



BUDGET WHITE PAPER

1985-86

FINANCE DEPARTMENT,
GOVERNMENT OF THE PUNJAB,
LAHORE.

26th May, 1985.

INTRODUCTION

The White Paper is, as usual, being released on budget day. The object of issuing this document is to assist the reader in understanding the budget documents which accompany the announcement of the budget. The object also is to provide a macro-picture of the budget as a whole and to offer some comparison with previous budgets. The Finance Department would welcome suggestions regarding possible improvements in the format for the White Paper for next year.

C. M. AFZAL
FINANCE SECRETARY
GOVERNMENT OF THE PUNJAB

May 26, 1985.

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BUDGET AT A GLANCE

(Rs.in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86	Accounts 1983-84
I. NON-DEVELOPMENT ACCOUNT				
(A) NON-FOOD ACCOUNT				
GENERAL REVENUE RECEIPTS				
Federal Divisible Taxes	665.58	630.81	702.23	595.11
Provincial Tax Receipts	180.63	184.40	201.07	175.90
Income from property and Enterprises	10.81	6.63	9.50	8.00
Receipts from Civil Administration and other functions:				
General Administration	3.04	4.37	4.76	3.47
Law & Order	14.70	17.61	17.91	13.17
Social Services	18.80	31.62	36.03	17.64
Economic Services	116.65	114.80	120.51	101.00
Miscellaneous (including adhoc Federal Grants).	13.05	31.27	16.56	28.15
Total General Revenue Receipts	1030.58	1029.92	1117.40	951.13
NON-DEVELOPMENT REVENUE EXPENDITURE				
General Administration	97.34	121.30	105.24	102.05
Law and Order	109.13	120.33	128.80	106.59
Community Services	66.75	64.36	91.83	60.43
Social Services	445.33	434.22	530.33	390.66
Economic Services	253.04	247.89	275.07	230.43
Subsidies	39.71	60.48	77.99	39.72
Debt-Servicing, Investible Funds and Grants.	262.07	274.65	323.72	223.45
Miscellaneous (Un-allocable)	0.26	3.81	0.26	15.03
Total Non-Development Revenue Expenditure	1273.63	1327.04	1533.24	1168.36
(a)-Revenue Surplus/Deficit	(-)243.05	(-)297.12	(-)415.84	(-)217.23

(Rs.in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86	Accounts 1983-84
GENERAL CAPITAL RECEIPTS				
Federal Grants	17.44	9.42	18.14	8.09
Extraordinary Receipts	12.09	12.21	12.75	11.47
Public Debt	5.05	7.55	5.08	0.61
Recoveries of Loans & Advances	8.00	5.80	6.80	7.31
Total General Capital Receipts	42.58	34.98	42.77	27.48
NON-DEVELOPMENT CAPITAL EXPENDITURE				
Highways, Roads and Bridges	17.44	9.42	18.14	16.48
Debt Servicing	26.59	29.69	31.29	29.02
Loans and Advances	16.30	21.80	15.30	41.51
State Trading in Medical Stores and Coal	(-) 0.05	1.16	(-) 1.34	0.22
Total Non-Development Capital Expenditure	60.28	62.07	63.39	87.23
(b)-Net Capital Receipts (General Capital Receipts minus Non-Development Capital Expenditure)	(-) 17.70	(-) 27.09	(-) 20.62	(-) 59.75

(ii)

(Rs.in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86	Accounts 1983-84
PUBLIC ACCOUNT RECEIPTS				
Unfunded Debt	3.50	42.00	43.43	42.82
Deposits and Advances	559.82	398.18	397.10	667.77
Remittances	470.58	632.17	632.17	594.06
Total Public Account Receipts	1061.90	1072.35	1072.70	1034.65
PUBLIC ACCOUNT DISBURSEMENTS				
Unfunded Debt	10.00	10.00	10.00	10.64
Deposits and Advances	559.77	398.47	397.00	648.97
Remittances	470.58	632.17	632.17	532.91
Total Public Account Disbursements	1040.35	1040.64	1039.17	1192.52
(c)-Net Public Account	21.55	31.71	33.53	112.13
Net Deficit in the Non-Development Account (a+b+c)	(-)239.20	(-)292.50	(-)402.93	(-)164.85

(b) FOOD ACCOUNT - State Trading in foodgrains and sugar.**RECEIPTS.**

Loans from Commercial Banks.	405.93	461.27	459.44
EXPENDITURE:			
Foodgrains(Net)	(-)0.66	(+)40.77	(-)0.04
Sugar (Net)	(+)37.97	(+)3.38	(+)19.75
Transport Operations	0.06	0.05	..
Repayment of Bank Loans	368.56	417.07	439.73
Total Expenditure	405.93	461.27	459.44

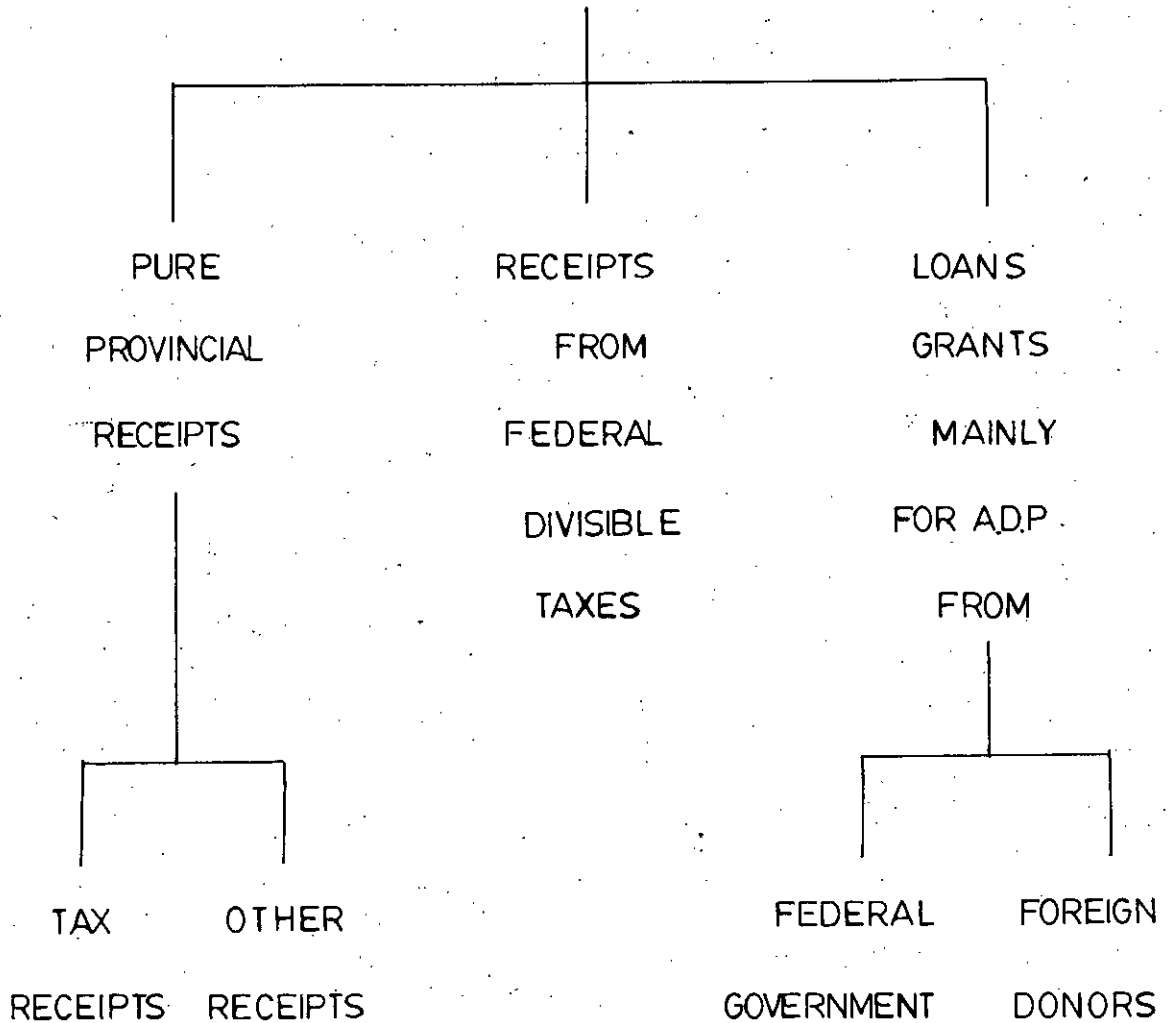
(iii)

II—DEVELOPMENT ACCOUNT

(Rs.in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86	Accounts 1983-84
RECEIPTS				
A—Provincial Contribution:				
i) Transfer from Deposit Account of Town Development Schemes.	8.23	8.97	8.00	..
ii) Over-subscription in Punjab Loan, 1994	..	0.09	..	..
Sub Total Provincial Contribution.	8.23	9.06	8.00	..
B—Federal Assistance:				
1—Cash Assistance:				
(a) Cash Grants (Revenue Account)—				
i) Subsidy on Tubewells	..	0.75	0.75	0.71
ii) Construction of District Jail, Rawalpindi.	2.00	2.00	..	2.00
iii) Primary Education Development Programme	..	..	41.70	..
iv) Rural Development Programme	..	..	26.10	..
v) Traffic Count Programme	..	..	..	0.01
vi) Construction of Basic Health Unit at Gharibabad, Rawalpindi.	..	..	..	0.01
Sub Total (a) Cash Grants.	2.00	2.75	68.55	2.73
(b) Cash Grants (Capital Account)—				
i) Food Aid Convention Fund	4.50	4.50	..	3.00
ii) Norwegian Counterpart Fund	..	..	..	1.50
iii) Japanese Grant	..	..	4.50	..
Sub Total (b) Cash Grants	4.50	4.50	4.50	4.50
(c) Cash Development Loans	367.73	367.76	438.23	343.21
Sub Total (Cash Assistance) (a)+(b)+(c)	374.23	375.01	511.28	350.44
C—Foreign Project Assistance:				
(a) Foreign Loans	8.63	8.66	7.82	16.92
(b) Foreign Grants	..	..	..	0.05
Sub Total Foreign Project Assistance	8.63	8.66	7.82	16.97
D—Unutilisation of Cash Balance	..	16.01	..	50.54
TOTAL RESOURCES	391.09	408.74	527.10	417.95

FINANCIAL RESOURCES OF THE GOVERNMENT
1985-86



(Rs.in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86	Accounts 1983-84
DEVELOPMENT EXPENDITURE:				
Agriculture	119.54	100.88	116.02	116.74
Rural Development	26.26	26.43	51.10	23.14
Water & Power	37.00	36.21	43.00	33.78
Industries and Minerals	5.00	5.34	6.00	4.21
Transport and Communications	27.20	34.41	32.00	35.19
Information, Culture and Tourism	0.65	0.82	1.70	0.75
Physical Planning and Housing	98.69	94.06	112.29	96.60
Education and Training	48.89	51.01	114.70	50.46
Health	48.89	52.80	68.00	49.33
Social Welfare	2.53	2.47	1.17	2.82
Manpower & Training	4.10	4.03	3.53	4.53
Planning & Development	0.50	0.28	0.35	0.40
Block allocation :—				
i) Cholistan Development Authority	1.00	..	1.35	..
ii) D.G.Khan & Soan Skesar	4.50	..	5.19	..
iii) Development of Murree Hills	1.00	..	2.75	..
iv) Shakar Garh	0.75	..	0.65	..
v) Transport	3.00	..	4.00	..
vi) Governor/Chief Minister's directives	0.50	..	4.00	..
GROSS TOTAL	430.00	408.74	567.80	417.95
Less—Operational Shortfall	(-)38.91	..	(-)40.70	..
Total Development Expenditure (Net)	391.09	408.74	527.10	417.95

CHAPTER - I NON-DEVELOPMENT BUDGET

The non-development budget of the Punjab government comprises of the non-development revenue account or non-food account, non-development capital account and public account of the province. Non-development revenue account is the account of the income of current nature, derived mainly from taxes, duties and services rendered and the expenditure of current nature met therefrom. The non-development capital account is the account of expenditure incurred with the object either of increasing concrete assets or of reducing recurring liabilities and of the receipts of capital nature. The Public account of the province consists of other transactions which are merely in the nature of book-keeping adjustment or in which the government merely acts as a banker. These transactions fall under debt, deposits and remittances accounts.

I - NON-DEVELOPMENT REVENUE ACCOUNT.

The non-development revenue account of the provincial government comprises of the general revenue receipts and non-development revenue expenditure. General revenue receipts include proceeds of taxes, including provincial share of federal divisible taxes, charges for the services rendered by government agencies, income from commercial activities undertaken by some departments, return on investment in property, securities and enterprises, interest on loans advanced to public corporations, local bodies and government servants and revenue incidental to the control functions of the government, like fines and forfeitures. Non-development revenues expenditure represents current expenditure on salaries, allowances and pensions of serving and retired civil servants, maintenance of social and economic infrastructure, servicing of public debt, disaster relief, consumption subsidies and other liabilities to be discharged in connection with the day to day running of the government.

Originally estimated at Rs.1030.58 crore, the general revenue receipts decreased during the year to Rs.1029.92 crore in the revised estimates 1984-85. These are, however, expected to increase to Rs.1117.40 crore in the budget estimates 1985-86.

The non-development revenue expenditure of the provincial government is incurred on general administration, law and order, community services, social services, economic services, subsidies, debt servicing, investible funds and grants.

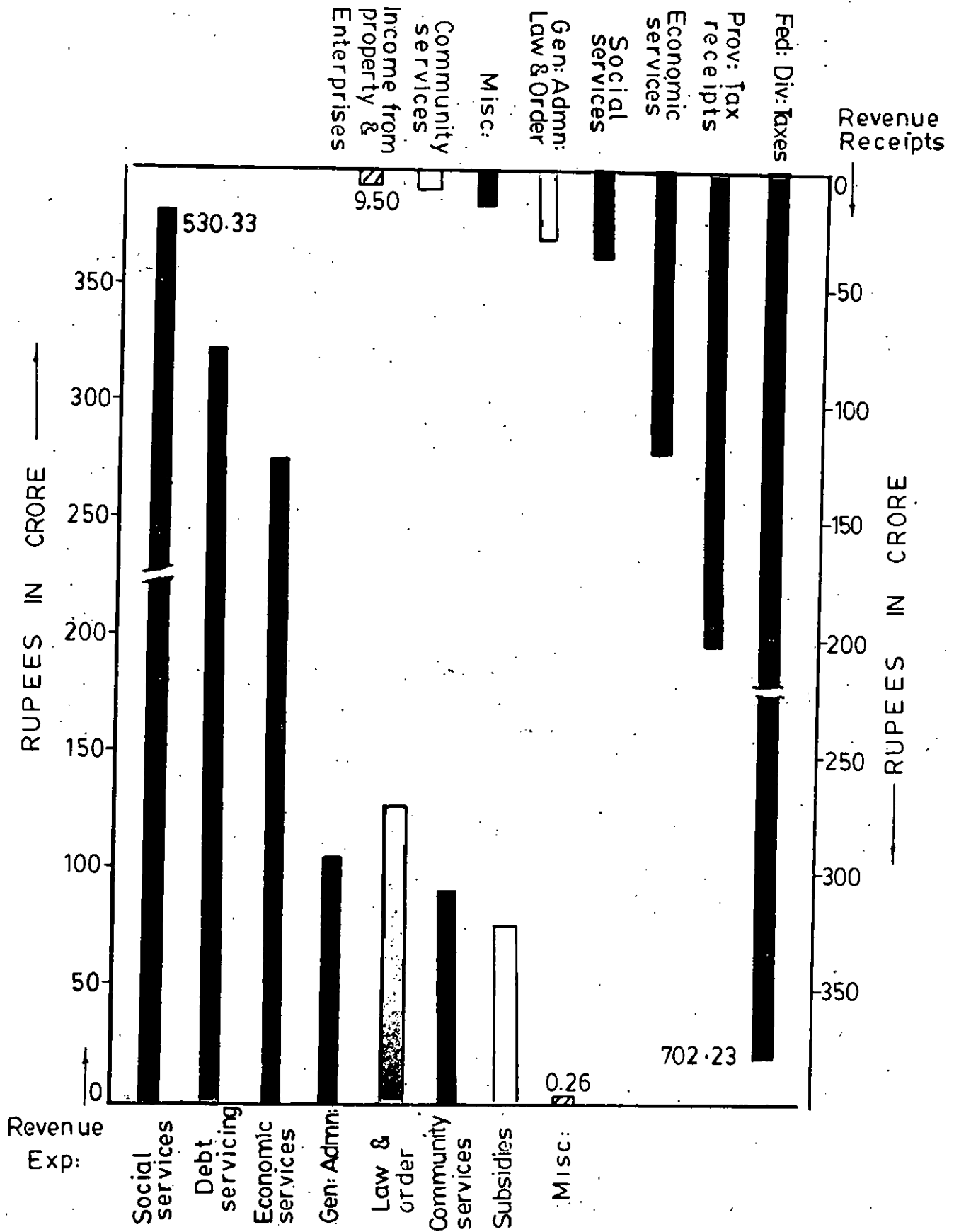
Non-development revenue expenditure has grown from Rs. 1273.63 crore in the budget estimates to Rs. 1327.04 crore in the revised estimates 1984-85 and is expected to go upto Rs. 1533.24 crore in the budget estimates 1985-86.

A break up of the general revenue receipts and non-development revenue expenditure according to the main sources and categories, is given in table—1.

TABLE—1
REVENUE ACCOUNT

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
A—GENERAL REVENUE RECEIPTS			
Federal Divisible Taxes	665.58	630.81	702.23
Provincial Tax Receipts	180.63	184.40	201.07
Income from Property and Enterprises	10.81	6.63	9.50
Receipts from Civil Administration and Other functions	160.51	176.81	188.04
Miscellaneous (other sources)	13.05	31.27	16.56
Total General Revenue Receipts	1030.58	1029.92	1117.40
B — NON—DEVELOPMENT REVENUE EXPENDITURE			
General Administration	97.34	121.30	105.24
Law & Order	109.13	120.33	128.80
Community Services	66.75	64.36	91.83
Social Services	445.33	434.22	530.33
Economic Services	253.04	247.89	275.07
Subsidies	39.71	60.48	77.99
Debt Servicing, investible Fund and Grants	262.07	274.65	323.72
Miscellaneous (unallocable)	0.26	3.81	0.26
Total — Non—Development revenue expenditure	1273.63	1327.04	1533.24
Revenue Deficit (B—A)	(—) 243.05	(—) 297.12	(—) 415.84

NON-DEVELOPMENT BUDGET B.E. 1985-86



Increase in the revenue deficit from Rs.243.05 crore in the budget estimates to Rs.297.12 crore in the revised estimates was mainly on account of the following factors:—

- i) Increase in debt servicing liability.
- ii) Expenditure incurred on election and the referendum.
- iii) Increase of incidentals on wheat and its larger off-take.
- iv) Increase in subsidy to PUTC and PRTB.
- v) Salaries for the teachers of mosque schools.
- vi) Refixation of the pay of government servants at stations other than Lahore and Rawalpindi, by giving them the benefit of Local Compensatory Allowance.
- vii) Grant to Zila Council and M.C. Multan.
- viii) Other unavoidable extra budgetary allocation.

