



**BUDGET WHITE PAPER**  
**1987-88**

**FINANCE DEPARTMENT,  
GOVERNMENT OF THE PUNJAB,  
LAHORE.**

**8th June, 1987.**

## INTRODUCTION

The White Paper is, as usual, being released on the 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 so as to provide a 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 the next year. These suggestions may please be sent to the Additional Finance Secretary (Budget) in the department.

I would like to take this opportunity to thank Mr. Arif Azim, Deputy Secretary (Resources), in the Finance Department, for the very useful work put in by him in compiling this document.

June 8, 1987

ZULIFQAR ALI SHAH  
FINANCE SECRETARY  
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## BUDGET AT A GLANCE

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(Rs. in crore)

	Budget 1986-87 -----	Revised 1986-87 -----	Budget 1987-88 -----
General Revenue Receipts	1179.07	1226.96	1290.09
Non-development Revenue Expenditure	2003.28	1997.83	2284.04
Revenue deficit:	824.21	770.87	993.95
General Capital Receipts	42.35	38.60	333.47
Non-development Capital Expenditure	83.87	103.11	382.69
Net Capital Receipts:	-41.52	-64.51	-49.22
Public Accounts Receipts	1192.56	1244.25	1243.42
Public Accounts Disbursements	1160.45	1223.14	1221.31
Net Public Accounts :	32.11	21.11	22.11
Net deficit in the Non-development Account:	833.62	814.27	1021.06

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## BUDGET IN BRIEF

### I. NON-DEVELOPMENT ACCOUNT

(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
<b>A: NON-FOOD ACCOUNT</b>			
<b>GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	702.23	699.48	792.29
Provincial Tax Receipts	213.54	231.45	246.45
Income from property and enterprises	40.58	61.56	10.09
Receipts from Civil Administration and other functions:			
General Administration	5.07	4.02	4.27
Law and Order	19.71	21.02	21.80
Community Services	8.89	9.12	10.27
Social Services	40.75	39.63	40.90
Economic Services	122.56	128.02	136.37
Miscellaneous (including ad-hoc Federal Grants)	25.74	32.66	27.65
<b>Total General Revenue Receipts:</b>	<b>1179.07</b>	<b>1226.96</b>	<b>1290.09</b>
<b>NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	155.71	154.48	157.44
Law and Order	172.61	181.11	190.04
Community Services	113.61	111.04	122.01
Social Services	673.77	646.61	783.98
Economic Services	304.83	306.82	323.77
Subsidies	128.20	115.91	147.27
Debt-servicing, Investible Funds and Grants	454.27	481.86	521.02
Miscellaneous (Unallocable)	0.28	..	..
Indexation of Pays and Pensions	..	..	38.51
<b>Total Non-Development Revenue Expenditure:</b>	<b>2003.28</b>	<b>1997.83</b>	<b>2284.04</b>
<b>a: Revenue Surplus/Deficit</b>	<b>- 824.21</b>	<b>- 770.87</b>	<b>- 993.95</b>

## II-DEVELOPMENT ACCOUNT

(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
<b>RECEIPTS</b>			
<b>A: PROVINCIAL CONTRIBUTION</b>			
Transfer from Deposit Account of Town Development Schemes	8.00	7.17	8.00
Sub-total:	8.00	7.17	8.00
<b>B: FEDERAL ASSISTANCE:</b>			
Cash Assistance			
a) Cash Grants (Revenue Account)			
i: Subsidy on tubewells	0.75	1.34	1.40
ii: 7-marlas Scheme			39.13
iii: Katchi Abadis and Rural Housing	26.09	26.09	52.17
iv: Special Programme for Education and Rural Development	26.08	..	..
v: Special Programme for Education and Rural Development(MNAs/ Senators).	..	52.19	..
vi: Special Programme for Education and Local Development.	..	..	52.17
Sub-total(a) Cash Grants:	52.92	79.62	144.87
b) Cash Grants (Capital Account)			
i: Japanese Grant	4.50	4.50	4.50
Sub-total(b) Cash Grants:	4.50	4.50	4.50
c) Cash Development Loans	586.60	585.12	650.77
Sub-total (Cash Assistance) a + b + c:	644.02	669.24	
<b>C : FOREIGN PROJECT ASSISTANCE :</b>			
a) Foreign Loans	8.11	9.00	8.49
b) Foreign grants	..	..	..
Sub-total Foreign Project Assistance:	8.11	9.00	8.49
<b>D : UTILISATION OF CASH BALANCE:</b>			
TOTAL RESOURCES :	660.13	750.27	816.63
MNAs/SENATORS PROGRAMME :	..	52.19	..
NET TOTAL RESOURCES :	660.13	698.08	816.63



(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88	% of total
<b>DEVELOPMENT EXPENDITURE</b>				
Agriculture	124.32	131.24	169.19	19
Rural Development	26.55	111.61	26.46	3
Water and Power	47.07	47.92	50.00	6
Industries and Minerals	6.49	6.42	5.19	0.5
Transport and Communications	35.64	38.48	38.96	4
Information, Culture and Tourism	4.47	4.00	2.10	
Physical Planning and Housing	158.38	176.81	241.66	27
Education and Training	101.85	107.72	115.75	13
Health	109.95	115.68	142.82	16
Transport	4.23	4.23	4.23	0.4
Social Welfare	2.52	1.98	2.77	0.3
Manpower and Training	3.73	3.84	4.74	0.5
Planning and Development	0.35	0.28	0.57	
Tourism	..	..	2.50	
Block allocations for :				
i: Chief Minister's Directives	6.36	..	15.00	2
ii: MKDA	2.91	..	2.91	0.3
iii: Special Programme for Education and Rural Development	26.09	..	..	
iv: Katchi Abadis and Rural Housing	26.09	..	..	
v: Special Development Programme for Murree	..	..	15.00	2
vi: Special Programme for Education and Local Development	..	..	52.17	6
<b>Gross Total :</b>	<b>687.00</b>	<b>750.27</b>	<b>892.02</b>	<b>100.00</b>
<i>Less—Operational Shortfall</i>	26.87	..	75.39	
<b>Development Expenditure</b>	<b>660.13</b>	<b>750.27</b>	<b>816.63</b>	
<i>Less—MNAs/SENATORS PROGRAMME</i>	..	51.72	..	
<b>Total Development Expenditure(Net)</b>	<b>660.13</b>	<b>698.55</b>	<b>816.63</b>	

## CHAPTER 1

### NON-DEVELOPMENT BUDGET

The non-development or the current budget of the Government of the Punjab comprises of the Non-development Revenue Account, the Non-development Capital Account and the Public Account of the province.

#### I. NON-DEVELOPMENT REVENUE ACCOUNT :

The Non-development Revenue Account of the provincial government consists of the general revenue receipts and the non-development revenue expenditure. General revenue receipts include proceeds of taxes (including the provincial share of the federal divisible taxes), charges for 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 ( fines and forfeitures).

The non-development revenue expenditure represents current expenditure on salaries, allowances of serving and pensions of retired civil servants, maintenance of socio economic infrastructure, service of public debt, disaster relief, consumption subsidies and other liabilities to be discharged in connection with the day-to-day functions of the government. Originally estimated at Rs.1179.07 crore, the general revenue receipts increased during the year to Rs.1226.96 crore in the revised estimates 1986-87 and are expected to increase further to Rs.1290.09 crore in the budget estimates 1987-88.

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. It has come down from Rs.2003.28 crore in the budget estimates 1986-87 to Rs.1997.83 crore in the revised estimates 1986-87 but is expected to go up to Rs.2284.04 crore in the budget estimates 1987-88.

A break-up of the general revenue receipts and non-development revenue expenditure, according to the main sources and categories, is given in Table I below :

**TABLE I**  
**REVENUE ACCOUNT.**

	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
<b>A: GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	702.23	699.48	792.29
Provincial Tax Receipts	213.54	231.45	246.45
Income from Property and Enterprises	40.58	61.56	10.09
Receipts from Civil Administration and other functions	196.98	201.81	213.61
Miscellaneous (other sources)	25.74	32.66	27.65
<b>Total General Revenue Receipts:</b>	<b>1179.07</b>	<b>1226.96</b>	<b>1290.09</b>
<b>B: NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	155.71	154.48	157.44
Law and Order	172.61	181.11	190.04
Community Services	113.61	111.04	122.01
Social Services	673.77	646.61	783.98
Economic Services	304.83	306.82	323.77
Subsidies	128.20	115.91	147.27
Debt servicing, invisible funds and grants	454.27	481.86	521.02
Miscellaneous (unallocable)	0.28	-	-
Indexation of pays and pensions	-	-	38.51
<b>Total Non-Development Revenue Expenditure:</b>	<b>2003.28</b>	<b>1997.83</b>	<b>2284.04</b>
<b>Revenue Deficit (B-A):</b>	<b>(-) 824.21</b>	<b>(-) 770.87</b>	<b>(-) 993.95</b>

The decrease in the revenue deficit from Rs. 824.21 crore in the budget estimates to Rs.770.87 crore in the revised estimates 1986-87 was mainly on account of the following factors :

- i: austerity measures and economy in non-essential expenditure;
- ii: an unanticipated increase in receipts particularly from cotton fee on account of a bumper cotton crop;
- iii: a decrease in the expenditure on wheat subsidy due to derationing.

