

2.1 Current Expenditures

- Total current expenditures for the year 2021-22 are estimated at Rs 7,523 billion (see Table 4.1).
- As last year, the mark up in the current year is still driving the current expenditures with a 7.3 percent increase in 2021-22. The mark-up payments for the year 2021-22 have been estimated at Rs 3,059 billion, out of which Rs 2,757 billion would be paid on domestic debt and Rs 302 billion on foreign debt.
- The major component of the current expenditures is defense-related expenditure. This has increased to Rs 1370 billion. The growth in allocation for 2021-22 (5.7 percent) is less than the last year (11.3 percent).
- Regarding subsidies, there is a sharp rise of 58 percent for 2021-22. This is a huge burden for the government.

Table 2.1 Classification of Current Expenditures (Rs. Billion)

		Budget 2020-21	Revised 2020-21	Budget 2020-22
(i)	Mark-up Payment	2,946	2850	3059
	Domestic Debt	2,631	2611	2757
	Foreign Debt	315	239	302
(ii)	Pension	470	470	480
	Military	359	359	360
	Civil	111	111	120
(iii)	Defense Affairs and Services	1,286	1295	1370
(iv)	Grants and Transfers	904	932	1167
(v)	Subsidies	209	430	682
(vi)	Pay and Pension	0	158.4	160
Vii)	Provision for Contingencies	50		25
(viii)	Running of Civil Government	476	487	479
(ix)	Provision of Disaster / Emergency/Covid			100
	CURRENT EXPENDITURE (i to ix)	6,345	6560	7523

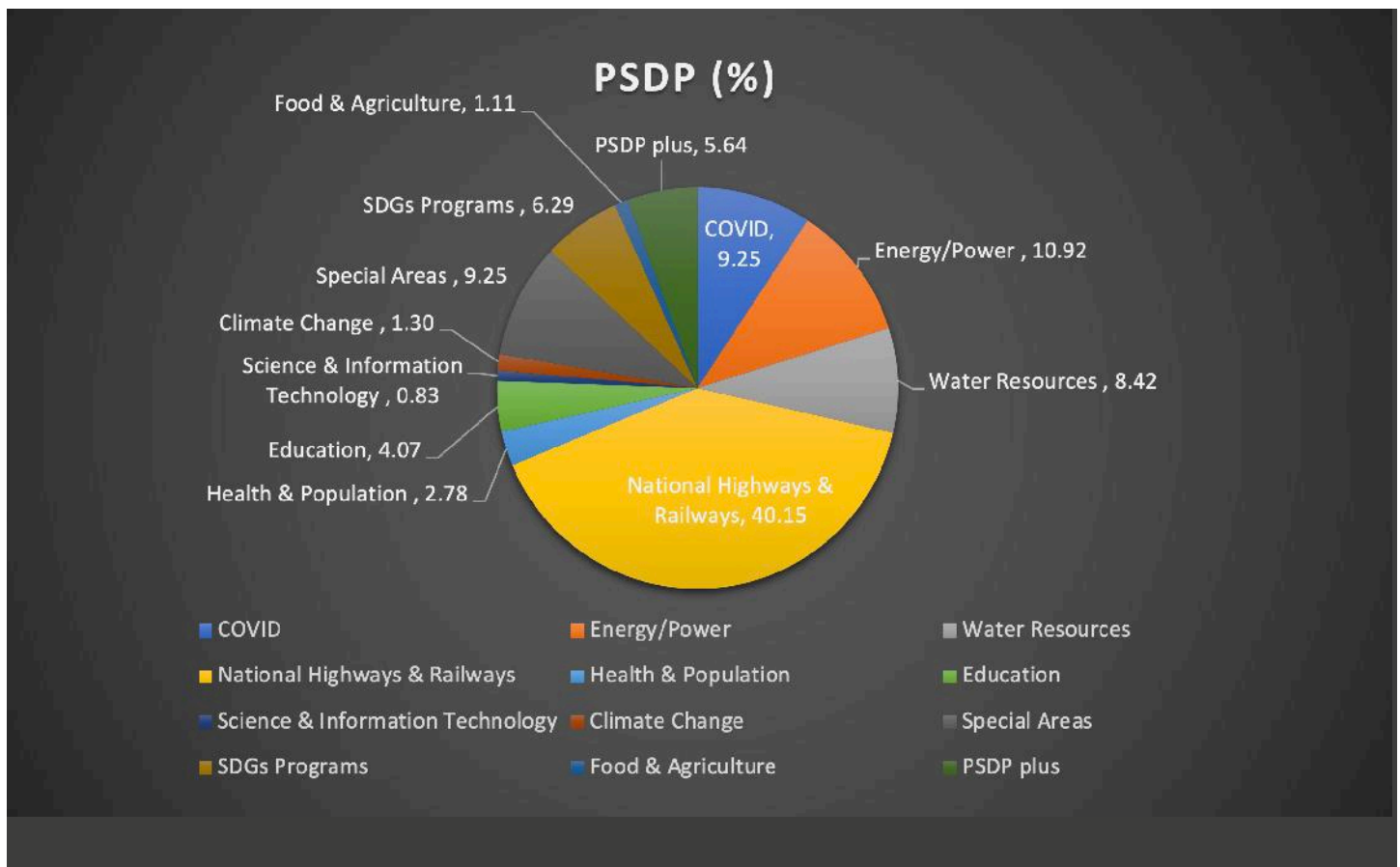
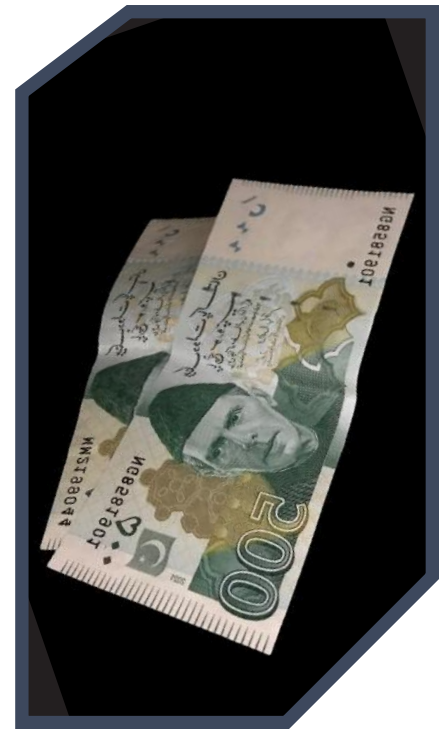
- Grants and transfers, Rs 1167 billion, have been estimated against a revised estimation of Rs 932 billion for the year 2020-21.
- For running the business of government, a lesser amount of Rs 479 billion have been estimated for the fiscal year 2021-22 against revised expenditures of Rs 487 billion in 2020-21.

