

Plant Breeders Rights Act, has been enacted by the government. The Plant Breeders Rights Registry established under this law would help in producing higher yield varieties of cotton and other crops locally through availability of better quality seed.

The government is proposing setting up an Agriculture Research Support Fund with an initial allocation of Rs.5 billion. The fund will provide financial grants for research and development of modern plant and seed varieties for achieving higher crop yields.

The Government of Pakistan is also proposing to establish a separate fund for indigenization of agriculture technology with an initial allocation of Rs.5 billion.

Access and availability of credit is very important for small farmers. Government has set agri. credit target up to Rs.1,100 billion for upcoming fiscal year 2018-19.

The government has allocated an amount of Rs. 31,188 million for agriculture, food, irrigation, forestry and fisheries under the head of Economic Affairs with the share of 38.6% of total allocation for this head.



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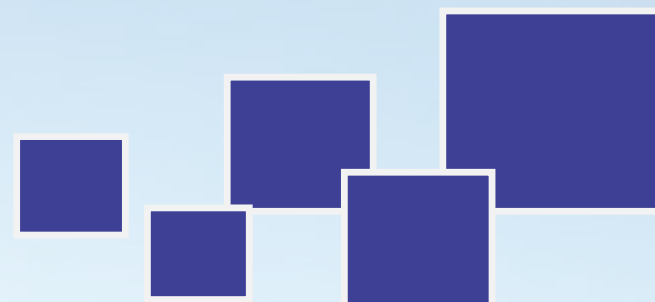
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Federal Budget FY 2018-19 Key Highlights

**PLANNING AND RESEARCH DIVISION
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ECONOMY

Real GDP Growth

FY18 has witnessed continued improvement in economic growth up from 5.4% to 5.8% as compared to last year which is highest in 13 years. The high growth rates over the last 5 years have produced unprecedented economic expansion. Size of the economy expanded from Rs.22,385 billion in FY2013 to Rs.34,396 billion in FY2018, while per capita income increased from Rs.129,005 in 2013 to Rs.180,204 in FY2018.

Agriculture

Agriculture sector has shown the highest growth of 3.8% in the past 18 years. All major cash crops including cotton, rice, and sugarcane have contributed to this growth. This is the result of prudent policies pursued by government during last five years. In addition a special Kisaan Package was announced in 2015-16. Under this package, cost of fertilizers and pesticides was reduced, cheaper credit was made available and cash support was given to rice and cotton growers.

Agriculture Credit

Five years ago, credit given to agriculturists was Rs.336 billion. At the end of February 2018, it stood at Rs.570 billion and it is expected to be increased upto Rs.800 billion by June 2018. In addition, interest rate of agriculture credit was also reduced significantly.

THE BUDGET 2018-19

SALIENT FEATURES

- The total outlay of budget 2018-19 is Rs 5,932.5 billion. This size is 16.2% higher than the size of budget estimated 2017-18.
- The resource availability during 2018-19 has been estimated at Rs 4,917.2 billion against Rs 4,713.7 billion in the budget estimates of 2017-18.
- The net revenue receipts for 2018-19 have been estimated at Rs 3,070.4 billion indicating an increase of 4.9% over the budget estimates of 2017-18.
- The provincial share in federal taxes is estimated at Rs 2,590.1 billion during 2018-19, which is 8.6% higher than the budget estimates for 2017-18.
- The net capital receipts for 2018-19 have been estimated at Rs 443.1 billion against the budget estimates of Rs 552.5 billion in 2017-18 i.e. a decrease of 19.8%.
- The external receipts in 2018-19 are estimated at Rs 1,118 billion. This shows an increase of 33.4% over the budget estimates for 2017-18.
- The overall expenditure during 2018-19 has been estimated at Rs 5,932.5 billion, out of which the current expenditure is Rs 4,780.4 billion and development expenditure is Rs 1,152.1 billion.

AGRICULTURE SECTOR BUDGET FOR FISCAL YEAR 2018-19

Incentives announced in Budget 2017-18 including agriculture credits (Rs.1,001 billion), exemption of customs duty on harvesters, removal of General Sales Tax (GST) on imported sunflower and canola seeds etc. will continue to be available during FY 2018-19.

- Considering fertilizer as a critical farm input, sales tax on fertilizer has been reduced from a high of 17% to 4% on DAP, 5% on Urea and 9% - 11% on others.
- Uniform GST rate of 2% will be applicable from 1st July, 2018 on all fertilizers to eliminate distortions in tax regime, reduce fertilizer prices and promote use of balanced nutrients. GST has also been reduced on agricultural machinery from the current 7% to 5% by the Government.
- Sales tax on supply of feedstock gas to fertilizers has been reduced from 10% to 5%.
- Sales tax on LNG used as feedstock has been reduced from 5% to 0% & currently applicable value addition tax @ 3% has been removed.
- Cash subsidy of Rs.100 per bag on urea has been removed.
- Concessions in taxes and duties are being proposed for the dairy and livestock sector.
- The subject of cotton has been transferred to Ministry of National Food Security and Research from the Ministry of Textile Industry to improve both quality and productivity to achieve higher export values.
- Government is presently providing electricity for agriculture tube well at reduced rates. During 2018-19, this scheme will continue in areas where the Provincial Governments agree to share cost of subsidy on 50:50 basis.