Despite the anticipated increase in provincial receipts, the revenue deficit of the Punjab government is expected to increase to Rs. 993.95 crore in the budget estimates 1987-88. The primary reasons for the rise in the revenue deficit are increase in the debt servicing liability, wheat subsidy, enhanced expenditure on police and larger allocations for the social, economic and community services.

## II. NON-DEVELOPMENT CAPITAL ACCOUNT:

This account is composed 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 the Federal Government, extraordinary 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 foodgrains.

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 commodity operations.

The non-development capital account shows an excess of payments over the receipts amounting to Rs. 41.52 crore in the budget estimates 1986-87, Rs.64.51 crore in the revised estimates 1986-87 and Rs. 49.22 crore in the budget estimates 1987-88.

### III. PUBLIC ACCOUNT OF THE PROVINCE:

The public account transactions of the provincial government, which are outside the Provincial Consolidated Fund both on the receipt and expenditure side, comprise of the unfunded debt, deposits and advances and remittances.

Net public account receipts in the budget estimates 1986-87 showed a surplus of Rs. 32.11 crore. While in the revised estimates 1986-87 the net receipts came down to Rs. 21.11 crore, these are expected to increase to Rs. 22.11 crore in the budget estimates 1987-88. The surplus in the public account transactions is on account of higher receipts from contributions of government employees into the provident funds as compared to the disbursements. These transactions are reflected under the 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 below :

TABLE . 2

**NET SURPLUS/DEFICIT IN THE NON-DEVELOPMENT BUDGET**

(Rs. in crore)

	<u>Budget 1986-87</u>	<u>Revised 1986-87</u>	<u>Budget 1987-88</u>
Revenue deficit	(-) 824.21	(-) 770.87	(-) 993.95
Deficit in Capital Account	(-) 41.52	(-) 64.51	(-) 49.22
Net Public Account Receipts	32.11	21.11	22.11
<b>Total deficit</b>	<u>(-) 833.62</u>	<u>(-) 814.27</u>	<u>(-) 1021.06</u>

A perusal of the Table 2 reveals that the net deficit in the non-development budget of the Punjab Government has decreased from Rs.833.62 crore in the budget estimates 1986-87 to Rs.814.27 crore in the revised estimates but is expected to go up to Rs.1021.06 crore in the budget estimates 1987-88.

The deficit is primarily on account of the growing gap between the non-development revenue expenditure (growing at a very high rate on account of government's investments in the social, economic and community services) and income accruing from general revenue receipts. The deficits are being met through special federal grants.

## CHAPTER 2

### GENERAL REVENUE RECEIPTS

General revenue receipts of the province include the following :

- a: proceeds from taxes (including the provincial share of the federal divisible taxes);
- b: charges for services rendered by government agencies;
- c: income accruing from commercial activities undertaken by some departments;
- d: return on investment in properties, securities and enterprises;
- e: interest on loans advanced to public corporations/local bodies/government servants, and
- f: revenue incidental to the control functions of the government (fines and forfeitures).

Originally estimated at Rs.1179.07 crore, the general revenue receipts have increased by Rs.47.90 crore during the year and stood at Rs.1226.96 crore in the revised estimates 1986-87. These are expected to rise to Rs.1290.09 crore in the budget estimates 1987-88 implying an increase of Rs.111.02 crore over the budget estimates for the previous financial year. A break-up of the general revenue receipts has been 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, is based on the Distribution of Revenues and Grant-in-Aid Order of 1985 (President's Order No.2 of 1975), which lays down that the provinces shall be allocated 80% of the net proceeds of the shareable federal taxes namely:

- i: export duty on cotton;
- ii: taxes on sales and purchases, and
- iii: taxes on income, including corporation tax but excluding taxes on remuneration paid out of the Federal Consolidated Fund.

The percentage 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
N.W.F.P.	13.39
Baluchistan	5.30
	<u>100.00</u>

The detail of receipts from the federal divisible taxes, as intimated by the Federal Government, are indicated in Table 3.

TABLE 3  
FEDERAL DIVISIBLE TAXES

	Budget 1986-87	Revised 1986-87	Budget 1987-88
Export Duty on cotton	14.60	5.35	-
Income Tax	451.68	443.00	521.17
Sales Tax	235.95	251.13	271.12
Total	<u>702.23</u>	<u>699.48</u>	<u>792.29</u>

## II. PROVINCIAL TAX RECEIPTS:

The income from provincial taxes has increased from Rs.213.54 crore in the budget estimates 1986-87 to Rs.231.45 crore in the revised estimates and is expected to increase further to Rs.246.45 crore in the budget estimates 1987-88. The details are available in Table 4 on the following page.

The indirect taxes show an increase of Rs.28.93 crore in the revised estimates 1986-87 over the budget estimates 1986-87 due to the abolition of the capital gains tax, which was a direct tax, and its merger with stamp duty which is an indirect levy. The receipts from cotton fee have registered a sharp



increase over the budget estimates but on the whole, the indirect taxes, with the exception of provincial excise and entertainment duty, have shown improvements during the year as against the original estimates. The direct taxes, after accounting for the abolition of the capital gains tax, have shown a slight increase on account of an increase in receipts from land revenue. The decrease in the receipts from taxes on transfer of property are due to the merger of some of the receipts from the registration fee with the stamp duty in the urban areas.

Provincial tax receipts are likely to increase in the budget estimates 1987-88 by Rs.15.00 crore over the revised estimates 1986-87 primarily on account of anticipated improved collection especially in the case of the transfer of property tax, land revenue and motor vehicles tax and an expected increase in receipts on account of stamp duty and electricity duty.

TABLE 4  
PROVINCIAL TAX RECEIPTS

	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
<b>DIRECT TAXES:</b>			
Agriculture Income Tax	0.05	0.04	0.05
Urban Immovable Property Tax	6.02	6.15	6.73
Taxes on transfer of property	13.20	9.96	11.06
Land Revenue	19.30	23.95	25.01
Capital Gains Tax	13.37	0.82	..
Taxes on Professions, Trades and Callings	3.00	3.00	3.00
<b>Total Direct Taxes:</b>	<b>54.94</b>	<b>43.92</b>	<b>45.85</b>
<b>INDIRECT TAXES:</b>			
Excise Duty on Natural Gas	2.96	5.39	5.88
Provincial Excise	3.21	3.15	3.30
Sale of Opium	0.34	0.36	0.36
Stamp Duties	69.80	86.91	94.73
Motor Vehicles Tax	36.50	38.18	42.54
Entertainment Tax	18.65	15.70	15.75
Education Cess	0.07	0.07	0.07
Cotton Fee	8.00	18.57	18.00
Tax on Hotels	0.82	0.92	0.92
Electricity Duty	16.50	16.53	17.30
Others	1.75	1.75	1.75
<b>Total Indirect Taxes :</b>	<b>158.60</b>	<b>187.53</b>	<b>200.60</b>
<b>Total Provincial Taxes:</b>	<b>213.54</b>	<b>231.45</b>	<b>246.45</b>

### III. INCOME FROM PROPERTY AND ENTERPRISES:

Income from property and enterprises represents mark-up on soft loans advanced by the provincial government to its employees for the construction of houses and purchase of conveyance, to the farmers for purchase of agricultural inputs and sinking of tubewells etc., and to the local bodies and provincial public corporations for financing their development programmes. It also includes dividends on investment of cash balances of the provincial government in government securities. Receipts from this source are expected to aggregate at Rs.10.09 crore during 1987-88 against Rs.61.56 crore in the revised estimates 1986-87 and Rs.40.58 crore in the budget estimates 1986-87. The abnormal increase in the revised estimates 1986-87 is because of the mark-up payable by the Food Department, the Punjab Seed Corporation and the Punjab Agricultural Development and Supply Corporation on loans advanced by the Federal Government for commodity operations and does not constitute an increase in income in the real sense.

### 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 1986-87	Revised 1986-87	Budget 1987-88
General Administration and Law and Order	24.78	25.04	26.07
Community and Social Services	49.64	48.75	51.17
Economic Services	122.56	128.02	136.37
Total	196.98	201.81	213.61

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 stationery and printing etc., charges recovered by the Government 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 1986-87	Revised 1986-87	Budget 1987-88
General Administration	5.07	4.02	4.27
Administration of Justice	4.44	4.85	5.08
Police	13.25	14.19	14.89
Jails	1.88	1.88	1.67
Civil Defence	0.14	0.10	0.16
<b>Total :</b>	<b>24.78</b>	<b>25.04</b>	<b>26.07</b>

Receipts from civil administration and law and 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 forfeitures, receipts from record rooms and collection of payments for services rendered. Receipts from the police include charges for the force supplied to the Federal Government and public departments, fees, fines and forfeitures. In respect of jails, receipts mainly accrue from the sale of manufactured goods, and in case of civil defence, these are reimbursements from the Federal Government and fine realization. The increase of Rs.0.26 crore in the revised estimates over the budget estimates 1986-87 is primarily due to an increase in fees and fines.