2.2 PSDP Expenditures

- This is a development Budget. The government has allocated Rs. 900 billion under PSDP. This is an increase of 40 %.
- The figure presents the sectoral priorities for next year's PSDP allocations.
- The focus this year will be on food security (12 bn). These include locust emergency fund (1 bn), rice, wheat, cotton (2 bn) and olives (1 bn).
- Rs 91 billion for water resources which include Daso hydro power project (57 bn), diameter bhasha dam (23 bn), mehmand dam (6 bn) , neelum jehlum (14 bn).
- Public private partnership and PSDP plus has been introduced. This would involve the private sector in 50 projects worth

Rs 2000 billion. Government will contribute Rs 61 billion as grant through viability gap fund. These will include roads, railways, logistics, science and technology, water etc.

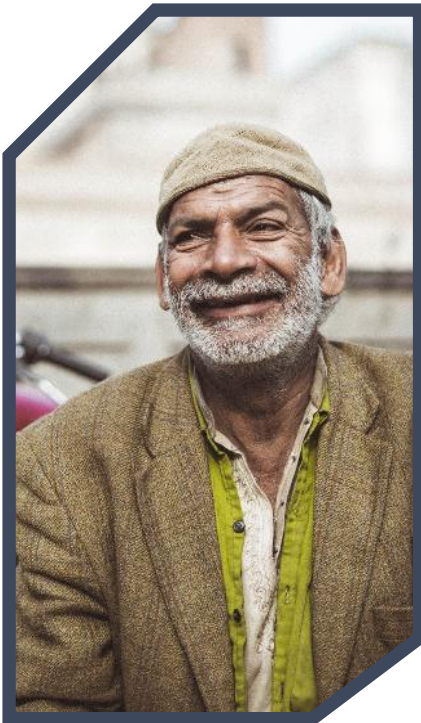
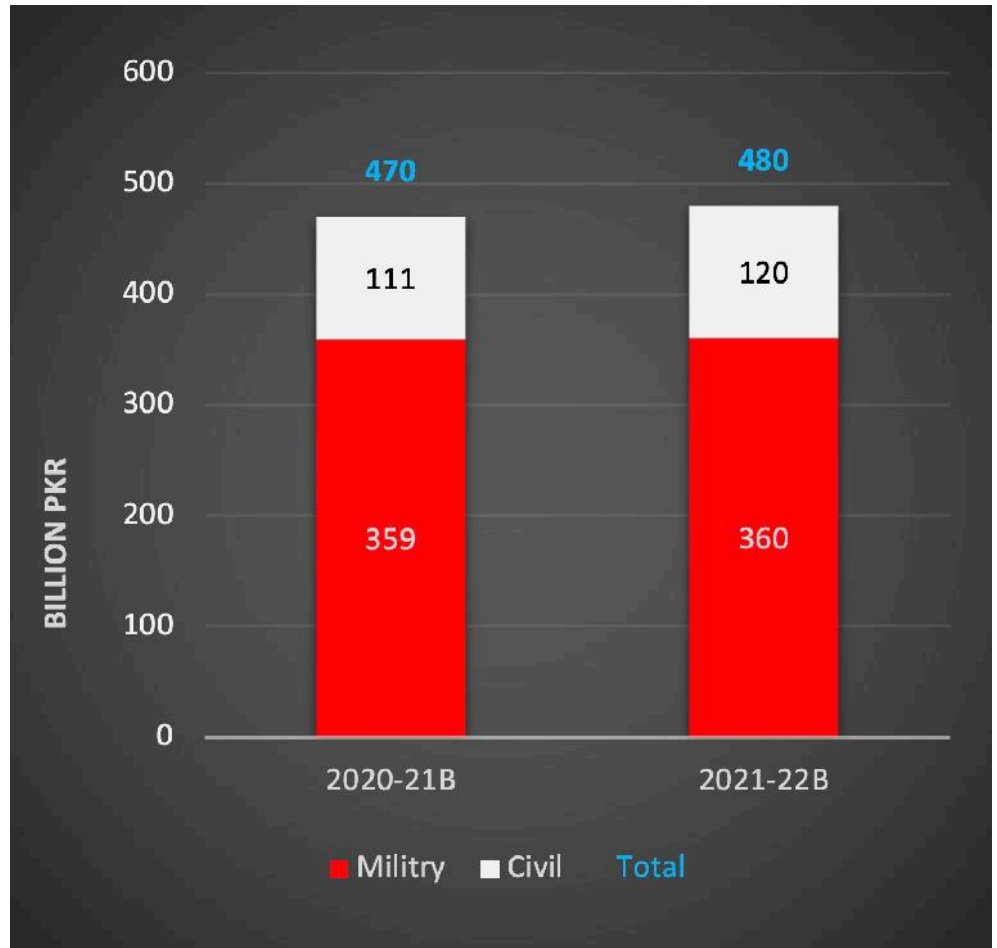
- Though it is ideal allocation under given circumstances, there must be a cost-benefit analysis of the assigned projects.
- The government should prioritize projects of soft infrastructure, including health and education, for inclusive economic growth momentum.
- Currently, the allocation to the education sector is only 4 percent, and the health and population sector is 3 percent of total PSDP allocation.



2.3 Pension



- There is a considerable burden of pension on the government budget.
- The budget allocation for pension increased by 12 percent in 2019-20. This year the allocation has slightly increased from 470 billion in 2020-21 to 480 billion in 2021-22 with the slight growth of 2.1 percent.
- The pay and pension commission is working on a sustainable pension model.



2.4 Social Protection

- The government has increased budget allocation for the Ehsaas program from 208 billion to 260 billion. The government has also allocated 68 billion to provide subsidies in energy, food, and other sectors with the focus to target the vulnerable segments only.
- To carry forward the stimulus package, the government in the current budget earmarked Rs 100 billion for Coronavirus-related schemes. The SME sector has been provided Rs 12 billion for loans and other schemes.