

### JUDGES STRENGTH RAISED TO 29 IN SUPREME COURT

The National Assembly, on June 22, approved the budget with a total outlay of Rs 2.01 trillion for the fiscal year 2008-09 with the adoption of the Finance Bill 2008, which also increased the strength of the judges of the Supreme Court from 16 to 29. Though the legislators of the PML-N preferred to abstain from voting yet they did not either oppose or support the clause 18 that contained an increase in the strength of the judges of the Supreme Court. However, a voice of conscience was raised by Ayaz Amir, who termed it as a mockery of Parliament to put the clause pertaining to the strength of the SC judges in the Finance Bill. The opposition members of the PML-Q also abstained from voting on clause 18 of the Finance Bill. Before the clause was passed, Dr Attiya Inayatullah of the PML-Q said that although her party had no objection to the restoration of the judges as well as to an increase in their strength, it objected to the increase through the Finance Bill. She said that it was our party's stance that the restoration of judges could only be effected through a constitutional amendment, so we will abstain from voting. The treasury benches, however, gave approval to the clause 18 through voice vote. According to clause 18 of the Finance Bill that amends section 2, Act XXXII of 1997 and reads: In the Supreme Court (Number of Judges) Act, 1997 (XXX111 of 1997), in section 2, for the words 'be sixteen' the words 'not more than twenty-nine' shall be substituted and shall be deemed always to have been so substituted on the 3rd day of November, 2007.

### PBC ASKS MPs TO REJECT CONSTITUTIONAL PACKAGE

The Pakistan Bar Council (PBC), on June 23, demanded of all the parliamentarians, particularly those belonging to the ruling coalition, to reject all the proposals of the constitutional package relating to the judiciary. The demand was made through resolutions passed unanimously during the meeting of the executive committee of the Pakistan Bar Council held here under the chairmanship of Rashid A Razvi. The meeting resolved that the judiciary of Nov 2, 2007 could be restored through an executive order. It was unanimously resolved that the 18<sup>th</sup> Amendment to the Constitution is being proposed to delay the restoration of those judges who had refused to take oath under the Provisional Constitution Order (PCO), therefore, these amendments have been devised to maintain the status quo as well as the black deeds of General Pervez Musharraf during the period of emergency. The meeting observed that proposal for insertion of new Article 270 CC would be tantamount to admission on the part of the Federal Law Ministry that all the acts of General Pervez Musharraf undertaken between November 3, 2007-December 15, 2007 were legal and constitutional. It observed that it amounts to legitimizing the unconstitutional removal of the Chief Justice of Pakistan and other judges of the Supreme Court. It said that all those judges who stood retired as a result of the Provisional Constitution Order could be restored by an executive order. The meeting maintained that introduction of Article 270 CC is mischievous, unjustified and mala fide. All the coalition partners of the present government had condemned the imposition of emergency, suspension of the Constitution and removal of the judges on November 3, 2007, and yet Article 270 CC has been proposed by the Ministry

of Law & Justice of the present regime. The executive committee of the Pakistan Bar Council maintained that the proposed 18<sup>th</sup> Amendment relating to the judiciary was an attempt to curtail the independence of judiciary. "We are of the considered view that the restoration of judiciary of November 2, 2007 should be done in accordance with the Murree Declaration of March 9, 2008 i.e. through a resolution of the National Assembly followed by an executive order", the meeting resolved. It maintained that the restoration of judges should have no connection with the amendment of the Constitution. However, the Constitution should be amended in accordance with the consistent stand of the lawyers that it should be restored to the position of October 12, 1999.

Likewise, the meeting maintained that the proposed amendments relating to the judiciary in the constitutional package violate the doctrine of "independence of judiciary", therefore, it is not permissible for Parliament to amend the Constitution to such extent. It was assumed that the substitution of Article 6 has been proposed to protect those judges who have taken oath under the Provisional Constitution Order, and to convey the impression to the general public that no punishment is provided in the present Article 6 of the Constitution particularly for those judges, parliamentarians and other persons for committing 'high treason'. The terms "aiding" and "abetting" used in the present Article is sufficient to bring within its framework all those judges, parliamentarians, officials who have aided and abetted Gen. Pervez Musharraf on November 3, 2007 and thereafter. The meeting observed with shock that the authority for appointment of Attorney-General and Advocate General of the provinces has been conferred on the federal government and provincial governments respectively and the discretion of the President and Governors to appoint these law officers has been withdrawn thus making these offices a case of political appointments. "Thus, there appears no urgent need to amend Articles 100 and 140 of the constitution," the meeting resolved. Similarly, the executive committee condemns the proposed amendments to Article 177 and introduction of Article 177-A, which violates the basic concept of the independence of judiciary. The meeting further observed that the well settled principles of appointment and promotion of the Superior Court judges established by the Supreme Court of Pakistan from time to time through several cases particularly in the case of Al-Jihad (famously known as Judges case) and Malik Asad Ali have been violated by proposing a "commission" which will be headed by the Chief Justice of Pakistan and comprising of all the Chief Justices of provinces who will decide their own cases of promotion to the Supreme Court.

## Local Government (LG) System

**NA SEEKS REVAMPING OF LG SYSTEM:** National Assembly, on June 6, commenced discussion regarding increasing corruption in the district government system as most of the members from both treasury and opposition benches demanded drastic changes to improve the system. Criticizing the district government system, Tahira Awan said a military General introduced this system for his interests. MNA Chaudhary Abdul Ghafoor also opposed the district government system but said according to rules, President was the only authority that could bring amendments in the system. Suggesting to changing the system, he said the previous government used this institution for rigging the elections. However some veteran parliamentarians supported district government system and suggested to bring necessary system in the system. Sajid Ahmed spoke in favour of this system and gave examples of various countries where it is functioning successfully. Nafeesa Shah who herself remained a district nazim for four years, pointed out some flaws under which peoples' representatives misused this system for their personal gains. Mumtaz Gillani said that this system was introduced by the dictators who negated the provincial autonomy, adding that the system promoted the caste system in the society. Sardar Salim Haider pointed out that under this system the Nazimeen remained busy in victimization of their opponents. Humayun Saifullah said the system had a complete protection of the Constitution. He said this system should not be shelved and favoured to bring positive changes to make it more useful for the people.

**PUNJAB NAZIMS TO MOVE SC TO PROTECT LG SYSTEM:** District Nazims throughout the Punjab have decided to maintain unanimously file a writ petition in the Supreme Court against the provincial government in order to guard their reservations and save district government system. This was stated by Sheikhpura District Nazim Mian Jalil Ahmir Sharaquri in emergency meeting on June 29. District Nazim Lahore, Mian Amir, District Nazim Faisalabad Zahid Tauseef, District Nazim Gujranwala Fayyaz Chatta, District Nazim Attock Tariq Sadiq and 25 other district nazims from different parts of province attended the meeting. Several nazims expressed solidarity on telephone.

**PESHAWAR DISTRICT COUNCIL SLAMS FEDERAL, PROVINCIAL GOVERNMENTS FOR CRISES:** Members of the Peshawar districts Council expressed concern over the unscheduled hours-long load shedding, diesel crisis, increasing prices of the CNG and poor law & order blamed the federal and provincial governments for the same. The Council discussed the diesel crisis, increase in the CNG prices, reported misbehavior of the local police with nazims, encroachment in the city and widening of main Custom Bara Road and University Road to solve their problems.

## Geo-Political Dynamics

### Pakistan's Foreign Relations

#### KARZAI'S THREAT TO ATTACK PAKISTAN: BUSH OFFERS HELP TO CALM SITUATION

Washington can help calm the situation between Afghanistan and Pakistan, United States President George W Bush said on June 16, as he weighed in on the tensions between the two neighbours. He told reporters after talks with British Prime Minister Gordon Brown that the leaderships in Afghanistan and Pakistan should hold talks and share intelligence. Bush declined to answer when asked directly whether he supports Karzai's threat to send troops into Pakistan. However, he said that he understood Karzai's concerns. The US leader also called for a new 'jirga' in the region to tackle the issue, saying:

On June 15, Karzai said that Afghanistan has a right to send troops into Pakistan, because Taliban militants crossover from Pakistan to attack Afghan and foreign forces. During the same press conference, Bush also welcomed Britain's pledge to tighten sanctions against Iran and to send more troops to Afghanistan. He dismissed reports that he had differences with Brown on Iraq, where Britain has cut its troop strength.

### Upcoming Elections in Bangladesh

BANGLADESH EX-PM HASINA FREED: Bangladesh's military-backed government has released the ailing former Premier Sheikh Hasina after a year in Jail on corruption charges. The head of the interim government, Fakhruddin Ahmed, signed the order on June 11, days after a special court exempted Hasina from appearing in person during her corruption trial proceedings for medical reasons. The report did not say why she was being released, and officials were not immediately available for comment. Hasina has been detained in a special jail set up at Dhaka's Parliament premises since July last year on several corruption charges. The lawyers said she has been suffering from ear and eye problems. Hasina, who led Bangladesh from 1996 to 2001, faces at least four graft cases, including extortion of money from businessmen in exchange for business contracts.

SHEIKH HASINA TELLS PARTY TO PREPARE FOR DECEMBER POLLS: Former Bangladesh Prime Minister Sheikh Hasina, released from jail on parole, left Dhaka on June 12 for the United States for medical treatment. Before her departure she asked her Awami League party to prepare for a parliamentary election due in December. She boarded a British Airways flight to London en route to the United States, officials at the airport said. Before leaving, Hasina briefly met senior leaders of her Awami League political party at the airport and asked them to remain united in her absence. He said Hasina also asked them to prepare for December's parliamentary election. Political analysts said Hasina's freedom, temporary though it may be, had moved the Awami League and the military-backed government towards a "win-win situation" that would help push the political process forward. "People would now hope the government might offer a similar olive branch to Hasina's rival Begum Khaleda Zia and release her from detention," said Professor Aatur Rahman Khan, President of the Bangladesh Political Science Association.

Khaleda, also in detention since last September on charges of corruption, has rejected advice by a separate medical board to go abroad for treatment. But she has asked the government to let her ailing sons, Tareque Rahman and Arafat Rahman, travel abroad for treatment. Some analysts believe once Hasina leaves she will not be allowed back, and that if Khaleda left the country that would also be her fate. That could enable the military-backed interim government to re-shape Bangladesh's politics ahead of nationwide polls in December. However, Hasina told her party leaders and four advisers to the interim government that she would return immediately after the treatment to actively take part in politics. She also wants to contest a parliamentary election planned for December, said Ashraful, the Awami general secretary. Retired Major-General Syed Mohammad Ibrahim, a defence and political analyst, said Hasina's release and permission to go abroad was a "positive response by the government to meet a challenging political situation".

KHALEDA ZIA DEMANDS POLLS BY OCTOBER: Former Prime Minister and Chairperson of the Bangladesh Nationalist Party, Begum Khaleda Zia, on June 1 demanded general elections by October this year. She also demanded that the state of emergency be lifted immediately and schedule for national elections be announced in June to enable all political parties to take part in contested national polls in October. Ms Zia also urged all political parties to unite to 'restore

democratic process in the country'. The former Prime Minister, now detained on three graft charges, made these statements when she was brought to the court for the first time since she was arrested on Sept 3 last year. Standing in the dock, Khaleda made an 18-minute strongly worded extempore statement on current political and economic situations as well as about the 'bad intentions of the government active behind cases filed against the politicians'. Terming the country's present situation 'very bad', Khaleda argued that in their 16 months rule, 'the incumbents have pushed back the country by 28 years'. Khaleda observed that the 'incumbents are out to make the country dysfunctional' and warned them that 'they will have stand in the dock for the conspiracy'. In this regard Khaleda Zia urged 'all political parties, including the nationalist forces to unite to restoring democratic process'. Ms Zia claimed that corruption cases filed against her and family members were concocted and malicious. She demanded an 'open trial of the cases under existing law, instead of what she called 'camera trial'. Ms Zia said that although it is being claimed that the judiciary has become independent, the 'judges are functioning on dictations'. The BNP Chairperson also demanded withdrawal of all false cases filed against politicians.