TABLE 7

B: RECEIPTS FROM COMMUNITY AND SOCIAL SERVICES:

	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
Works	7.08	7.18	8.24
Public Health	1.82	1.94	2.04
Education	20.98	20.91	21.18
Health	7.86	5.76	6.15
Manpower Management	0.06	0.04	0.04
Housing and Physical Planning	11.44	12.47	13.02
Receipts under the Wild Birds and Wild Animals Protection Act	0.40	0.45	0.50
<b>Total:</b>	<b>49.64</b>	<b>48.75</b>	<b>51.17</b>

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

Receipts from works are derived from civil works, tolls on roads and bridges, sale of tender forms, registration fee of contractors and confiscation of earnest money. In respect of public health, these include collection of payments for services rendered, recovery of departmental charges etc. As for education, the main sources of receipts are fees in schools, colleges, universities and other educational institutions. Receipts from health include hospitals receipts and fees charged by medical colleges. Manpower management receipts include receipts from employment organisations and receipts under the West Pakistan Shops and Establishments Ordinance, 1969. Those from Housing and Physical Planning are from the sale

of plots and buildings, income from satellite town schemes and collection of payments for services rendered etc. Receipts under the Wild Birds and Wild Animals Protection Act include receipts collected under the various provisions of the Act.

The decrease in the revised estimates 1986-87 over the budget estimates 1986-87 is mainly due to the fall in receipts from health because of the abolition of bed charges.

TABLE 8

C: RECEIPTS FROM ECONOMIC SERVICES:

	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
Agriculture	14.30	14.85	15.55
Fisheries	1.23	1.33	1.45
Animal Husbandry	4.45	4.41	5.04
Forest	13.37	16.96	19.68
Cooperation	0.13	0.14	0.13
Irrigation	80.65	82.17	85.99
Printing and Stationery	6.93	6.60	6.90
Industries	1.50	1.56	1.63
<b>Total:</b>	<b>122.56</b>	<b>128.02</b>	<b>136.37</b>

Receipts from economic services accrue from agriculture, fisheries, animal husbandry, forests, cooperation, irrigation, printing and stationery and industries.

Agricultural receipts are receipts from experimental and seed farms, hire charges of bulldozers, boring operations, research stations and soil conservation. Animal husbandry generates receipts from livestock and broiler farms, insemination

fees and income from research institutes. Forest income includes sale dues of timber and other produce and from the Jallo Rosin Factory. Cooperation receipts are mainly on account of income from demonstration farms and training institutes. Irrigation receipts are derived from water rates, direct receipts from canals, land reclamation and irrigation research institutes. Receipts under printing and stationery include printing charges, sale of government publications, forms, registers and stationery while the receipts from industries come from sale proceeds of finished goods, store purchases and fees etc.

The improvement in the revised estimates 1986-87 as compared with the budget estimates 1986-87 is primarily due to an increase in the extraction of timber from matured forests and larger receipts from irrigation (water rate). The receipts from economic services are likely to improve still further during 1987-88.

#### V. MISCELLANEOUS:

Miscellaneous receipts include federal grants, arms licences fees and other receipts. Against Rs.25.74 crore in the budget estimates 1986-87, the revised estimates 1986-87 have been fixed at Rs.32.66 crore. The rise is primarily due to the increase in receipts from arms licences. Budget estimates 1987-88 have been fixed at Rs.27.65 crore.

## CHAPTER 3

### NON-DEVELOPMENT REVENUE EXPENDITURE

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

The expression non-development expenditure is a misnomer because it tends to convey the impression that all current expenditure on the day-to-day business of the government is unproductive and, therefore, wasteful. This is entirely misleading. In fact, the so-called non-development expenditure has a strong socio-economic bias as it is not only necessary to maintain 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 existing socio-economic infrastructure. A school or a hospital building would be useless without teachers, doctors or equipment which are provided from the non-development expenditure. Communication or irrigation networks would become a liability rather an asset if these were not properly maintained.

The general impression that non-development expenditure is mostly incurred as wasteful expenditure on 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 1987-88, it is 53.62% of the budget. Secondly, only a small percentage of the budget is spent on the so-called non-development departments within these services. Taking the example of health, for which Rs.156.98 crore have been allocated in the budget estimates 1987-88, about Rs.68 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 25.45% of the non-development budget 1987-88 and most of this would be incurred towards the pay and allowances of teachers and purchase

or replacement of educational equipment. In this way, the expansion of the physical infrastructure is met from the development budget while the expenditure on its maintenance as well as on the social infrastructure takes place through the non-development budget.

While formulating the budget estimates 1987-88, an effort has been made to make the non-development budget complementary to the development effort of the province. To meet this desirable, the following guiding principles have been adopted:

- i: to maximise the provision 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, and
- 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.

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 fields 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.2003.28 crore in the budget estimates 1986-87. In the revised estimates 1986-87, the expenditure came down to Rs.1997.83 crore but will go up to Rs.2284.04 crore in the budget estimates 1987-88.

The slight fall of Rs.5.45 crore in the revised estimates 1986-87 over the corresponding budget estimates is attributable to austerity measures, a cut-down on non-essential expenditures and a decrease in subsidies on wheat following the government's derationing policy.



Budget estimates 1987-88 show a rise of Rs.274.47 crore over the revised estimates 1986-87. The reasons for the increase are as follows:

- i. education with an allocation of Rs.581.40 crore against Rs.476.25 crore in the revised estimates has the highest priority in pursuance of the Prime Minister's Five Point Programme. The new budget includes creation of a large number of posts of teachers and lecturers, establishment and upgradation of schools and colleges, provision of furniture, maintenance and repairs of buildings and books for the educational institutions. In addition to this, a provision of Rs.2.5 crore has been made for the first time for non-government educational institutions to provide incentives to the private sector;
- ii. the recurring budget of the police has been increased massively in an attempt to strengthen the deficient areas. An amount of Rs.150.57 crore has been set aside for the police in the budget estimate 1987-88 which includes Rs.11 crore for additions to manpower. Rs.6 crore have been provided for transport and Rs.1.50 crore for purchase of wireless sets;
- iii. the allocation for health stands at Rs.156.98 crore against Rs.134.64 crore in the revised estimates 1986-87. The major expenditure would be on recruitment of medical officers and paramedical staff and improvement of facilities in the rural areas;
- iv. the allocation for the Public Health Engineering Department, which has been more or less nominal in the past, has been increased to Rs.7.40 crore from Rs.5.30 crore in the revised estimates for 1986-87. The allocation for Housing and Physical Planning includes Rs.20 crore each for the 3-Marla Scheme in the urban areas and the Jinnah Abadis in the rural areas;
- v. the provision for Jails in the budget estimates 1987-88 stands at Rs. 19.54 crore as against Rs.16.74 crore in the revised estimates 1986-87. The increase is due to the creation of new posts of supervisory staff;
- vi. the budget estimates 1987-88 show an increase of Rs.54.83 crore in the debt servicing liability over the revised estimates 1986-87 from Rs.452.04 crore to Rs.506.87 crore. This is a usual increase which results an account of cash development loans from the Federal Government for the provincial ADP;
- vii. the expenditure on subsidy is likely to rise in the next financial year to a level of Rs.147.27 crore compared to Rs.115.91 in the revised estimates 1986-87 due to the fixation of a low issue price by the government and the total off-take has to be estimated keeping in view the requirements of the rural areas as well;
- viii. due allowance has been made for the proper maintenance of the capital assets of the province with allocations of Rs.35.12 crore for roads and bridges, Rs.42.04 crore for buildings and Rs.101.54 crore for the irrigations network (including tubewells and flood embankments);

- ix. pensions will figure at Rs.90.52 during 1987-88 from Rs.86.02 crore in 1986-87. An amount of Rs.38.51 crore has been set aside separately for the anticipated indexation of pays and pensions during 1987-88, and
- x. an expenditure of Rs.3.32 crore would be incurred for the development schemes to be transferred to the non-development budget in 1987-88.

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

#### I. GENERAL ADMINISTRATION:

The broad details of expenditure of general administration are given in Table 9.

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**TABLE 9**

**EXPENDITURE ON GENERAL ADMINISTRATION**

(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
	-----	-----	-----
Organs of State	43.16	42.24	38.17
Fiscal Administration	103.75	101.88	109.67
Economic Regulation	2.52	2.95	2.71
Statistics	3.49	3.42	3.72
Publicity and information	2.79	3.99	3.17
<b>Total:</b>	155.71	154.48	157.44

---

Although the expenditure on general administration has gone down from Rs.155.71 crore in the budget estimates to Rs.154.48 crore in the revised estimates, it is like to rise to Rs.157.44 crore during 1987-88 on account of the usual budgetary enhancements.

