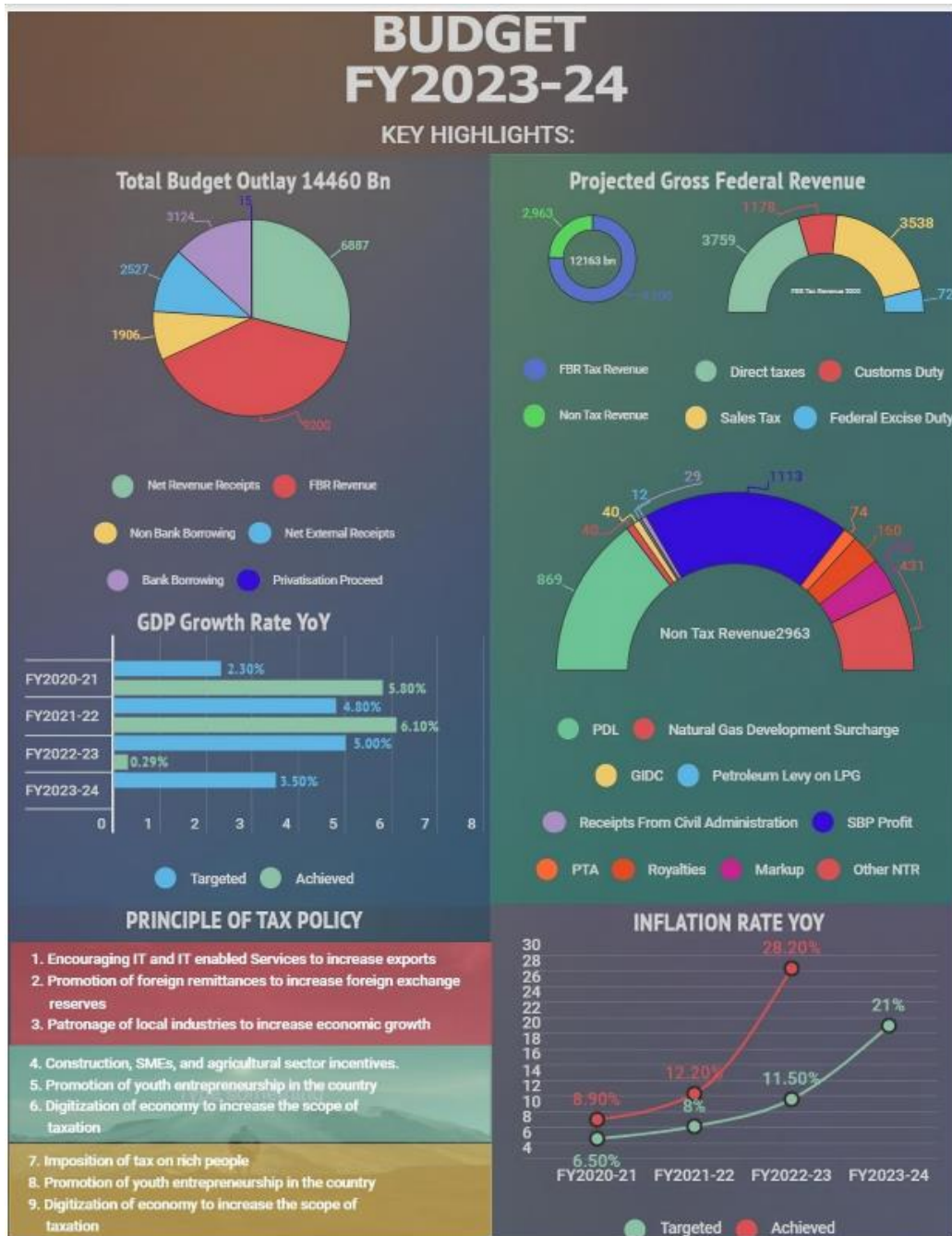


Media Coverage of PIDE MacroPolicy Lab

Recommendations on Budget 2023-24



June 19, 2023

Web Media Coverage

The News International

<https://www.thenews.com.pk/print/1082150-suggestions-made-to-maximise-budget-impact>