Despite the anticipated increase in provincial tax receipts and receipts from civil administration and other functions, the revenue deficit of the Punjab government is expected to increase to Rs.415.84 crore in the budget estimates 1985-86. Following are the primary reasons for the increase in the revenue deficit:

- i) Increase in the debt servicing liability.
- ii) Revision of yard-sticks for maintenance of government assets.
- iii) Increased allocations for social, economic and community services.

II – NON-DEVELOPMENT CAPITAL ACCOUNT:

This account comprises of general capital receipts and non-development capital expenditure. The general capital receipts which accrue partly to account no. I(non-food account) and partly to account no. II(food account) of the provincial government, consist of grants from federal government, extra-ordinary receipts, public debt, recoveries of loans and advances granted by the Provincial government and temporary advances from commercial banks under the counter-finance arrangements with the State Bank of Pakistan for financing operations of state trading in food-grains.

The non-development capital expenditure also pertains both to the account no. I and account no. II of the provincial government. It includes expenditure on highways, roads and bridges, repayments of debt, loans and advances by the

provincial government, state trading in medical stores and coal and repayment of loans obtained from commercial banks for state trading in food-grains.

The non-development capital account shows an excess of payments over the receipts amounting to Rs.17.70 crore in the budget estimates 1984-85, Rs.27.09 crore in the revised estimates 1984-85 and Rs.20.62 crore in the budget estimates 1985-86.

III – PUBLIC ACCOUNT OF THE PROVINCE:

The public account transactions of the provincial government which are outside the provincial consolidated fund, both on the receipts and expenditure side comprise of the unfunded debt, deposits and advances and remittances.

Net public account receipts in the budget estimates 1984-85 showed a surplus of Rs.21.55 crore. While in the revised estimates 1984-85, the net receipts increased to Rs.31.71 crore, these are expected to further increase to Rs.33.53 crore in the budget estimates 1985-86. The surplus in the public account transactions is primarily on account of higher receipts from contributions of government employees into the provident funds, than the disbursements from those funds. These transactions are reflected under unfunded debt.

CONCLUSION:

The details of the net-surplus/deficit accruing from the three accounts comprising the non-development budget are given in table-2.

TABLE-2
NET SURPLUS/DEFICIT IN NON-DEVELOPMENT BUDGET

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Revenue Surplus/Deficit	(-) 243.05	(-) 297.12	(-) 415.84
Surplus/Deficit in Capital Account	(-) 17.70	(-) 27.09	(-) 20.62
Net Public Account Receipts	(+) 21.55	(+) 31.71	(+) 33.53
Total:	(-) 239.20	(-) 292.50	(-) 402.93

A perusal of the above table reveals that the net deficit in the non-development budget of the Punjab government increased from Rs.239.20 crore in the budget estimates 1984-85 to Rs.292.50 crore in revised estimates. It is expected to go up to Rs.402.93 crore in the budget estimates 1985-86.

The deficit is primarily on account of the growing gap between the non-development revenue expenditure and income accruing from general revenue receipts. The deficits are being met through special federal grants.

CHAPTER – II
GENERAL REVENUE RECEIPTS

General revenue receipts of the province include proceeds from taxes (provincial share of federal divisible taxes being a part), charges for the services rendered by government agencies, income from commercial activities undertaken by some departments, return on investment in property, securities and enterprises, interest on loans advanced to public corporations/local bodies/government servants and revenue incidental to the control functions of the government e.g. fines and forfeitures.

Originally estimated at Rs.1030.58 crore, the general revenue receipts have decreased by Rs.0.66 crore during the year and these have therefore been fixed at Rs.1029.92 crore in the revised estimates 1984-85. These are expected to increase to Rs.1117.40 crore in the budget estimates 1985-86. This implies an increase of Rs.86.82 crore in the budget estimates 1985-86 as compared with the budget estimates 1984-85. A break up of the general revenue receipts is given in the first half of table—1.

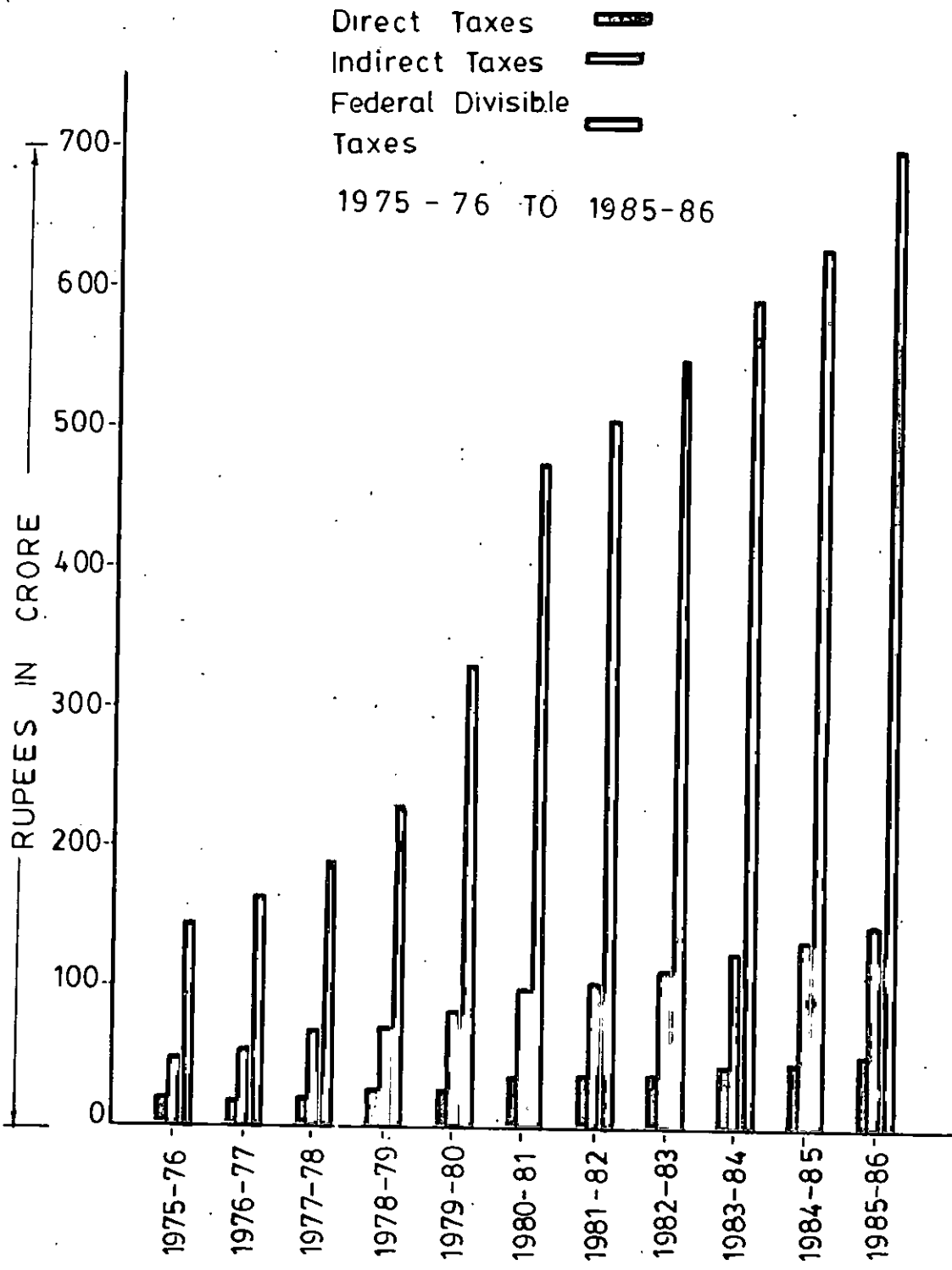
I – FEDERAL DIVISIBLE TAXES.

The formula for determining the share of the provincial governments in the divisible "pool" of federal taxes, which is a constitutional requirement, has undergone various changes. The awards and orders which have been issued so far in this connection are shown below in chronological order:—

Raisman Award.	1.4.1952 to 30.6.1962
Distribution of Revenues and Consolidation and Repayment of Loans Order, 1962.	1.7.1962 to 30.6.1965
Distribution of Revenue Order, 1965.	1.7.1965 to 30.6.1970
Distribution of Revenue Order, 1971.	1.7.1970 to 30.6.1975
Distribution of Revenues and Grants—in—Aid Order, 1975.	1.7.1975 onwards

The distribution of revenues and grants—in—Aid order of 1975 (President's Order No. 2 of 1975), which is currently in force, lays down that the

RECEIPTS



provinces should be allocated 80% of the net proceeds of shareable federal taxes namely:—

- i) Export duty on cotton.
- ii) Taxes on sales and purchases.
- iii) Taxes on income, including corporation tax but not including taxes on remuneration paid out of the Federal Consolidated Fund.

The share of the provinces in the aforesaid divisible pool, based on their respective population of 1981 is as follows:—

Punjab	57.97%
Sind	23.34%
NWFP	13.39%
Baluchistan	5.30%
	100.00%

The details of receipts from the federal divisible taxes as intimated by the federal government, are indicated in table — 3.

TABLE — 3
FEDERAL DIVISIBLE TAXES

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Export Duty on Cotton	11.01	13.22	14.60
Income Tax	434.28	408.23	451.68
Sales Tax	220.29	209.36	235.95
Total:	665.58	630.81	702.23

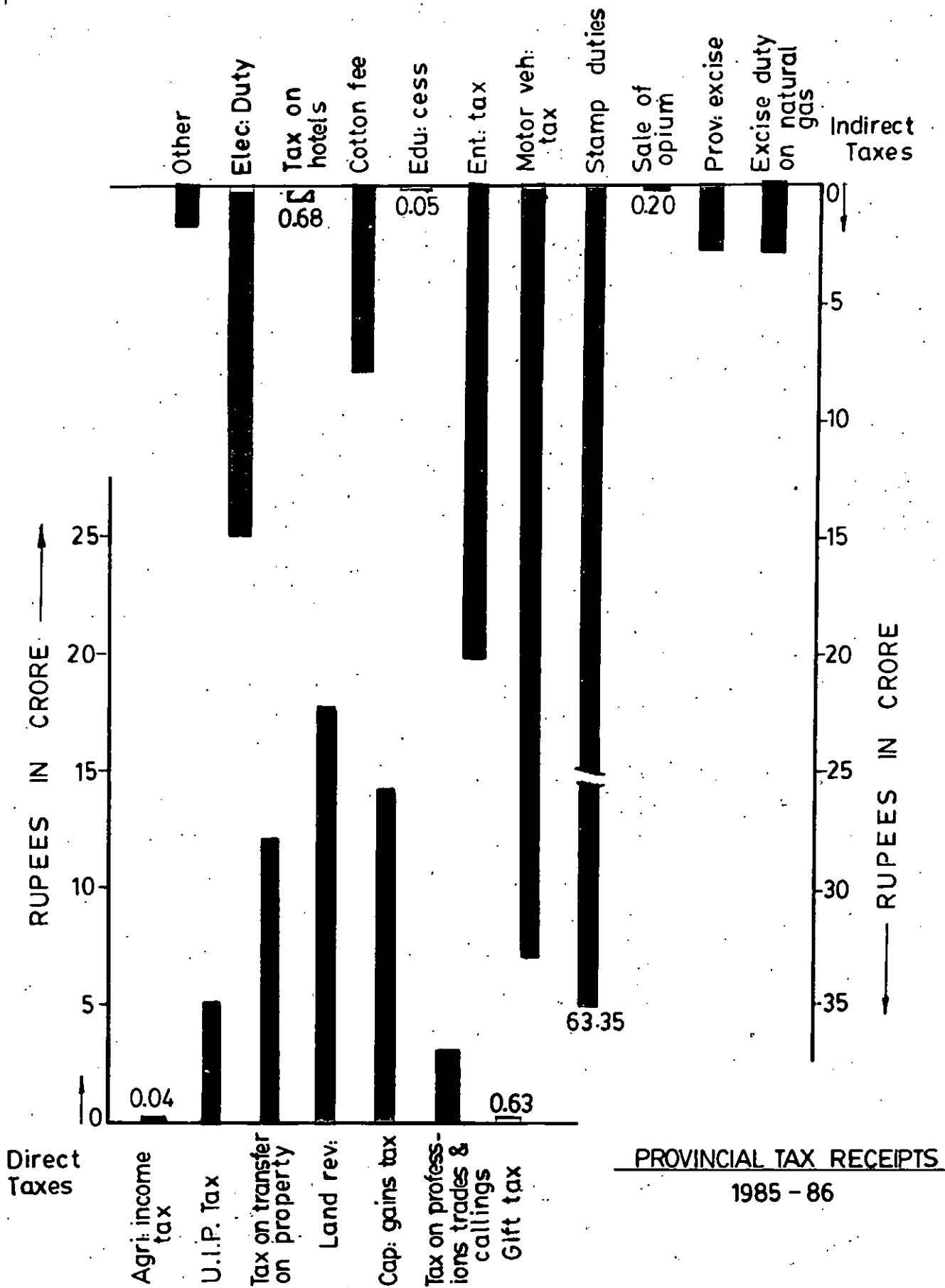
II — PROVINCIAL TAX RECEIPTS

Income from provincial taxes has increased from Rs.180.63 crore in the budget estimates 1984—85 to Rs.184.40 crore in the revised estimates. Receipts on this account are expected to increase to Rs.201.07 crore in the budget estimates 1985-86. The details are given in table — 4.

TABLE - 4
PROVINCIAL TAX RECEIPTS

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85 st	Budget 1985-86
	-----	-----	-----
DIRECT TAXES:			
Agriculture Income Tax	0.01	0.04	0.04
Urban Immovable Property Tax	4.44	4.61	5.07
Taxes on Transfer of Property	11.50	11.00	12.00
Land Revenue	13.67	16.58	17.71
Capital Gains Tax	10.95	12.92	14.21
Taxes on Professions Trades and Callings.	3.20	3.00	3.00
Gift Tax	0.42	0.50	0.63
Total Direct Taxes:	44.19	48.65	52.66
	-----	-----	-----
INDIRECT TAXES:			
Excise Duty on Natural Gas	3.37	2.37	2.96
Provincial Excise	1.91	2.50	2.91
Sale of Opium	0.19	0.20	0.20
Stamp Duties	59.00	58.12	63.35
Motor Vehicles Tax	30.92	30.12	32.95
Entertainment Tax	19.11	19.11	20.26
Education Cess	0.07	0.05	0.05
Cotton Fee	8.00	8.00	8.00
Tax on Hotels	0.57	0.68	0.68
Electricity Duty	11.40	12.71	15.16
Others	1.90	1.89	1.89
Total Indirect Taxes:	136.44	135.75	148.41
	-----	-----	-----
Total Provincial Taxes:	180.63	184.40	201.07
	-----	-----	-----

Income from direct taxes has increased by Rs.4.46 crore in the revised estimates 1984-85 over the corresponding budget estimates. Indirect taxes show decrease of



Rs. 0.69 crore. The reasons for increase in receipts from direct taxes are:—

- 1) An increase of Rs. 1.97 crore on account of capital gains tax, due to an improvement in collection.
- 2) An increase of Rs. 2.91 crore under land revenue, mainly due to better recovery of mutation fee.

Provincial tax receipts are anticipated to increase in the budget estimates 1985-86 by Rs. 16.67 crore over the revised estimates 1984-85 primarily on account of government's determination to improve collection, specially in the case of transfer of property tax, land revenue, capital gains tax and motor vehicles tax and an expected increase in receipts on account of stamp duty and electricity duty.

III – INCOME FROM PROPERTY AND ENTERPRISES

Income from property and enterprises represents interest on soft loans advanced by the provincial government to its employees for the construction of houses and purchase of conveyances, to the farmers for purchase of agricultural inputs and sinking of tubewells etc., and to the local bodies and provincial public corporation for financing their development programmes. It also includes dividends on investment of cash balance of the provincial government in government securities. Receipts from this source are expected to aggregate at Rs.9.50 crore during 1985-86 against Rs. 6.63 crore kept in the revised estimates 1984-85 and Rs. 10.81 crore in budget estimates 1984-85.

IV—RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS.

Table-5 contains the broad details of receipts incidental to law enforcing and other control functions of the government and charges on account of services rendered by government agencies.

TABLE – 5
RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
General Administration and Law & Order	17.74	21.98	22.67
Community & Social Services	26.12	40.03	44.86
Economic Services	116.65	114.80	120.51
Total:	160.51	176.81	188.04

The non-tax receipts of civil administration departments include income on account of fines imposed by courts, driving licence fees etc. Receipts on account of community, social and economic services include fees charged by various educational institutions, hospital receipts, sale proceeds of forest produce, water rate (abiana), hire charges of agricultural machinery, income from tolls, sale of tender forms and of stationery and printing charges recovered by the government stationery and printing press.

Details of receipts on account of civil administration and other functions of the government are given in the following tables.

TABLE -6

(A) RECEIPTS FROM CIVIL ADMINISTRATION AND LAW AND ORDER DEPARTMENTS

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
General Administration.	3.04	4.37	4.76
Administration of Justice.	3.01	3.51	3.76
Police	10.43	11.85	12.44
Jails	1.14	2.13	1.58
Civil Defence	0.12	0.12	0.13
Total	17.74	21.98	22.67

RECEIPTS FROM CIVIL ADMINISTRATION & LAW AND ORDER DEPARTMENTS

Receipts from civil administration and law & order accrue from general administration, administration of justice, police, jails and civil defence. Receipts from general administration include examination fees, receipts-in-aid of superannuation and receipts under the Weights and Measures and Trade Employees Act. Receipts under the administration of justice mainly comprise of general fees, fines and

forefeitures, receipts from record rooms and collection of payment for services rendered. Receipts from the police include charges for the force supplied to the federal government and public departments, fees, fines and forefeitures. In respect of jails, receipts mainly accrue from the sale of manufactured goods, and in case of civil defence there are reimbursements from the federal government and fine realization.