## 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

	Budget 1986-87	Revised 1986-87	Budget 1987-88
Justice : Law Courts	12.15	12.30	13.34
Police and Civil Armed Forces	136.64	145.47	150.57
Jails and Detention Places	16.68	16.74	19.54
Civil Defence	1.37	1.22	1.43
Training and Research in Law and Order	3.95	3.74	3.17
Others	1.81	1.64	1.99
Total	172.61	181.11	190.04

Increase in the revised estimates over the budget estimates 1986-87 is due to additional expenditure incurred on the strengthening of the police force, reorganisation of the Special Branch and the conversion of the Punjab Reserve Police into the Punjab Constabulary.

The increase in the budget estimates 1987-88 over the budget estimates 1986-88 is due to an aggregate increase in the expenditure of Rs.13.93 crore of the police force mainly for the following new items :

	(Rs. in crore)
i. general increase in the strength of the police force	6.55
ii. creation of new police posts and upgradation of some to police stations	0.25

	(Rs. in crore)
iii. purchase/replacement of transport	6.00
iv. purchase/replacement of wireless sets	1.50
v. purchase of arms and ammunition	1.00
vi. creation of new posts and mounted squad in the Punjab Constabulary	4.00

The expenditure on jails and detention places is expected to increase to Rs.19.54 crore on account of recruitment of additional supervisory staff.

### III. COMMUNITY SERVICES:

Community services include the road communication network, government buildings, water supply, sanitation and sewerage arrangements. Details of expenditure on community services are given in Table 11.

TABLE 11  
EXPENDITURE ON COMMUNITY SERVICES

	Budget 1986-87	Revised 1986-87	Budget 1987-88
	-----	-----	-----
Works	107.48	105.11	114.93
Punjab Health Services (water-supply, sanitation, sewerage and refuse disposal)	5.57	5.30	6.49
Other Community Services	0.56	0.63	0.59
<b>Total:</b>	<b>113.61</b>	<b>111.04</b>	<b>122.01</b>

The responsibility for providing community services vests solely in the government for the obvious reason that these services cannot be provided individually in the private sector.

Revised estimates 1986-87 show a decrease of Rs.2.57 crore on account of reduction in expenditure relating to works. The increase in budget estimates 1987-88 over the revised estimates 1986-87 is primarily due to a larger allocation for the Public Health Engineering Department.

#### IV. SOCIAL SERVICES:

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

TABLE 12  
EXPENDITURE ON SOCIAL SERVICES

	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
Education	500.38	476.27	581.40
Health	138.88	134.64	156.98
Manpower and Labour Management	3.72	3.72	4.18
Housing and Physical Planning	16.49	16.92	23.52
Sports and recreational facilities	4.05	4.39	4.43
Social security and social welfare	7.18	7.48	9.30
Natural calamities and other disasters	1.03	1.13	1.92
Religious affairs	2.04	2.06	2.25
<b>Total</b>	<b>673.77</b>	<b>646.61</b>	<b>783.98</b>

A decrease of Rs.27.16 crore has been registered in the revised estimates 1986-87 over the corresponding budget estimates. The budget estimates 1987-88 for social services show an increase of Rs.137.37 crore over the revised estimates 1986-87. The main increase is primarily in the fields of education, health and housing and physical planning.

## 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 1987-88 register an increase of Rs.105.13 crore over the revised estimates 1986-87, of which a substantial portion is due purely to increased expenditure by the education department while the balance is shared by educational institutions like medical colleges, training institutions of the labour department, libraries, archives and museums.

The increase in the expenditure on education in the budget estimates 1987-88 over the revised estimates 1986-87 is on account of the following:

	(Rs. in crore)
i: creation of 702 posts of male and female lecturers for the colleges in the Punjab	1.57
ii: provision of science equipment and furniture for college education	3.00
iii: creation of 3842 P.T.C. posts in primary schools in each union council	3.06
iv: creation of 50% posts with the provision for establishment of nine Government Commercial Training Institutes for boys and twelve for girls	1.19
v: creation of 1578 posts of Supervisors/Learning Coordinators (one male/one female) at the union council level	1.38
vi: provision of matching grants for colleges (male and female)	1.50
vii: introduction of high secondary classes in sixty high schools (boys and girls)	2.50
viii: provision of science material for the high schools	3.00
ix: furniture and fixtures for high schools	4.00
x: provision of sports material to the schools;	3.00
xi: creation of 7000 new posts of PTC teachers for high, middle and primary-schools (boys and girls)	5.00
xii: creation of 1500 news posts of ESTs and 1900 posts of Arabic teachers for middle schools and 1000 posts of SSTs for high schools	3.89

xiii:	provision of furniture for teaching staff in schools	2.00
xiv:	upgrading of 536 primary schools to the middle standard, 150 middle schools to high schools and 10 intermediate colleges to the degree level	2.83
xv:	opening of 1462 mosque schools, 2900 primary schools for girls, 15 intermediate colleges and introduction of post-graduate classes in degree colleges	2.44
xvi:	creation of balance posts and other provisions for Government Colleges of Commerce and Government Commercial Training Institutes, and	0.98
xvii:	creation of posts and other provision for the establishment of twenty-four new Government Vocational Institutes for women	0.61

A total number of 32687 new posts of school-teachers (30472) and lecturers (2215) have been created during 1987-88.

Table 13 indicates budgetary allocations for different levels of education:

---

**TABLE 13**

**EXPENDITURE ON EDUCATION**

(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
	-----	-----	-----
Colleges	64.79	63.92	74.36
Secondary education	117.23	114.46	145.61
Primary education	228.18	219.77	282.61
Technical education	21.19	19.93	24.03
Special education (schools for handicapped/retarded)	5.18	4.75	6.02
<b>Total :</b>	<b>436.57</b>	<b>422.83</b>	<b>532.63</b>

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Primary education continues to receive the highest priority within the education department. This is in line 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.138.88 crore in budget estimates 1986-87 to Rs.134.64 crore in revised estimates 1986-87 while an expenditure of Rs.156.98 crore is anticipated in the budget estimates 1987-88. The increase over the revised estimates is mainly on account of the following reasons :

	(Rs. in crore)
i: replacement of unserviceable equipment in various hospitals	15.00
ii: creation of additional posts of doctors in the Mayo Hospital and Services Hospital, Lahore	2.13
iii: creation of staff for 16 RHCs, 64 Sub-RHCs and 162 BHUs	3.06
iv: creation of 161 posts of specialists in THQs	0.50

## V: ECONOMIC SERVICES:

Detailed expenditure on economic services is indicated in Table 14.

TABLE 14  
EXPENDITURE ON ECONOMIC SERVICES

	Budget 1986-87	Revised 1986-87	Budget 1987-88
Agriculture and Food	116.91	114.30	122.96
Irrigation	156.54	160.92	165.13
Land Reclamation	2.22	2.21	2.40
Rural Development	11.19	11.78	14.24
Industries and Mineral Resources	17.45	17.27	19.04
Other Economic Services	0.52	0.34	..
<b>Total</b>	<b>304.83</b>	<b>306.82</b>	<b>323.77</b>



The expenditure on economic services shows an increase of Rs. 1.99 crore in the revised estimates over the budget estimates 1986-87 on account of irrigation.

The increase in the budget estimates 1987-88 over the revised estimates 1986-87 amounting to Rs. 16.95 crore is mainly reflected in agriculture and food and irrigation. This is due to the following reasons:

	(Rs. in crore)
i: allocation of funds for the maintenance of buildings and the Ghazi Ghat Complex	0.47
ii: additional provisions for thinning, felling and regeneration and for clearance of backlog in forests	0.50
iii: creation of 43 posts of Stock Assistants to cover the deficiencies and replacement of obsolete equipment for artificial insemination, and	0.25
iv: replacement of vehicles of the Soil Conservation Directorate, the Crop Reporting Service, the Extension Wing and the On Farm Water Management Services and the replacement of tractors and implements in the government farms	1.33

#### VI: SUBSIDIES:

Revised estimates 1986-87 indicate a fall of Rs.12.29 crore over the corresponding budget estimates. The decrease is due to the derationing policy of the government. The budget estimates 1987-88 have been kept at Rs.147.27 crore as against the revised estimates of Rs.115.91 crore for 1986-87. This is discussed in greater detail in Chapter 5.

#### VII: DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS:

Expenditure under this head is mainly incurred as payment of mark-up on provincial debt. It also includes grants made by the provincial government to autonomous bodies and other institutions like the Punjab Economic Research Institute, Cholistan Development Authority and the Punjab Land Utilisation Authority.

Debt servicing liability of the province under this head was projected at Rs.454.27 crore in the budget estimates 1986-87. It increased to Rs.481.86 crore in the revised estimates due mainly to an increase in the quantum of cash development loans obtained from the Federal Government for investment in the Annual

Development Programme and larger payments of mark-up on loans given by the Federal Government for commodity operations. In the budget 1987-88, this is estimated at Rs.521.02 crore.

VII: MISCELLANEOUS (UNALLOCABLE) ITEMS OF EXPENDITURE:

The budget estimates 1986-87 showed an amount of Rs. 0.28 crore under this head which does not figure in the revised estimates and similarly, no provisions have been made for 1987-88.