**AL REJECTS BNP'S UNITY OFFER:** A call for national unity by the party of detained former Bangladesh Prime Minister Begum Khaleda Zia was immediately rebuffed on June 6 by its main rival in a sign the country's political cracks are as wide as ever. Khandaker Delwar Hossain, Secretary-General of the Bangladesh Nationalist Party (BNP) whose leader is in detention awaiting a corruption trial, appealed to the Awami League (AL) for unity ahead of elections scheduled for later this year. Awami and its allies accuse Jamaat of harbouring militants responsible for a series of bomb and grenade attacks in 2004-05 when Khaleda was in power. An army-backed interim government headed by former central bank chief Fakhruddin Ahmed took charge in Bangladesh in January 2007, following deadly violence between supporters of Hasina and Khaleda. It imposed emergency rule, banned political activity, cancelled an election planned for Jan 22 last year, and detained hundreds of key political figures including Hasina and Khaleda, for alleged corruption. The two women have told separate courts the charges against them were "false and politically motivated" and designed to stop them from contesting the election due next December. They also said the Interim Government was trying to perpetuate its power by delaying the election or electing hand-picked people to Parliament through a farcical vote.

## Indian Foreign Policy

### INDIA SEEKING POLITICAL SOLUTION TO SRI LANKAN CONFLICT

India has signalled to Sri Lanka that it wants to see an end to the island's military campaign to help solve the decades-old Tamil separatist conflict, diplomats and officials said on June 22. In closed-door talks over the weekend with Sri Lankan President Mahinda Rajapakse and top officials, India's National Security Advisor MK Narayanan said New Delhi wanted to see renewed political efforts to bring peace. A diplomatic source close to the delegation said that the Indian delegation made it clear that they did not believe a military solution was possible. The delegation was keen that there should be a political solution. Narayanan, together with India's Foreign Secretary Shivshankar Menon and Defence Secretary Vijay Singh, also met with the leader of the Tamil National Alliance (TNA), seen as a political wing of the Tamil Tigers. One of the Tamil politicians said that the delegation also met three other Tamil leaders separately and stressed the need for Tamil unity to negotiate with the Sinhalese-majority government. Dharmalingam Sithadthan, the head of the Tamil Democratic People's Liberation Front, said the Indian team was concerned that minority Tamil parties were badly split, affecting their negotiating position. "They came to talk about the conflict. They are worried that we are not united," Sithadthan told that India is keen on a political solution. He said the delegation was also concerned about the hardships of the minority Tamil community as a result of tighter security measures following a spate of Tamil Tiger bomb attacks.

## Nepal – Post Election Scenario

**PRACHANDA REFUSES TO RULE-OUT RETURN TO ARMED STRUGGLE:** Nepal's Maoist Chief has ruled out renouncing armed struggle but said a return to violence was unlikely after the former rebels achieved their goal of ending the world's last Hindu monarchy. In an interview published June 3, Prachanda, whose nom de guerre means "The Fierce One," said that the election showed that the Nepalese people wanted "peace and change." He told Japan's Yomiuri Shimbun that I don't think there will be any kind of necessity to use arms again," But he refused to renounce the right of armed struggle by the Maoists, who have 31,000 fighters in UN-monitored camps across the land of Mount Everest. He said that it doesn't mean nobody should take arms to resist oppression of the government or something like that. I can't predict that," he said. The Maoists have called for their guerrillas to be brought into Nepal's army, formerly a bastion of royalist support. But Nepal's army, while pledging to respect the decision to abolish the monarchy, has said it would be impossible for indoctrinated leftist guerrillas to integrate into the 90,000-strong force.

**NEPAL'S FORMER KING ADJUSTS TO LIFE AS COMMONER:** Nepal's former King Gyanendra woke up June 12 as a commoner after leaving his sprawling palace home and army of servants, in line with the abolition of the country's 240-year-old dynasty. He will have to adjust to living in a former hunting lodge on the outskirts of the capital after leaving the Narayanhiti palace late on June 11 in the back of a black Mercedes with his wife, Komal Shah. Two weeks ago, the impoverished Himalayan nation's new Constituent Assembly, dominated by former Maoist rebels, voted to abolish the monarchy, making Nepal the world's newest republic. The government has allowed the former king to keep 75 security personnel. But Gyanendra and his former queen lost 600 domestic staff when they moved to their new smaller premises. A Home Ministry spokesman said that all former royal staff including palace secretaries, housemaids, gardeners, cooks and cleaners have become government employees.

**NEPAL'S ROYAL PALACE TO BE CONVERTED INTO MUSEUM:** The government said on June 16 that the palace where Nepal's former king once lived will be converted into a museum that will offer the public a glimpse of royal life, including the ex-monarch's throne and a vintage car given as a gift by Adolf Hitler. Items on display at the museum will include valuable artefacts accumulated by the Shah dynasty in its 239-year rule of the Himalayan nation, according to Home Secretary Umesh Mainali. A 1939 Mercedes Benz given by the German Nazi leader Hitler to King Tribhuvan, Gyanendra's grandfather, will be restored and displayed at the museum. Mainali said that other items of interest would be the throne (and) the weapons and uniforms used by Gyanendra's ancestors. But the main attraction will likely be the king's extravagant crown, studded with precious stones including diamonds, emeralds and rubies and made for King Mahendra, Gyanendra's father, half a century ago. The crown also decorated with peacock feathers and yak hair was last worn in public by Gyanendra on June 4, 2001 when he ascended the throne. Officials hope the museum will be finished in six weeks, although an opening date has not been set. The palace in Kathmandu was formally renamed the Narayanhiti Palace Museum at a government ceremony. Prime Minister Girija Prasad Koirala hoisted the red-and-blue national flag at the museum on Sunday during a function attended by a small crowd of people and politicians, many of them setting their feet on the palace grounds for the first time.

**NEPAL MAOISTS GIVE-UP CLAIM TO PRESIDENCY:** Nepal's Maoist former rebels gave up their claim to the post of the first President of a new republic on June 5 and said they would back a non-political candidate for the ceremonial post. Political parties have squabbled over the key posts of President and Prime Minister after the Himalayan nation abolished its 239-year-old monarchy. A specially elected assembly voted to end the monarchy and gave the ousted King Gyanendra 15 days to leave his official palace. But key political parties were yet to agree on the formation of a new government and the election of a new President, with the Maoists, who scored a surprise victory in the April elections but fell short of a majority, initially claiming both roles. Ram Chandra Poudel, a senior leader of the Nepali Congress and the peace and reconstruction minister, says his party will not help the Maoists form a new government without the constitutional amendment. Maoists control 220 members in the 601-seat assembly and are opposed to the amendment of the constitution.

**KOIRALA QUILTS, PAVING WAY FOR MAOISTS TO FORM GOVERNMENT:** Nepal's Prime Minister Girija Prasad Koirala resigned on June 26, clearing the way for former Maoist rebels to form a new government after their surprise election win two months ago. Koirala's move came after criticism from the Maoists that the veteran politician was unwilling to hand power to them even after his party lost the elections for a Constituent Assembly held in April. Koirala said in an address to a special assembly in Kathmandu that I announce in this house that I have abandoned the post of the Prime Minister.

Some analysts say Koirala was negotiating with the Maoists to become president, a ceremonial position, after the country abolished its 239-year-old monarchy and turned into a republic. But the Maoists have refused any such role for Koirala. "It basically shows that he lost in the power struggle with the Maoists who flatly refused to accept him as president," said Kunda Dixit, editor of the Nepali Times weekly. Koirala's centrist Nepali Congress party, which is the second biggest group in the assembly, says deputies will sit in the opposition in the assembly meant to prepare a new constitution after the abolition of the monarchy. The body will also double as an interim parliament for at least two years. The Maoists won 220 seats in the 601-member assembly to become the biggest group but are still negotiating with other political parties to form the government.

### **NEPAL'S INFANT DEMOCRACY FACES MATURE PROBLEMS**

*Gopal Sharma*

As Nepal ends its first week as the world's newest republic on June 3, worries about political squabbling, food and fuel shortages and demands for regional autonomy are replacing euphoria over the end of the unpopular monarchy. Given a tradition of party bickering and the ambition of the Maoists, who gave up their guerrilla war to topple the king and then won elections for an assembly which finally ended royal rule, the transition was never going to be easy. But spiraling global

prices of basic foods and crude oil have added pressure as they spill over the Himalayan foothills, creating shortages and threatening to fire popular anger. Nepal is one of the world's poorest countries, hobbled by years of strife, strikes, and chronic power shortages, and heavily dependent on foreign aid and tourist revenues. The most immediate challenge remains to form a new government and elect the **first President**, expected to be a largely ceremonial position. Leading parties, including the former rebels, who fell short of a majority in April's polls, are fighting over positions. The Maoists want both the posts of Prime Minister and President. The centrist Nepali Congress, the second-biggest group in the new assembly, says that would represent a "totalitarian system" and cannot be allowed. Commentators say this should not be an insurmountable obstacle. "Finding a (Presidential) candidate acceptable to all without losing face to their cadres should not be difficult," said political analyst C.K. Lal. But while the politicians argue, the problems the new government will face are mounting.

Kunda Dixit, editor of the weekly Nepali Times, said that whichever party is going to form the government, it is going to immediately hit a brick wall with the **food and fuel crisis**. Cars and motorbikes queue daily outside gas stations, and the state-run oil monopoly has warned it could soon run out of cash and have to close more pumps if subsidized retail fuel prices are not hiked in line with the rising cost of imports. Previous fuel price rises have sparked violent protests and often forced government withdrawal. Consumer groups say prices of many staple foods have gone up by more than 32 percent since January, mirroring gains in India from where Nepal imports most of its food. Fearing shortages, some retailers have begun hoarding, adding to price pressures.

Beyond the initial hurdles lies the massive task of drafting a new inclusive **constitution** in a country traditionally run along feudal lines by an unrepresentative elite. Ethnic minorities, previously marginalized lower castes, and women are all looking for a greater say in running the country and increased access to jobs and education. Rhoderick Chalmers (Nepal head of Brussels-based think-tank, the International Crisis Group) said that integrating all of Nepali people into the state structure and the economy will be a real test for the constitution drafters. Sensing an opportunity for gains, ethnic groups with varying demands have organized violent protests in which scores of people have died since the Maoists ended their 10-year fight with government troops and began peace talks. Most of those deaths took place across the fertile southern plains, known as the Terai or Madhesh. Ethnic Madheshis, who comprise one third of Nepal's 26 million people, want a separate province with extensive powers in what is Nepal's breadbasket and business hub. The Maoists and other parties insist they have no objection to greater regional autonomy but have proposed no plans for how this will work. The Madheshis are expected to push their case in the assembly, where they make up the fourth-largest block.

Adding to **security fears** is the future of over 19,000 former Maoist fighters housed in United Nations supervised camps. The Maoists want them to join the national army, a plan strongly opposed by senior officers. If the Maoists insist on their former guerrillas entering the ranks rather than being found alternative employment, tensions could rise, analysts say, possibly straining relationships between ministers and the top brass.

## **Mynmar – Socio-Political Situation**

### **OVER 30,000 MYANMAR REFUGEES RESETTLED ABROAD: UN**

United Nations said June 25 that more than 30,000 Myanmar refugees from camps in neighbouring Thailand have been resettled in other countries. Since the programme began in January 2005, 30,144 refugees have left the camps for new lives overseas, the UN refugee agency UNHCR said in a statement. UNHCR's regional representative Raymond Hall said that some of the refugees have been here for nearly two decades. Some were born in refugee camps, grew up there and are now raising their own families in refugee camps. For them resettlement offers a way out of the camps and the opportunity for a fresh start in life. Almost all of the resettled refugees had been living in nine camps strung along Thailand's border with Myanmar, where more than 123,000 still live. Most of them belong to the ethnic Karen minority, which has been battling Myanmar's military regime for decades. The United States has accepted the vast majority of the refugees, resettling nearly 21,500 of them in cities around the country. Australia received more than 3,400, and Canada has taken in more than 2,600. The others have gone to New Zealand and Europe.