Pakistan Observer

<https://pakobserver.net/government-can-effectively-maximize-budgets-impact/>

The Frontier Post

<https://thefrontierpost.com/pide-conducts-thorough-evaluation-providing-invaluable-insights-and-recommendations/>

The Nation

<https://www.nation.com.pk/20-Jun-2023/pide-provides-recommendations-to-enhance-budget-effectiveness>

<https://www.nation.com.pk/19-Jun-2023/pide-terms-increase-in-bisp-allocation-in-budget-2023-24-as-swift-way-of-gaining-political-benefits>

Independent News Pakistan

<https://www.inp.net.pk/news-detail/pakistan/government-can-effectively-maximize-budgets-impact>

UrduPoint

<https://www.urdupoint.com/en/pakistan/pide-conducts-thorough-evaluation-providing-1710677.html>

IrshiV

<https://irshivideos.com/pide-terms-increase-in-bisp-allocation-in-budget-2023-24-as-quick-way-to-gain-political-benefits-iv-news/>

Suggestions made to maximise budget impact

Bureau report

PESHAWAR: A non-governmental organization has made recommendations to maximize budget impact and align the document with the national goals.

A press release said the Pakistan Institute of Development Economics (PIDE) MacroPolicy Lab carried out the exercise and put forward suggestions.

The analysis focuses on optimizing resource allocation, addressing socio-economic challenges, and fostering sustainable development. The policy recommendations made aim to enhance the budget's effectiveness and drive economic growth. The recommendations were formulated after a comprehensive evaluation of

the budget proposal.

The insights highlighted key areas of focus that will contribute to the long-term development of Pakistan. The lab recommends that the government prioritizes export promotion as a crucial element for economic growth.

It suggests boosting investor confidence and encouraging a favorable business environment.

The budget proposals should include measures to stabilize and enhance the exports sector, such as providing incentives for the IT industry and freelancing. Additionally, the government should facilitate the remittance of earnings by allowing freelancers to open and maintain dollar accounts in

local commercial banks.

To strengthen the tax system and revenue generation, the government was asked to evaluate taxes and withholding practices.

The lab has highlighted the detrimental effects of withholding taxes on financial inclusion and suggests promoting the use of digital payments in certain cases.

The budget should focus on expanding the tax net by considering sectors like agriculture and retail.

To drive productive growth, it has been suggested to the government to prioritize sectors that can generate higher value-added outputs, employment opportunities, and contribute to overall economic development. The need to incentivize the manufacturing and

export sectors has been stressed for sustainable productivity gains.

The lab recommends allocating a portion of the budget for research and development grants, fostering innovation and addressing national challenges. The budget proposal should address the growing concern of public debt and debt servicing.

The lab highlights the need for managing both external and domestic debts effectively. It has called for exploring long-term debt restructuring strategies to alleviate the burden.

The lab has asked the government to achieve its tax revenue targets and ensure fiscal discipline to avoid further accumulation of debt.

Statesman

June 19, 2023

PIDE conducts thorough evaluation, providing invaluable insights, recommendations

PESHAWAR: To maximize the budget's impact and align it with national goals, the Pakistan Institute of Economics (PIE) MacroPolicy Lab has conducted a thorough evaluation, providing invaluable insights and recommendations. The Lab's analysis focuses on optimizing resource allocation, addressing socio-economic challenges, and fostering sustainable development, said in a press release here on Sunday.

The policy recommendations put forward by the PIDE MacroPolicy Lab aim to enhance the budget's effectiveness and drive economic growth. These recommendations have been formulated after a comprehensive evaluation of the budget proposal. According to a Press Release issued from the Pakistan Institute of Economics (PIE), MacroPolicy Lab has conducted a thorough evaluation, providing invaluable insights and recommendations. The Lab's analysis focuses on optimizing resource allocation, addressing socio-economic challenges, and fostering sustainable development, said in a press release here on Sunday.