## CHAPTER 4

### 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: grants from the Federal Government;
- ii: extraordinary receipts;
- iii: public debt, and
- iv: recoveries of loans and advances extended by the provincial government.

The receipts forming 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 foodgrains. 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 the commercial banks. Account No. II is maintained with 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.485.63 crore in the budget estimates 1986-87 has increased to Rs.647.26 crore in the revised estimates 1986-87 due to larger off-take of wheat. The target for 1987-88 has been fixed at Rs.469.86 crore keeping in view the anticipated procurement.

Details of the capital receipts accruing to Account No. I are given in

the table below:

**TABLE 15**  
**NON-DEVELOPMENT CAPITAL RECEIPTS**  
(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
Grants from the Federal Government	14.46	8.46	24.00
Extraordinary Receipts	15.22	16.13	17.29
Public Debt (Borrowing)	7.48	7.75	15.17
Recoveries of Loans and Advances	5.19	6.26	5.80
Domestic Debt	..	..	271.21
<b>Total:</b>	<b>42.35</b>	<b>38.60</b>	<b>333.47</b>

**1. FEDERAL GRANTS:**

The 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.14.46 crore was expected from the Federal Government during 1986-87. The revised estimates 1986-87 have been fixed at Rs.8.46 crore in the light of releases made by the Federal Government. A provision of Rs.24.00 crore has been made in the budget estimates 1987-88 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.16.13 crore reflect an increase of 5.98 per cent over the budget estimates of Rs.15.22 crore for 1986-87. These are estimated at Rs.17.29 crore for 1986-87.

**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 obtained by the provincial government from the general public and financial institutions. Ways and Means advances are resorted to 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 due from the Federal Government. Public debt receipts have increased from Rs. 7.48 crore in budget estimates 1986-87 to Rs.7.75 crore in the revised estimates 1986-87 and are estimated at Rs.15.17 crore for 1987-88.

#### 4. RECOVERY OF LOANS AND ADVANCES:

The provincial government advances loans to its employees, cultivators and to various local and autonomous bodies for specific purposes. Loans are advanced to government servants for purchase of residential plots, purchase, repair and construction of houses and for the purchase of motor cars, 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 the 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 increased from Rs.5.19 crore in the budget estimates to Rs.6.26 crore in the revised estimates 1986-87 due to an increase in recovery of loans from municipal committees through deductions at source. A provision of Rs.5.80 crore has been made in anticipation of recoveries of loans and advances during the financial year 1987-88.

#### 5 DOMESTIC DEBT :

The receipts of Rs. 271.21 crore accruing to the government in 1987-88 will be Payments by the Food Department, the Punjab Seed Corporation and the Punjab Agriculture Development and Supply Corporation to the provincial government in repayment of loans advanced by the Federal Government for commodity operations. These receipts will be passed on to the Federal Government to discharge the provincial liability.

CAPTER 5  
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 medicine 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 the non-development capital expenditure are given in Table 16.

TABLE 16  
NON-DEVELOPMENT CAPITAL EXPENDITURE  
(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88
<b>ACCOUNT NO. I</b>			
Highways, Roads and Bridges	14.46	8.46	24.00
Debt Servicing	37.06	38.33	322.96
Loans and Advances	33.80	57.80	37.30
State Trading in Medicines and Coal	(-) 1.45	(-) 1.48	(-) 1.57
<b>Total Account No. I:</b>	<b>83.87</b>	<b>103.11</b>	<b>382.69</b>
<b>ACCOUNT NO. II</b>			
State Trading in Foodgrains (Net)	10.56	205.15	(-) 17.97
Debt Servicing	475.08	442.10	487.83
<b>Total Account No. II:</b>	<b>485.64</b>	<b>647.25</b>	<b>469.86</b>
<b>Grand Total Accounts I &amp; II:</b>	<b>569.51</b>	<b>750.36</b>	<b>852.55</b>

## 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.14.46 crore in the budget estimates 1986-87 to Rs.8.46 crore in the revised estimates due to the release of lesser funds by the Federal Government and has been fixed at Rs.24.00 crore for 1987-88.

## II. DEBT SERVICING IN ACCOUNT NO. I :

Debt servicing in Account No.I 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.37.06 crore in budget estimates 1986-87 to Rs.38.33 crore in the revised estimates due to unfavourable fluctuations in the exchange rates and the consequential increase in foreign debt liability. Budget estimates 1987-88 have been fixed at Rs.322.96 crore. This abnormal increase is due to the loans advanced by the Federal Government for commodity operations which will mature for repayment on 1.7.1987. 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 1986-87 are given in Table 17 overleaf.

TABLE 17  
MARKET LOANS OF THE PUNJAB GOVERNMENT

(Rs. in crore)			
Name of the loans	Year of Issue	Date of maturing	Amount
10.50% Punjab Loan 1987	1977	28.8.1987	5.06
10.50% Punjab Loan 1988	1978	12.9.1988	7.58
10.50% Punjab Loan 1989	1979	12.9.1989	7.85
10.75% Punjab Loan 1991	1981	27.8.1991	7.52
10.75% Punjab Loan 1992	1982	13.9.1992	9.05
10.75% Punjab Loan 1994	1984	21.6.1994	10.52
10.75% Punjab Loan 1996	1986	13.9.1996	2.73
			50.31

**B. REPAYMENT OF FEDERAL LOANS:**

Since 1970, the Annual Development Programme has been financed mostly through borrowings from the Federal Government and 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 lending agencies. In case of the USAID Counterpart Fund loans, these are generally repaid in 61 half-yearly instalments with an initial grace period of ten years. For the repayment of the 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 1986-87, the total debt liability of the Punjab Government to the Federal Government will be Rs.3648.82 crore which is



as follows:

	(Rs. in crore)
a: on account of rupee loans received from the Federal Government	3411.96
b: on account of counterpart fund rupee loans	16.19
c: on account of foreign exchange loans	220.67

The details are as under :

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**TABLE 18**  
**FEDERAL GOVERNMENT LOANS OUTSTANDING AGAINST**  
**PUNJAB ON 30.6.1987**

	(Rs. in crore)
i: Cash Development Loans - (1973-74 to 1986-87)	2931.74
ii: Cash Development Loans for SCARP tubewells project (1974-75 to 1984-85)	207.12
iii: Others (since 1974-75)	273.10
iv: Counterpart Funds Rupee Loans	16.19
v: Foreign Exchange Loans	220.67
<b>Total:</b>	<b>3648.82</b>

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### C. WAYS AND MEANS ADVANCES

The Punjab Government can draw ways and means advances from the State Bank of Pakistan at a mark-up of 9% upto Rs.54 lac and at 10% on 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 1980-81 to 1985-86 and from July 1986 to April 1987. Interest paid on such advances is also shown at the foot of the table.

TABLE 19  
WAYS AND MEANS ADVANCES

	(Rs. in crore)						
	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
July	6.12	..	..	..	..	6.12	..
August	..	..	..	..	..	6.12	..
September	..	..	..	..	..	..	..
October	..	..	..	0.61	..	2.00	..
November	6.12	..	..	..	..	6.12	..
December	11.12	..	6.12	..	..	..	..
January	6.12	..	..	..	..	..	..
February	..	..	..	..	..	..	0.09
March	..	..	..	..	..	..	6.12
April	6.12	..	6.12	..	..	..	..
May	7.55	..	..	..	..	..	..
June	..	..	..	..	..	..	..
<b>Total</b>	<b>43.15</b>		<b>12.24</b>	<b>0.61</b>		<b>20.36</b>	<b>6.21</b>
<b>Interest paid:</b>	<b>0.16</b>		<b>0.08</b>	<b>Rs. 3000</b>		<b>0.08</b>	<b>Rs.24,000</b>

### III. LOANS AND ADVANCES:

As explained earlier, the provincial government advances loans to government servants, cultivators and local/autonomous bodies for specific purposes. A provision of Rs.33.80 crore was made in the budget estimates 1986-87 for the grant of such loans and advances. It has gone upto Rs.57.80 crore in the revised estimates 1986-87 while

the budget estimates 1987-88 include an allocation of Rs.37.30 crore on this account. The increase in the revised estimates 1986-87 over the budget estimates is mainly due to loans amounting to Rs.23.54 crore to the provincial autonomous bodies. Some of these expenditures are as under:

	(Rs. in crore)
1. Establishment of the Tourism Development Corporation	5.27
2. Restoration of the Badshahi Mosque, Lahore	0.30
3. Construction of the Data Darbar Complex	2.00
4. Loan to the FDA for allotment of plots/flats to widows, orphans and destitutes in Faisalabad	0.92
5. Loan to the LDA for allotment of plots/flats to deserving persons in Lahore	1.75
6. Loan to MDA for development of plots for industrial workers	0.30
7. Loan to the LDA for development of a housing scheme for the labour class	3.00
8. Loan to the PIDB for the Kamalia Paper Mills project	10.00

The decrease in the budget allocation for 1987-88 on this account is due to an expected improved performance of these institutions.

#### IV. STATE TRADING IN MEDICINES AND COAL:

This component of the non-development capital expenditure has been dealt with in the next chapter on state trading in both the Accounts I and II.