### **MYANMAR JUNTA EXTENDS SUU KYI'S DETENTION**

Myanmar's military junta, which not only extended Nobel Prize winning opposition pro-democracy leader, Aung San Suu Kyi's detention by 1 year, but also justified its decision by saying she was like a naughty child and deserved to be flogged, has found itself in a corner with the whole world condemning its action. Protesters from Myanmar's National League for Democracy participate in a rally calling for the immediate release of their pro-democracy leader Aung San Suu Kyi near the Myanmar Embassy in Seoul, South Korea, Friday, May 30, 2008. The ruling junta in Myanmar decided to extend Suu

Kyi's 5-year house arrest by one more year on May 27. While Suu Kyi's supporters claimed the extension of the detention was illegal as the junta could legally detain her for not more than 5 years, the junta justified its action, saying detentions are permissible for as long as six years under a 1975 "Law Safeguarding the State from Dangers of Subversive Elements."

According to state-backed newspaper New Light of Myanmar, Suu Kyi and her supporters who have courted arrest should be kept locked up "in order that they will not be in a position to commit similar crimes again." The ruling military Generals were "the parent of the people" and had exercised "great patience," the editorial ran, adding that this detention was similar to anti-terror laws in other countries including the US and the UK. It said that Myanmar (Burma) is not the only country that promulgates laws to prevent those who pose danger to the State. If necessary to guard the motherland and safeguard the lives and property of the people, every government has to promulgate laws and impose restrictions. However, world leaders, visibly running out of patience, have condemned the junta's action. According to them, Suu Kyi, who has been kept in some form of detention for 12 of the last 18 years, had rightfully won the election in 1990 but has been denied power by the junta that has ruled with an iron fist since 1962.

According to the **European Union (EU)**, Suu Kyi's detention was "very sad and frustrating." The EU foreign policy chief Javier Solana said that they would continue "to be deeply concerned by the political situation" as the EU believes that "transition to democracy remains important for the future of Burma."

"Deeply troubled by the extension of Suu Kyi's house arrest," **US President** George W. Bush said his country would continue US continues calling "upon the regime to release all political prisoners in Burma and begin a genuine dialogue with Aung San Suu Kyi, the National League for Democracy, and other democratic and ethnic minority groups on a transition to democracy."

The **French, Australian, Canadian, Singaporean and Indonesian** governments also expressed deep anguish, saying the continued detention of Suu Kyi "went against the goodwill of the international communities in its efforts to aid Myanmar in its moment of need" and that it reflected "the junta's absence of will to cooperate with the international community."

## Thai Politics

**THAI PREMIER RESISTS PRESSURE TO QUIT:** Thai Prime Minister Samak Sundaravej defended himself and his administration, on June 22, in the face of thousands of demonstrators camped outside Government House calling for his resignation. In his first public comments since March on the seat of government by the People's Alliance for Democracy (PAD), the 73-year-old Samak, who was elected in December, left no doubts about his desire to remain in office. The firebrand right-winger said in a weekly television address that the way I got into power was legal and my government is in line with the law. Despite his determination, he said he would not send in either the police or army to dismantle the PAD stage outside Government House, a move that would trigger concern among investors in a country terrified of political violence.

**THAI PM WINS NO-CONFIDENCE VOTE:** Samak, who took over from a military-run administration four months ago, gained a simple majority of MPs in an electronic ballot. House Speaker Chai Chidchob told Parliament that out of 442 MPs attending, one hundred and sixty-two voted against Samak and 280 voted to support Prime Minister Samak. "Therefore Prime Minister Samak Sundaravej can continue his premiership."

## US Presidential Elections

### **FIRST-EVER BLACK WINS NOMINATION**

Barack Obama, US Presidential candidate of the Democratic Party, took a huge stride towards becoming the first black US President, defeating Hillary Rodham Clinton, for the nomination on a promise of hope and change for Americans weary from economic turmoil and years of war. Obama's victory sets up a November election contest against Republican John McCain that looks to be a clash of generations as well as a debate on Iraq. Obama, 46, opposes the war; McCain, 71, is a former Vietnam prisoner of war and staunch supporter of the current US military mission. In securing the delegates needed to lock up the nomination, Obama completed one of the most remarkable US political campaigns in memory. A first-term senator, unknown nationally four years ago, Obama toppled one of America's most powerful political families. Clinton, seeking to become the first female President, had long been seen as the inevitable nominee. Obama's nomination is also a milestone for a nation where, just decades ago, racial discrimination was widespread and many African-Americans had to fight just for the right to vote. "America, this is our moment," Obama said at a boisterous rally in

St Paul, Minnesota. "This is our time. Our turn to turn the page on the policies of the past," he said. Clinton praised Obama warmly in an appearance before supporters in New York. But she neither acknowledged Obama's victory nor offered a concession of any sort. Instead, the former first lady said she would spend the next few days determining how to move forward with the best interests of the country and the party guiding her way. Obama also lavished praise on Clinton, whose help he will need in the general election. The 17-month battle for the nomination exposed divisions in the party - especially along racial and gender lines. Clinton has consistently won support from older, working-class and female voters - many of whom have been skeptical of Obama. Obama sealed his nomination, according to The Associated Press tally, based on primary elections, state Democratic caucuses and support from party super-delegates - the party leaders and elected officials who can support the candidates of their choice. It takes 2,118 delegates to clinch the nomination at the convention in Denver this summer, and Obama had 2,154 by the AP count. Clinton had 1,919.5.

## World Politics

### WORLD'S MILITARY SPENDING UP BY 45 PERCENT IN PAST DECADE

According to Stockholm International Peace Research Institute (SIPRI)'s annual report, world military spending grew 45 percent in the past decade, with United States accounting for nearly half of all expenditures. Military spending grew six percent last year alone. In 2007, \$1,339 billion was spent on arms and other military expenditures, corresponding to 2.5 percent of global gross domestic product or GDP and \$202 for each of the world's 6.6 billion people. The United States spends by far the most towards military aims, dishing out \$547 billion last year or 45 percent of global expenditure. Britain, China, France and Japan, the next in the line of big spenders lag far behind accounting for just four to five percent of world military costs each.

Registering the greatest regional growth was Eastern Europe which saw its military spending skyrocket 162 percent between 1998 and 2007 and 15 percent from 2006 to 2007. Russia who's expenditures ballooned 13 percent last year was responsible for 86 percent of the growth in the region. North America meanwhile saw its military spending swell 65 percent, largely pulled by the United States which has seen its costs grow 59 percent since the September 11, 2002 attacks in New York and Washington. By 2007 US spending was higher than at any time since World War II. In the past decades, the Middle East has boosted military expenditures by 62 percent, South Asia by 57 percent and Africa and East Asia by 51 percent each. Western Europe was the region with the least military spending growth at just six percent, followed by Central America at 14 percent.

# Women Parliamentarians and Legislative Business

## Bills, Ordinances

### PRIVATE MEMBERS BILLS

Following are the bills laid down either by women Parliamentarians alone or along with male members of NA. First five bills were laid down on June 10 while the sixth one was laid down on June 24 by Dr. Donya Aziz along with Mian Riaz Hussain Pirzada and Shaikh Waqqas Akram. Details of each bill can be accessed through the link provided in front of each bill.

#### **1. Mrs. Yasmeen Rehman, Mrs. Shakeela Khanam Rashid**

*A Bill to formulate the law relating to Social Protection for Home Based Workers*

[http://www.na.gov.pk/private\\_bills/socialprotection\\_10062008.pdf](http://www.na.gov.pk/private_bills/socialprotection_10062008.pdf)

#### **2. Mrs. Kashmala Tariq**

*A Bill further to amend the Pakistan Penal Code, 1860*

Amendment in section 310-A Act XLV of 1860: In the Pakistan Penal Code, 1860 (XLV of 1860), in section 310-A, between the words “whoever” and “gives” the words “including Panchait or Jirga” shall be inserted.

[http://www.na.gov.pk/private\\_bills/pak\\_penal\\_code1860\\_10062008.pdf](http://www.na.gov.pk/private_bills/pak_penal_code1860_10062008.pdf)

#### **3. Begum Shahnaz Sheikh, Dr. Attiya Inayatullah, Mrs. Kashmala Tariq, Mrs. Bushra Rahman, Dr. Donya Aziz, Mrs. Nosheen Saeed, Miss Marvi Memon**

*A Bill further to amend the Pakistan Citizenship Act, 1951*

Insertion of new section 10-A Act II of 1951.- In the Pakistan Citizenship, 1951 (No II of 1951) after section 10, the following new section 10-A, shall be inserted, namely:

“10-A. Married men.- A man who is married to a woman who is citizen of Pakistan shall be eligible to apply for registration as a citizen of Pakistan after fulfilling the conditions as laid down in section 10 of this Act, for a woman.”

[http://www.na.gov.pk/private\\_bills/pak\\_citizenshipact951\\_10062008.pdf](http://www.na.gov.pk/private_bills/pak_citizenshipact951_10062008.pdf)

#### **4. Dr. Donya Aziz, Ms. Fiza Junejo, Dr. Attiya Inayatullah**

*A Bill to prohibit certain practices leading to exploitation and discrimination against womenfolk*

[http://www.na.gov.pk/private\\_bills/prevention\\_anti-woman\\_10062008.pdf](http://www.na.gov.pk/private_bills/prevention_anti-woman_10062008.pdf)

#### **5. Dr. Attiya Inayatullah, Dr. Donya Aziz, Mrs. Yasmeen Rehman, Dr. Azra Fazal Pechucho**

*A bill to regulate the manufacture, import, export, storage, distribution and sale of Tibb-e-Unani, Ayurvedic, Homoeopathic, Herbal and any other non-Allopathic medicine.*

[http://www.na.gov.pk/private\\_bills/tibb-e-unani\\_10062008.pdf](http://www.na.gov.pk/private_bills/tibb-e-unani_10062008.pdf)

#### **7. Dr. Donya Aziz**

*A Bill further to amend the Capital Development Authority Ordinance 1960*

[http://www.na.gov.pk/private\\_bills/capitaldevelop1960\\_240608.pdf](http://www.na.gov.pk/private_bills/capitaldevelop1960_240608.pdf)

## Calling Attention Notices

Following call attention notices were brought before the house by women MNAs during the month of June:

- Mrs. Yasmeen Rehman, Mrs. Shakeela Khanum Rasheed, Mrs. Shamshad Sattar Bachani, Mehreen Anwar Raja Advocate invited attention of the Minister for Health to a matter of urgent public importance regarding rapidly coming up of Polio cases in the country, causing grave concern amongst the public.
- Ms. Marvi Memon, Mrs. Bushra Rahman invited attention of the Minister for Petroleum and Natural Resources to a matter of urgent public importance regarding closure of over 150 paint factories due to non-availability of kerosene oil, causing grave concern amongst the public.
- Mrs. Faryal Talpur, Nafisa Shah, Mrs. Rubina Saadat Qaim Khani invited attention of the Minister for Culture to a matter of urgent public importance regarding destruction of Moenjo Daro due to water logging and salinity, causing grave concern amongst the public.
- Mrs. Shamshad Sattar Bachani, Mrs. Yasmeen Rehman, Dr. Azra Fazal Pechuho, Mrs. Samina Khalid Ghurki, Fauzia Habib invited attention of the Minister for Industries and Production to a matter of urgent public importance regarding rude and non co-operative attitude of the staff of Utility Stores in the country, causing grave concern amongst the public.
- Mrs. Anusha Rahman Advocate invited attention of the Minister for Defence to a matter of urgent public importance regarding accumulated losses of PIA above Rs. 40 billion for 2007-08, causing grave concern amongst the public.
- Ms. Marvi Memon invited attention of the Minister for Food, Agriculture and Livestock to a matter of urgent public importance regarding failure to achieve the target of five million tons of wheat by the Government leading to increase in price of flour in the country, causing grave concern amongst the public.
- Mrs. Kushbakht Shujaat invited attention of the Minister for Water and Power to a matter of urgent public importance regarding 10-12 hours daily load-shedding of electricity in Karachi, causing grave concern amongst the public.
- Yasmeen Rehman, Dr. Azra Fazal Pechuho invited attention of the Minister for Commerce to a matter of urgent public importance regarding rapidly increasing imbalance in exports and imports of the country, causing grave concern amongst the public.
- Mrs. Yasmeen Rehman, Fauzia Wahab, Mrs. Samina Khalid Ghurki, Dr, Azra Fazal Pechuho invited attention of the Minister for Commerce to a matter of urgent public importance regarding increasing trade deficit in the country, causing grave concern amongst the public.