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THE NATION

June 19, 2023

PIDE terms increase in BISP allocation in budget 2023-24 as swift way of gaining political benefits

EMWAD YOUSAFZAI
ISLAMABAD

Termining increase in BISP allocation in the budget 2023-24 as a swift way of gaining political benefits, Pakistan Institute of Development Economics has said that rather higher funds should have been diverted toward education.

Regarding up to 35 percent hike in salaries in the proposed budget, PIDE has recommended that it should have been increased only for BPS 1-16, with no increase in other allowances, as for the grade 17 and above already 150% executive allowance has been provided. The recommendations on the proposed budget 2023-24 have been presented by PIDE to federal government in its report on 'Maximizing the Impact: Evaluating the FY 2023-24 Budget for Optimal Resource Allocation, Socio-Economic Addressal, and Sustainable Development'. It has been prepared by the PIDE Macro Policy Lab.

The exemption on custom duty on imports of raw material for businesses, solar panels and inverters is encouraging as the government has learnt that banning imports affected the country's exports in the past. Still, it's critical for the government authorities to monitor the policy impact so that the country should achieve its intended growth objectives. Talking about bilateral import duty reduction, PIDE said that awarding favor of zero percent import duty on imports by certain Arab nations is a questionable move. High duties on import of car parts will work in favor of the already highly protected, inefficient automobile sector, dominated by three companies which have employed 6000

protection against competition. Decades of protection afforded to domestic manufacturers under the guise of infant industry and other excuses has resulted in only 11 percent domestication of parts production plus doing out low-quality vehicles at very high rates in the country.

Talking of detrimental effects of withholding taxes, it has been noted that withholding tax on cash withdrawal will seriously dent financial inclusion. To facilitate this transition, the use of digital payments should be promoted and ensured in certain cases. Such as payments to be made at stores and petrol purchases etc. The government fails to suggest any measure to increase the tax net, which shows the myopic nature of the budget. Agricultural income is not considered and the retail sector is not brought in the tax net. It has been recommended that there is a need to prioritize and support sectors that have the potential to generate higher value-added outputs, create employment opportunities, and contribute to overall economic development. By forcing a 3.5 percent GDP growth rate upon fiscal, the government has committed to higher public consumption expenses rather than insulating the private sector to take up the mantle of investment that could spur GDP growth. The concept of a government setting GDP growth rate is controversial to begin with, since it is difficult to tell what circumstances will be a month, a quarter or two quarters from now. The government is again incentivizing the retail sector more than the manufacturing sector. Agriculture and IT sector focus is good, but we

have to focus on the export sector more for real productivity gains, otherwise we would allways get back to square one. Federal government also proposed several allocations for agriculture sector along with tax exemptions to food processing. However, considering that agriculture is a providential support post 18th Amendment, such measures should be announced by the provinces. Second, within these occupations, one again finds the failure to incorporate domestic productivity issues and current expenses. For example, there are

A significant increase in government employees' salaries and pensions is partially justified but it will put pressure on fiscal side

more than 100 agricultural research institutes spread across the country, both at the federal and provincial level. If quality seeds have to be imported in the end, what is the use of domestic research institutes? This question assumes added importance in view of the billions of rupees in current expenses earmarked for these institutes. Additionally, the exemptions in relation to various forms of machines raise the question about our domestic capacities. And that is not the least, relative to agriculture, the sector mostly remains outside of the income tax net.