**CHAPTER 6**  
**STATE TRADING**

State trading operations of the provincial government pertain to foodgrains, 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 expenditures of different state trading schemes of the provincial government are given in Table 20.

**TABLE 20**  
**STATE TRADING SCHEMES**

	<u>Budget 1986-87</u>	<u>Revised 1986-87</u>	<u>Budget 1987-88</u>
<b>(Rs. in crore)</b>			
<b>A: FOODGRAINS AND SUGAR</b>			
Gross expenditure on purchase of foodgrains	519.00	636.92	659.79
Deduct Recoveries	509.51	431.35	677.77
Net expenditure:	9.49	205.57	(-) 17.98
Gross expenditure on purchase of sugar	74.15	85.70	85.00
Deduct recoveries	73.09	86.12	85.00
Net expenditure:	1.06	(-) 0.42	..
Total Net Expenditure:	10.55	205.15	(-) 17.98
<b>B: STATE TRADING IN MEDICAL STORE</b>			
Expenditure	38.53	49.55	61.56
Deduct recoveries	38.53	49.55	61.56
Net expenditure:	..	..	..
<b>C: STATE TRADING IN COAL</b>			
Expenditure	0.14	0.10	0.11
Deduct recoveries	1.59	1.59	1.68
Net expenditure:	(-) 1.45	(-) 1.49	(-) 1.57
<b>TOTAL NET EXPENDITURE:</b>	<b>9.11</b>	<b>203.66</b>	<b>(-) 19.55</b>

## I. FOODGRAINS:

The expenditure on purchase, handling and storage of wheat and rice during 1986-87 has increased from the estimated amount of Rs.519.00 crore to Rs.636.92 crore in the revised estimates 1986-87 as a consequence of enhancement in the target from 20 lac metric tons to 25 lac metric tons.

In the budget estimates 1986-87, receipts from the sale of foodgrains were estimated at Rs.509.51 crore. In the revised estimates 1986-87, receipts amounting to Rs.431.35 crore are anticipated. The decrease is on account of lesser off-take of wheat of 16.81 lac metric tons against the original estimate of 20.47 lac metric tons.

The procurement price of wheat for 1987-88 has been fixed at Rs.2000 per metric ton. The incidental charges have been fixed at the rate of Rs.631.53 per metric ton. In order to purchase, handle and store 25.00 lac metric tons of indigenous wheat, an amount of Rs.659.79 crore has been provided in the budget estimates 1987-88. Receipts from the sale of foodgrains are estimated at Rs.677.77 crore which will accrue from the sale of 26.52 lac metric tons of wheat.

## II. SUGAR:

Receipts from the sale of sugar during 1986-87 are likely to be Rs.86.12 crore against the estimated amount of Rs.73.09 crore. The excess is on account of one lac metric tons of imported sugar sold as against the original plan of selling indigenous sugar which is cheaper in price. Opening stocks with the government were 0.02 lac metric tons on 1.7.1986. An additional purchase of 1.00 lac metric tons was made during the current year. After the sale of this 1.02 lac metric tons of sugar, the anticipated closing balance on 30.6.1987 will be nil.

The expenditure on purchase, handling and storage of sugar has been Rs.85.70 crore in the revised estimates 1986-87 and a similar provision has been made in the budget estimates 1987-88 for the purchase, handling, storage and distribution of one lac metric tons of sugar which is planned to be disposed of at an estimated cost of Rs.85.00 crore.

### 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 1986-87, sale proceeds of coke from the stocks were estimated at Rs.1.59 crore as against an expenditure of Rs.0.14 crore, thereby showing a surplus of Rs.1.45 crore. However, in the revised estimates 1986-87, the surplus came to Rs.1.49 crore. During 1987-88, against an expenditure provision of Rs.0.11 crore, recoveries are likely to be made to the extent of Rs.1.68 crore due to sale of coal and coke giving a surplus of Rs.1.57 crore.

## CHAPTER 7

### 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 1986-87 and the budget estimates for 1987-88.

TABLE 21			
PUBLIC ACCOUNT TRANSACTIONS			
	(Rs. in crore)		
	Budget 1986-87	Revised 1986-87	Budget 1987-88
	<u>          </u>	<u>          </u>	<u>          </u>
<b>RECEIPTS:</b>			
Unfunded Debt	48.00	37.00	32.00
Deposits and Advances	566.38	608.42	612.58
Remittances	578.18	598.83	598.83
<b>Total</b>	<u>1192.56</u>	<u>1244.25</u>	<u>1243.41</u>
<b>DISBURSEMENTS:</b>			
Unfunded Debt	16.00	16.00	10.00
Deposits and Advances	566.27	608.31	612.47
Remittances	578.18	598.83	598.83
<b>Total</b>	<u>1160.45</u>	<u>1223.14</u>	<u>1221.30</u>
<b>NET:</b>			
Unfunded Debt	32.00	21.00	22.00
Deposits and Advances	0.11	0.11	0.11
Remittances	..	..	..
<b>Total</b>	<u>32.11</u>	<u>21.11</u>	<u>22.11</u>

## 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 1986-87 are estimated at Rs.37 crore. For budget estimates 1987-88, these have been fixed at Rs.32 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 expenditures pertaining to the personal ledger accounts of the autonomous and local bodies of the provincial government kept with government treasuries. This also applies 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 remittances 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 1987-88 as was done for 1986-87.



## CHAPTER 8

### ANALYSIS OF THE NON-DEVELOPMENT REVENUE ACCOUNT

As stated earlier, the objectives of the 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 the 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 1987-88 project the provincial government's general revenue receipts at Rs.1290.09 crore. A major part of these receipts, amounting to Rs.1038.74 crore and constituting 80.5 per cent of the total revenue income, will accrue from taxes. The rest of the provincial government's revenue receipts for 1987-88 will accrue on account of non-tax revenues of Rs.209.74 crore which is 16.5% of the total and from transfers estimated at Rs.41.61 crore which is 3 per cent of the revenue receipts. The composition of the non-development revenue receipts for 1986-87 and 1987-88 is given in Table 22 on the following page.

TABLE 22

NON-DEVELOPMENT REVENUE RECEIPTS

(Rs. in crore)

	Tax receipts	%	Non-tax receipts	%	Transfer receipts	%	Total
Budget 1986-87	915.77	78	192.29	16	71.01	6	1179.07
Revised 1986-87	930.93	76	198.13	16	97.90	8	1226.96
Budget 1987-88	1038.74	80.5	209.74	16.5	41.61	3	1290.09
	Tax receipts:		Federal divisible taxes plus provincial taxes (direct and indirect).				
	Non-tax receipts:		Receipts from civil administration and other functions minus receipts-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 1987-88 constitute 80.5% of the total non-development revenue receipts against 78% in the budget estimates 1986-87.

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 16% of the total revenue receipts estimated for 1986-87 as also in the revised estimates 1986-87 but are expected to rise to 16.5% of the budget estimates 1987-88. Tables 5 to 8 in Chapter 2 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 only 3 per cent of the total revenue receipts estimates for 1987-88.

## 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	%	Amount	%	
Budget 1986-87	506.62	55	409.15	45	915.77
Revised 1986-87	486.92	52	444.01	48	930.93
Budget 1987-88	567.02	55	471.72	45	1038.74

The ratio between the direct (income tax plus the direct provincial taxes) and the indirect taxes (export duty on cotton, sales tax and indirect provincial taxes) once again works out at roughly 55:45 in the budget estimates 1987-88 as compared to the budget estimates for 1986-87.

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	%	Amount	%	
Budget 1986-87	702.23	77	213.54	23	915.77
Revised 1986-87	699.48	75	231.45	25	930.93
Budget 1987-88	792.29	76	246.45	24	1038.74

The percentage of the federal divisible taxes in the total tax receipts of the provincial government will decrease from 77% in the budget estimates 1986-87 to 76% in the budget estimates 1987-88.

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 1986-87		Revised 1986-87		Budget 1987-88	
	Amount	%	Amount	%	Amount	%
Income Tax	451.68	64	443.00	63	521.17	66
Sales Tax	235.95	34	251.13	36	271.12	34
Export Duty on Cotton	14.60	02	5.35	1	-	-
Total	702.23	100	699.48	100	792.29	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 1986-87		Revised 1986-87		Budget 1987-88	
	Amount	%	Amount	%	Amount	%
Agriculture income tax	0.05	..	0.04	..	0.05	..
Immovable property tax	6.02	3	6.15	3	6.73	3
Taxes on transfer of property	13.20	6	9.96	4	11.06	5
Land Revenue	19.30	9	23.95	10	25.01	10
Excise duty on natural gas	2.96	1	5.39	2	5.88	2
Capital gains tax	13.37	6	0.82	-	-	-
Tax on professions, trades and callings	3.00	1.5	3.00	1	3.00	1
Provincial excise	3.21	1.5	3.15	1	3.30	1
Sale of opium	0.34	-	0.36	-	0.36	-
Stamp duties	69.80	33	86.91	38	94.73	39
Motor vehicles tax	36.50	17	38.18	17	42.54	17
Entertainment tax	18.65	9	15.70	7	15.75	6
Education Cess	0.07	-	0.07	-	0.07	-
Cotton Fee	8.00	4	18.57	8	18.00	8
Tax on hotels	0.82	-	0.92	1	0.92	-
Electricity duty	16.50	8	16.53	7	17.30	7
Others	1.74	1	1.75	1	1.75	1
<b>Total :</b>	<b>213.54</b>	<b>100</b>	<b>231.45</b>	<b>100</b>	<b>246.45</b>	<b>100</b>

Stamp duty continues to be the largest contributor to provincial tax receipts with a share of 39% in the total tax receipts for 1987-88. Motor vehicles tax is the second largest source with a contribution of 17% of the total revenue. Other important sources of provincial tax receipts are land revenue which will contribute 10%, cotton fee with 8% and electricity duty with 7%.