Increase in the revised estimates over the budget estimates 1984-85 is due to the following reasons :

1. Larger contributions of pension and gratuity receivable from autonomous and local bodies in respect of civil servants serving on deputation.
2. Increase in traffic fines : Rs. 1.13 crore.
3. Increase in sale proceeds of articles manufactured in jails: Rs. 1.00 crore.

Increase in budget estimates 1985-86 is due mainly to an anticipated increase in magisterial fines.

TABLE-7

(B) RECEIPTS FROM COMMUNITY AND SOCIAL SERVICES

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Works	6.07	6.29	6.61
Public Health	1.25	2.12	2.22
Education	3.58	14.92	19.54
Health	3.60	4.50	4.73
Manpower Management	0.04	0.08	0.08
Housing & Physical Planning.	11.42	11.86	11.38
Receipts under the Wild Birds and Wild Animals Protection Act.	0.16	0.26	0.30
Total	26.12	40.03	44.86

Receipts from community & social services accrue from works, public health, education, health, manpower management, housing & physical planning and receipts under the Wild Birds and Wild Animals Protection Act. Receipts from works

accrue from civil works, tolls on roads and bridges, sale of tender forms, registration fee of contractors and the confiscation of deposits of earnest money. In respect of public health, these include collection of payment for services rendered, recovery of departmental charges etc. In respect of education the main sources of receipts are fees in schools, colleges and universities and other educational institutions. Receipts from health include hospitals receipts, contribution and fees charged by medical colleges. Manpower management receipts include receipts from employment organizations and receipts under the West Pakistan Shops and Establishments Ordinance 1969. Those from Housing and Physical Planning are receipts from sale of plots, sale of buildings, income from satellite towns schemes and collection of payments for services rendered etc. Receipts under the Wild Birds and Wild Animals Protection Act include receipt collected under the various provisions of the act.

The main increase in the revised estimates 1984-85 over the budget estimates 1984-85 is in receipts from works, education and health. The reasons for the increase are :-

1. Increase/introduction of fees at colleges and schools level: Rs. 11.34 crore.
2. Increase in tuition fee in medical colleges, increase anticipated in hospital receipts and contributions by the federal government: Rs. 0.90 crore.
3. Better collection of toll tax on roads and bridges and of other receipts especially on account of lease money from shops, petrol pumps and sales of tender forms.

The increase in budget estimates 1985-86 over revised estimates 1984-85 is primarily due to an increase in the fees of educational institutions.

TABLE-8

(C) RECEIPTS FROM ECONOMIC SERVICES

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Agriculture	12.97	12.49	12.51
Fisheries	0.83	1.00	1.05
Animal Husbandry	3.53	3.65	3.83
Forest	12.61	12.66	13.50
Cooperation	0.13	0.12	0.13
Irrigation	78.28	77.10	80.39
Printing & Stationery	6.96	6.28	7.50
Industries	1.34	1.50	1.60
Total	116.65	114.80	120.51

Receipts from economic services accrue from agriculture, fisheries, animal husbandry, forest, cooperation, irrigation, printing & stationery and industries. Agricultural receipts are receipts from the experimental farms, seed farms, the hire charges of bulldozers, boring operations, research stations and soil conservation. Animal husbandry generates receipts from livestock farms, broiler farms, insemination fees and income from research institutes. Forest receipts include those from sale of timber and other produce and from the Jallo rosin factory. Cooperation receipts are mainly on account of income from demonstration farm and training institute. Irrigation receipts accrue on account of water rates, direct receipts from canals land reclamation and irrigation research institutes. Receipts under printing & stationery include printing charges, sale of government publications, forms, registers and stationery. Industries receipts come from sale proceeds of finished goods, store purchases and fees etc.

The decrease in the revised estimates 1984-85 compared with the budget estimates 1984-85 is primarily due to the remissions granted to the agriculturists.

Reasons for an increase in receipts in budget estimates 1985-86 are as follows :-

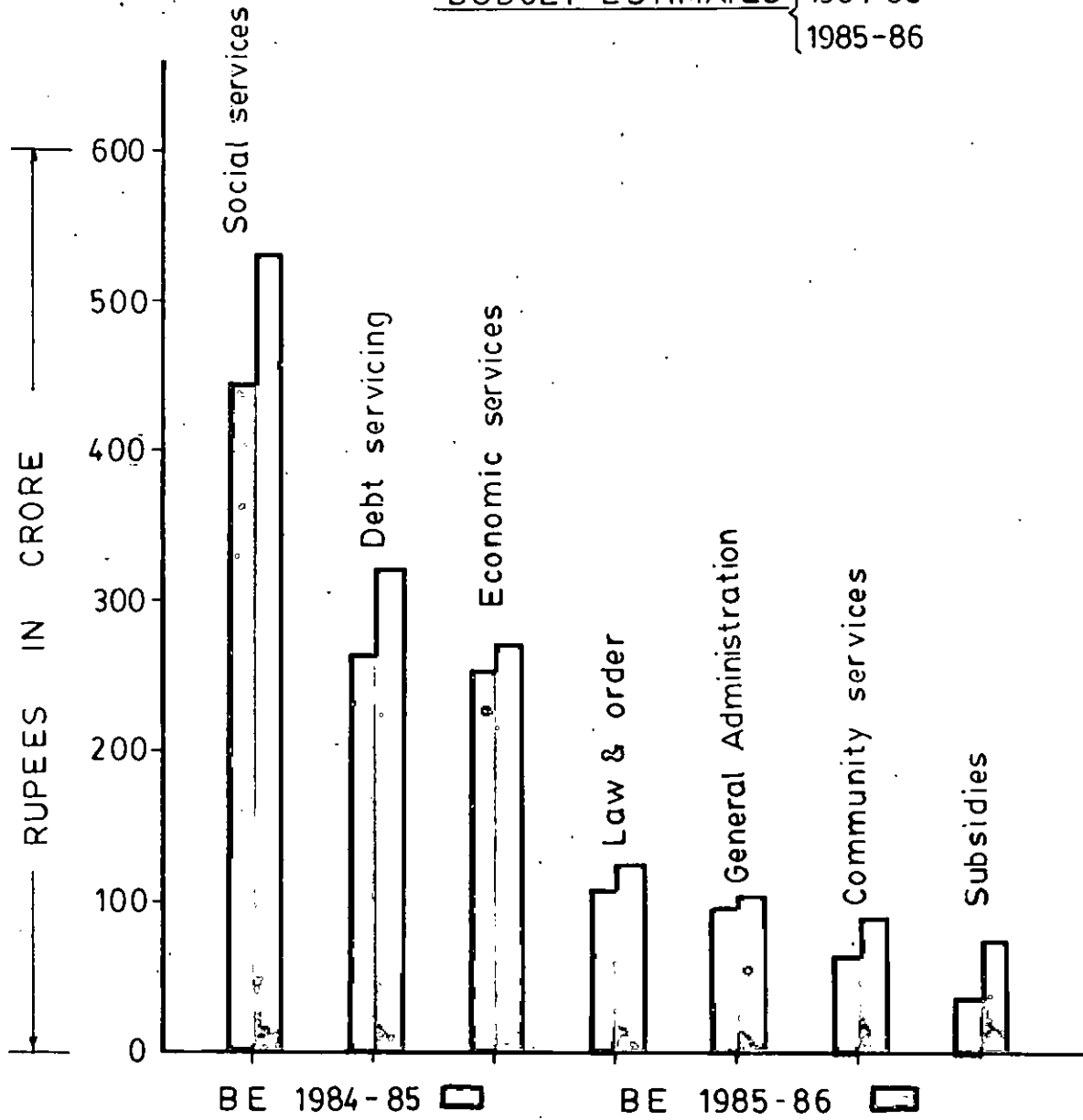
- (i) Anticipated increase of Rs. 3.53 crore due to realisation of higher receipts in Irrigation.
- (ii) Increase in receipts from forest due to better anticipated exploitation of forest produce and more distillation of rosin at Jallo rosin factory.
- (iii) Anticipated increase in the receipts of government printing press on the basis of growth projections.

V - MISCELLANEOUS*:

Miscellaneous receipts include federal grants, arms licences fees, and other miscellaneous receipts. Against Rs. 13.05 crore in the budget estimates 1984-85, the revised estimates 1984-85 have been fixed at Rs. 31.27 crore. The increase is primarily due to the anticipated increase in unclaimed deposits and incremental increase in other receipts. Budget estimates 1985-86 have been fixed at Rs. 16.56 crore. The increase over revised estimates 1984-85 is due to the anticipated increase in the fees on account of government audit, increase in receipts under the Mines and Oil fields and Mineral Development Government Control Act 1948 and in storage surcharges in respect of food grains and sugar.

* Miscellaneous Receipts = 1300-Miscellaneous Receipts-Budget Deficit.

COMPARATIVE ALLOCATIONS
OF
NON DEVELOPMENT REVENUE EXPENDITURE
BUDGET ESTIMATES { 1984-85
 1985-86



CHAPTER – III

NON-DEVELOPMENT REVENUE EXPENDITURE

The non-development revenue expenditure of the provincial government is incurred on general administration, law and order, community services, social services, economic services, subsidies, debt servicing, investible funds and grants.

The expression 'non-development expenditure' is a misnomer because it tends to give the impression that all current expenditure on the day to day business of the government is unproductive, and, therefore, wasteful. This is an entirely misleading impression. The fact is that the so-called non-development expenditure has a strong socio-economic bias and it is necessary not only to maintain the assets created by investment in the development programme of the government but also to provide essential services necessary for progress. No meaningful development can take place without expenditure on maintenance of law and order, administration of justice, and the maintenance of the existing social and economic infrastructure. A school or hospital building would be useless without teachers, doctors or equipment which are provided from the non-development expenditure. Communication or irrigation net works would become a liability rather than an asset if those were not properly maintained. The general impression that non-development expenditure is mostly incurred as wasteful expenditure on the administration is also not correct. In the first instance a major portion of the expenditure is incurred on social, economic and community services. In the budget estimates 1985-86, it is 58.52% of the budget. Secondly, within these services only a small percentage of the budget is spent on the so-called non-development departments. Taking the example of health for which Rs.111.08 crore have been allocated in budget estimates 1985-86, Rs.34.18 crore would be incurred on medicines, equipments, clothing, bedding and diets in the hospitals. Most of the remaining allocation would be incurred in the form of pay and allowances for doctors and other staff. Education gets about 25% of the non-development budget 1985-86

and most of this would be incurred towards the pay and allowances of teachers and purchase or replacement of educational equipment. The expansion of physical infrastructure is met from the development budget and expenditure on its maintenance as well as on the social infrastructure takes place through the non-development budget.

While formulating the budget estimates 1985-86 effort has been made to make the non-development budget complementary to the development effort of the province. To meet this objective, the following guiding principles have been adopted:

- i) To maximise the provisions of commodities and services contributing to the social welfare and development functions of the government.
- ii) Special allocations should be made, where necessary, to improve the maintenance of the capital assets of the Government.
- iii) In order to ensure a reasonable level of operational efficiency in government, adequate funds should be provided to cover the expenditure on consumable items like stationery, equipment etc.
- iv) As far as possible, standard yardsticks should be prescribed, and the existing yardsticks revised where necessary, for the allocation of funds for the maintenance of assets and services.

In order to translate these guidelines into budgetary allocations, detailed programmes have been chalked out to make up deficiencies in neglected areas of maintenance of physical assets and in provision of social services. Specific and separate yardsticks for the allocation of funds have been determined for different areas like the repair of buildings, roads, irrigation canals and the provision of medicines and services in hospitals.

Non-development revenue expenditure was estimated at Rs.1273.63 crore in the budget estimates 1984-85. In the revised estimates 1984-85, this expenditure increased to Rs.1327.04 crore and is expected to go up further to Rs.1533.24 crore in the budget estimates 1985-86.

The substantial increase of Rs.53.41 crore in the revised estimates 1984-85 over the corresponding budget estimates is attributable to the following

main reasons:—

- i) An increase of Rs.11.91 crore in the debt servicing liability.
- ii) An expenditure of Rs.17.06 crore incurred on the referendum general elections.
- iii) Increased incidentals for wheat storage and its larger off-take, leading to an overall increase of Rs.20.77 crore.
- iv) An increase in subsidy to the government transport of Rs.2.93 crore.
- v) Additional provision made for salaries for the teachers of mosque schools and on account of re-fixation of salaries of other government servants to give them the benefits of local compensatory allowance, leading to additional expenditure of Rs.7.79 crore.
- vi) Other extra-budgetary expenditure on inescapable items.

The excess was partly met through the savings and surrenders within the non-development budget.

Budget estimates 1985–86 show an increase of Rs.206.20 crore over the revised estimates 1984–85. The reasons for the increase are as follows:—

- 1) An increase of Rs.49.42 crore in the debt servicing liability on account of loans obtained and to be obtained for financing the ADP, and debt liability on account of capital cost of completed Scarp projects.
- 2) Special emphasis given to the proper maintenance of government assets and an enhanced allocation for the maintenance and repairs of canals, roads and government buildings, an increase of Rs.26.75 crore including a special allocation for the repairs of nationalised/provincialised schools/dispensaries and middle schools.
- 3) Creation of new posts of 24 ADHOs, 510 House Surgeons and Physicians, 263 M.Os. for BHUs and other posts for 106 BHUs.
- 4) Allocation of Rs.8.00 crore for the replacement of unserviceable machinery and equipments in Health Department.
- 5) Creation of posts of 436 male and 196 of female lecturers in the various colleges. Further the creation of posts of 1187 Secondary School Teachers, 139 Physical Education teachers, 700 elementary school teachers, 500 primary school teachers, 109 drawing teachers, 100 biology teachers, and 374 AEOs for school education.
- 6) Allocation of Rs.10.01 crore for the transfer of completed development schemes to the non-development budget.
- 7) Additional expenditure on the re-organisation of anti-corruption and irrigation departments with a view to increasing their operational efficiency.

- 8) Additional staff for the creation of the new districts of Khanewal and Chakwal.

Details of non-development revenue expenditure in terms of its functional distribution is discussed as under :—

I. GENERAL ADMINISTRATION:

Broad details of expenditure on general administration are given in table

9.

TABLE – 9

EXPENDITURE ON GENERAL ADMINISTRATION

	(Rs. in crore)		
	Budget 1984–85	Revised 1984–85	Budget 1985–86
Organs of State	22.88	48.10	27.55
Fiscal Administration	67.61	66.63	70.02
Economic Regulation	2.19	2.08	2.19
Statistics	2.68	2.46	2.85
Publicity and Information	1.98	2.03	2.63
Total	97.34	121.30	105.24

The increase in the revised estimates over the budget estimates 1984–85 is on account of;

- i) additional expenditure incurred on the referendum and general elections.
- ii) extra-budgetary allocations for inescapable items of expenditure.

II. LAW AND ORDER:

This includes expenditure on the administration of justice, the police and civil armed forces, jails, civil defence etc. as detailed in table—10.

TABLE - 10
EXPENDITURE ON LAW AND ORDER

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Justice - Law Courts	9.77	9.33	10.55
Police and Civil Armed Forces	83.52	92.97	99.11
Jails and Detention Places	12.12	14.03	14.55
Civil Defence	1.15	1.03	1.20
Training and Research in Law and Order	1.38	1.60	1.72
Others	1.19	1.37	1.67
Total	109.13	120.33	128.80

Increase in the revised estimates over the budget estimates 1984-85 is due to additional expenditure incurred on the maintenance of the police force. Increase in respect of police is mainly on account of an increase in the carriage of constabulary involving an amount of Rs.5.70 crore and additional funds of Rs.1.12 crore incurred for the maintenance of law & order during the referendum and general elections. In case of jails the increase is mainly on account of revision of ration allowance from Rs.80 to Rs.187.80 for jail employees.

The increase in the budget estimates 1985-86 over the revised estimates 1984-85 is due to an aggregate increase in the expenditure of Rs.6.14 crore of the police force mainly for the following new items:

	(Rs. in crore)
i) Creation of additional 464 posts for Punjab Reserve Police.	0.51

	(Rs.in crore)
ii) Strengthening of lady police force in the Punjab.	0.32
iii) General increase in the strength of police force.	1.27
iv) Creation of posts of police personnels for the newly created districts of Khanewal and Chakwal.	0.98
v) Replacement of unserviceable vehicles.	1.25
vi) Reorganization and strengthening of Border Military Police at D.G.Khan and Rajanpur.	0.22
vii) Purchase of equipments, transport and arms & ammunitions for the BMP in D.G.Khan	0.45

The expenditure on jails and detention places is also expected to increase from Rs.14.03 crore in the revised estimates 1984-85 to Rs.14.55 crore in the budget estimates 1985-86. This is due mainly to the provision of funds for 360 posts of warders, and 36 posts of head-warders.