Regarding Diamond Card, the report says that it is aimed at extracting more dollars out of the diaspora. But there is no or little roadmap

for attracting FDI, which is now down to a quibble in context of our foreign loans. Neither is there any roadmap on how to diversify exports, which remain heavily dependent upon textiles. A significant increase in government employees' salaries and pensions is partially justified but it will put pressure on the fiscal side. Perhaps it should have been increased only for BPS 1-16, with no increase in other allowances. For the grade 17 and above already 150% executive allowance has already been provided.

A lump sum increase, especially in pensions, is not warranted. There is no viable proposal to tackle the pension bomb, especially that of the armed forces, whose pension share is more than 80 percent. For those who are retiring in more than 0.5 million in pensions and wages (Judges of Supreme Court and High Courts), there is little or no need for increasing their wages at the same rate as that of low wage employees. The pension fund is a workable stop. Pensions should be contributed by the individuals/government, otherwise pensions would be unsustainable and the major expenditure of the government in a couple of years.

The government has again resorted on banded social sector programs like BISP - a swift way

of gaining political benefits. Rather, higher funds should have been diverted toward education. Social sector protection is important but given the government's very weak financial position, it should be targeted. Best, the government is not a welfare organization, it should make its citizens self-sustainable which contributes and are not just at the receiving end.

While questioning health insurance for journalists, PIDE asked why would only journalists be afforded health insurance? Why not continue with the universal health insurance that had been extended to all the country? The only thing needed was to depoliticize that program and continue its funding and improvement in service delivery. Implementation of Minimum Wage (MW) is very hard especially for small businesses. India has several MW structures based on many factors. Therefore, targets set for MW must not be ambitious. The reporting has recommended for improving the strength of labour officers (for factories inspectors) and labour inspectors (for shops and establishments inspectors). It has also been recommended to ensure the transfer for MW through bank accounts so that compliance is ensured.

In the energy sector, it is the same old story of subsidies for maintaining uniform tariffs across the country, even for the prioritized utility K-electric. On one hand, the GDP is in the process of implementing the Competitive Trading Bilateral Contract Market (CTBCM), to generate competition among market players to benefit consumers in terms of pricing. But subsidies allocated for tariff differential claims

(PERCO and K-Electric), means business as usual, continuation of inefficiencies and circular debt growth. There will be no competitive market when accounts of all distribution companies are treated as one, and the uniform tariff is changed. The privatization of state-owned distribution companies is on the GDP plan. A uniform tariff policy is no incentive for a privatized company. Providing subsidies is not a sustainable solution, the power sector needs tariff structure reforms. The burden of capacity payments is increasing. What we need is the productive utilization of this capacity and not keeping it under or un-utilized. Likewise, we have enough capacity, there is no point in adding more capacity (even if it is renewable) in the short to medium run. If we really want to get rid of circular debt.

The incentives proposed in the budget on import of software and hardware equal to 1% of their exports will encourage IT services some more steps were expected in the budget to boost businesses overall. Government has also given freelancers an access to annually on exports up to \$24,000 funds and consumption, from sales tax legislation. This will encourage the freelancing market. Assuming the government is able to achieve its tax revenue target of \$6.9250 billion, almost 800 percent of the tax receipts will be used for interest payments. It has been recommended that government must look towards managing its long-term domestic debt profile as well, while also turning towards domestic debt restructuring. Expenditure in FY 2023-24 will be majorly debt driven.

Budget FY 2023-24: PIDF conducts thorough evaluation, providing invaluable insights, recommendations

MT REPORT

PESHAWAR: To maximize the budget's impact and align it with national goals, the Pakistan Institute of Development Economics (PIDF) MacroPolicy Lab has conducted a thorough evaluation, providing invaluable insights and recommendations. The Lab's analysis focuses on optimizing resource allocation, addressing socio-economic challenges, and fostering sustainable development, said in a press

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key areas of focus that will contribute to the long-term development of Pakistan. Focus on Export Promotion: The Lab recommends that the government prioritizes export promotion as a crucial element for economic growth. It suggests boosting investors' confidence and encouraging a favorable business environment. The budget proposals should include measures to stabilize and enhance the exports sector, such

as providing incentives for the IT industry and freelancers to open accounts in local commercial banks. Evaluation of Taxes and Withholding: To strengthen the tax system and revenue generation, the government needs to evaluate taxes and withholding practices.

