

Govt disburses Rs147bln energy subsidy in July-February

ISLAMABAD: The government has disbursed more than Rs147 billion in subsidies to support electricity and gas consumers in the first eight months of the current fiscal year, official data showed on Friday.

The government allocated Rs226.5 billion in subsidy in the budget for customers who use less than 300 units of electricity in a month. Of that, Rs131.9 billion was released during July-February FY2020.

Similarly, the government disbursed Rs.15.5 billion as gas subsidy in the period under review out of Rs24 billion allocated in the current fiscal year's budget.

"In addition, subsidy to USC (Utility Stores Corporation) has also been given in order to ensure availability of affordable basic food items to common man," the finance ministry said in a statement.

The ministry further rebuffed forecasts about the unemployment rate to reach eight percent this and claims that economic conditions are resulting in loss of one million jobs, price, and growing poverty.

The ministry of finance said economic condition is improving with each passing day and "the payoff from ongoing stabilisation efforts has already become visible in the form of improvement in key economic indicators...."

The ministry rejected the claims that economic situation would lead to 24 percent increase in prices of food items and further addition of 10 million people to those falling under the poverty line.

"These claims made without any corroborating evidence about the expected loss of jobs and higher unemployment rate are not based on facts since the latest labour force survey is not published yet, and a true picture would emerge only after latest facts and figures are available after their publication by the Pakistan Bureau of Statistics," it said.

The finance ministry said tax revenue of the Federal Board of Revenue rose 17.1 percent to Rs2.731 trillion, worker's remittances increased 4.1 percent, foreign direct investment grew 65.7 percent and exports rose 3.6 percent in the first eight months of the current fiscal year. Current account deficit narrowed 72 percent in July-January FY2020. Fiscal deficit was contained at 2.3 percent in the first half.

"All of the above development is an affirmation of the government's success in stabilising the economy and laying a foundation for robust growth," it said. "Job creation is one of the key objectives of economic reform agenda of the government."

The finance ministry said the government is providing a series of subsidies and incentives to industrial sector to boost jobs. These include subsidies to industry for electricity and gas, export development package and continuation of provision of long-term trade financing and export refinancing scheme at subsidised rate.

The finance ministry said public sector development program (PSDP) has been increased to Rs701 billion in FY2020 from Rs561 billion “that will have multiplier effect on private investment”.

“PSDP authorisation went up to Rs464.7 billion as on 28 February, 2020 as against Rs365.23 billion in last year,” it said. “The process of releases under PSDP has been simplified.”

The finance ministry said the government is making all efforts to bring down inflation by ensuring smooth supply of commodities, checking hoarding, smuggling and undue profiteering. “Further, vigilant monitoring of prices both at federal and provincial level has been ensured.”

The recent data of inflation indicates that consumer price index inflation decreased one percent on month-on-month basis in February 2020 over January 2020. However, consumer inflation was recorded at 12.4 percent in February 2020 over February 2019 and July-February CPI inflation reached to 11.7 percent compared to six percent last year.

The ministry said the government retired Rs757 billion of the central bank’s debts in July to 21st February, FY2020, compared to borrowing of Rs1.487 trillion same period last year.

The finance ministry said the government provided Rs18.5 billion in interest-free loans to 490,122 borrowers under the national poverty graduation initiative during the July-January period.

Benazir Income Support Program is providing unconditional cash transfer Rs5,500 per quarter to 5.02 million beneficiaries, with an annual budget of Rs180 billion. Tahafuz pilot project of Rs55 million has been launched to provide financial assistance, legal aid an upscaling of successful non-government organisations programs. An amount of Rs16 million has been released.

“We are of the view that various policies and reforms would prove conducive to our economy and bring about improvements in our economic development along with providing relief to common man,” the ministry said.