III. COMMUNITY SERVICES:

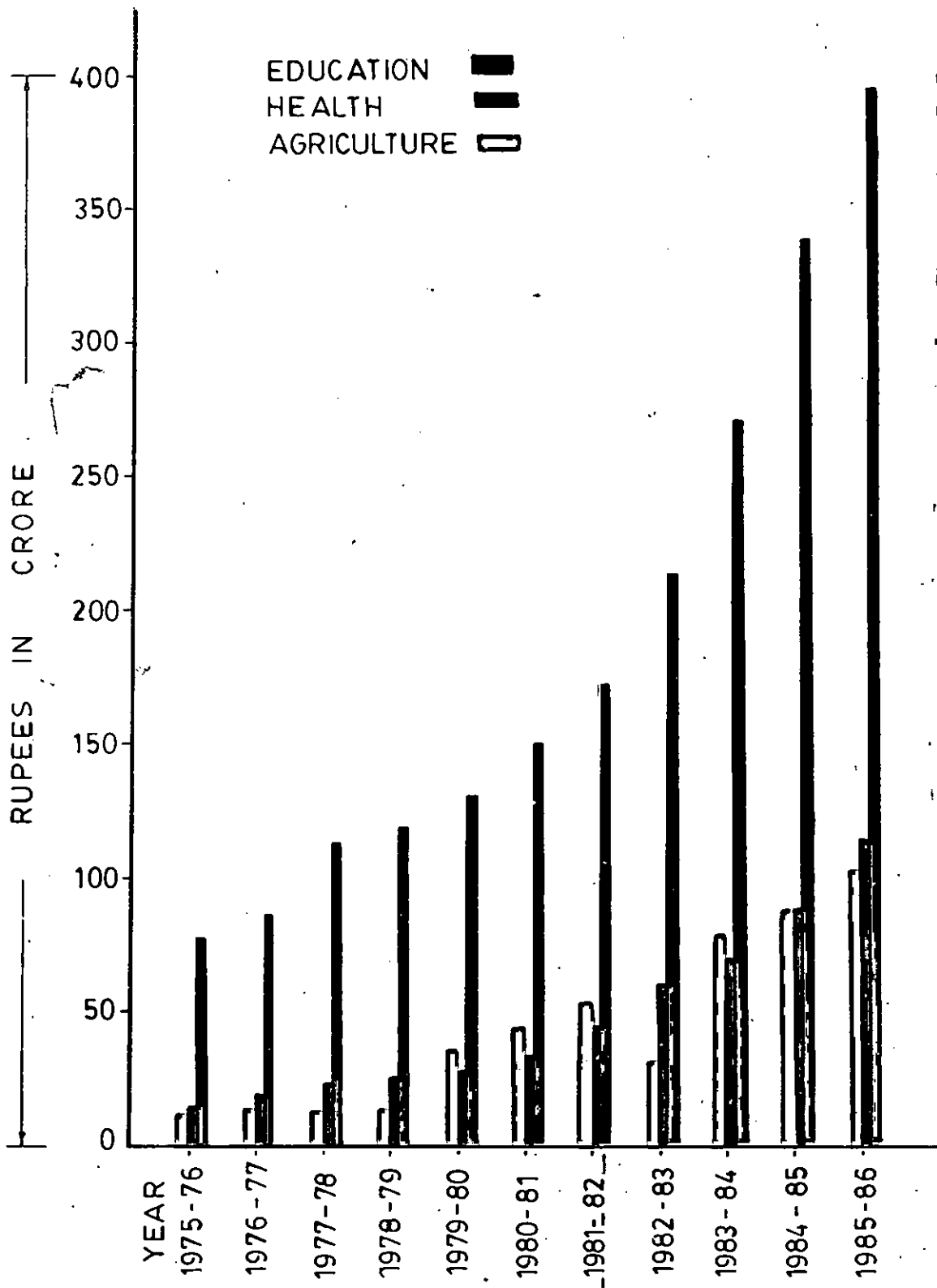
Community services include the road communications net work, government buildings, watersupply, sanitation and sewerage arrangements. Details of expenditure on community services are given in table-11.

TABLE - 11
EXPENDITURE ON COMMUNITY SERVICES

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Works	62.49	60.32	87.29
Public Health Services (Watersupply, sanitation, sewerage & Refuse Disposal)	3.86	3.58	4.09
Other Community Services	0.40	0.46	0.45
Total	66.75	64.36	91.83

The responsibility for providing community services vests solely in the government for the obvious reason that these services cannot be undertaken

NON DEVELOPMENT EXPENDITURE
1975-76 TO 1985-86
EDUCATION, HEALTH & AGRICULTURE



individually in the private sector.

Revised estimates, 1984-85 show a decrease of Rs.2.17 crore on account of decrease in expenditure relating to works.

The increase in budget estimates 1985-86 over the revised estimates 1984-85 is primarily due to the spill-over effect on account of the following provisions:—

- i) Revision of yardsticks for the maintenance of roads and buildings to arrest their deterioration and to improve the existing state of maintenance involving an additional expenditure of Rs.5.57 crore on roads and Rs.8.76 crore for the government buildings. In addition to this Rs.6.50 crore have been provided for special repair of nationalised/provincialised institutions and for the middle schools.
- ii) Provision of additional staff for the road building machinery (Rs.0.95 crore) and road maintenance (Rs.0.90 crore).

IV. SOCIAL SERVICES:

The details of expenditure on social services are indicated in table-12.

TABLE - 12
EXPENDITURE ON SOCIAL SERVICES

	Budget 1984-85	Revised 1984-85	Budget 1985-86
Education	336.37	331.34	392.75
Health	85.16	79.53	111.08
Manpower and Labour Management	2.98	3.02	3.32
Housing & Physical Planning	11.31	11.62	11.22
Sports and Recreational facilities	3.24	3.16	3.75
Social Security and Social Welfare	3.37	3.23	5.63
Natural Calamities and Other Disasters.	1.70	0.91	0.99
Religious Affairs.	1.20	1.41	1.59
Total	445.33	434.22	530.33

A decrease of Rs.11.11 crore is reflected in the revised estimates 1984-85

over the corresponding budget estimates.

The budget estimates 1985-86 for social services show an increase of Rs.96.11 crore over the revised estimates 1984-85. The increase is primarily in the fields of health and education.

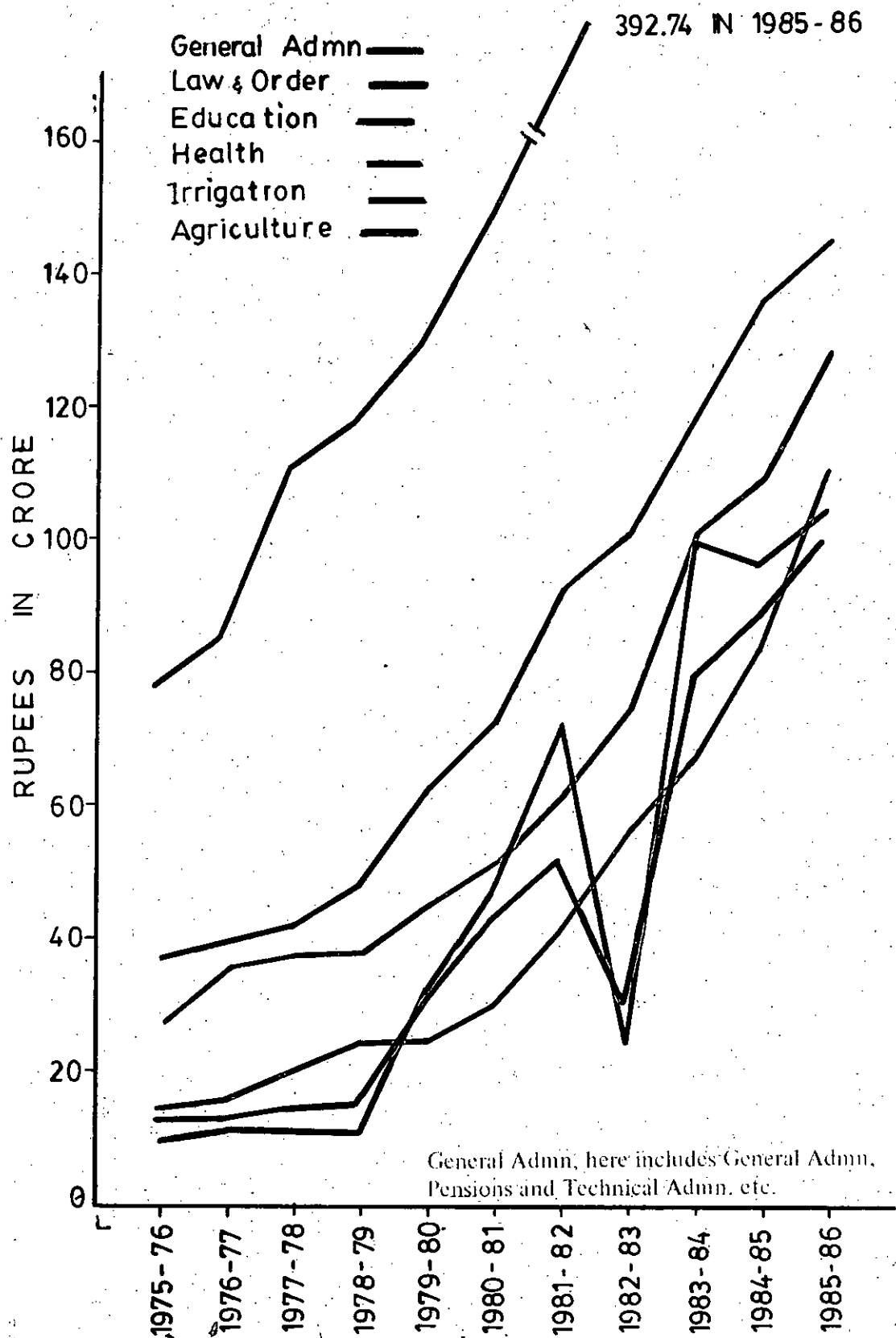
(A) EXPENDITURE ON EDUCATION:

The provincial government continues to spend the largest part of its resources in the non-development revenue account on education. Budget estimates 1985-86 register an increase of Rs.61.41 crore over the revised estimates 1984-85, of which an increase of Rs.55.77 crore is due purely to increased expenditure by the education department. The balance increase of Rs.5.64 crore is shared by educational institutions like medical colleges, training institutions of the labour department, libraries, archives and museums.

The increase in the expenditure of the education department in the budget estimates 1985-86 over the revised estimates 1984-85 includes the following:—

- a) provision for furniture and equipment for the colleges and schools: Rs.10.00 crore.
- b) provision of an amount of Rs.6.50 crore for special repair of the buildings of nationalised/provincialised institutions and middle schools in the province.
- c) creation of posts of 436 male and 196 female lecturers in various colleges in the province: Rs.1.20 crore.
- d) creation of new posts of deputy district education officers (male and female) at each tehsil headquarter in the Punjab: Rs.50.47 lac. With the provision of these posts proper control will be possible at the sub-divisional level.
- e) creation of additional posts of 374 AEOs, with ancillary staff, to make up existing deficiencies: Rs.1.03 crore.
- f) upgradation of normal schools at D.G.Khan, Jhelum and Multan into elementary colleges for teachers' training: Rs.16.28 lac.
- g) creation of posts of 1187 secondary school teachers, 139 physical education teachers, 700 elementary school teachers, 500 primary school teachers, 109 drawing teachers and 100 biology teachers; Rs.2.54 crore. These posts will be created for existing schools and will largely make up the existing deficiencies.

NON DEVELOPMENT REVENUE EXPENDITURE
 1975-76 TO 1985-86
 GENERAL ADMN: LAW & ORDER, EDUCATION,
 HEALTH, IRRIGATION & AGRICULTURE



- h) Opening of 1350 mosque primary schools (Rs.19.00 lac), 1250 primary schools (Rs.25.38 lac), upgradation of 487 primary schools to middle (Rs.19.40 lac) and upgradation of 251 middle schools to high (Rs.19.08 lac).
- i) Upgradation of Inter college for girls Burewala (Rs.3.16 lac), opening of Inter college for boys Gujranwala (Rs.4.84 lac), opening of college for girls Faisalabad (Rs.5.23 lac) and upgradation of Inter college for boys Shahpur (Rs.3.22 lac).

Table-13 indicates budgetary allocations for different levels of education within the education department:

TABLE - 13
EXPENDITURE ON EDUCATION

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
Colleges	46.22	44.20	50.48
Secondary education	88.06	81.38	92.06
Primary education	162.41	163.04	199.84
Technical education	11.94	12.10	13.41
Special education (schools for handicapped/retarded).	2.36	2.55	3.51
Sports	2.63	2.54	2.82
Miscellaneous	8.17	12.09	11.55
Total	321.79	317.90	373.67

Primary education continues to receive the highest priority within the education department. This is in keeping with the national objective of improving the literacy percentage at a faster pace.

(B) EXPENDITURE ON HEALTH SERVICES:

Expenditure on health services shows a decline from Rs.85.16 crore in budget estimates 1984-85 to Rs.79.53 crore in revised estimates 1984-85 primarily on account of an economy in expenditure on administration side in the budget.

estimates 1985-86 an expenditure of Rs.111.08 crore is anticipated. The increase over revised estimates is mainly on account of the following reasons:—

- a) Creation of 510 additional posts of house physicians/surgeons for young doctors by which the government would provide approximately 85% house jobs in future for young medical graduates. For this an amount of Rs.54.09 lac will be provided.
- b) Creation of 24 posts of ADHOs for certain tehsils in the province. This would ensure that each tehsil has an ADHO from 1985-86. Rs.19.01 lac have been provided for this.
- c) Creation of 263 posts of MOs in BHUs in the province and allied posts for 106 BHUs: Rs.1.51 crore.
- d) Establishment of three divisional blood transfusion units at Rawalpindi, Faisalabad and Gujranwala: Rs.19.86 lac. (This will only leave D.G.Khan and Sargodha for the following year).
- e) Creation of new posts and provision of funds for the teaching hospital at Faisalabad, which is expected to be completed in early 1985-86 : Rs. 1.70 crore.
- f) Creation of posts for the new casualty block at Mayo hospital, Lahore : Rs. 22.73 lac.
- g) Creation of posts (para-medical and other staff) for all the teaching hospitals in the province in order to make up shortages:Rs.50.06 lac.
- h) Creation of additional posts in the Lahore general hospital : Rs.24.22 lac.
- i) Subsidy for providing diet to staff/student nurses in Mayo/Lady Aitchison hospitals :Rs.23.73 lac.
- j) Financial assistance to medical students, Rs. 30 lac.
- k) Creation of staff for Tibb Directorate :Rs.35 lac.
- l) The yardsticks for the provision of funds for all teaching, D.H.O, and tehsil hospital have been revised,thereby increasing the total allocation by Rs.8.74 crore in 1985-86.
- m) Provision of equipment/vehicles : Rs.8.00 crore.

V. ECONOMIC SERVICES:

Details of expenditure on economic services are indicated in table-14.

TABLE — 14
EXPENDITURE ON ECONOMIC SERVICES

	(Rs. in crore)		
	Budget 1984—85	Revised 1984—85	Budget 1985—86
Agriculture and Food	88.75	85.28	100.61
Irrigation	136.54	135.36	145.04
Land Reclamation	2.07	1.77	1.94
Rural Development	9.29	9.48	10.16
Industries and Mineral Resources	16.30	15.92	17.22
Transport & Communications	0.01	0.01	
Other Economic Services	0.08	0.07	0.10
Total	253.04	247.89	275.07

Expenditure on economic services shows a decrease of Rs.5.15 crore in the revised estimates over the budget estimates 1984—85. The decrease is primarily on account of agriculture and food and irrigation, due to savings in expenditure in these areas.

The increase in the budget estimates 1985—86 over the revised estimates 1984—85 amounting to Rs.27.18 crore is mainly reflected in agriculture, food, irrigation, industries and mineral resources. This is due to the following reasons:—

- i) Transfer of development schemes in agriculture extension and research and of "on farm water management programme" in non-development budget and provision for purchase/replacement of vehicles/equipment :Rs.4.56 crore.
- ii) Inclusion of similar schemes of fisheries, livestock and forest : Rs.5.82 crore.
- iii) Increase of Rs.5.90 crore on account of maintenance of irrigation and drainage net works.
- iv) Creation of posts in the newly created districts of Khanewal and Chakwal.

VI. SUBSIDIES:

Revised estimates 1984-85 register an increase of Rs.20.77 crore over the corresponding budget estimates. The increase is due to the enhancement in the rate of incidental charges on distribution of indigenous wheat and also because the system of budgeting the wheat subsidy has been changed, making it prospective rather than retrospective. The budget estimates 1985-86 have been kept at Rs.77.99 crore as against revised estimates of Rs.60.48 crore for 1984-85. This is discussed in greater details in Chapter-VI.

VII. DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS:

Expenditure under this head is mainly incurred as payment of interest on provincial debt. It also includes grants paid by the provincial government to autonomous bodies and other institutions like the Punjab Economic Research Institute, Pakistan Academy for Rural Development, Peshawar, Armed Services Boards, Cholistan Development Authority and the Punjab Land Utilisation Authority.

Debt servicing liability of the province under this head was projected as Rs.262.07 crore in the budget estimates 1984-85. It increased to Rs.274.65 crore in the revised estimates due mainly to an increase in the quantum of cash development loan obtained from the federal government for investment in the Annual Development Programme and payment of interest on the transfer of SCARP projects during 1984-85 by WAPDA to the provincial government. In the budget 1985-86 this is estimated at Rs.323.72 crore. A further increase of Rs.49.07 crore is anticipated due to the following reasons :-

- i) Payment of interest for full year on cash development loan 1984-85 (Rs.53.69 crore).
- ii) Provision of half year's interest on cash development loan 1985-86 (Rs.26.84 crore).
- iii) Counter balanced partially by decrease in the amounts of principal and therefore in the interest on the previous cash development loans, on which repayment is in progress.

VIII. MISCELLANEOUS (UNALLOCABLE) ITEMS OF EXPENDITURE:

The revised estimates 1984-85 increased by Rs.3.55 crore over the corresponding budget estimates due to a one time grant-in-aid sanctioned by the government to various deserving institutions like schools, colleges, madrassas, libraries and the Armed Services Boards.

CHAPTER -IV

GENERAL CAPITAL RECEIPTS

General capital receipts accrue partly to account No. I (non—food account) and the remaining to account No. II (food account) of the provincial government maintained with the State Bank of Pakistan. The non-development capital receipts, which accrue to account No. I comprise of :—

- (i) grant from the federal government;
- (ii) extraordinary receipts;
- (iii) public debt; and
- (iv) recoveries of loans and advances granted by the provincial government.

The receipts which form a part of account No. II consist of temporary advances from commercial banks under counter-finance arrangements with the State Bank of Pakistan for financing operations of state trading in food grains. The cash credit limit for food advances is fixed by the federal government. These advances are secured against food stocks which constitute the primary security for commercial banks. Account No. II is maintained by the State Bank of Pakistan exclusively for the transactions relating to receipts and expenditure of the food department. The quantum of such temporary advances estimated at Rs. 405.93 crore in the budget estimates 1984—85 has increased to Rs. 461.27 crore in the revised estimates 1984—85 due to a larger off take. The target for 1985—86 has been fixed at Rs. 459.44 crore keeping in view the anticipated procurement.

Details of the capital receipts accruing to account No. I are given in table—15.

TABLE -15
NON-DEVELOPMENT CAPITAL RECEIPTS

	(Rs. in crore)		
	Budget 1984—85	Revised 1984—85	Budget 1985—86
Grants from Federal Government	17.44	9.42	18.14
Extraordinary Receipts.	12.09	12.21	12.75
Public Debt (Borrowing).	5.05	7.55	5.08
Recoveries of Loans and Advances.	8.00	5.80	6.80
Total	42.58	34.98	42.77

1. FEDERAL GRANTS:

Federal government reimburses the expenditure incurred on the improvement of national highways and the construction of certain other roads and bridges of national importance. A sum of Rs.17.44 crore was expected from the federal government during 1984-85. The revised estimates 1984-85 have been fixed at Rs.9.42 crore in the light of releases made by the federal government. A provision of Rs.18.14 crore has been made in the budget estimates 1985-86 in anticipation of such receipts from the federal government.

