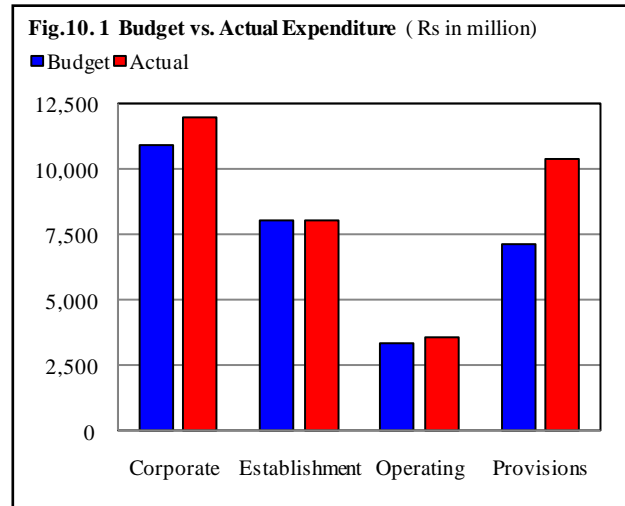


# 10 Annual Budget Review FY12

## 10.1 Overview

Total expenditures of State Bank of Pakistan (SBP) and its subsidiaries are classified into three broad categories, namely corporate expenses, establishment expenses, and operating expenses. A brief comparison of actual versus budgeted expenditures of the SBP and its subsidiaries is given in **Figure 10.1** and **Table 10.1**.

The relative size of each of these heads in total expenditures is shown in **Table 10.2**. The total consolidated expenditure of SBP and its subsidiaries amounted to Rs 33,897 million against budget of Rs 29,476 million; thus showing negative variance of Rs 4,421 million, i.e. 15 percent.



## 10.2 Corporate Expenses

Corporate expenses of the Bank comprise three components, namely agency commission to National Bank of Pakistan (NBP), currency notes printing charges, and charges on allocation of Special Drawing Rights (SDRs) of IMF. Head-wise analysis of corporate expenses is given as under:

**Table 10.1: SBP Annual Review for FY12**

(Rs in millions)

S.N.	Head	Consolidated				Description	Budget	Actual
		Budget	Actual	Variance	Variance percent-age			
1	Corporate	10,943	11,970	-1,026	-9.4	Corporate	37	35
2	Establishment	8,037	8,016	21	0.3	Establishment	27	24
3	Operating	3,337	3,530	-193	-5.8	Operating	11	10
4	Provisions	7,159	10,381	-3,222	-45	Provisions	25	31
<b>Grand Total</b>		<b>29,476</b>	<b>33,897</b>	<b>-4,421</b>	<b>-15</b>	<b>Total</b>	<b>100</b>	<b>100</b>

**Table 10.2: Breakup of Revenue Expenditure during FY12**

- **Agency Commission Charges.** Agency commission charges are paid to National Bank of Pakistan on account of government transactions and remittances on behalf of SBP as per agency agreement. Agency commission exhibits a negative variance of Rs 1,351 million, i.e. 29 percent, due to higher volume of government receipts & disbursement transactions through NBP.
- **Currency notes printing charges.** Under spending of Rs 0.4 million, i.e. 0.01 percent, has been witnessed in the note printing charges, attributable mainly to the price variances.

- **Charges on Allocation of SDRs.** The charges on allocation of SDRs resulted in the positive variance of Rs 324 million, i.e. 50 percent, mainly due to decrease in the average rate of charges partially offset by increase in the exchange rate of SDRs.

### **10.3 Establishment Expenses**

Establishment expenses include employees' salaries, medical, benefits and training expenditures. The establishment expenditures showed the positive variance of Rs 21 million, i.e. only 0.3 percent.

### **10.4 Operating Expenses**

Operating expenses include rent, rates and taxes, legal and professional charges, stationery and publications, communication, traveling expenditure, repair and maintenance, depreciation, etc., including NIBAF. On overall basis, operating expenses have shown the negative variance of Rs 193 million, i.e. 5.8 percent, owing primarily to the higher depreciation expenses after revaluation of fixed assets, fund managers' expenses etc.

### **10.5 Provisions**

Provisions include allocations for staff retirement benefits, agriculture bonafide losses and other miscellaneous expenses. Actual provisions recorded against budgetary allocation have shown the negative variance of Rs 3,222 million, i.e. 45 percent, reflecting the impact of actuarial valuation of retirement benefits and provisions for various claims.