## Assembly Proceedings

During the **first three sessions**, as per requirement of Rules of Procedure and conduct of Business in National Assembly, 2007 and the Constitution, the Members - elect took oath; elected speaker and Deputy Speaker of the National Assembly, ascertained a member who commands the confidence of the majority of the members of the National Assembly and passed a Resolution of vote of confidence in the Prime Minister of Pakistan, Mr. Yousaf Raza Gillani, unanimously. Business Transacted by

The House In the **4th Session** (10-25 April, 2008) the National Assembly transacted some very important business having no precedent before. The House elected 46 Standing Committees, the Leader of the Opposition was declared on the very first sitting, formed Special Committee to investigate and report on the

matter of allotment of railways' land in Lahore to Golf Club on throw away price. Three adjournment motions were discussed and five resolutions were adopted which related to general public interest. Of these, the resolution for "investigation of assassination of Shaheed Benazir Bhutto by UN" and "condemnation of publication of blasphemous caricatures against the Holy Prophet (PBUH)" are of significant importance. Besides, as much as 388 questions were answered on the floor and 20 Call Attention Notices were brought before the House. The concerned Ministers made important statements in response to the same and answered the questions asked by the members.

#### ***Rs2trillion Budget Presented in NA***

The PPP-led coalition government presented a Rs2.01 trillion national budget for Fiscal Year (FY) 2008-09 on June 11. The budget, which was presented by Finance Minister Syed Naveed Qamar in the National Assembly after its earlier approval by the Federal Cabinet in a meeting chaired by Prime Minister Syed Yousuf Raza Gilani.

#### **Salient Features**

- The total **outlay of budget 2008-09** is Rs 2010 billion. This size is 29.7 percent higher than the size of budget estimates 2007-08.
- The **resource availability** during 2008-09 has been estimated at Rs 1836 billion against Rs 1394 billion in the budget estimates of 2007-08.
- Net **revenue receipts** for 2008-09 have been estimated at Rs 1,111 billion indicating an increase of 23.1 percent over the budget estimates of 2007-08.
- The **provincial share in federal revenue receipts** is estimated at Rs 568 billion during 2008-09 which is 22 percent higher than the budget estimates for 2007-08.
- The **capital receipts (net) for 2008-09** have been estimated at Rs 221 billion against the budget estimates of Rs 59 billion in 2007-08.
- The **external receipts in 2008-09** are estimated at Rs 200 billion. This shows an increase of 16.1 percent over the budget estimates for 2007-08.
- The **overall expenditure during 2008-09** has been estimated at Rs 2010 billion of which the current expenditure is Rs 1493 billion and Public Sector Development Programme (PSDP) at Rs 550 billion. Current expenditure shows a decrease of 1.5 percent over the revised estimates of 2007-08, while PSDP will increase by 20 percent in 2008-09 over the revised estimates of 2007-08.
- The **share of current expenditure in total budgetary outlay for 2008-09** is 74.3 percent as compared to 77.8 percent in revised estimates for 2007-08.
- The **expenditure on General Public Services** (inclusive of debt servicing transfer payments and superannuation allowance) is estimated at Rs 930 billion which is 62.3 percent of the current expenditure.
- The size of **Public Sector Development Programme for 2008-09** is Rs 550 billion. While for Other Development Expenditure an amount of Rs 44 billion has been allocated. The PSDP shows an increase of 20 percent over the revised estimates 2007-08. The provinces have been allocated an amount of Rs. 150 billion for budget estimates 2008-09 in their PSDP.
- 20pc increase in **basic pay for civil and defence personnel**
- 20pc increase in **net pension for civil and defence personnel**
- **Minimum pension** up from Rs 300 to Rs 2,000
- 100pc increase in **conveyance allowance** for BPS 1-19
- **Medical allowance** up from Rs 425 to Rs 500 for BPS 1-16
- Increase in **minimum wages** to Rs 6,000/month from Rs 4,600/month
- **Civil servants** rendered unfit to work to get complete pension benefits
- **Regularization of contract employees** from BPS 1-15
- **Pay and Pension Commission** to review emoluments of civil servants
- **Customs duty on 1800cc cars and above** increased to 100pc, **Rs 500 customs duty on import of cellular phone**
- **Import duty** on betel leaves up from Rs 150 kg to Rs 200 kg
- **Levy of minimum tax @ 0.5 pc** abolished

- **Basic exemption** up from Rs 150,000 to Rs 180,000. **Basic exemption for women** up from Rs 200,000 to Rs 230,000
- **Uniform tax rate** of 2pc proposed for commercial, industrial importers
- **Industrial, commercial consumers** to pay **advance tax** @ 10pc on electricity bills exceeding Rs 20,000, adjustable against final tax liability
- **Income on property tax** now to have three brackets from 5pc to 15pc on different income slabs
- **10 percent quota for women** in all government departments

## ***Revenue Collection***

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### **Revenue Collection Target set at Rs 1.25tr**

The federal tax collection target for the 2008-09 fiscal year is Rs 1.25 trillion and non-tax revenue receipts have been estimated to be Rs 427 billion. The tax collection target is 24.5 percent higher than the 2007-08 fiscal year, which stood at Rs 1.030547 trillion. The revised revenue collection target for this fiscal year is Rs 1.005569 trillion. Revenue collection target for the provinces is set at Rs 568.338 billion in 2008-09. The target for direct taxes is Rs 496 billion in 2008-09 and the target for indirect taxes is Rs 755.462 billion. The revised estimate of collection of direct taxes in 2007-08 was Rs 388.25 billion and indirect taxes Rs 617.319 billion. Of the Rs 496 billion direct tax target for 2008-09, income tax will account for Rs 477 billion, workers' welfare tax Rs 3.5 billion, workers' participation fund Rs 9 billion, and capital value tax will account for Rs 6.5 billion. The revised direct tax collection estimates for 2007-08 are Rs 367.3 billion in income tax, Rs 2.4 billion in workers' welfare tax, Rs 9.6 billion in workers' participation fund, and Rs 5.7 billion in capital value tax. Of the Rs 755.462 billion indirect tax collection target for 2008-09, customs duties will account for Rs 170 billion, sales tax for Rs 427 billion, and federal excise duty Rs 112 billion. The government has imposed a new airport tax in 2008-09, with a collection target Rs 60 million.

### **Taxes to Raise Additional Revenue of Rs77bn**

Taxes proposed to be levied in the budget for 2008-09 are expected to raise an additional revenue of about Rs77 billion.

There is an increased reliance on indirect taxes mostly in the rate of General Sales tax (GST), from 15 per cent to 16 per cent, and one per cent special excise duty on all imported and locally-manufactured products. Although the government abolished GST on fertilizers and pesticides, it raised customs duty on 300 items, mostly packed food and electronic appliances, from 25 per cent and 30 per cent to 35 per cent — the highest customs slabs introduced in the budget — and Rs500 tax on import of every mobile set. The government has, in the meantime, increased the threshold of income tax for salaried taxpayers from Rs150,000 to Rs180,000. But, in case of salaried women, the exemption limit has been enhanced to Rs240, 000 from Rs200,000. The proposed new tax measures were taken mostly with a view to achieving an ambitious revenue target of Rs1,251.460 billion set for the financial year 2008-09. Of the total new taxes amounting to Rs77 billion, the government has proposed to raise more than Rs41 billion from GST and excise duty, Rs29 billion from income taxes and Rs7 billion from increase in customs duty, mostly on food items, electronics and mobile phones. The rate of GST and federal excise duty on provincial services sectors has been proposed to be increased from 15 per cent to 16 per cent.

## ***Budget Deficit***

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### **Budget Deficit to Shoot-up to Rs 956 Billion**

The budget deficit for the Fiscal Year 2007-08 is now projected to increase to a highest-ever Rs 956.6 billion, more than twice the Rs 450.6 billion estimate made in the beginning of the fiscal year. A major reason behind the unexpected increase is an additional spending of Rs 522.1 billion on seven items not included in the federal 2007-08 budget. The deficit was targeted to be four percent of the projected Gross Domestic Product (GDP) for 2007-08 but will now reach 9.5 percent of the GDP. Interest payments on domestic debts were initially projected to be Rs 318 billion but are now likely to reach Rs 443 billion by June 30.

## ***NFC Award***

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### **Provinces get Rs 111 billion more**

Provinces will be getting Rs 111 billion more from the federal revenue receipts under the NFC Award, with their share increasing to Rs 568 billion against last year's Rs 466 billion original budget estimates. Revised estimate in 2007-08, however, was Rs 457 billion. According to the federal budget, provinces would get net transfers of Rs 599 billion for the year 2008-09 against Rs 491 billion (Rs 465 billion revised) last year. Out of total transfers to the provinces, the federal government would be deducting Rs 33.176 billion against interest and loan repayments. During ongoing fiscal of 2007-08,

In 2008-09, **Punjab** will receive Rs 292.75 billion against last year's Rs 228.838, **Sindh** Rs 169 billion against last year's Rs 141 billion, **NWFP** Rs 72.21 billion against Rs 56.69 billion and **Balochistan** Rs 34.44 billion as compared to Rs 30.07 billion in 2007-08. According to said allocations for the next fiscal of 2008-09, Balochistan would be getting Rs 4.33 billion, Sindh Rs 28 billion, Punjab Rs 64 billion and NFWP would be getting Rs 16 billion additional to their revised allocation in the year 2007-08.

## ***Current Expenditure***

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**General Public Services:** The government allocated Rs 929.522 billion for general public services in the 2008-09 budget, compared to Rs 641.875 billion in the 2007-08 budget, registering an increase of 44.8 percent.

**Defence Affairs and Services:** The defence budget for the 2008-09 fiscal year has been raised by 7.6 percent – from Rs 275 billion in 2007-08 to Rs 296 billion. Of the total Rs 296 billion, Rs 294.9 billion have been allocated to military defence and Rs 1.17 billion to defence administration.

**Public Order, Safety Affairs:** The government has allocated Rs 26.77 billion for public order and safety affairs in the budget presented on Wednesday, which is nine percent higher than the 2007-08 fiscal year's allocation of Rs 24.54 billion, later revised to Rs 26.106 billion. Rs 25.03 billion have been earmarked for the police, with another Rs 960 million has been set aside for the courts.

**Recreational, Cultural and Religious Affairs:** The government has earmarked Rs 3.191 billion for recreational, cultural and religious affairs in the 2008-09 budget. The allocation involves a nine percent increase as compared to the 2007-08 budget allocation of Rs 2.929 billion, which was later revised to Rs 3.131 billion.

**Economic Affairs:** The government has allocated Rs 201 billion for economic affairs in the 2008-09 fiscal budget, 155 percent higher than the Rs 79 billion allocated in 2007-08. However, the Rs 201 billion allocation is less than the revised budget of Rs 293 billion in 2007-08. The government has allocated Rs 32 billion for agriculture, food, irrigation, forestry and fishing sectors against Rs 12 billion in the last year..

**Environmental Protection:** Environment Protection has been provided with Rs 210 million under Water Waste Management. This is higher by 15.4 % than the budget estimates 2007-08.

**Housing and Community Amenities:** An allocation of Rs 1359 million has been provided in the budget 2008-09 for community development which is higher by Rs 213 million against the revised estimates for 2007-08.

**Education Affairs Service:** The government allocated Rs 24.62 billion for education in the 2008-09 budget, registering an increase of 11 percent compared to the previous budget. The increase is 8 percent higher than the revised estimates of Rs 24.280 billion for the outgoing fiscal year ending on June 30. Rs 17.46 billion has been allocated for tertiary education affairs and services, Rs 3.46 billion for secondary education and Rs 2.36 billion for pre-primary and primary education services.

**Health Affairs and Services:** The government has allocated Rs 5.49 billion of the national budget for the health sector in the 2008-09 fiscal year, 11 percent more than Rs 5.24 billion for the previous 2007-08 fiscal year. Of Rs 5.49 billion, Rs 4.89 billion will be spent on hospital services.

**Social Protection:** The social protection with Rs 4791 million in the budget 2008-09 million is higher by Rs 2390 million as compared with budget estimates of 2007-08 and higher by Rs 1026 million than the revised estimates 2007-08.