2. EXTRAORDINARY RECEIPTS:

Extraordinary receipts accrue mainly from the sale of government land. The revised estimates of Rs.12.21 crore reflect an increase of 1 per cent over the budget estimates of Rs.12.09 crore for 1984-85.

3. PUBLIC DEBT:

Public debt includes domestic and floating debts. The domestic permanent debt of the provincial government represents market loans and land commission compensation bonds. The floating debt represents temporary borrowings from the State Bank of Pakistan commonly known as ways and means advances. Market loans are long term loans taken by the provincial government from the general public and financial institutions. Ways and means advances are obtained as and when the provincial government's cash balance with the State Bank of Pakistan falls below the minimum required to be maintained as a result of uneven flow of receipts into the government account or delay in the release of funds receivable from the federal government.

Public debt receipts have increased from Rs.5.05 crore in budget estimates 1984-85 to Rs.7.55 crore in the revised estimates 1984-85 due to temporary borrowings by the provincial government from the federal government for the agriculture department. In view of the reasonably good financial position of the government during the year 1985-86 the provision for ways and means advances has been fixed at Rs.5.00 crore.

4. RECOVERY OF LOANS AND ADVANCES:

The provincial government advances loans to its employees, to cultivators and to various local and autonomous bodies for specific purposes. Loans are advanced to government servants for purchase of residential plots, purchase, repairs and construction of houses, and for the purchase of motor car, motor cycles, and bicycles. The provincial government also gives short term and medium term loans to the cultivators for purchase of agricultural implements and inputs. Loans to local bodies are advanced mostly for financing their water supply, sewerage and drainage schemes. Similarly, autonomous bodies of the provincial government are given loans for financing specific development projects. Recoveries of such loans are reflected in the budget under this head. Receipts on account of recoveries of loans and advances have decreased from Rs.8.00 crore in the budget estimates to Rs.5.80 crore in the revised estimates 1984-85 due to a decrease in the recovery of loans from municipal committees. A provision of Rs.6.80 crore has been made in anticipation of recoveries of loans and advances during the financial year 1985-86.

CHAPTER – V
NON-DEVELOPMENT CAPITAL EXPENDITURE

As in the case of general capital receipts, the non-development capital expenditure also pertains both to account No. I and account No. II of the provincial government maintained with the State Bank of Pakistan. The expenditure in account No. I relates to:—

- (a) highways, roads and bridges;
- (b) repayment of debt;
- (c) loans and advances by the provincial government; and
- (d) state trading in medicines and coal.

The net expenditure on state trading in foodgrains and the repayment of loans taken from the commercial banks for state trading operations of the food department are included in account No. II.

Details of non-development capital expenditure are given in table—16.

TABLE – 16
NON-DEVELOPMENT CAPITAL EXPENDITURE

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
ACCOUNT NO. I			
Highways, Roads and Bridges	17.44	9.42	18.14
Debt Servicing	26.59	29.69	31.29
Loans and Advances	16.30	21.80	15.30
State Trading in Medicines and Coal.	(—) 0.05	1.16	(—) 1.34
Total Account No. I	60.28	62.07	63.39
ACCOUNT NO. II			
State Trading in Foodgrains (Net)	37.37	44.20	19.71
Debt Servicing	368.56	417.07	439.73
Total Account No. II	405.93	461.27	459.44
Grand Total Account No. I & II	466.21	523.34	522.83

I – HIGHWAYS, ROADS AND BRIDGES.

The work relating to the construction of national highways and certain other roads and bridges of national importance is executed by the provincial highways department on behalf of the federal government. Expenditure on these works is, therefore, exhibited in the provincial budget as capital expenditure outside the Annual Development Programme. Allocation for such works has decreased from Rs.17.44 crore in the budget estimates 1984-85 to Rs.9.42 crore in revised estimates due to the release of less funds by the federal government. The expenditure is expected to go up to Rs.18.14 crore during 1985-86.

II – DEBT SERVICING IN ACCOUNT NO.1

Debt servicing in account No.1 consists of repayment of domestic debt comprising of market loans, ways and means advances, federal government loans, debt raised abroad and foreign debt.

The expenditure has increased from Rs.26.59 crore in budget estimates 1984-85 to Rs.29.69 crore in the revised estimates due to unfavourable fluctuations in the exchange rates and the consequential increase in foreign debt liability and further on account of full repayment of one of the federal government loans granted for purchase of sprayers. Budget estimates 1985-86 for debt servicing have been fixed at Rs.31.29 crore. A provision of Rs.5.00 crore has been made in these estimates for temporary loans, which may be required to be utilized in case of delays in the flow of receipts from the federal government.

(A) MARKET LOANS:

The details of market loans outstanding at the end of the financial year 1984-85 are given in table--17.

TABLE IIIA

MARKET LOANS OF THE PUNJAB GOVERNMENT AGAINST PUNJAB ON 30TH JUNE, 1985

Name of Loans	(Rs. in crore)	Year of Issuance	Date of Issuance	Amount (Rs. in crore)
9½% Punjab Loan, 1986	1974.78	1976	14.9.1986	2.38
10½% Punjab Loan, 1987	1975.76	1977	28.8.1987	5.06
10½% Punjab Loan, 1988	1976.77	1978	12.9.1988	7.58
10½% Punjab Loan, 1989	1977.78	1979	17.9.1989	7.85
10¾% Punjab Loan, 1991	1978.79	1981	27.8.1991	7.52
10¾% Punjab Loan, 1992	1979.80	1982	13.8.1992	9.05
10¾% Punjab Loan, 1994	1980.81	1984	21.6.1994	10.52
	1981.82			49.96
	1981.82			

(B) REPAYMENT OF FEDERAL LOANS:

The Annual Development Programme has since 1970 been financed mostly through borrowings from the federal government and from foreign agencies. Foreign exchange loans also play an important role in the financing of the development programme. Rupee loans received from the federal government are repaid in equal instalments over a period of 20 years after an initial grace period of five years. The terms and conditions of repayment of foreign exchange loans by the province are the same as those between the federal government and the foreign lending agencies. In case of the US-AID Counterpart Fund loans the money is generally repaid in 61 half-yearly instalments with an initial grace period of ten years. For the repayment of German Counterpart Fund loans the terms and conditions are the same as those for repayment of cash development loans obtained from the federal government.

At the end of the financial year 1984-85 the total debt liability of the Punjab government to the federal government will be Rs. 2334.69 crore which is as follows:—

- (a) On account of rupee loans received from the federal government: 0.35
 - (b) On account of counterpart fund rupee loans: 0.35
 - (c) On account of foreign exchange loans: 168.83
- Total Federal Government Loans: 179.53
- The details are given in table - 18.

TABLE - 18

(i) FEDERAL GOVERNMENT LOANS OUTSTANDING
AGAINST PUNJAB ON 30TH JUNE, 1985.

(Rs. in crore)

(1) Cash Development Loans	(2) Cash Development Loans for SCARP Tubewells Projects
1973-74 74.26	1974-75 9.33
1974-75 102.89	1975-76 18.65
1975-76 145.77	1976-77 23.79
1976-77 174.51	1977-78 20.14
1977-78 114.90	1978-79 20.81
1978-79 137.52	1979-80 22.00
1979-80 124.56	1980-81 22.58
1981-82 156.17	1981-82 16.95
1982-83 223.77	1982-83 13.10
1983-84 343.21	1983-84 12.18
1984-85 367.73	
(3) Others	
Non Development Loan for meeting Railway Losses.	1973-74 0.12
Non Development Loan for Augmenta- tion of Police Force.	1973-74 1.13
Non Development Loan for Rawalpindi Municipal Committee.	1974-75 0.13
Non Development Loan for Murree Municipality.	1975-76 0.27
Cash Development Loan for Rural Development Markaz at Laar, Multan (Interest free).	1977-78 0.70
Cash Development Loan for setting up a small scale production unit for manufacturing weapons by Mistri Kamal at Sargodha (Interest free).	1978-79 0.08
Non Development Interest Free Loan to organize Horse & Cattle Show.	1978-79 0.35
Non Development Loan (Interest free) for Data Darbar Mosque at Lahore.	1978-79 0.35
Total (Federal Government Loans).	2147.95

(ii) COUNTERPART FUNDS RUPEE LOANS

(Rs. in crore)

1. U.S. AID 391-G-009	0.35	8. German Loans, 1964-65.	0.03
2. U.S. AID 391-G-065	1.05	9. German Loans, 1965-66.	0.20
3. U.S. AID 391-G-120	5.62	10. German Loans, 1966-67.	0.26
4. U.S. AID 391-G-122	2.59	11. German Loans, 1967-68.	0.32
5. U.S. AID 391-G-132	4.16	12. German Loans, 1968-69.	0.71
6. U.S. AID 391-G-133	0.61	13. German Loans, 1969-70.	0.85
7. U.S. AID 391-G-147	0.26	14. German Loans, 1971-72.	0.90
Sub-Total (U.S. AID Loans)	14.64	Sub-Total (German Loans)	3.27
		Total (Counterpart Fund Rupee Loans)	17.91

(iii) FOREIGN EXCHANGE LOANS:

1. Foreign Loans received upto 1962-63 in the form of equipment etc.	0.45	17. IDA-620-PAK (Seed Industries Project)	9.11
2. U.S. AID 391-H-055	3.44	18. IDA-630-PAK (LDA, WASA)	32.74
3. U.S. AID 391-H-060	0.38	19. IDA-678-PAK (3rd Education Project)	2.83
4. U.S. AID 391-H-069	1.58	20. IDA-1348-PAK	0.49
5. U.S. AID 391-H-079	0.90	21. IDA-1375-PAK	0.70
6. U.S. AID 391-H-084	2.28	22. IDA-683-PAK (Flood Restoration)	16.20
7. U.S. AID 391-H-087	3.77	23. IDA-813-PAK	0.80
8. U.S. AID 391-H-103	0.44	24. IDA-892-PAK (Primary Education)	2.64
9. U.S. AID 391-H-107	2.06	25. IDA-1163-PAK (O.F.W.M.)	16.48
10. U.S. AID 391-H-128	0.69	26. Swedish-106-PAK	1.42
11. U.S. AID 391-H-135	0.97	27. German-AL-182	1.07
12. IDA-30-PAK	1.11	28. 5th U.K. Credit	0.18
13. IDA-50-PAK	7.48	29. IBRD-578-PAK	0.47
14. IDA-54-PAK	4.53	30. IBRD-1366-T-PAK (PLDB)	1.58
15. IDA-106-PAK	1.90		
16. IDA-466-PAK	4.82		

COUNTERPART FUNDS RUPEE LOANS		(ii)	
31. Second Swiss Credit	0.21	37. ABD-Credit 331-PAK (FDA, WASA)	0.11
32. Second Danish Credit	0.77	38. ABD-Credit 438-PAK (Agriculture Department)	0.81
33. Third Danish Credit	0.55	39. IFAD Loan-83-PAU (Agriculture Department)	1.82
34. UK Credit (Kamalia Sugar Mills)	19.17	40. IFAD Loan-48-PAK (Agriculture Department)	1.54
35. U.S. AID-391-T-172 (German Loan)	1.98	41. IFAD Loan-18-PAU (Agriculture Department)	0.26
36. Japanese Credit (German Loan)	18.10	Total (Foreign Exchange Loans)	168.83
Sub-Total (German Loans)	14.64	Sub-Total (U.S. AID Loans)	17.91
SECTIONS AND MEANS ADVANCES			
Total (Counterpart Fund Rupee Loans) The Punjab government can draw ways and means advances from the State Bank of Pakistan at the interest of 9% upto Rs. 54 lac and 10% amounts exceeding Rs. 54 lac upto a limit of Rs. 558 lac. Thus a total amount of Rs. 612 lac can be drawn at a time. Table-19 indicates the ways and means advances drawn by the provincial government during the year 1978-79 to 1983-84 and from July 1984 to April 1985. Interest paid on such advances is also shown in the table.			

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
July	6.12	6.12	6.12	3.77	7.08	U.S. AID 391-H-087	..
August	7.77	..	..	0.44	..	U.S. AID 391-H-103	..
September	7.77	..	..	5.08	..	U.S. AID 391-H-107	..
October	..	..	..	0.61	..	U.S. AID 391-H-158	..
November	..	..	6.12	0.97	..	U.S. AID 391-H-132	..
December	..	..	1.12	..	..	IDA-30-P-21.9	..
January	..	..	6.12	..	..	IDA-50-PAK	..
February	6.19	..	..	..	..	IDA-54-PAK	..
March	7.58	..	..	..	..	IDA-109-PAK	..
April	0.47	..	6.12	..	..	IDA-489-PAK	..
May	2.10	..	7.55	..	..	..	..
June	..	12.24	..	..	..	..	..
Total	42.04	18.89	43.15	..	12.24	0.61	..
Interest Paid	0.49	0.13	0.16	..	0.08	(Rs.3000 only)	..

STATE TRADING

III - LOANS AND ADVANCES

As explained earlier the provincial government advances loans to various medical stores, coal and coke, transactions pertaining to state trading government servants, cultivators and local/autonomous bodies for specific purposes. A provision of Rs.16.30 crore was made in the budget estimates 1984-85 for the grant of such loans and advances. It has gone upto Rs.21.80 crore in the revised estimates 1984-85. Budget estimates 1985-86 include an allocation of Rs.15.30 crore on this account. The increase in the revised estimates 1984-85 over the budget estimates

is mainly due to the grant of a loan of Rs.2.93 crore to Punjab Road Transport Board and Punjab Urban Transport Corporation for the payment of salaries and bonus to their employees. The decrease in the budget estimates 1985-86 is due to the fact that

TABLE - 20

a smaller provision has been made for the grant of temporary loans to these institutions in anticipation of their improved O&M expenditure and augmentation of

resources.	Revised	Budget
1984-85	1984-85	1984-85

IV - STATE TRADING IN MEDICINES AND FOODGRAINS AND STORES

Gross expenditure on purchase of state trading in medicines and foodgrains and stores has been dealt with in the next chapter on state trading in both I & II. Net expenditure

	Revised	Budget
Gross expenditure on purchase of state trading in medicines and foodgrains and stores	74.24	74.22
Deduct recoveries	50.86	38.25
Net Expenditure	(+) 3.38	(+) 37.97
Transport Operations	0.02	0.06
Total Net Expenditure	44.20	37.37

B - MEDICAL STORE DEPARTMENT

	Revised	Budget
Expenditure	12.73	12.73
Deduct Recoveries	12.73	12.73
Net Expenditure	--	--

C - STATE TRADING IN COAL

	Revised	Budget
Expenditure	1.29	1.39
Deduct Recoveries	0.13	1.44
Net Expenditure	(-) 1.34	(-) 0.05
TOTAL NET EXPENDITURE	(+) 42.36	(+) 37.35

**CHAPTER - VI
STATE TRADING**

III -- LOANS AND ADVANCES

State trading operations of the provincial government pertain to food grains, sugar, medical stores, coal and coke. Transactions pertaining to state trading operations concerning foodgrains and sugar are kept separate and their receipts and expenditure are credited and debited to the food account of the provincial government with the State Bank of Pakistan. The expenditure on state trading in foodgrains and sugar is met from borrowings from the commercial banks.

The details of receipts and expenditure of different state trading schemes of the provincial government are given in table 20.

**TABLE - 20
STATE TRADING SCHEMES**
(Rs. in crore)

	Budget 1984-85	Revised 1984-85	Budget 1985-86
A--FOODGRAINS AND SUGAR			
Gross expenditure on purchase of foodgrains	420.28	466.17	465.68
Deduct Recoveries	420.94	425.40	465.72
Net expenditure	(-) 0.66	(+) 40.77	(-) 0.04
Gross expenditure on purchase of sugar	74.22	54.24	74.13
Deduct recoveries	36.25	50.86	54.38
Net Expenditure	(+) 37.97	(+) 3.38	(+) 19.75
Transport Operations	0.06	0.05	--
Total Net Expenditure.	37.37	44.20	19.71
B--MEDICAL STORE DEPARTMENT			
Expenditure	15.73	15.73	18.75
Deduct Recoveries	15.73	15.73	18.75
Net Expenditure	--	--	--
C- STATE TRADING IN COAL			
Expenditure	1.39	1.29	0.22
Deduct Recoveries	1.44	0.13	1.56
Net Expenditure	(-) 0.05	1.16	(-) 1.34
TOTAL NET EXPENDITURE	(+) 37.32	(+) 45.36	(+) 18.37

Additional purchase of 75,000 metric tons was made during the current year against 1,000 metric tons of sugar sold, leaving a net expenditure of Rs. 420.94 crore.

The expenditure on purchase, handling and storage of wheat and rice during 1984-85 has increased from the budgeted amount of Rs. 420.28 crore to Rs. 466.17 crore in the revised estimates 1984-85 as a consequence of enhancement in the rate of procurement price of indigenous wheat from Rs. 1600 to 1750 per metric ton. However, no imported wheat was purchased. In the budget estimates 1984-85 receipts from the sale of foodgrains were estimated at Rs. 420.94 crore. In the revised estimates 1984-85 receipts amounting to Rs. 425.40 crore are anticipated. The increase is on account of enhancement in the rate of subsidy and in the quantity of wheat to be subsidized. While the rate of subsidy has increased from Rs. 344.06 per metric ton to Rs. 464.09 per metric ton, the internal off-take of wheat has increased from 11.50 lac metric tons to 13.00 lac metric tons in the revised estimates 1984-85.

The procurement price of wheat for 1985-86 has been fixed at Rs. 1750 per metric ton. The incidental charges have been fixed at the rate of Rs. 547.49 per metric ton. In order to purchase, handle and store 20.00 lac metric tons of indigenous wheat an amount of Rs. 465.68 crore has been provided in the budget estimates 1985-86. This also includes an expenditure of Rs. 10.18 crore on account of incidental charges for the procurement of 5.50 lac metric tons of rice on behalf of Rice Export Corporation of Pakistan.

Receipts from the sale of foodgrains are estimated at Rs. 465.72 crore. The receipts will accrue from sale of 20.48 lac metric tons of wheat: 12.70 lac metric tons through ration depots and 7.78 lac metric tons to other Provinces and defence services. The receipts also include recovery of Rs. 10.18 crore from the Rice Export Corporation of Pakistan as incidental charges on the rice procured on their behalf.