PIDE issues key economic recommendations for Fed's fiscal year 2023-24 budgets

Spokesman Report

ISLAMABAD: The Federal annual budget proposal for the fiscal year 2023-24 marks a significant milestone in crucial economic decision-making. To maximize the budget's impact and align it with national goals, the Pakistan Institute of Development Economics (PIDE) MacroPolicy Lab has conducted a thorough evaluation, providing invaluable insights and recommendations. The Lab's analysis focuses on optimizing resource allocation, addressing socio-economic challenges, and fostering

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The budget should also focus on expanding the tax net by considering sectors like agriculture and retail.

Prioritize Productive Growth: To drive productive growth, the government should prioritize

sectors that can generate high-value-added outputs, employment opportunities, and contribute to overall economic development.

The Lab emphasizes the need to incentivize the manufacturing and export sectors for sustainable productivity gains. It also recommends allocating a portion of the budget for research and development grants, fostering innovation and addressing national challenges.

Address Debt and Debt Servicing: The budget proposal should address the growing concern of

public debt and debt servicing. The Lab highlights the need for managing both external and domestic debts effectively. Long-term debt restructuring strategies should be explored to alleviate the burden. To avoid further accumulation of debt, the government should aim to achieve its tax revenue targets and ensure fiscal discipline.

Public Sector Development Program: Efficient utilization of resources is crucial in the current economic situation. The Lab suggests reevaluating allocations to certain schemes and focusing on

targeted sector promotion. Funds should be directed toward youth investment programs, establishing digital labs for startups, and implementing monitoring and evaluation mechanisms to ensure transparency and accountability.

Foreign Exchange Measures: While measures to attract remittances are important, the government should also develop a roadmap for attracting foreign direct investment (FDI) and diversifying exports. The budget should address the heavy reliance on textile exports and explore ways to promote other sectors.

Pakistan **OBSERVER**

June 19, 2023

Government can effectively maximize budget's impact

ISLAMABAD

The Federal annual budget proposal for the fiscal year 2023-24 marks a significant milestone in crucial economic decision-making.

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MT REPORT

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Govt can effectively maximize budget's impact: PIDE report

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F.P. Report

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The Lab suggests reevaluating allocations to certain schemes and focusing on targeted sector promotion. Funds should be directed toward youth investment programs, establishing digital labs for startups, and implementing monitoring

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Foreign Exchange Measures, while measures to attract remittances are important, the government should also develop a roadmap for attracting foreign direct investment (FDI) and diversifying exports.

The budget should address the heavy reliance on textile exports and explore ways to promote other sectors.

Expenditure Highlights, the Lab emphasizes the need for careful consideration in allocating funds for salaries and pensions of government employees.

Differentiated increases and addressing the pension system's sustainability are key factors to reduce income inequalities.

The budget should also divert higher funds toward education and target social sector programs effectively.

The PIDE MacroPolicy Lab's recommendations provide valuable insights for optimizing the federal budget's impact and aligning it with national needs.

By incorporating these recommendations, the government can effectively address socio-economic challenges and drive sustainable development.

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F.N REPORT

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June 19, 2023

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VOL: 33

MONDAY, JUNE 19, 2023

PRICE : Rs. 20/-

EDITOR-IN-CHIEF : AGHA ABDUL GHAFUOR TAHIR

ISSUE: 143

Govt can effectively maximize budget's impact

INP

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PIDE
Pakistan Institute of Development Economics

MACRO POLICY LAB
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SPACE

MAXIMISING THE IMPACT
Evaluating The FY 2023-24 Budget For
Optimal Resource Allocation, Socio Economic
Addressal & Sustainable Development