## ***Development Expenditure***

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## **Public Sector Development Programme (PSDP)**

Budget 2008-09 offers largest ever allocation of 51 percent for social sectors and 44 percent for development of physical infrastructure as part of the highest ever Public Sector Development Programme (PSDP) of Rs 541 billion, official documents suggest. In addition, for reconstruction and rehabilitation of Earthquake-affected areas, an amount of Rs 26 billion has been allocated which takes the overall size of PSDP to Rs 567 billion. However, this development outlay shall be subject to budgetary announcement in the finance Bill 2008-09 to be approved by the Parliament. Despite slowdown in the economy during 2007-08, the size of the federal PSDP 2008-09 has grown 11 percent. The Provincial Development Programmes have also been increased to Rs 170 billion.

**Cabinet Division:** The government has allocated Rs 2879.485 million for Cabinet Division in the PSDP 2008-2009 for the implementation of three new and 14 ongoing schemes.

**Capital Development Authority (CDA):** CDA will receive Rs308.1 million fund under PSDP for the financial year 2008-2009 to execute development schemes being financed by the Federal Government in Islamabad against its demand of nearly Rs3 billion. The government rejected all the demands for allocations for major development projects including supply of water to Islamabad from Indus River for which the authority had demanded an initial amount of Rs1.1 billion. The government also disapproved Rs500 million construction of flats for MNAs and Rs500 million for development of Parade Ground at Garden Avenue.

**Communications:** The government has earmarked Rs 3,6821.559 million in the PSDP 2008-09 for the Communications Division for its various ongoing and new projects while Rs 36,500m have been allocated for National Highway Authority (NHA).

**Cultural Division:** Total allocation for the Cultural Division in 2008-09 is Rs 0.413 billion

**Defence:** Under PSDP 2008-09, an allocation of Rs 296.1 billion has been earmarked for defence. The amount has been allocated for undertaking total 57 projects which include four new schemes while rest 53 on-going plans.

**Education:** The government has allocated Rs 6269.652 million for education in PSDP for the Financial Year 2008-2009. The allocation includes Rs.5780.290 million for ongoing projects and Rs 489.362 million for new ones.

**Environment Division:** The PSDP budget will also spend Rs 2.252 billion for the Environment Division.

**Finance Division:** The government has allocated an amount of Rs 50752.484 million for various ongoing and new projects of Finance Division under PSDP 2008-09. Out of the allocated amount, Rs.36806.841 million has been earmarked for new projects and Rs 13945.643 million for ongoing projects.

**Food, Agriculture and Livestock Division:** The government has allocated Rs. 20515.876 million for Food, Agriculture and Livestock Division in PSDP for FY 2008-09. In the PSDP 2008-09, 10 new projects have been initiated while number of the ongoing projects are 56. An amount of Rs 1503.224 million has been allocated for new projects.

**Health:** The government has allocated Rs 19010.378 million for various ongoing and new projects of Health Division under PSDP. Out of total allocated amount, Rs 711.000 million has been earmarked for new projects while Rs 18299.378 million for the ongoing projects.

**Housing and Works Division:** The government has allocated Rs. 4070.134 million for Housing and Works Division in PSDP for the Financial Year 2008-09. The allocation includes Rs.1263.794 million for on-going projects and Rs. 2806.340 million for new ones. Among the new projects, a total of Rs. 2000 million have been earmarked for Prime Minister's Special Initiatives for Housing for Government Servants and Poor (Revolving Fund).

**Industries, Production and Special Initiatives Division:** The government has allocated an amount of Rs.10458.821 million for various ongoing and new projects of Industries, Production and Special Initiatives Division under the Public Sector Development Programme (PSDP) 2008-09. Rs 5955.321 million have been earmarked for new projects and Rs.4503.500 million for ongoing ones.

**IT & Telecommunications:** The government has allocated Rs 1976.004 million for Information Technology and Telecommunication Division in the PSDP 2008-2009. The major part of the PSDP allocations for IT & Telecommunications Division, will be spent on seventy six ongoing projects in IT sector while an amount of Rs 617.311 million would be spent on the ongoing projects in telecom sector.

**Interior Ministry:** The government has earmarked Rs 6,942.537 million in the PSDP 2008-09 for 123 ongoing projects of the Ministry of Interior with no component of foreign assistance.

**Kashmir Affairs and Northern Areas Division:** Total allocation for the Kashmir Affairs and the Northern Areas Division is Rs 17.615 billion.

**Labour and Manpower Division:** The Labour and Manpower Division has been allocated with Rs 0.123 billion.

**Local Government and Rural Development Division:** Local Government and Rural Development Division will get Rs 0.108 billion for 2008-09.

**Narcotics Control:** Government has allocated Rs 0.768 billion for the Narcotics Control Division.

**Information and Broadcasting:** Rs 1.038 billion has been allocated for the Information and Broadcasting Division under PSDP.

**Establishment Division:** Establishment Division will get Rs 0.292 billion.

**Law, Justice and Human Rights Division:** Allocation for Law, Justice and Human Rights Division is Rs 2.381 billion.

**Overseas Pakistanis:** Overseas Pakistanis Division has been apportioned Rs 3 million.

**Pakistan Atomic Energy Commission (PAEC):** PAEC will get Rs 15330.933 million in the Public Sector Development Programme (PSDP) 2008-09 for its various ongoing and new projects. According to the budgetary allocations, out of total amount, Rs 15110.933 million have been allocated for ongoing projects while Rs 220.000 million have been allocated for new schemes

**Petroleum and Natural Resources Division:** The government has allocated Rs. 850.400 for various ongoing and new projects of Petroleum and Natural Resources Division in the Public Sector Development Programme 2008-09. Out of the allocated amount, Rs. 350.400 millions have been earmarked for ongoing projects.

**Planning and Development Division:** The government has allocated an amount of Rs.11114.959 million for various ongoing and new projects of Planning and Development Division under PSDP 2008- 09. Rs.198 million foreign exchange component is also included in it.

**Railways Division:** The government has allocated an amount of Rs. 11280 million for various ongoing projects of Railways Division under PSDP 2008-09.

**Revenue Division:** The government has allocated an amount of Rs.2370.716 million for various projects of Revenue Finance Division under PSDP 2008-09. Out of the allocated amount, Rs.1845 million, including foreign component of Rs.1625 million have been earmarked for Tax Administration Reform Project (TARP).

**Science and Technology:** Rs. 3015.407 million allocated for Science and Technology in PSDP, the government has allocated Rs.3015.407 million for Science and Technology Division in the PSDP 2008-2009 for the implementation of 36 new and 109 ongoing projects.

**Social Welfare and Special Education Division:** Social Welfare and Special Education Division has been allocated Rs 0.509 billion.

**Sports Division:** The government has allocated Rs 200.419 million for 33 ongoing projects of the Sports Division a part from Rs 150 million for construction of a sports stadium at Narowal.

**States and Frontier Division:** States and Frontier Regions Division has been granted Rs 8.662 billion.

**Statistics Division:** Rs 175.09 million has been allocated for the Statistics Division under PSDP.

**Textile Industry:** The government has allocated an amount of Rs 769.578 million for various ongoing projects of the Textile Industry Division in the PSDP 2008-09. According to the PSDP documents, the allocated amount of Rs 769.578 million would be spent on six projects including Lahore Garment City Project, Faisalabad Garment City Project,

**Tourism Ministry:** The government has allocated Rs. 18.865 million in PSDP 2008-09 for four ongoing projects of Ministry of Tourism. Rs. 8.750 million were given for Bus Terminal at Nankana Sahib, Rs 7 million for Aiwan-e-Sayyahat, Rs 2.298 million for Development of Website for Tourism Industry and 0.817 million for Updating Tourism Research Publication.

**Water and Power Division:** The 2008-09 PSDP has a total allocation of Rs 62.42 billion for the Water and Power Division, which consists of Rs 52.019 billion for ongoing projects and Rs 10.4 billion for new development schemes.

**Women's Development Division:** The total allocation for the Women's Development Division in the PSDP is Rs 0.334 billion.

**Youth Affairs Division:** The government has allocated Rs 33.920 million in Public PSDP 2008-09 for seven ongoing projects of Youth Affairs Division.

## ***Discussion on Budget***

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### **Defense Budget no More an Untouchable Document**

In the country's sixty years history on June 17 the details of the proposals for defense allocations for 2008-09 were taken up for threadbare discussion. Leader of the House, Mian Raza Rabbani laid before the Upper House the papers containing break-up of defense services budget for debate, setting precedence in parliament's history. The Senate was apprised of the service-wise allocations of over Rs. 295 billion in defense services sector for the upcoming fiscal year.

### **Assembly Passes First Budget**

The National Assembly on June 22 easily passed the troubled coalition government's first budget with a Finance Bill that also provided for a controversial expansion of the Supreme Court so it could include judges deposed or handpicked by President Pervez Musharraf. The adoption of the 152-page Finance Bill with several amendments after a nine-day debate marked the formal passage of the Rs2.01 trillion budget for fiscal 2008-09. The Minister said 51 of the 76 non-mandatory proposals formulated by the upper house in its own debate in the past week had been accepted in the final document as the house took up the Finance Bill after adopting demands for grant for the government's ministries and divisions over the past three days.

Although the vote on other clauses of the Finance Bill and amendments proceeded quickly as a mere formality, the clause for increasing the number of Supreme Court judges to up to 29 from 16 was marked by a brief row, with the opposition PML-Q abstaining in protest against the use of a money bill to amend an act of Parliament and one member from a ruling coalition party calling the move a "mockery" of the Constitution. Opposition to the bill's controversial clause was also voiced during the Senate debate on the budget, with the critics including PPP's Raza Rabbani, who represents Prime Minister Yousuf Raza Gilani as leader of the house there.

## ***Response on Budget***

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### **Opposition's Response**

Most political parties have rejected the federal budget for the year 2008-09 and PML-N leaders, except Senator Ishaq Dar, chose not to comment on the annual financial exercise.

Mr. Dar, who resigned as finance minister on judges' reinstatement issue on May 13, said that he was in favour of imposing Capital Gain Tax (CGT) and Capital Value Tax (CVT) and had he presented the budget the levies would have been part of it.

**PML-Q:** Former ruling party's Punjab general secretary Chaudhry Zaheeruddin says the opposition listened to the budget speech without any desk thumping thus opening a new chapter of decency in politics. He saw no relief in the budget for

the commoner. He said the construction industry had been ignored in the budget while only peanuts were offered to the textile industry. He said the corporate farming idea would fail to attract investors for want of water and the budget lacked any clear policy to build new water reservoirs. "They (rulers) are turning the country into a desert."

**Jl:** Jamaat-I-Islami secretary-general Syed Munawwar Hasan said the budget did not reflect the PPP's slogan of 'roti, kapra aur makan' or bread, clothing and shelter. He said most of the Rs34 billion funds allocated for the Benazir programme would be devoured by PPP leaders as party workers would fail to benefit from it. He called the income support scheme and the raise in pension and salaries "cosmetic steps to appease a few".

**PPP-SB:** PPP-Shaheed Bhutto Punjab President Dr Mubashar Hasan says the budget was no different than the budgets presented in the last 30 years as it follows the doctrine of free enterprise, deregulation, privatisation and globalisation. He calls it a bid by the rich to become super rich. "It's a good budget. Good for the rich, good for the corporate world and good for the multinational companies," he said. He said the budget contained nothing for 98 per cent of Pakistanis as what the rulers gave the masses by increasing salaries were facing difficulties because of price-hike.

**LPP:** Labour Party Pakistan spokesman Farooq Tariq says the budget speech does not touch foreign loans which, he says, the government should refuse to repay unless the country's economic health becomes stable. He said the Benazir Support Programme would fail to reduce poverty like the earlier scheme of this nature for no government was taking care of the root cause behind the increase in poverty graph – privatization, a free hand to multinationals, and World Trade Organization agreements. He alleged the PPP government was following Musharraf's policies and criticised it for attempting to introduce corporate farming in the country. He praised the government for enhancing pension and salaries of government employees though, he said, the raise was not in proportion with the price hike.

**JUP:** Jamiat Ulema-i-Pakistan Secretary General Qari Zawwar Bahadur says the measures taken in the budget for the poor were not sufficient and unbecoming for the claimants of being representatives of the masses.