II. SUGAR:

Receipts from the sale of sugar during 1984-85 are estimated at Rs. 50.86 crore against the budgeted amount of Rs. 36.25 crore. The excess receipt is on account of an increase in sales from 0.50 lac metric tons to 0.70 lac metric tons. Opening stocks on 1.7.1984 with the government were 70,150 metric tons. An

additional purchase of 75,000 metric tons was made during the current year. Against this 70,150 metric tons of sugar sold, leaving an anticipated closing balance of 75,000 metric tons on 30.6.1985. The expenditure on purchase, handling and storage of sugar during 1984-85 has decreased from the budgeted amount of Rs.74.22 crore to Rs.54.24 crore in the revised estimates 1984-85 as a consequence of smaller procurement of sugar from 1.00 lac metric tons to 0.75 lac metric tons. However, provision of Rs.74.22 crore has been made in the budget estimates 1985-86 for the purchase, handling, storage and distribution of 1.00 lac metric tons of sugar. Against the stocks in hand of 75,000 metric tons approximately 75,000 metric tons of wheat are planned to be disposed of at an estimated cost of Rs.35.38 crore. While the rate of subsidy has increased from Rs.344.06 per metric ton to Rs.484.09 crore, leaving a stock-in-hand of approximately 1.00 lac metric tons of sugar at the close of the year.

III. STATE TRADING IN COAL, COKE AND MEDICINES:

The expenditure on state trading in medical stores is completely counter-balanced by receipts and recoveries. The provincial government procures coal and coke through the Trading Corporation of Pakistan and then sells it for use in the public and private sectors. In the budget 1984-85 sale proceeds of coke from the stocks were estimated at

Rs.1.44 crore as against an expenditure of Rs.1.39 crore, thereby showing a surplus of Rs.0.05 crores. However, in the revised estimates 1984-85 the surplus could not be realised and in fact the net expenditure went up to Rs.1.16 crore due to smaller recoveries. During 1985-86 against an expenditure provision of Rs.0.22 crore recoveries are likely to be made to the extent of Rs.1.56 crores due to sale of coal and coke giving a surplus of Rs.1.34 crore.

Receipts from the sale of sugar during 1984-85 are estimated at Rs.50.88 crore against the budgeted amount of Rs.36.25 crore. The excess receipt is on account of an increase in sales from 0.50 lac metric tons to 0.70 lac metric tons. Opening stocks on 1.7.1984 with the government were 70,150 metric tons.

CHAPTER – VII

PUBLIC ACCOUNT TRANSACTIONS

The public account transactions of the provincial government outside the provincial consolidated fund broadly fall under unfunded debt, deposits and advances and remittances.

Table – 21 shows the receipts and disbursements from the public account transactions and their net effect as per budget and revised estimates 1984–85 and budget estimates, 1985–86.

TABLE – 21
PUBLIC ACCOUNT TRANSACTIONS

	(Rs. in crore)		
	Budget 1984-85	Revised 1984-85	Budget 1985-86
RECEIPTS			
Unfunded Debt	31.50	42.00	43.43
Deposits and Advances	559.82	398.18	397.10
Remittances	470.58	632.17	632.17
Total	1061.90	1072.35	1072.70
DISBURSEMENTS:			
Unfunded Debt	10.00	10.00	10.00
Deposits and Advances	559.77	398.47	397.00
Remittances	470.58	632.17	632.17
Total	1040.35	1040.64	1039.17
NET			
Unfunded Debt	(+ 21.50	(+ 32.00	(+ 33.43
Deposits and Advances	(+ 0.05	(–) 0.29	(+ 0.10
Remittances	—	—	—
Total	(+ 21.55	(+ 31.71	(+ 33.53

I. UNFUNDED DEBT:

Unfunded debt consists of the provincial government liability on account of balances in the various provident funds of government employees. Since the

number of government employees increases from year to year, their contribution to the provident fund also increases. This results in an increased liability, as the payments into such funds usually exceed withdrawals therefrom. The net receipts in the revised estimates 1984-85 are estimated at Rs.32.00 crore. For budget estimates 1985-86 these have been fixed at Rs.33.43 crore.

II. DEPOSITS AND ADVANCES:

Deposits and advances cover a large number of items of miscellaneous receipts and expenditure, most of which do not follow any fixed pattern. This is specially true of the receipts and expenditure pertaining to the personal ledger accounts of the autonomous and local bodies of the provincial government kept with government treasuries. This is also applicable to the receipts and expenditure pertaining to the various suspense accounts. Whether net receipts from suspense accounts will be positive or negative depends entirely on whether misclassification in respect of receipts has been greater than that in respect of expenditure and vice versa. Therefore, for purposes of budgeting, the net effect of such receipts and expenditure is assumed to be nil.

III. REMITTANCES:

The net effect of the transactions pertaining to the remittance heads, including the inter-provincial suspense accounts and the adjusting account between the federal government and the provincial government, has also been assumed to be nil during 1985-86 as was done for 1984-85.

ANALYSIS OF NON-DEVELOPMENT REVENUE ACCOUNT

As stated earlier, the objectives of non-development revenue account are generation of resources to finance the expanding development programme, maintenance and improvement of social, economic and physical services, minimization of less productive expenditure and stabilization and support of prices of essential commodities. The non-development account includes tax receipts from federal divisible taxes and provincial taxes, revenue emanating from economic services, civil administration and other functions of the government. It also includes receipts on account of transfers derived from income from property and enterprises, receipts-in-aid of superannuation and federal grants.

I. REVENUE RECEIPTS:

The budget estimates 1985-86 project the provincial government's general revenue receipts at Rs.1117.40 crore. A major part of these receipts, amounting to Rs.903.30 crore and constituting 81 per cent of the total revenue income, will accrue from taxes. The non-tax receipts for 1985-86 have been estimated at Rs.183.57 crore which is 17 percent of the total revenue receipts. The rest of the provincial government's revenue receipts for 1985-86 will accrue on account of transfers estimated at Rs.30.53 crore, i.e. 3 percent of the total revenue receipts. The composition of non-development revenue receipts for 1984-85 and 1985-86 is given in table-22.

TABLE - 22

NON-DEVELOPMENT REVENUE RECEIPTS

(Rs. in crore)

	Tax Receipts	Percentage	Non-Tax Receipts	Percentage	Transfer Receipts	Percentage	Total
Budget 1984-85	846.21	82	157.83	15	26.54	3	1030.58
Revised 1984-85	815.21	79	172.75	17	41.96	4	1029.92
Budget 1985-86	903.30	81	183.57	16	30.53	3	1117.40

Note:—	Tax Receipts:	Federal divisible taxes plus provincial taxes (Direct and indirect).
	Non-Tax Receipts:	Receipts from civil administration and other functions minus receipt-in-aid of superannuation.
	Transfer Receipts:	Interest receipts plus federal grants plus receipts-in-aid of superannuation OR =General revenue receipts minus(Tax receipts + Non-tax receipts)

TAX RECEIPTS:

The tax receipts for 1985-86 constitute 81% of the total non-development revenue receipts against the 82% in the budget estimates 1984-85.

NON-TAX RECEIPTS:

The sources of non-tax receipts of the provincial government are fees, rates, charges and miscellaneous receipts for services rendered, commodities sold and fines levied by government departments. Table-22 shows that non-tax receipts other than transfers, account for 15% of the total revenue receipts estimated for 1984-85 against the 17% of the total in the revised estimates 1984-85 and 16% of the budget estimates 1985-86. Table-5 to 8 in Chapter-II give details of the non-tax receipts of the provincial government.

TRANSFER RECEIPTS:

Included in transfer receipts are interest receipts, federal grants and receipts-in-aid of superannuation. Table-22 shows that transfer receipts constitute

3% of the total revenue receipts estimates for 1985-86.

CLASSIFICATION OF TAX REVENUE:

The distribution of tax revenue between receipts from direct and indirect taxes is given in table-23.

TABLE -23
CLASSIFICATION OF TAX REVENUE

	(Rs.in crore)				
	DIRECT		INDIRECT		Total
	Amount	Percentage	Amount	Percentage	
Budget 1984-85	478.46	57	367.75	43	846.21
Revised 1984-85	456.88	56	358.33	44	815.21
Budget 1985-86	504.34	56	398.96	44	903.30

The ratio between the receipts from * direct and ** indirect taxes works out to 56:44 in budget estimates 1985-86, as against 57:43 in budget 1984-85.

A major part of the tax receipts of the province is drawn from the federally collected divisible taxes. Table-24 indicates the ratio such taxes bear to the receipts of provincial government from other taxes.

TABLE -24
RATIO OF RECEIPTS FROM FEDERAL DIVISIBLE TAXES
AND PROVINCIAL TAXES

	(Rs.in crore)				
	Federal Divisible Taxes		Provincial Taxes		Total
	Amount	Percentage	Amount	Percentage	
Budget 1984-85	665.58	79	180.63	21	846.21
Revised 1984-85	630.81	77	184.40	23	815.21
Budget 1985-86	702.23	78	201.07	22	903.30

* Income tax plus provincial direct taxes.

** Export duty on cotton plus sales tax plus Provincial indirect taxes.

The ratio of federal divisible taxes to the total tax receipts of the provincial government decreased from 79% in the budget estimates 1984-85 to 78% in the revised estimates 1984-85.

The large proportion of federal taxes in the total tax receipts of the province is explained by the fact that most of the important direct and indirect taxes are constitutionally within the jurisdiction of the federal government. Table -25 shows federal divisible taxes which are passed on to this province in terms of percentages of the total receipts from this source.

TABLE -25

COMPOSITION OF THE PUNJAB SHARE OF FEDERAL DIVISIBLE TAXES.

(Rs.in crore)

	BUDGET 1984-85		REVISED 1984-85		BUDGET 1985-86	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Income Tax	434.28	65	408.23	65	451.68	64
Sales Tax	220.29	33	209.36	33	235.95	34
Export duty on Cotton	11.01	02	13.22	02	14.60	02
Total	665.58	100	630.81	100	702.23	100

A comparison of the receipts from different taxes levied and collected by the provincial government is given in table-26.

TABLE -26

PROVINCIAL TAX RECEIPTS

(Rs.in.crore)

	Budget 1984-85		Revised 1984-85		Budget 1985-86	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Agriculture income tax	0.01	..	0.04	..	0.04	..
Immovable property tax	4.44	3	4.61	3	5.07	3
Taxes on transfer of property	11.50	6	11.00	6	12.00	6
Land revenue	13.67	8	16.58	9	17.71	9
Gift tax	0.42	..	0.50	..	0.63	..
Excise duty on natural gas	3.37	2	2.37	1	2.96	2
Capital gains tax	10.95	6	12.92	7	14.21	7
Tax on professions trades and callings	3.20	2	3.00	2	3.00	2
Provincial excise	1.91	1	2.50	2	2.91	2
Sale of opium	0.19	..	0.20	..	0.20	..
Stamp duties	59.00	33	58.12	32	63.35	31
Motor vehicles tax	30.92	17	30.12	16	32.95	16
Entertainment tax	19.11	11	19.11	10	20.26	10
Education Cess	0.07	..	0.05	..	0.05	..
Cotton fee	8.00	4	8.00	4	8.00	4
Tax on hotels	0.57	..	0.68	..	0.68	..
Electricity duty	11.40	6	12.71	7	15.16	7
Others	1.90	1	1.89	1	1.89	1
Total	180.63	100	184.40	100	201.07	100

Stamp duty continues to be the largest contributor to provincial tax receipts with a share of 31% in the total tax receipts for 1985-86. Motor vehicles tax is the second largest source of the provincial tax receipts during 1985-86 with a contribution of 16% to the total revenue. Other important sources of provincial tax receipts are: entertainment tax, which will contribute 10%, land revenue 9%, capital gains tax, and electricity duty 7% each, of the total provincial tax receipts during 1985-86.

II. CURRENT EXPENDITURE:

The current expenditure of the provincial government comprises of :

- a) Consumption expenditure, i.e. payments on account of wages, and salaries, goods and services;
- b) Transfer payments which include interest on provincial debt, subsidies, pensions, grants etc.

Table 27 indicates the trend of the current expenditure, showing a decrease of 2% in the consumption expenditure and an increase of 2% in the transfer payments in budget estimates 1985-86 as compared to the budget estimates 1984-85.

TABLE -27
CURRENT EXPENDITURE

	(Rs.in crore)				
	CONSUMPTION EXPENDITURE		TRANSFER PAYMENT		Total
	Amount	Percentage	Amount	Percentage	
Budget 1984-85	904.44	71	369.18	29	1273.63
Budget 1985-86	1051.97	69	481.27	31	1533.24

Further break-up of the consumption expenditure is given in table-28.

TABLE - 28
CONSUMPTION EXPENDITURE

	(Rs. in crore)				
	*Wages and Salaries	Percentage	Goods and Services	Percentage	Total
Budget 1984-85	640.01	71	264.43	29	904.44
Budget 1985-86	721.03	69	330.94	31	1051.97

*Wages and Salaries include salaries of officers and staff, allowances and travelling allowance. These do not include wages and salaries falling under development and state trading heads.

Provision for wages and salaries during 1985-86 is anticipated to decrease by 2% over 1984-85 due to economy in expenditure.

Table 29 contains details of transfer payments in the budget estimates 1984-85 and 1985-86.

TABLE - 29
TRANSFER PAYMENT

(Rs. in crore)

	BUDGET 1984-85		BUDGET 1985-86	
	Amount	Percentage	Amount	Percentage
Interest	260.93	71	322.26	67
*Grants	11.87	3	13.33	3
Subsidies	39.71	11	77.99	16
**Other transfers	56.68	15	67.69	14
Total:	369.19	100	481.27	100

Details of grants and other transfers are as follows:—

(Rs. in crore)

GRANTS

GRANT—IN—AID OF/TO:

(1985—86)

1. Group insurance and benevolent fund.	0.51
2. Irrigation.	1.67
3. Industries.	4.30
4. Education.	3.81
5. Health Services.	0.33
6. Museums.	0.32
7. Miscellaneous departments.	0.98
8. Agriculture.	0.16
9. Miscellaneous.	1.25
Total:—	13.33

*Grants include grants and subventions, government's contribution to group insurance and benevolent fund for employees, grant-in-aid under miscellaneous, grant No.9 irrigation, grant-in-aid under grant No.22—Industries, grants under grant No.15—Education and grants to sports organizations, grant-in-aid for health services, civil works, communications, grants-in-aid for museums, grant-in-aid for miscellaneous departments under grant No.24, grant-in-aid for agriculture under grant No.18, grant-in-aid for administration of justice under grant No.11, grant-in-aid for veterinary under grant No.20.

**Other transfers consist of the expenditure on superannuation allowances and pensions, commutation of pensions financed from ordinary revenue, relief, and privy purses.

OTHER TRANSFERS.	1985-86
1. Superannuation and pension.	67.00
2. Privy purses.	0.16
3. Relief (actual transfer payments out of Rs.0.71 crore).	0.53
Total:—	67.69

FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE

Functional distribution of non-development revenue expenditure of the provincial government is shown in table — 30.

TABLE — 30

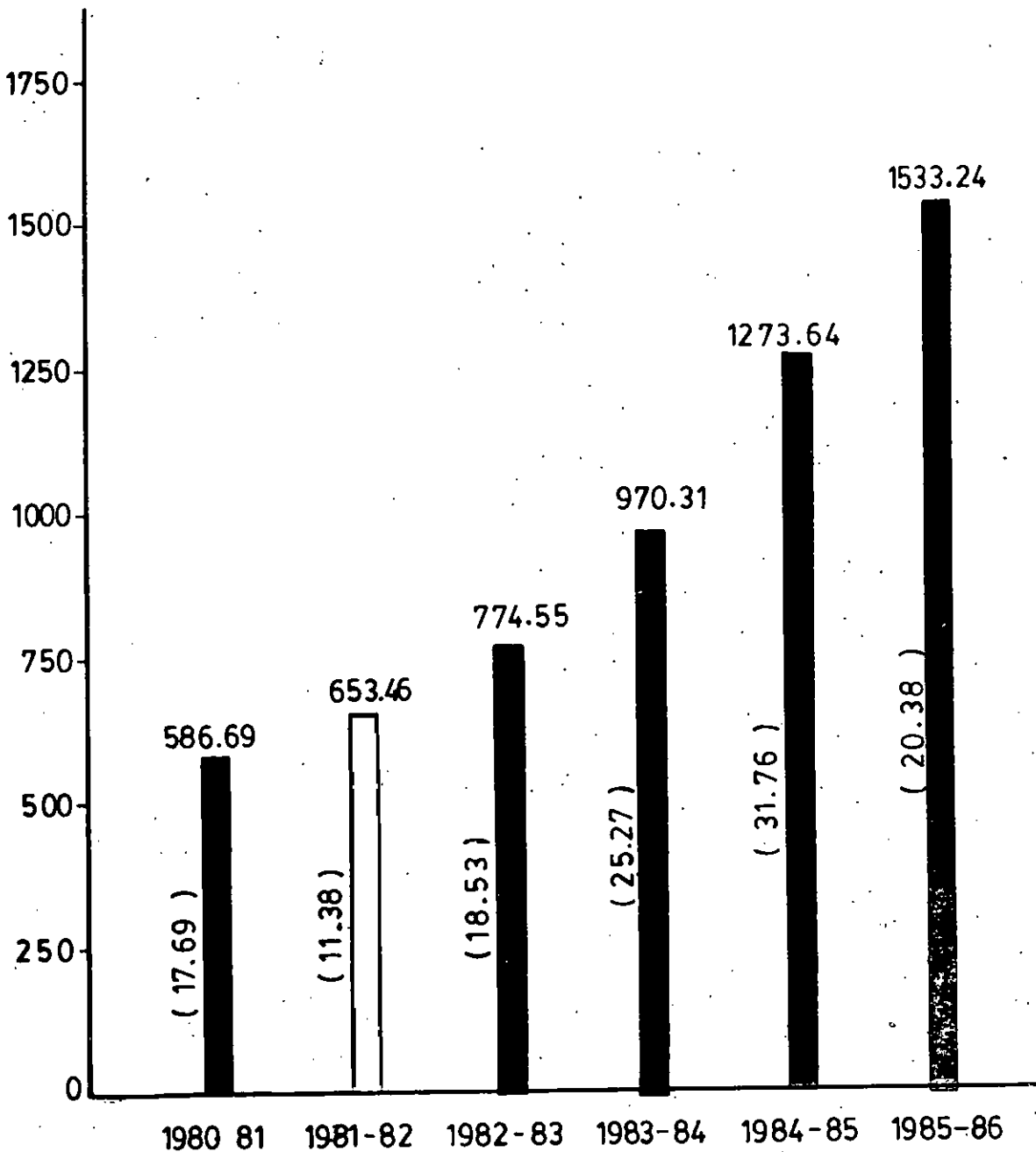
FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE (Rs. in crore)