## II: CURRENT EXPENDITURE:

The current expenditure of the provincial government comprises of:

- a: consumption expenditure (payments on account of wages, and salaries, goods and services) and
- b: transfer payments (interest on provincial debt, subsidies, pensions, grants, etc.).

Table 27 indicates the trend of the current expenditure, showing an increase of Rs.189.80 crore in the consumption expenditure and Rs.90.96 crore in the transfer payments in the budget estimates 1987-88 as compared to the budget estimates 1986-87.

TABLE 27  
CURRENT EXPENDITURE

(Rs. in crore)

	CONSUMPTION EXPENDITURE		TRANSFER PAYMENTS		
	Amount	%	Amount	%	Total
Budget 1986-87	1312.15	66	691.13	34	2003.28
Budget 1987-88	1501.95	66	782.09	34	2284.04

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

TABLE 28  
CONSUMPTION EXPENDITURE

(Rs. in crore)

	Wages and salaries	%	Goods and services	%	Total
Budget 1986-87	892.91	68	412.24	32	1312.15
Budget 1987-88	1008.24	67	493.71	33	1501.95

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

Provision for wages and salaries during 1987-88 is anticipated to increase over the figures for 1986-87 due to the usual budgetary measures.

Table 29 contains details of transfer payments in the budget 1986-87 and 1987-88.

TABLE 29  
TRANSFER PAYMENTS

(Rs. in crore)

	Budget 1986-87		Budget 1987-88	
	Amount	%	Amount	%
Interest	429.93	62	506.87	65
Grants	44.88	6	35.86	5
Subsidies	128.20	19	147.27	19
Other transfers	88.12	13	92.09	11
Total	691.13	100	782.09	100

The details of grants and other transfers are given in table 30 overleaf.

TABLE 30

GRANTS-IN-AID:		(Rs. in crore)	
		1986-87	1987-88
1.	Group insurance and benevolent fund	0.52	0.60
2.	Irrigation	1.80	1.81
3.	Industries	4.80	5.86
4.	Education	10.72	7.69
5.	Health Services	0.43	3.30
6.	Museums	0.33	0.38
7.	Miscellaneous departments	1.93	2.39
8.	Agriculture	0.20	0.21
9.	Communication	0.08	..
10.	Miscellaneous	24.07	13.62
	Total	44.88	35.86
OTHER TRANSFERS :			
1.	Superannuation and pensions	87.43	90.53
2.	Privy purses	0.16	0.16
3.	Relief (actual transfer payments out of Rs.1.60 crore)	0.53	1.40
	Total	88.12	92.09

### FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE

The functional distribution of non-development revenue expenditure of the provincial government is shown in Table 31.



**TABLE 31**  
**FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE**

(Rs. in crore)

	Budget 1986-87		Revised 1986-87		Budget 1987-88	
	Amount	%	Amount	%	Amount	%
General administration	155.71	8	154.48	8	157.44	7
Law and order	172.61	9	181.11	9	190.04	8
Community services	113.61	5	111.04	6	122.01	6
Social services	673.77	34	646.61	32	783.98	35
Economic services	304.83	15	306.82	15	323.77	14
Subsidies	128.20	6	115.91	6	147.47	7
Debt servicing, investible funds and grants	454.27	23	481.86	24	521.02	23
Unallocable	0.28	--	--	--	--	--
<b>Total</b>	<b>2003.28</b>	<b>100</b>	<b>1997.83</b>	<b>100</b>	<b>2284.04</b>	<b>100</b>

The social services continue to consume the largest proportion of the current expenditure. Education alone consumes Rs.581.40 crore and health services Rs.150.98 crore out of the budget estimates 1987-88.

## CHAPTER 9

### FINANCING OF THE ANNUAL DEVELOPMENT PROGRAMMES

#### I. ANNUAL DEVELOPMENT PROGRAMME 1986-87:

The gross size of the Annual Development Programme for 1986-87 was fixed at Rs.687.00 crore against an estimated resource availability of Rs.660.13 crore which included Rs.8.00 crore from the deposit account of the Town Development Schemes, showing an operational shortfall of Rs.26.87 crore. The size of the programme in the revised estimates 1986-87 stands at Rs. 698.08 crore against resource availability of Rs.633.22 crore. This resource availability does not include an amount of Rs. 52.19 crore received from the Federal Government out of the Federal ADP for the development schemes indicated by the MNAs/Senators during 1986-87.

A comparison between the resources available to finance the original and the revised Annual Development Programme 1986-87 is given in Table 32.

TABLE 32  
FINANCING OF THE ANNUAL DEVELOPMENT PROGRAMME 1986-87

	Budget 1986-87	Revised 1986-87
(Rs. in crore)		
<b>A: PROVINCIAL CONTRIBUTION:</b>		
Transfers from Deposit Account of Town Development Schemes	8.00	7.17
<b>Total Provincial Contribution:</b>	<b>8.00</b>	<b>7.17</b>
<b>B: FEDERAL ASSISTANCE:</b>		
Cash Grants	52.92	27.43
Cash Development Loan	586.60	585.12
<b>Total Federal Assistance:</b>	<b>639.52</b>	<b>612.55</b>
<b>C: FOREIGN ASSISTANCE :</b>		
Counterfund Grants	4.50	4.50
Foreign Exchange Loans	8.11	9.00
<b>Total Foreign Assistance :</b>	<b>12.61</b>	<b>13.50</b>
<b>Grand Total :</b>	<b>660.13</b>	<b>633.22</b>

## II. ANNUAL DEVELOPMENT PROGRAMME 1987-88 :

The provincial contribution towards the financing of the Annual Development Programme 1987-88 is estimated to be Rs.8.00 crore comprising of transfers from the deposit account of the Town Development Schemes. After including federal assistance amounting to Rs.743.48 crore and foreign assistance to the extent of Rs.12.99 crore, the total resource availability for the Annual Development Programme 1987-88 is estimated to be Rs. 756.46 crore. This is in addition to Rs. 52.17 crore for the MPA's programme which is reflected in the overall size of the provincial ADP. A broad break-up of the resources expected to be available for financing the programme is given in Table 33 :

TABLE 33  
FINANCING OF THE ANNUAL DEVELOPMENT PROGRAMME 1987-88

(Rs. in crore)

### A: PROVINCIAL CONTRIBUTION :

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

### B: FEDERAL ASSISTANCE :

Cash Grants	144.87
Cash Development Loans/Grants for the PM's Five Point Programme	650.77
Total Federal Assistance :	795.64

### C: FOREIGN ASSISTANCE :

Japanese Grant	4.50
Foreign Exchange Loans	8.49
Total Foreign Assistance :	12.99
<b>TOTAL :</b>	<b>816.63</b>

Against this resource availability, the gross size of the Annual Development Programme 1987-88 has been fixed at Rs. 892.02 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.75.39 crore in the implementation of the programme.

CHAPTER 10

AN OUTLINE OF THE ANNUAL DEVELOPMENT PROGRAMME 1987-88

The sector-wise break-up of the ADPs of the Government of the Punjab for the years 1986-87 and 1987-88 is given in the table below :

TABLE 34

(Rs. in crore)

	Budget 1986-87	Revised 1986-87	Budget 1987-88	% of total
<b>DEVELOPMENT EXPENDITURE</b>				
Agriculture	124.32	131.24	169.19	19
Rural Development	26.55	111.61	26.46	3
Water and Power	47.07	47.92	50.00	6
Industries and Minerals	6.49	6.42	5.19	0.5
Transport and Communications	35.64	38.48	38.96	4
Information, Culture and Tourism	4.47	4.00	2.10	
Physical Planning and Housing	158.38	176.81	241.66	27
Education and Training	101.85	107.72	115.75	13
Health	109.95	115.68	142.82	16
Transport	4.23	4.23	4.23	0.4
Social Welfare	2.52	1.98	2.77	0.3
Manpower and Training	3.73	3.84	4.74	0.5
Planning and Development	0.35	0.28	0.57	
Tourism	..	..	2.50	
Block allocations for :				
i: Chief Minister's Directives	6.36	..	15.00	2
ii: MKDA	2.91	..	2.91	0.3
iii: Special Programme for Education and Rural Development	26.09	..	..	
iv: Katchi Abadis and Rural Housing	26.09	..	..	
v: Special Development Programme for Murree	..	..	15.00	2
vi: Special Programme for Education and Local Development	..	..	52.17	6
Gross Total :	687.00	750.27	892.02	100.00
Less-Operational Shortfall	26.87	..	75.39	
Development Expenditure	660.13	750.27	816.63	
MNAs/Senators Programme	..	51.72	..	
Total Development Expenditure (Net)	660.13	698.55	816.63	

The allocation of Rs.169.19 crore for agriculture as indicated in Table 34 includes Rs.144.86 crore for agriculture, Rs.9.39 crore for animal husbandry, Rs.9.97 crore for forests, Rs.1.75 crore for fisheries, Rs.0.75 crore for cooperatives and rural credit and Rs.2.48 crore for food storage.