### **Business Community's Response on Federal Budget**

All affiliated chambers, associations and trade body of the federation hailed the federal budget and hoped that major tax relief, concessions and subsidies announced in the budget will accelerate the pace of industrialization, step up trade activities in the country, besides boosting the agricultural production in addition to enhancing the export. He said that majority of the demands and proposals of the federation presented to Prime Minister, Syed Yousaf Raza Gilani, have been accepted in the federal budget. He said Prime Minister has categorically assured the federation that all out efforts will be made to further strengthen the national economy by facilitating the traders, exporters, local and foreign investors. He said that top leadership of the federation is fully committed to safeguard the interests of the business community and will never compromise on principles

*Tanvir Ahmed Sheikh, President FPCCI*

The budget is a balanced one, which equally focused on different sectors of the economy as well as having numerous relief measures for poor strata of society. He also termed the budget as positive one for the market, especially the exemption of capital gains tax and unchanged taxation on the stocks

*Arif Habib, Former Chairman KSE and Broker*

The budget has allayed the fears of investors about the matters related to stock market and market will see a major jump tomorrow due to positive measures of the government. The duty enhancement on luxurious items is also a welcome step, which would certainly help in curtailing the trade deficit

*Dawood Jan Mahammad, Broker Director KSE*

The decision of giving subsidy to the farmers of Rs 1,000 on DAP was very good sign, while the withdrawal of GST on fertilizers and pesticides will also boost the farming activities. However, he said that the decision of government regarding abolishing of duty on the import of rice seeds was not good for the farmers as it will harm the production of local farmers

*Ibrahim Mugal, Chairman Agri Forum Pakistan*

The decision of announcing wheat support price before sowing was a welcome decision and the government should provide more relief to the farmers. The decision of abolishing export duty on rice seed will help the farmer for more production and it will also boost

*Idress Khokhar, Spokesman Farmers Association of Pakistan*

The government has tried to present a people friendly budget but there is no money present in the national exchequer. Subsidies and other incentives provided by the government in the recently announced budget 2008-09 was a good sign

for the farmers. He said that the announcement of Benazir Support Programme will be only a burden on the national exchequer and it is not possible that it will support anyone  
*Zaka Ashraf, Chairman Pakistan Sugar Mills Association*

We welcome the decision of the government to establish cool chain system in the country for preservation of fruits and vegetables. We demand the government to handover the establishment of cool chain system task, close to airports and ports, to the private sector on soft term loans. In 2003-04, the then government had announced to set up such system through the private sector by offering them 6 percent subsidy on the mark up, which was insufficient in view of the massive investment involved in the process. The government should enhance 6 percent subsidy to the level of 14 percent to encourage the private sector specially fruit and vegetable exporters which would serve as a catalyst for them  
*Abdul Wahid, Chairman Fruit and Vegetable Exporters Association*

10 percent increase on duty rates on imported dairy products, chocolate, fruit juices and chewing gums is justified as it is mostly used by opulent segment of the population which can afford their increased price  
*Fareed Qureshi, General Secretary of the Karachi Grocer Retailer*

In the current inflationary situation, increase in GST would directly hit the common consumer. The decision of imposing 2 percent tax as Investment Tax on hidden assets is a good one as it would help in increasing investment opportunities in the country. The step taken for providing relief to farmers would increase employment opportunities and would help in controlling urbanisation in the country. It would help the government to ensure food security  
*Mohammad Ijaz Abbasi, President ICCI*

The enhancement of excise duty on cement from Rs 750 per tonne to Rs 900 per tonne would have a direct impact of Rs 10 per bag. Besides this, he said, the enhancement of sales tax by one percent would also increase the price of cement. Moreover, he said, the wage increase will also hurt the companies. But, he said, since the government has simultaneously increased taxes and duties on many items, the wage increase will be useless for the common man. The government should also get the minimum wage implemented in the undocumented sectors of the economy  
*Aizaz Sheikh, Chairman All Pakistan Cement Manufacturers*

The announcement of budget shows that it would not be providing any relief to the poor people as we were expecting. It seems that budget would not be providing relief to the trading and industrial sectors. In the budget it was announced that textile sector would get uninterrupted power supply but the provision of power supply is not as easy as the country was already facing huge power crisis. Besides provision of power supply to the textile industry, provision of power supply to the Karachi should also be ensured  
*Shamim Ahmed Shamsi, President KCCI*

## **10 Years Federal Budget at a Glance**

<b>Federal Budget 2008-09</b>			
<b>Receipts</b>	<b>Rs. In billion</b>	<b>Expenditure</b>	<b>Rs. In billion</b>
( a ) Tax Revenue	1251.5	<b>(A) CURRENT</b>	<b>1493.2</b>
( b ) Non-Tax Revenue	427.8	General Public Service	929.5
Gross Revenue Receipts	1679.2	Defence Affairs & Services	296.1
Less Provincial Share	568.3	Public Order Safety Affairs	26.8
I. Net Revenue Receipts	1110.9	Economic Affairs	201.2
II. Net Capital Receipts	221.3	Environment Protection	0.2
III. External Receipts	300.2	Housing and Community	1.4
IV. Self Financing of PSDP by Provinces	124.4	Health Affairs and Services	5.5
V. Change in Provincial Cash Balance	78.9	Recreational,Culture Services	3.2
VI. Privatization Proceeds	25.1	Education Affairs Service	24.6
VII. Bank Borrowing	149	Social Protection	4.8
		<b>(B) DEVELOPMENT</b>	<b>516.6</b>
		PSDP	549.7

		Federal Government	399.7
		Provincial Government	150
		Est. Operational Shortfall	-77
		Other Dev. Expenditure	43.9
TOTAL RESOURCES ( I to VII)	2009.8	TOTAL EXPENDITURE (A+B)	2009.8

### Federal Budget 2007-08

Receipts	Rs. In billion	Expenditure	Rs. In billion
( a ) Tax Revenue	1030.547	<b>(A) CURRENT</b>	<b>1056.35</b>
( b ) Non-Tax Revenue	337.593	General Public Service	641.875
Gross Revenue Receipts	1368.14	Defence Affairs & Services	275
Less Provincial Share	465.964	Public Order Safety Affairs	24.54
I. Net Revenue Receipts	902.176	Economic Affairs	78.941
II. Net Capital Receipts	58.518	Environment Protection	0.182
III. External Receipts	258.533	Housing and Community	1.095
IV. Self Financing of PSDP by Provinces	122.695	Health Affairs and Services	5.24
V. Change in Provincial Cash Balance	51.751	Recreational, Culture Services	2.929
VI. Privatization Proceeds	75	Education Affairs Service	24.147
VII. Bank Borrowing	130.937	Social Protection	2.401
		<b>(B) DEVELOPMENT</b>	<b>520</b>
		Federal Government	370
		Provincial Government	150
		<b>(C)Other Development Expenditure</b>	<b>23.261</b>
TOTAL RESOURCES ( I to VII)	1599.611	TOTAL EXPENDITURE (A+B+C)	1599.61

### Federal Budget 2006-07

Receipts	Rs. In billion	Expenditure	Rs. In billion
( a ) Tax Revenue	840.923	<b>(A) CURRENT</b>	<b>879.778</b>
( b ) Non-Tax Revenue	241.887	General Public Service	504.288
Gross Revenue Receipts	1082.81	Defence Affairs & Services	250.182
Less Provincial Share	378.26	Public Order Safety Affairs	22.463
I. Net Revenue Receipts	704.55	Economic Affairs	74.663
II. Net Capital Receipts	16.387	Environment Protection	0.167
III. External Receipts	239.309	Housing and Community	1.04
IV. Self Financing of PSDP by Provinces	85.621	Health Affairs and Services	4.728
V. Change in Provincial Cash Balance	53.817	Recreational, Culture Services	2.741
VI. Privatization Proceeds	75	Education Affairs Service	18.778
VII. Bank Borrowing	140.093	Social Protection	0.728
		<b>(B) DEVELOPMENT</b>	<b>435</b>
		Federal Government	320
		Provincial Government	115
TOTAL RESOURCES ( I to VII)	1314.778	TOTAL EXPENDITURE (A+B)	1314.778

### Federal Budget 2005-06

Receipts	Rs. In billion	Expenditure	Rs. In billion
(a) Tax Revenue (CBR)	690	<b>(A) CURRENT</b>	<b>826.502</b>
(b) Tax Revenue (Other than CBR)	42.638	General Public Service	<b>503.114</b>
(c) Non-Tax Revenue	194.762	Defence Affairs & Services	223.501
Gross Revenue Receipts (a+b+c)	927.4	Public Order Safety Affairs	18.721
Less Provincial Share	-284.319	Economic Affairs	56.449
I. Net Revenue Receipts	643.081	Environment Protection	0.147
II. Net Capital Receipts	50.556	Housing and Community	0.863
III. External Receipts	212.371	Health Affairs and Services	4.128
IV. Self Financing of PSDP by Provinces	43.801	Recreational, Culture Services	2.309
V. Change in Provincial Cash Balance	30.652	Education Affairs Service	16.648
VI. Privatization Proceeds	20	Social Protection	0.623
VII. Bank Borrowing	98.04	<b>(B) Development Expenditure</b>	<b>272</b>
		Federal Government	204
		Provincial Government	68

TOTAL RESOURCES ( I to VII)	1098.502	TOTAL EXPENDITURE (A+B)	1098.502
<b>Federal Budget 2004-05</b>			
<b>Receipts</b>	<b>Rs. In billion</b>	<b>Expenditure</b>	<b>Rs. In billion</b>
(a) Tax Revenue (CBR)	580	<b>(A) CURRENT</b>	<b>700.77</b>
(b) Tax Revenue (Other than CBR)	74.81	General Public Service	<b>423.84</b>
(c) Non-Tax Revenue	141.52	Defence Affairs & Services	193.93
Gross Revenue Receipts (a+b+c)	796.32	Public Order Safety Affairs	15.07
Less Provincial Share	239.16	Economic Affairs	48.77
I. Net Revenue Receipts	557.17	Environment Protection	0.14
II. Net Capital Receipts	64.45	Housing and Community	0.83
III. External Receipts	156.35	Health Affairs and Services	3.25
IV. Self Financing of PSDP by Provinces	33.11	Recreational,Culture Services	2.2
V. Change in Provincial Cash Balance	31.55	Education Affairs Service	12.21
VI. Privatization Proceeds	15	Social Protection	0.54
VII. Bank Borrowing	45.15	<b>(B) Development Expenditure</b>	<b>202</b>
		Federal Government	148
		Provincial Government	54
TOTAL RESOURCES ( I to VII)	902.78	TOTAL EXPENDITURE (A+B)	902.78
<b>Federal Budget 2003-04</b>			
<b>Receipts</b>	<b>Rs. In billion</b>	<b>Expenditure</b>	<b>Rs. In billion</b>
<b>(a) Tax Revenue (CBR)</b>	<b>510</b>	<b>(A) CURRENT</b>	<b>645.2</b>
Direct Taxes	161.1	Debt Servicing	256
Indirect Taxes	348.9	Interest on Domestic Debt	170.5
<b>(b) Surcharges/Levies</b>	<b>61.1</b>	Interest on Foreign Debt	39.5
Natural Gas	15	Repayment of Foreign Loans	46
Petroleum	46.1	Defence	160.3
Arrears	0	Running of Civil Govt.	62.9
<b>(c) Non-Tax Revenue</b>	<b>157.2</b>	Pensions	37.6
Income from Property & Enterprises	92.4	Grants	62
Receipts from Civil Administration	35	Subsidies	64.5
Miscellaneous Receipts	29.8	Unallocable	1.9
<b>(d) Gross Revenue Receipts (a+b+c)</b>	<b>728.3</b>	<b>(B) Development Expenditure</b>	<b>160</b>
<b>(e) Less Provincial Share in Taxes</b>	<b>214.8</b>	(i) Federal Government	113
1. Net Revenue Receipts (d-e)	513.5	Ministries and Divisions	61.3
2. Net Capital Receipts	36.7	Corporations	6.6
(a) Receipts	89.2	Special Programmes	9.4
(b) Disbursement	52.5	Special Areas	47
3. External Receipts	159.1	(II) Provincial Governments	23.4
(i) Project Aid	43.9	Punjab	8.9
(ii) Non-Project Aid	115.2	Sindh	10.6
(iii) Debt Rescheduling	0	NWFP	4.1
4. Self Financing of PSDP by Provinces	30	Balochistan	
5. Change in Provincial Cash Balance	28		
6. Privatization Proceeds	10		
7. Bank Borrowing	27.9		
TOTAL RESOURCES ( 1 to 7)	805.2	TOTAL EXPENDITURE (A+B)	805.2
<b>Federal Budget 2002-03</b>			
<b>Receipts</b>	<b>Rs. In billion</b>	<b>Expenditure</b>	<b>Rs. In billion</b>
<b>(a) Tax Revenue (CBR)</b>	<b>460.6</b>	<b>(A) CURRENT Expenditure</b>	<b>608</b>
Direct Taxes	148.4	Debt Servicing	289.7
Indirect Taxes	312.2	Interest on Domestic Debt	191.8
<b>(b) Surcharges/Levies</b>	<b>60.5</b>	Interest on Foreign Debt	53.1
Natural Gas	15	Repayment of Foreign Loans	44.8
Petroleum	45.5	Defence	146
<b>(c) Non-Tax Revenue</b>	<b>153.8</b>	Running of Civil Govt.	57.9
Income from Property & Enterprises	79.5	Pensions	34.8
Receipts from Civil Administration	50.3	Grants	56.3
<b>(d) Gross Revenue Receipts (a+b+c)</b>	<b>674.9</b>	Subsidies	20.8