	BUDGET 1984-85		REVISED 1984-85		BUDGET 1985-86	
	Amount	Percent- age	Amount	Percent- age	Amount	Percent- age
General Administration	97.34	8	121.30	9	105.24	7
Law and Order	109.13	9	120.33	9	128.80	8
Community Services	66.75	5	64.36	5	91.83	6
Social Services	445.33	35	434.22	33	530.33	35
Economic Services	253.04	20	247.89	19	275.07	18
Subsidies	39.71	3	60.48	4	77.99	5
Debt Servicing investible funds and grants.	262.07	20	274.65	21	323.72	21
Unallocable	0.26	--	3.81	--	0.26	--
Total:—	1273.63	100	1327.04	100	1533.24	100

The social services continue to consume the largest proportion of current expenditure. Education alone consume Rs.392.75 crore and health services Rs.111.08 crore in budget estimates 1985-86

NON-DEVELOPMENT BUDGETS, THE PUNJAB: 1980-81 TO 1985-86

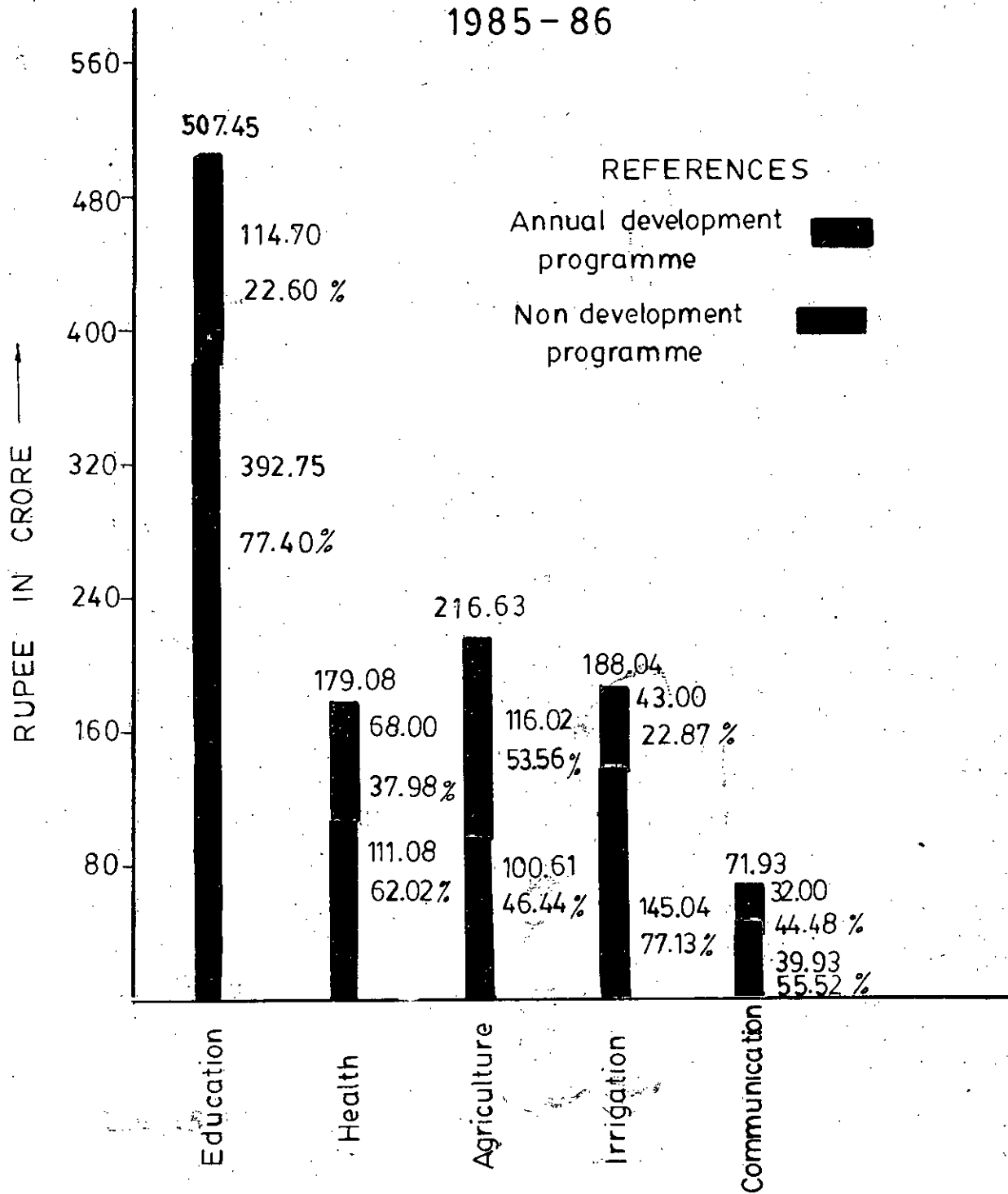
CRORE RUPEES



FIGURES IN PARENTHESIS SHOW % INCREASE OVER PREVIOUS YEAR

RELATIONSHIP OF NON-DEVELOPMENT AND ANNUAL DEVELOPMENT PROGRAMME FOR MAJOR SECTORS

1985 - 86



CHAPTER – IX

FINANCING OF THE ANNUAL DEVELOPMENT PROGRAMMES

I. ANNUAL DEVELOPMENT PROGRAMME 1984–85:

The gross size of the Annual Development Programme for 1984–85 was fixed at Rs.430.00 crore against an estimated resource availability of Rs.391.09 crore which included Rs.8.23 crore from the deposit account of the town development schemes. This implied an operational shortfall of Rs.38.91 crore. The size of the programme in the revised estimates 1984–85 stands at Rs.408.74 crore against resource availability of Rs.392.73 crore.

A comparison between the resources available to finance the original and revised Annual Development Programme 1984–85 is given in table–31.

TABLE – 31

FINANCING OF THE ANNUAL DEVELOPMENT PROGRAMME 1984–85

	(Rs.in crore)	
	Budget 1984-85	Revised 1984-85
A—PROVINCIAL CONTRIBUTION:		
Over subscription in Punjab Loan, 1994	..	0.09
Transfer from Deposit Account of Town Development Schemes.	8.23	8.97
Total Provincial Contribution:	8.23	9.06
B—FEDERAL ASSISTANCE:		
Cash Grants	2.00	2.75
Cash Development Loan	367.73	367.76
Total Federal Assistance:	369.73	370.51
C—FOREIGN ASSISTANCE		
Counterfund Grants	4.50	4.50
Foreign Exchange Loans	8.63	8.66
Total Foreign Assistance	13.13	13.16
GRAND TOTAL	391.09	392.73

II. ANNUAL DEVELOPMENT PROGRAMME 1985-86:

The provincial contribution towards the financing of Annual Development Programme 1985-86 is estimated to be Rs.8.00 crore comprising of transfers from the deposit account of town development schemes. After including federal assistance amounting to Rs.506.78 crore and foreign assistance to the extent of Rs.12.32 crore, the total resource availability for the Annual Development Programme 1985-86 is estimated to be Rs.527.10 crore. A broad break-up of the resources, expected to be available for financing the programme during 1985-86, is given in table-32.

TABLE -32
FINANCING OF ANNUAL DEVELOPMENT PROGRAMME 1985-86

(Rs.in crore)

A-PROVINCIAL CONTRIBUTION:

Transfer from Deposit Account of Town Development Schemes.	8.00
Total Provincial Contribution:	8.00

B-FEDERAL ASSISTANCE:

Cash Grants	68.55
Cash Development Loan	438.23
Total Federal Assistance:	506.78

C-FOREIGN ASSISTANCE:

Japanese Grant	4.50
Foreign Exchange Loans	7.82
Total Foreign Assistance	12.32
GRAND TOTAL:	527.10

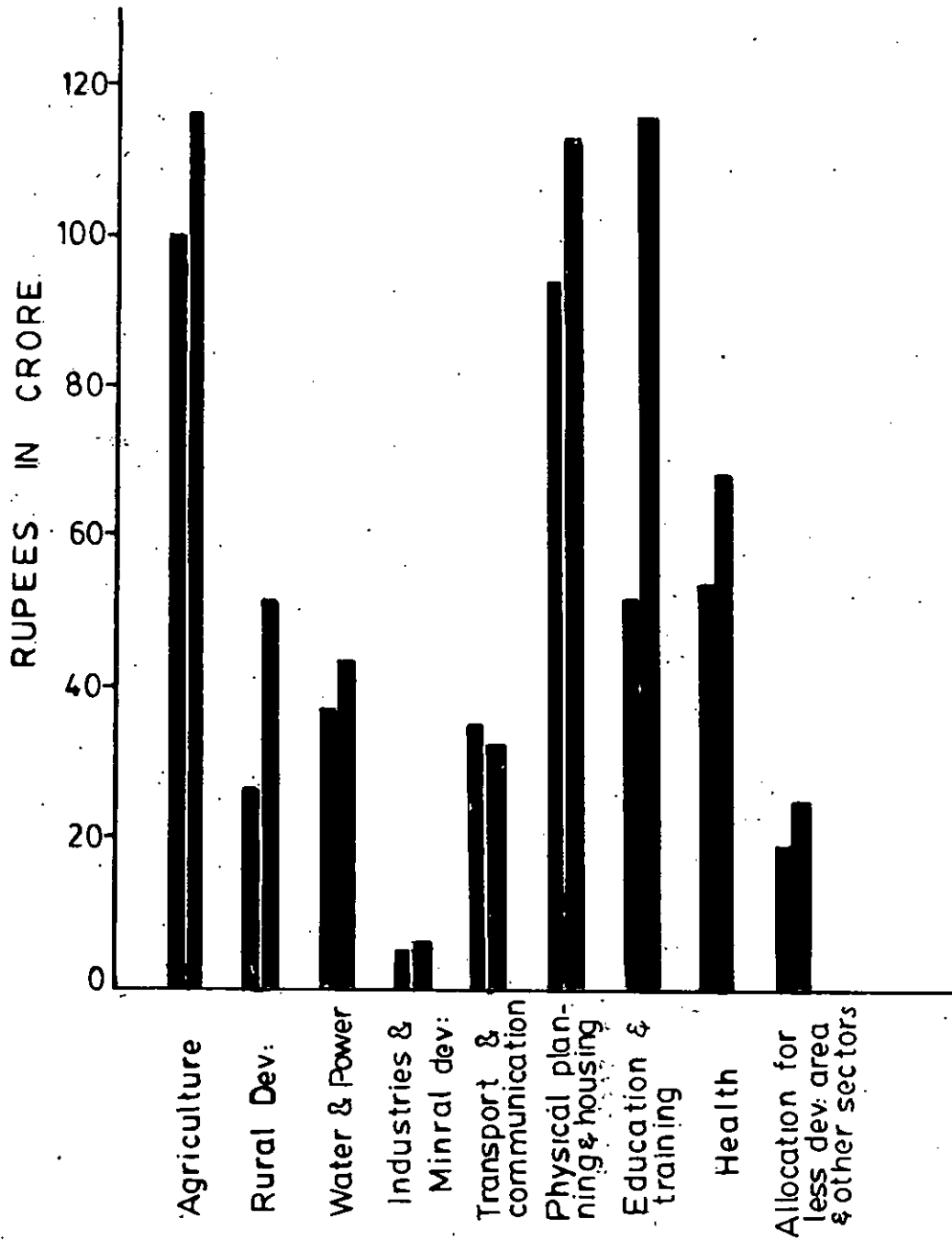
Against this resource availability the gross size of the Annual Development Programme 1985-86 has been fixed at Rs.567.80 crore. The gap between the available resources and the gross size of the Annual Development Programme is expected to be met by an anticipated operational shortfall of Rs.40.70 crore in the implementation of the programme.

DEVELOPMENT EXPENDITURE

(Major sectors)

R.E. 1984 - 85

B.E. 1985 - 86



CHAPTER X

AN OUTLINE OF THE ANNUAL DEVELOPMENT PROGRAMME 1985-86

The sector-wise break-down of the Annual Development Programme of the Government of the Punjab for the year 1984-85 and 1985-86 is given in table 33.

TABLE 33

Development Expenditure	Budget 1984-85	Revised 1984-85	Budget 1985-86	Percentage of total	Accounts 1983-84
Agriculture	119.54	100.88	116.02*	20.43	116.74
Rural Development	26.26	26.43	51.10	9.00	23.14
Water and Power	37.00	36.21	43.00	7.57	33.78
Industries and Minerals	5.00	5.34	6.00	1.06	4.21
Transport & Communications	27.20	34.41	32.00	5.64	35.19
Information, Culture and Tourism.	0.65	0.82	1.70	0.30	0.75
Physical Planning and Housing	98.69	94.06	112.29	19.78	96.60
Education and Training	48.89	51.01	114.70	20.20	50.46
Health	48.89	52.80	68.00	11.98	49.33
Social Welfare	2.53	2.47	1.17	0.21	2.82
Manpower and Training	4.10	4.03	3.53	0.62	4.53
Planning & Development	0.50	0.28	0.35	0.06	0.40
Block allocation for —					
i) Cholistan Development Authority.	1.00	..	1.35	0.24	..
ii) D.G. Khan and Soan Skesar	4.50	..	5.19	0.91	..
iii) Development of Murree Hills	1.00	..	2.75	0.48	..
iv) Shakar Garh.	0.75	..	0.65	0.12	..
v) Transport	3.00	..	4.00	0.70	..
vi) Governor/Chief Minister's Directives.	0.50	..	4.00	0.70	..
GROSS TOTAL	430.00	408.74	567.80	100.00	417.95
Less—Operational Shortfall (—)	38.91	..	(—)40.70	..	..
Total Development Expenditure (Net).	391.09	408.74	527.10	..	417.95

*It includes Rs. 96.00 crore for Agriculture, Rs. 8.25 crore for Animal Husbandry, Rs. 8.00 crore for Forestry, Rs. 1.50 crore for Fisheries, Rs.0.30 crore for Cooperatives and Rs. 1.97 crore for Food Storage.

ANNUAL DEVELOPMENT PROGRAMME 1985-86

The main elements of strategy for the Annual Development Programme 1985-86 is to continue to concentrate on the agriculture sector and to attach a very high priority to education. In order to remove the geographical imbalance within the rural sector, a regional dimension has also been given to the programme by continuing to emphasise the location of additional infrastructure facilities in those pockets of rural areas which have lagged behind in the process of development, owing to inherent ecological constraints or as a result of less favourable allocation of resources in the past. Agriculture and its allied sectors together get the highest priority, followed by the major social sectors of education and health. Follow the rural development, irrigation, communication, rural water supplies and urban development. Provision of physical and social infrastructure in agriculture, a shift from preventive to a production-oriented approach in livestock, emphasis on compact plantation of new areas and intensive management of existing plantations in forests, public participation in rural development launched with the association of elected representatives, provision of adequate drinking water facilities, rehabilitation of the irrigation network and emphasis on rural health and especially on education, together constitute a multi-sectoral thrust for the uplift of the country-side. The provision of necessary facilities like sewerage and water, education, health and housing have been provided or augmented in the growing urban sector.

The salient features of ADP 1985-86 are as follows :-

- a) Keeping in view the importance of agriculture, a very high priority has been given to this sector which gets an allocation of Rs.96.00 crore or 16.91% of the total programme. Agriculture taken together with its related sectors of livestock, forestry, fisheries, cooperatives and food gets an allocation of Rs.116.02 crore which is 20.43% of the total development outlay during 1985-86. If one adds to it water, which is an essential input to agriculture, the percentage share goes upto 28% of the ADP.

- b) The major priority in ADP 1985-86 is education which gets 20.21% of the total ADP or Rs.114.70 crore as compared to Rs.48.89 crore in 1984-85. This is followed by health which has been allocated 11.98% of the resources or Rs.68.00 crore, compared with Rs.48.89 crore during 1984-85. ADP being a multi-sectoral programme there is a continuous emphasis on primary and secondary education, with a major focus on female education. The priorities within the health sector have been given to rural health, teaching hospitals, centres of excellence, with emphasis on consolidation and completion of on-going programmes.
- c) As a result of a conscious and deliberate policy, allocation to rural areas have further been increased and the schemes pertaining to rural areas account for about 70% of the programme during 1985-86. Special allocation of Rs.9.94 crore has been provided for the regional development of backward pockets within the rural areas. This is in addition to a very high allocation of Rs.51.10 crore given to rural development as compared to Rs.26.26 crore in 1984-85.
- d) Barani areas have been placed high in the hierarchies of importance in order to off-set the natural disadvantages inherited by them. In order to exploit their untapped potential an amount of Rs.79.95 crore has been provided for the schemes to be implemented in these areas. With the availability of water, which is a major constraint in these areas, the prospects for further development, particularly in agriculture, forestry and livestock are bright.
- e) The on-going programme has been reasonably protected and for this purpose an amount of Rs.341.53 crore has been allocated during 1985-86, with a view to ensuring completion of the maximum possible projects within the stipulated gestation period to avoid cost over run. It is

expected that as a result of this, 1158 number of schemes will be completed during 1985-86 compared with 925 in 1984-85, 779 in 1983-84 and 514 in 1982-83.

SECTORAL ALLOCATIONS:

The detailed sector-wise /sub-sector-wise profile of the programme is explained below:-

I. AGRICULTURE

The major programme-wise allocations under this sector are indicated in the table below which constitute 16.91% of the ADP 1985-86:

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
i)	Farm to Market Roads	54.00	56.25
ii)	Tubewell Electrification	1.90	1.98
iii)	Water Management	21.26	22.14
iv)	Improved Seeds	4.15	4.32
v)	Agriculture extention	3.27	3.41
vi)	Agriculture Mechanisation and Water Resource Development	3.28	3.42
vii)	Soil conservation	2.71	2.82
viii)	Agriculture Education and Training.	0.21	0.22
ix)	Agriculture Research	5.22	5.44
	Total	96.00	100.00

The farm to-market roads get the highest allocation within the sector and through this the continuing programme of these roads would be funded. This will ensure the construction of nearly 800 miles of metalled roads in the province. Second priority has been given to the water management programme under which it is expected that approximately 16,400 water courses will be improved. This is 22.14% of the total size of the sector. The emphasis reflects a high priority on water saving and additional availability of water for the agriculture sector. A sizeable allocation within the sector goes to agriculture research with a view to reinforcing efforts for having a

break through in the critical areas of agriculture. The provision for agriculture mechanization is at Rs.3.28 crore and in the case of agriculture extension the allocation has been kept at Rs.3.27 crore. A provision of Rs.1.90 crore has been made for Punjab Land Utilization Authority. An allocation of Rs.1.90 crore has also been made for setting up of 550 diesel tubewells in barani, sailaba and irrigated areas of the province. In addition to this a sum of Rs.21.00 lac would be provided as subsidy for the installation of 300 lift pumps in various areas. Similarly Rs.4.15 crore have been provided for the subsidy on various seeds.

LIVESTOCK

This sector has been given 1.45% of budget and following allocations have been made to various programmes under this Sector.

			(Rs.in crore)
S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Livestock Production	6.37	77.21
2.	Poultry Production	1.08	13.09
3.	Research & Science	0.80	9.70
		8.25	100.00

It will be seen that the major emphasis in this sector is on livestock production (allocation Rs.6.37 crore). This also reflects a shift from the narrow animal health oriented approach. In addition to livestock production, poultry production (1.08 crore) will also receive attention. The new programme includes establishment of a semen production unit in northern areas, propagation of teddy goats, strengthening of animal nutrition centre at Rakh Dera Chahal, improvement at barani livestock production research institute, Kheri Murat, strengthening of feed testing laboratory at Rawalpindi, and increasing the production of foot and mouth disease vaccine facilities. During 1985-86, it is expected to cover the treatment of 1.10 crore animals, arrange vaccination for 1.35 crore animals, and produce over 6 lac doses of semen.

III. FORESTRY

The allocation to this sector for ADP, 1985-86 has been made at Rs.8 crore

or 1.41% of the ADP. Effort will be made to consolidate the considerable work already undertaken. This would be achieved through better management, effective monitoring and preparation of working plans for existing plantations / areas.

The sub sector-wise allocations made for 1985-86 are given in the following table:—

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Afforestation	3.27	40.88
2.	Social Forestry	0.62	7.75
3.	Management of Forests/Buildings	0.37	4.62
4.	Watershed Management	0.44	5.50
5.	Range Management	0.63	7.88
6.	Parks & Recreation	1.10	13.75
7.	Research Education	0.43	5.37
8.	Wildlife Department	1.14	14.25
Total		8.00	100.00

During 1985-86, it is expected to complete linear plantation on 100 Av.miles, irrigated and riverain plantation on 13,800 acres and development of 254 acres of bed nurseries.

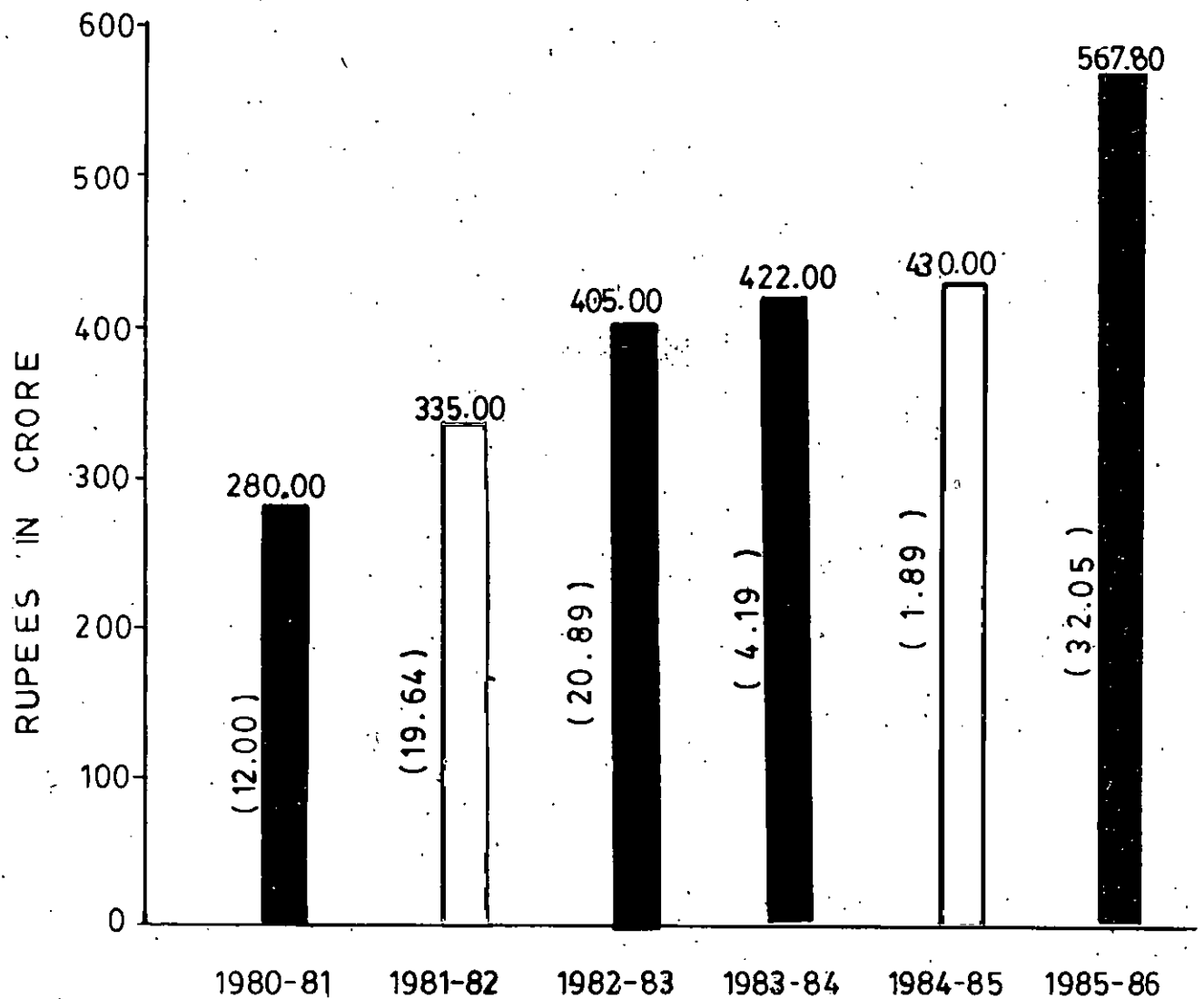
IV. RURAL DEVELOPMENT

In addition to allocations for other rural sectors such as agriculture, livestock, education and health, a major allocation of Rs.51.10 crore has been made for the Rural Development Programme for 1985-86. The break up of the programme is shown below:—

(Rs. in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
A-NORMAL PROGRAMME			
1.	Rural Roads	2.00	3.92
2.	Matching grants	12.44	24.34
3.	Special directive	1.00	1.96
4.	Focal points	5.54	10.84
5.	Model villages	0.82	1.60
6.	Small village level schemes	3.20	6.26
B-SPECIAL PROGRAMME		26.10	51.08
Total		51.10	100.00

ANNUAL DEVELOPMENT PROGRAMMES THE PUNJAB 1980-81 TO 1985-86



FIGURES IN PARENTHESES SHOW % INCREASE OVER PREVIOUS YEAR

Major emphasis in the normal programme of this sector is for the matching grant scheme. The allocation for this area is Rs.12.44 crore. The other important programme is that of focal points with an allocation of Rs.5.54 crore. Special allocation of Rs.26.10 crore is in addition to these programmes.

V. WATER AND POWER

An allocation of Rs.43.00 crores or 7.57% of the ADP has been made for this sector during 1985-86. Sub-sector-wise details are as follows: -

(Rs.in crore)			
S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Survey & Investigation	1.49	3.46
2.	Irrigation	8.41	19.56
3.	Drainage & Reclamation	7.77	18.07
4.	Miscellaneous	0.11	0.26
5.	Small Dams	1.77	4.12
6.	Rehabilitation of Canals and Drains	5.14	11.95
7.	SCARP VI	15.00	34.88
8.	Command Water Management	1.20	2.79
9.	Power	2.11	4.91
Total		43.00	100%

In this sector major emphasis continues to be on drainage, which accounts for 65% of the total allocations. The programme is reflected under Canal Remodelling Component SCARP-VI. Irrigation System Rehabilitation Project and the Drainage and Reclamation sub-sectors (total allocation Rs.27.92 crore). In addition to this provincial programme, WAPDA will be making an investment of Rs.68.90 crore within the province during 1985-86 for 8 different on-going SCARP Projects. The main activity under this programme will be in the areas of Faisalabad and Rahim Yar Khan. The Projects are SCARP-V Lower Rachna Khairwala Unit (Rs.14.70 crore) Lower Rachna Remaining Drainage-IV (Rs.14.50 crore) and SCARP-VI Panjnad Abbasia (Rs.18.50 crore).

In view of the unsatisfactory conditions of our canals due to deferred maintenance, a large amount is being made available for their rehabilitation. Under this programme Rs.5.14 crore have been reflected in the ADP. In addition Rs.12 crore or so will be forthcoming from the federal government as a matching share. Thus the total availability for canal rehabilitation would be of the order of Rs.17.14 crore during 1985-86. One of the major projects to be launched during the next year would be Gujranwala Agricultural Development Project, which has an irrigation as well as an agricultural component. This project is estimated to cost Rs.12 crore.

Another feature of the water sector would be an investment in small dams which is likely to be around Rs.50 crore in next 3 to 4 years. An allocation of Rs.2 crore, shown against power sector, is for the electrification of left-over 'abadis' (Rs.1.50 crore) and for cost sharing programme (Rs.0.50 crore). It is expected that during the year federal government is likely to make an investment in the rural areas for electrification of about 1400 villages.

VI. HEALTH

The allocation to this sector has been enhanced from Rs.49 crore during 1984-85 to Rs.68.00 crore giving an acceleration of 39 percent over the previous year. Sub-sectorwise details are as under:—

(Rs.in crore)			
S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Teaching Hospitals	16.78	24.68
2.	District Headquarters Hospitals	4.22	6.20
3.	Tehsil Headquarters Hospitals	4.50	6.62
4.	Medical Education	13.91	20.46
5.	Rural Health Programme:		
	a) Rural Health Centres	8.88	13.06
	b) Basic Health Units	12.68	18.65
6.	Stipends	3.05	4.48
7.	Special Programme	0.30	0.44
8.	Miscellaneous	3.68	5.41
	Total	68.00	100.00

The major priority here has been given to the rural areas. 32 percent of the total funds have been allocated for rural health centres and basic health units only.

If allocations for district headquarters hospitals and tehsil hospitals, which serve as

referral units for rural population, are also included then the allocation for rural health goes up to 45 percent. The next priority in this sector is for teaching hospitals and medical education. These two sub sectors together account for Rs.30.69 crore which is 45% percent of the total programme. Other major features of the ADP for 1985-86 in the health sector are as follows: -

- a) Maximum emphasis would be on consolidation and completion of on-going projects. The allocation for on-going schemes is 77% of the total programme. It is expected that by the end of 1985-86, 141 schemes would be completed in this sector.
- b) For the new districts, funds have been provided for tehsil hospitals at Mankera, Mian Channu, Rohjan, Kalur Kot and Karor Pacca.
- c) In the rural areas efforts would be made to complete all the BHUs and RHCs undertaken thus far. Work would also be undertaken on new BHUs (200) and RHCs(30).
- d) Centres of excellence are being set up in some of the major areas of health care. In this connection Cardiac Centre, ENT Diagnostic Centre, Nuclear Medical Centre, Cancer Institute and the Paediatric Institute, may be mentioned.
- e) An effort is being made to modernize the existing hospitals by providing modern equipment and improving the buildings under various projects. A major programme in this area would be the upgradation of tehsil and district headquarters hospitals and setting up of repair workshops for the equipments being used in medical institutions.
- f) To overcome the shortage of paramedical staff 5 paramedical schools are being set up in the province. For this purpose an allocation of Rs.67.50 lac has been made during 1985-86

VII. EDUCATION

An allocation of Rs.114.70 crore has been provided for the sector of Education and Training. The break-up of this is as follows:

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
A. 1.	Primary Education	14.00	12.21
2.	Secondary Education	31.26	27.25
3.	Teacher Education	1.20	1.05
4.	Technical Education	8.33	7.26
5.	Scholarships	4.50	3.92
6.	College Education	8.10	7.06
7.	Miscellaneous	2.19	1.91
8.	Special Education	3.43	2.99
B.	Special Programme for Development of Primary Education.	41.70	36.55
Total:		114.70	100.00

Major emphasis in this sector is on female education. In case of most of this programme the attempt has been to have a higher ratio for females in order to redress the imbalance of the past. On a provincial basis the allocation for female education is 52.58%. In case of primary education the investment ratio in case of female is as high as 90% percent. In secondary education the figure is 56% percent. In order to have adequate number of female teachers for the primary schools, a special project, with an allocation of Rs.71.40 lac, has also been started in the tehsils, for training P.T.C. female teachers. For this purpose a unit (estimated cost Rs.70,000 each) will be added in the girls high schools in all tehsils for imparting training to female P.T.C. teachers. Again in case of vocational training, 10 girls vocational institutes will be established during the course of the year. The major allocations in the education sector have been proposed for primary education followed by secondary education. 1230 primary schools for girls and 1350 mosque schools for boys will be established during the year. Out of the 500 primary schools proposed to be upgraded 60% will be for the girls. A total number of 256 middle schools will be raised to high level and of this 64% will be girls's schools.

Other features of the education sector are summarised below:—

- (a) Maximum effort has been made to complete a large number of schemes during the course of the year. Thus 68 out of 89 on-going schemes have been funded for 100% completion. Similarly, in case of 183 new schemes 100% funding has been provided for 94 schemes.
- (b) To ensure maximum participation of the community in the effort, a number of schemes have been kept in the ADP for upgradation of the primary and middle schools with a matching contribution from the local people. This local participation will be expected in the form of adequate buildings for such schools.
- (c) The buildings for 21 inter colleges and 5 degree colleges would be funded during 1985–86. For this purpose, a provision of Rs.4.56 crore has been made. Similarly extension and improvement of buildings of 7 inter colleges, 27 degree colleges and provision of 6 hostel buildings, will be undertaken with an allocation of Rs.3.54 crore during the year.
- (d) Rs.2.92 crore will be provided for the upgradation of poly-technic institutes at Lahore(Women), Sialkot, Faisalabad and Sargodha. Institute of Technology at Rahimyar Khan will also be completed with a further investment of Rs.55 lac. Three commercial institutes will also be established during the course of the year.
- (e) An allocation of Rs.3.43 crore has been made for special education. In this programme two centres of excellence, one for mentally retarded children and other for deaf, dumb and blinds will be set up in Lahore. In collaboration with various foreign agencies, an attempt will be made to have these institutes as close to the international standard as possible. In addition an institute for deaf, dumb and blind children will be set up at each divisional headquarter.

- (f) An educational institute for disadvantaged children will also be started during 1985-86 with an allocation of Rs.1.00 crore.
- (g) To ensure effective supervision in the education system particularly at the primary and secondary level, the inspecting hierarchy of the Education Department has been adequately strengthened through funds from the non-development budget.
- (h) A block allocation of Rs.41.70 crore has been kept mainly for the development of primary education in 1985-86.

VIII. REGIONAL PLANNING

The allocation for regional programme has been enhanced from Rs.7.25 crore during 1984-85 to Rs.9.94 crore in 1985-86 giving an acceleration of 63 percent. The areawise details are as follows:

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	D.G. Khan	3.69	37.12
2.	Murree	2.75	27.67
3.	Cholistan	1.35	13.58
4.	Soan Valley	1.50	15.09
5.	Shakergarh	0.65	6.54
Total:		9.94	100.00

In the case of D.G. Khan the focus is now mainly on the tribal areas and only 6 schemes in the settled areas are being funded which are currently under execution.

IX. ROADS AND BRIDGES

An allocation of Rs.32.00 crores has been made for this sector during 1985-86. The break-up of this is as follows:—

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Widening and Improvement	20.56	64.25
2.	Construction of new roads	3.15	9.84
3.	Bridges	5.09	15.91
4.	R.F.D./Misc.	2.20	6.88
5.	Block allocation	1.00	3.12
Total:		32.00	100.00

It will be seen that the major emphasis here is on widening and improvement of our deteriorating road network. This programme gets Rs.20.56 crore which is 64.25 percent of the total allocation of the sector.

X. RURAL WATER SUPPLY

An allocation of Rs.26.58 crore has been proposed during 1985-86 for rural water supply sector as against Rs.19 crore during 1984-85. In this connection, weightage has been given to the under-developed regions especially to the brackish and 'barani' areas. It is expected that during 1985-86 about 178 rural water supply schemes and 32 drainage schemes will be completed.

XI. URBAN WATER SUPPLY

The allocation for urban water supply schemes in ADP 1985-86 is Rs.13.00 crore. The major objective in this sector has been to complete the maximum number of on-going schemes. It is anticipated that during 1985-86, 24 water supply schemes and equal number of sewerage/drainage schemes would be completed.

XII. URBAN DEVELOPMENT

The allocation to the three development authorities in this sector has been made keeping in view the actual requirements of the projects and their phasing etc. The allocation of Rs.27.71 crore made for them would be given agency-wise as under:—

(Rs.in crore)			
S.No.	Name of the Programme	Allocation 1985-86	Percentage %
	L.D.A.	12.62	45.54
	F.D.A.	12.03	43.42
	M.D.A.	3.06	11.04
	Total:	27.71	100.00

XIII. INDUSTRIES & MINERAL DEVELOPMENT

An allocation of Rs.6 crore has been made during 1985-86 for this sector. The break up of this is as under:-

(Rs.in crore)

S.No.	Name of the Programme	Allocation 1985-86	Percentage
1.	Directorate of Industries	0.24	4.00
2.	Printing & Stationery	0.40	6.67
3.	Punjab Small Industries Corporation.	3.75	62.50
4.	Punjab Mineral Development Corporation.	0.61	10.16
5.	Block allocation	1.00	16.67
	Total	6.00	100.00

The major focus will be on small industry sector, where important programmes such as the rural loan fund, handicrafts development and turn key projects are being implemented. The Punjab Mineral Development Corporation has been allocated Rs.0.61 crore for preliminary surveys in order to explore the possibilities of large projects in the area of coal mining.

XIV. SPECIAL DEVELOPMENT PROGRAMME(SDP)

A Special Development Programme for the uplift of barani areas will also be introduced from 1985-86. The programme will extend to backward barani areas to cover initially the construction of small dams, harnessing of hill torrents and provision of afforestation, scientific hill farming and soil conservation. Two third of this programme will be financed from the foreign aid. This programme is in addition to the allocations made in the ADP and it is aimed at reducing the disparities in the regional development of the province. In terms of physical targets to be achieved in 1985-86 under this programme, work on 8 dams in various barani areas, construction of surface drains in D.G. Khan and Rajanpur and work on a pilot project Mithawan hill torrent will be undertaken during the year.