<b>(e) Less Provincial Share in Taxes</b>	<b>193.5</b>	Unallocable	2.5
1. Net Revenue Receipts (d-e)	481.4	<b>(B) Development Expenditure</b>	<b>134</b>
2. Net Capital Receipts	35.9	(i) Federal Government	90
(a) Receipts	91.4	Ministries and Divisions	47.6
(b) Disbursement	55.5	Corporations	26.1
3. External Receipts	198.1	Special Programmes	8.6
(i) Project Aid	49	Special Areas	7.7
(ii) Non-Project Aid	139.7	(II) Provincial Governments	44
(iii) Debt Rescheduling	9.4	Punjab	20.5
4. Self Financing of PSDP by Provinces	28.7	Sindh	8.9
5. Change in Provincial Cash Balance	17	NWFP	10.1
6. Privatization Proceeds	12	Balochistan	4.5
7. Bank Borrowing	-31.1		
<b>TOTAL RESOURCES ( 1 to 7)</b>	<b>742</b>	<b>TOTAL EXPENDITURE (A+B)</b>	<b>742</b>

### Federal Budget 2001-02

Receipts	Rs. In billion	Expenditure	Rs. In billion
<b>(a) Tax Revenue</b>	<b>457.7</b>	<b>(A) CURRENT Expenditure</b>	<b>621.7</b>
Taxes on Income and Wealth	149.8	Running of Civil Govt.	80.6
Taxes on Comm. and Trans.	307.9	Defence	131.6
<b>(b) Non-Tax Revenue</b>	<b>139.1</b>	Subsidies	20.7
Income from Property & Enterprises	81.5	Debt Servicing	329.2
Receipts from Civil Administration	57.6	Grants	49.3
<b>(c) Surcharges/Levies</b>	<b>47</b>	Unallocable	10.3
Natural Gas	15	<b>(B) Development Expenditure</b>	<b>130</b>
Petroleum	32	(i) Federal Government	100
<b>(d) Gross Revenue Receipts (a+b+c)</b>	<b>643.8</b>	Ministries and Divisions	53.2
Less Provincial Share in Taxes	190	Corporations	26.7
1. Net Revenue Receipts (d-e)	453.8	Special Programmes	20.2
2. Net Capital Receipts	-5.8	Special Areas	30
(a) Receipts	94.5	(II) Provincial Governments	14.1
(b) Disbursement	100.3	Punjab	5.4
3. External Receipts	261.1	Sindh	6.8
(i) Project Aid	48.7	NWFP	3.7
(ii) Non-Project Aid	190.6	Balochistan	4.5
(iii) Debt Rescheduling	21.8		
4. Self Financing of PSDP by Provinces	16.9		
5. Change in Provincial Cash Balance	15.2		
6. Bank Borrowing	10.5		
<b>TOTAL RESOURCES ( 1 to 6)</b>	<b>751.7</b>	<b>TOTAL EXPENDITURE (A+B)</b>	<b>751.7</b>

### Federal Budget 2000-01

Receipts	Rs. In billion	Expenditure	Rs. In billion
<b>1. Federal Revenue Receipts</b>	<b>412.09</b>	<b>(A) CURRENT Expenditure</b>	<b>577.6</b>
<b>(a) Tax Revenue</b>	<b>435.7</b>	Running of Civil Govt.	80.2
Taxes on Income and Wealth (Direct Tax)	137.5	Defence	133.5
Taxes on Comm. and Trans. (Indirect Tax)	298.2	Subsidies	11.8
<b>(b) Non-Tax Revenue</b>	<b>120.9</b>	Debt Servicing	305.6
Income from Property & Enterprises	71.1	Grants	44.2
Receipts from Civil Administration	49.8	Unallocable	2.3
<b>(c) Surcharges/Levies</b>	<b>38</b>	<b>(B) Development Expenditure</b>	<b>120.4</b>
Natural Gas	15	(i) Federal Government	75.7
Petroleum	23	Ministries and Divisions	39.6
<b>(d) Gross Revenue Receipts (a+b+c)</b>	<b>594.58</b>	Corporations	30.5
Less Provincial Share in Taxes	182.25	Special Programmes	5.6
<b>(e) Federal Revenue (Net)</b>	<b>412.09</b>	(II) Provincial Governments	44.7
<b>2. Net Capital Receipts</b>	<b>78</b>	Punjab	21.1
(a) Receipts	98.9	Sindh	8.9
(b) Disbursement	20.9	NWFP	8.8
<b>3. External Receipts</b>	<b>178.5</b>	Balochistan	5.9
(i) Project Aid	41.6		
(ii) Non-Project Aid	137		
<b>4. Self Financing of PSDP by Provinces</b>	<b>31.6</b>		

<b>5. Credit from Banking Sector</b>	-2.2		
TOTAL RESOURCES ( 1 to 5)	698	TOTAL EXPENDITURE (A+B)	698

## Federal Budget 1999-2000

Receipts	Rs. In billion	Expenditure	Rs. In billion
<b>1. Net Federal Revenue Receipts</b>	<b>422.9</b>	<b>(A) CURRENT Expenditure</b>	<b>525.9</b>
<b>(a) Tax Revenue</b>	<b>356</b>	Running of Civil Govt.	48.3
Taxes on Income and Wealth (Direct Tax)	127	Defence	142
Taxes on Comm. and Trans. (Indirect Tax)	229	Subsidies	2.4
<b>(b) Non-Tax Revenue</b>	<b>141.7</b>	Debt Servicing	287.4
Income from Property & Enterprises	75.1	Grants	38
Receipts from Admin & other Function	66.5	Unallocable	7.7
<b>(c) Surcharges</b>	<b>63.3</b>	<b>(B) Development Expenditure</b>	<b>116.3</b>
Natural Gas	5.2	(i) Federal Government	87.5
Petroleum	58.1	Ministries and Divisions	45.2
<b>(d) Gross Revenue Receipts (a+b+c)</b>	<b>560.9</b>	Corporations	38.7
Less Provincial Share in Taxes	138	Special Programmes	3.6
<b>(e) Net Federal Revenue</b>	<b>422.9</b>	(II) Provincial Governments	28.8
<b>2. Net Capital Receipts (a+b)</b>	<b>44.1</b>	Punjab	12.2
(a) Capital Receipts	93.8	Sindh	6.7
(b) Capital Disbursement	49.6	NWFP	4.9
<b>3. External Receipts</b>	<b>185</b>	Balochistan	5
(i) Project Aid	43.6		
(ii) Non-Project Aid	141.4		
<b>4. Self Financing of PSDP by Provinces</b>	<b>3.9</b>		
<b>5. Credit from Banking Sector</b>	<b>-13.7</b>		
TOTAL RESOURCES ( 1 to 5)	642.2	TOTAL EXPENDITURE (A+B)	642.2

## ***Rs389bn Punjab Budget Unveiled***

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Punjab's coalition government announced its first revenue budget of Rs389.896 billion for 2008-09 and set aside Rs17 billion for pro-poor subsidies. The budget carries a revenue surplus of Rs 133 billion and the expenditure is estimated at Rs257 billion.

The Minister announced introduction of a free, air-conditioned bus service in seven major cities of the province for facilitating needy students. An amount of Rs1 billion will be provided to public transport in six cities with the help of the private sector. He said Rs540 million had been set aside for setting up dialysis centres in the province. The Government will launch a low-cost housing scheme for the poor with a sum of Rs1 billion and allow a subsidy of Rs100,000 per unit for the purchase of tractors to farmers with less than 12.5 acres of land under the Green Tractor Scheme, to be re-launched with a sum of Rs1 billion. Landless, educated farmers will be given 60,000 acres of state land on lease for increasing production of vegetables and bringing down their prices.

The budget outlay for the next financial year is almost nine per cent higher than the outgoing year's original estimates of Rs356 billion and 19 per cent higher than the revised estimates of Rs315.602 billion.

## ***Salient Features of Annual Development Programme 2008-09***

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The Punjab government has allocated Rs 58.639 billion for the development of the social sectors under the Annual Development Programme (ADP) 2008-09. The previous budget for the sector was Rs 47.377 billion.

**Education** The government has allocated Rs 16.454 billion to accomplish 11 ongoing and 11 new programmes in the schools sector to meet the demand for upgrading schools from primary to middle, middle to high, and high to higher secondary. The government has allocated Rs 9.1 billion for 78 ongoing and 38 new schemes in the higher education sector. For literacy, the government has allocated Rs 1.250 billion for three ongoing and five new schemes with a vision to make Punjab free of illiteracy by reaching out to 38 million illiterates of all age groups through independent and focused efforts.

**Sports** The government has allocated Rs 1.5 billion for sports for 38 ongoing and 15 new programmes. The amount has been allocated with a vision to provide world-class sports facilities and equal sporting opportunities to all citizens of the province.

**Health** Moreover, Rs 9 billion have been allocated for health to accomplish 103 ongoing and 59 new programmes. The projects will be executed in partnership with the private sector that is effective, efficient and responsive to the health needs of low socio-economic groups, especially women in the reproductive age.

**Water Supply and Sanitation** For upgrading water supply and sanitation system, Rs 8 billion have been allocated. The funds aim to accomplish 981 ongoing and 12 new programmes with a vision to improve the quality of life of the people through the provision of safe drinking water and sanitation coverage to the entire community.

**Social Protection** The government has allocated Rs 700 million to accomplish 10 ongoing and seven new social protection programmes. In this sector, the government strives to attain the ultimate objective of a welfare state – according to the collective social and ethical aspirations of the people – free from exploitation, deprivation and discrimination.

**Regional Planning** An amount of Rs 2.4 billion has been allocated for regional planning to accomplish 34 ongoing and eight new programmes. Its aim is to eliminate disparities by bridging the gap between the developed and less-developed areas, and providing equal opportunities of income generation and growth to all areas in Punjab to reduce poverty.

**LG&CD** For the Local Government and Community Development (LG&CD) Department, a sum of Rs 8.4 billion has been allocated for four ongoing and three new programmes.

**Commerce and Investment** The department will get Rs 500 million to make the province prosperous through promoting trade and investment and ensuring an attractive business environment, with the government playing its role as facilitator.

**Labour and HR Development** The government has allocated Rs 100 million to this department for the protection of the rights of workers and the security of economic development through a satisfied and productive workforce.

**Information Technology** The government will spend Rs 1.5 billion on the Information Technology sector to improve public service delivery through innovative IT-enabled solutions, generate IT-led economic growth, and make the province a centre of excellence. The government will spend Rs 531.216 million on four new schemes in the sector, and the remaining Rs 968.784 million will be used on 32 ongoing schemes.

**Tourism** The government has allocated Rs 100 million to the Tourism Department to preserve, develop and beautify existing and potential tourist locations, and to attract and facilitate tourists from within and outside the province and the country. The government has started nine new schemes for the development of the tourism industry, and allotted Rs 78.609 million to the new schemes. The remaining Rs 21.391 million will be spent on one ongoing project.

**Transport** The government has allocated Rs 100 million to the Transport Department with a vision to provide efficient, economical, comfortable, safe and green transport facilities to the public, with emphasis on alleviating traffic congestion.

**Emergency Services** The government has allocated Rs 2.5 billion to the Emergency Services Department to make Punjab safe through an effective system for management and prevention of accidents, fires, emergencies and disasters.

**Infrastructure** The Punjab government has set aside Rs 40.79 billion for infrastructure development in the Annual Development Programme (ADP) 2008-09. It had allocated Rs 32.35 billion under the same head in last year's ADP (2007-08). Rs 17.5 billion has been allocated for roads, Rs 11.3 billion for irrigation, Rs 5.2 billion for public buildings and Rs 6.7 billion for urban development.

**Others Sector** The Punjab government allocated Rs 4.971 billion under the Annual Development Programme (ADP) 2008-09 for the 'Others Sector'. This is a 111.0 percent increase from last year's ADP. The 'Others Sector' consists of five sub-sectors – environment; information, culture and youth affairs; auqaf, religious and minority affairs; access to justice programme and planning and development.

**Special Programmes** The government has increased the budget of the special programmes sector by 23.3 percent. It has allocated Rs 41 billion under the head in the ADP 2008-09 against a revised allocation of Rs 33.25 billion in 2007-08. The sector consists of district/TMA development programmes and special infrastructure. The government has allocated Rs 12 billion to TMA development and Rs 29 for special infrastructure.

**Production Sectors** The Punjab government under the Annual Development Programme (ADP) has allocated Rs 9.8 billion for the production sector in its 2008-09 budget. The allocation has been increased by 189.7 percent compared to the 2007-08 budget. The production sector includes Agriculture, Forestry, Wildlife and Fisheries, Food, Livestock, Industries, Technical Education and Vocational Training Authority (TEVTA), and Mines and Minerals sectors.

## ***Punjab Assembly Approves Budget***

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The Punjab Assembly session passed Budget 2008-09, unanimously approving 41 demands for grants, presented by Finance Minister Tanvir Ashraf Kaira, amid opposition's boycott of the proceedings. The PML-Q had moved 32 cut motions for reduction in government's demands for grants for the year 2008-09, but none was pursued in the house, as the opposition persisted in its boycott. Seven of the demands approved by the treasury benches were meant for development purposes while Rs 17 billion were granted in respect of subsidies.

### ***Rs267.7bn deficit budget for Sindh***

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Sindh Chief Minister Syed Qaim Ali Shah on, June 16, presented, a Rs 267.76 billion budget for 2008-09 in the Sindh Assembly. The budget has an estimated deficit of Rs14 billion, which would be met by improving revenue, by introducing austerity measures and an expected transfer of gas development surcharge from the centre to the province. The budget shows a current revenue expenditure of Rs 180.9 billion and a total development outlay of Rs 77.31 billion.

There would be 20 per cent increase in salaries and pensions of provincial government employees. The additional expenditure will push up the wage bill by Rs 10 billion. The Sindh government already pays Rs 60 billion to 500,000 employees. The police will be given a grant of Rs 21.3 billion to recruit 3,500 employees and for purchase of vehicles, arms and ammunition. The force would also get one billion rupees to purchase surveillance cameras and equipment. Since the wages of Sindh police are being brought at par with Punjab police, an additional grant of Rs 570 million has been sanctioned.

### ***Salient Features of Sindh Annual Development Programme (ADP)***

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Setting aside the financial constraints amid an estimated budget deficit of Rs14 billion for 2008-09 fiscal year, the Sindh province has allocated historical high funds of Rs89.3 billion for Annual Development Program (ADP) in the province.

While presenting provincial budget in the assembly on June 16, Chief Minister Sindh Syed Qaim Ali Shah announced allocating Rs89.3 billion for the next year's development programme, which is 23 per cent higher than Rs72.3 billion revised ADP of current fiscal year progressing fast towards its end on Jun 30. Sindh's own - including its districts development portfolio - share in ADP is allocated at Rs67 billion, which is 34 per cent higher than Rs50 billion the province pooled last year. The rest of Rs22.3 billion (i.e. 20 per cent) of total Rs89.3 billion ADP allocation, the province would be received through Federal Development Portfolio (i.e. at Rs12.7 billion); Foreign Project Assistance (i.e. at Rs9.09 billion) and DERA (i.e. at Rs0.51 billion).

The biggest share of 16 per cent (i.e. of nine billion rupees) of total ADP was allocated for **transport and communication sector development**, as Sindh government gave this sector the utmost priority among its other development projects. Therefore, the significant amount put for transport and communication would be used for the construction of roads linking farms to the markets, Chief Minister said in his budget speech.

**Larkana City** Among the other top priorities of government of Sindh, it has especially allocated Rs2 billion package for Larkana - the city of PPP martyr chairperson Benazir Bhutto. This especial package is allocated besides Rs5 billion committed by Federal Government.

There are **allocations for town development** of Bhit Shah, Swaan, Shahbaz Qalander Shrine and other places which remained ignored earlier. Ghorakh Hill Development will be undertaken and Sindh will seek public private partnership for this resort. Water supply to Baba Bhit; Shamspir and Salehabad in Manro will be expedited through an allocation of Rs100 million.

The current year development budget has a hefty allocation of Rs4.87 billion for **agriculture sector** including livestock and fisheries compared to Rs3.5 billion in 2007-08 - representing an increase of 36 per cent.

### **Rs34.33bn Sindh Supplementary Budget Approved**

Sindh Assembly unanimously approved the supplementary Rs34.33 billion budget (2008-09) of the Sindh government on June 26, with the opposition neither opposing these expenditures nor moving any cut motion. The treasury Pakistan People's Party (PPP) members as well as the ministers and even the speaker were surprised as to why the opposition was not raising objections on the budget and not moving any cut motion, as the PPP members used to move hundreds of cut motions when they were in the opposition.

The speaker read out all 51 demands for grants of the supplementary budget in the house moved by Sindh Information Minister Shazia Marri on behalf of Chief Minister Syed Qaim Ali Shah and the house approved it unanimously. Before moving all demands for grants the speaker asked the leader of opposition as to whether he wanted to move any cut motion or oppose the expenditures. Jam Madad told him that the opposition did not want to move any cut motion and the treasury benches responded the gesture by thumping the desk.

## NWFP Budget

### ***NWFP Assembly Announces Rs 170.904bn Surplus Budget***

NWFP Finance Minister Muhammad Humayun Khan presented the provincial assembly with Rs 170.904 billion surplus budget for Fiscal Year 2008-09. The budget envisages a surplus of Rs 345 million, as the total projected revenue is Rs 170.904 billion, while the total expenditure equals Rs 170.559 billion. Detailing the Rs 100.089 billion general revenue receipts, The Minister also announced a 20 per cent increase in the basic salary and pensions of government employees.

The total revenue included general revenue receipts of Rs100.089 billion, general capital receipts of Rs400 million, development receipts of Rs13.179 billion and general capital receipts (food) of Rs57.237 billion.

Following are the **salient features of the budget 2008-09:**

- Rs.6.40 billion have been allocated for **health sector**. Rs.100 million kept for purchase of medicines for poor and deserving patients. Province's major teaching hospitals i.e Lady Reading Hospital, Khyber Teaching Hospital, Hayatabad Medical Complex and Ayub Medical Complex will receive major chunk of the health budget. Rs. 550mn earmarked for Lady Reading hospital. Rs.200 million proposed for Hayatabad Medical Complex. Rs.120million set aside for Khyber Teaching Hospital. Rs.200 million allocated for Ayub Medical Complex. Inclusion of poor people in the health insurance scheme at a cost of Rs.200 to be borne by the government.
- Rs.6.50 billion set aside for maintaining **law and order** in the province. 600 new posts will be created in the Police Department besides setting up 60 new police stations. □ Frontier Police will be equipped with latest weapons to combat crimes.
- Rs.2 billion **subsidy on wheat** proposed in budget 2008-09.
- Rs.228million earmarked for construction of **new government buildings**.
- Rs.493.7 million proposed for **Forest development**.
- Rs.280 million allocated for **Home Department**.
- Rs.21 billion have been allocated for **education uplift**. Rs.200 monthly stipends for Girls students from Class-VI to Class-X. Various measures proposed for upgradation of schools across the province. Amount has been allocated for setting up of Islamic University at Imam Dheri. Rs.5000 will be paid to topper of the SSC exam. 2500 teachers would be given standard education and training. 20 new colleges will be opened. Separate transport scheme for women teachers would be introduced; initially the scheme will be launched in two districts as pilot project - First Commerce College for women and a medical college in Mardan would be set-up.
- Under special **industrial package** five new industrial estates would be setup. New Industrial estates would be set-up at Khushal Garh, Kohat, Thall
- 31 new schemes will be started for **women development and social welfare**.
- **Annual Development Program** up by 24 percent in budget 2008-09, Foreign component in ADP 2008-09 amounts to Rs.4.6 billion.
- Rs.1.8 billion earmarked for seven **agriculture projects**.

- Rs.2.32 billion allocated for **water and power projects**. Rs.300 million earmarked for two clean drinking water schemes. Clean drinking water sector to get Rs. One billion for 36 on-going, two new schemes.
- **Social sector** to get 43 percent of the budget allocation
- **Housing sector** to get Rs.802 million for 39 on-going, 21 new
- **Communication sector** would receive Rs.4.4 billion for 125 schemes
- Rs.35 million earmarked for seven projects of **minority community**. Special package announced for Kalash valley minority people.

### ***Rs 170.904bn NWFP Budget Passed***

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The NWFP Assembly unanimously passed the Rs 170.904 billion budget for the fiscal year 2008-09 on June 26. The budget envisages a surplus of Rs 345 million as the total projected revenue is Rs 170.904 billion, while the total expenditure equals Rs 170.559 billion.

## **Balochistan Budget**

### ***Rs71bn Deficit Budget for Balochistan***

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The cash-strapped Balochistan government on June 21 announced a budget of Rs71.19 billion for financial year 2008-09 which showed a deficit of Rs8.80 billion. Balochistan Finance Minister Mir Asim Kurd informed the provincial assembly in his budget speech that Prime Minister Syed Yousuf Raza Gilani has promised to provide Rs3 billion special grant from his discretionary fund. With this grant, the budget deficit would come down to Rs5.80 billion, which would be met by enhancing province's own resources. Like the outgoing fiscal year, the development outlay for 2008-09 is largely unfunded and it depends entirely on special grants from the Centre. The last year's development budget of over Rs13 billion showed a resource gap of over Rs10 billion.

### ***Rs.15.8 billion Allocated for PSDP in Balochistan Budget 2008-09***

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The provincial government has allocated Rs. 15.8 billion for Public Sector Development Program in Budget 2008-09.

Of the amount allocated, Rs. 142 million would be spent on **Agriculture**, Rs. 48 billion on **livestock**, Rs. 37 million on **Forestry**, Rs. 12 million on **Fisheries**, Rs. 43 million on **Industries**, Rs. 154 million on **Minerals**, Rs. 18 million on **Manpower**, Rs. 31 million on **Sports**, Rs. 46 million on **Culture**, Rs. 10 million **Tourism**, Rs. 254 million on **Physical Planning and Housing**, Rs. 4.8 billion on **Roads**, Rs. 954 million on **Water**, Rs. 8.2 million on **Information Technology**, Rs. 2218 million on **Education**, Rs. 290 million on **Health** and Rs. 264 million for **Public Health Engineering**.

Similarly, Rs. 37.2 million have been allocated for **Social Welfare**, Rs. 56.4 million for **Environment**, Rs. 130 million for **Local Government**, Rs. 29 for **Women Development**, Rs. 1184 million for **Balochistan Development Authority**, Rs. 25 million for **Quetta Development Authority**, Rs. 10.2 million for **Gwadar Development Authority**, Rs. 42 million for **Balochistan Coastal Development Authority**, Rs. 54.4 million for **Power**, Rs. 550 million for **Special Programs**, Rs. 50 million for **Study and Research**, Rs. 979 million for other schemes and Rs. 3250 million have been allocated for New Initiatives.