#### ANNUAL DEVELOPMENT PROGRAMME 1987-88

The main strategy for the Annual Development Programme 1987-88 is to attach a very high priority to the fields of physical planning and housing, education, health and agriculture. The sector of health gets the highest allocation, followed by agriculture and education. These are followed by urban development, irrigation, rural water supplies, communication and rural 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, provision of adequate drinking water facilities, rehabilitation of the irrigation network and emphasis on rural health and 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 and augmented in the growing urban sector also.

The salient features of ADP 1987-88 are as follows :

- a: the main focus is on the Prime Minister's Five Point Programme for which an allocation of Rs. 419.18 crore has been proposed against Rs. 253.58 crore in 1986-87 showing a massive 61.36% acceleration. This has been done to ensure that the programme is implemented in full by 1990-91;
- b: keeping in view the importance of agriculture, a very high priority has been given to this sector which gets an allocation of Rs.144.86 crore or 16.24% of the total programme. Agriculture, taken together with its related sectors of livestock, forestry, fisheries, cooperatives and food, gets a total allocation of Rs.169.19 crore which is 19% of the total development outlay during 1987-88. If one adds to it

irrigation and power, which are essential inputs of agriculture, the percentage share goes up to slightly less than 25% of the ADP;

c: another major priority in the ADP 1987-88 is education which gets 13% of the ADP, or Rs.115.75 crore as compared to Rs.101.85 crore in 1986-87. The highest priority has been given to health which has been allocated 16% of the resources or Rs.142.82 crore compared with Rs.109.95 crore during 1986-87. The ADP being a multi-sectoral programme, there is a continuous emphasis on primary and secondary education, with major focus on female education. The priority within the health sector has been given to rural health, teaching hospitals and medical education with emphasis on consolidation and completion of on-going programmes. Work on 300 BHUs and 33 RHCs will be completed in 1987-88 and 430 BHUs and 130 RHCs will be taken up for improvement;

d: as a result of a conscious and deliberate policy, the allocation to rural areas has further been increased and the schemes pertaining to rural areas account for about 71% of the programme during 1987-88. This is in addition to an allocation of Rs.26.46 crore for rural development. Special emphasis has been laid on the development of the less developed areas. An allocation of Rs.11.01 crore has been proposed for the regional development programme against Rs.10.51 crore in 1986-87. This is in addition to the normal developmental activity undertaken throughout the province;

e: barani areas have been given due importance in order to off-set the natural disadvantages inherited by them. In order to exploit their untapped potential, an amount of Rs. 101.00 crore has been provided for the schemes to be implemented in these areas. With the availability of water, which is a major constraint on agricultural production in these areas, the prospects for further development, particularly in agriculture, forestry and livestock are bright;

- f: a very high priority has been given to the completion of the on-going schemes to ensure that allocations are not thinly spread and that the price escalations do not eat into the core of the programme. It is expected that 1264 schemes will be completed during 1987-88 against 960 completed in 1985-86 and 1017 expected to be finished during the current financial year;
- g: in order to fulfil commitments made with the donor agencies, the foreign-aided projects have been adequately funded and allocations have been made in accordance with the approved phasing so that the schemes are completed within the stipulated period and the benefits of the foreign assistance are maximized;
- h: farm-to-market roads have been given due attention with a provision of Rs.98.71 crore compared to Rs.57.10 crore in 1986-87. In physical terms, 2453 kms. of roads would be taken up as against 1521 kms. in the current financial year;
- i: about 264 rural water supply and drainage schemes taken up during the current financial year will be completed in 1987-88 and another 328 schemes undertaken at a cost of Rs.100.09 crore;
- j: a concerted effort is being made to improve the Katchi Abadis of which 686 have been already taken up for improvement and grant of proprietary rights. A total of 3 lac plots in the rural areas will be developed by the end of the current financial year;
- k: in the context of electrification of the villages, an amount of Rs.3 crore has been earmarked for the left-over abadis.

#### 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 which constitute 16.24% of the ADP 1987-88 are indicated in the table on the next page.

			(Rs. in crore)
	Name of the Programme	Allocation 1987-88	%
i:	<b>Farm-to-Market Roads</b>	98.71	68.14
ii:	<b>Tubewell Electrification</b>	2.72	1.88
iii:	<b>Water Management</b>	26.01	17.96
iv:	<b>Agriculture Economics and Marketing</b>	0.15	0.10
v:	<b>Agriculture extension</b>	5.47	3.78
vi:	<b>Agriculture Mechanisation and Water Resource Development</b>	2.70	1.86
vii:	<b>Soil conservation</b>	2.09	1.44
viii:	<b>Agriculture Education and Training</b>	0.66	0.46
ix:	<b>Agriculture Research</b>	5.96	4.11
x:	<b>Regional Development Programme</b>	0.39	0.27
	<b>Total :</b>	<u>144.86</u>	<u>100.00</u>

The farm-to-market roads get the highest allocation within the sector which will ensure the construction of nearly 2453 kms. of metalled roads in the province as against 1521 kms. in 1986-87. It is expected that by the end of 1987-88, 10500 kms. of new road length would have been completed under this programme. The second priority has been given to the water management programme under which it is expected that approximately 1500 water-courses will be improved accounting for 17.96% of the total size of the sector. The emphasis reflects a high priority on water conservation and additional availability of water for the agriculture sector. By the close of the next financial year, 9000 water-courses expect to have been improved under various programmes. A sizeable allocation of Rs.5.96 crore within the sector goes to agriculture research to reinforce efforts for making a breakthrough in the critical areas of agriculture. The provision for agriculture mechanization is Rs.2.70 crore while in the case of agriculture extension, it has been increased from Rs.2.49 crore in 1986-87 to Rs.5.47 crore. A provision of Rs.2.72 crore has been made for the Punjab Land Utilization Authority for tubewell electrification.



## II. LIVESTOCK :

This sector has been given 1.05% of budget and the following allocations have been made for its various programmes :

		(Rs. in crore)	
	Name of the Programme	Allocation 1987-88	%
i:	Livestock Production	7.44	79.23
ii:	Poultry Production	0.75	7.99
iii:	Research and Science	0.84	8.95
iv:	Regional Development Programme	0.31	3.30
v:	Animal Health	0.05	0.53
	<b>Total :</b>	<u>9.39</u>	<u>100.00</u>

It will be seen that the major emphasis in this sector is on livestock production (allocation Rs.7.44 crore ) which reflects a continued policy of livestock production, management, nutrition, dairy technology and rural poultry development. In addition to livestock production, poultry production (Rs. 0.75 crore) will also receive attention.

## III. FORESTRY :

The allocation to this sector for ADP 1987-88 has been made at Rs. 9.97 crore or 1.12% of the total. Efforts will be made to consolidate the considerable work already undertaken and this would be achieved through better management, effective monitoring and preparation of working plans for existing plantations/areas.

The sub-sector-wise allocations for 1987-88 are given in the table on the following page. Rs. 4.19 crore have been earmarked for afforestation with emphasis also on 'social forestry'. More than 50 lac plants will be raised to meet the requirements of the massive plantation programme in 1987-88. The Wildlife Department has been allocated Rs. 2.48 crore for establishment of wildlife parks in Thatta Faqirullah, Toba Tek Singh and Khanewal. A feasibility study for a Safari Park in Loi Bher, district Rawalpindi, would also be completed in 1987-88.

(Rs. in crore)

Name of the Programme	Allocation 1987-88	%
i: Afforestation	2.92	29.29
ii: Social Forestry	1.27	12.74
iii: Sericulture	0.09	0.90
iv: Watershed Management	0.42	4.21
v: Range Management	0.36	3.61
vi: Parks and Recreation	1.84	18.46
vii: Research and Education	0.37	3.71
viii: Wildlife Department	2.48	24.87
ix: Regional Development Programme	0.22	2.21
Total :	9.97	100.00

An allocation of Rs. 1.83 crore has also been made for the development of recreational parks at Gatwala and the Mangla Reservoir and for improvement in the existing facilities in the Jallo Park, Lahore.

#### IV. RURAL DEVELOPMENT :

In addition to allocations for other rural sectors such as agriculture, livestock, education and health, a significant allocation of Rs. 26.46 crore has been made for the Rural Development Programme for 1987-88. The break-up of the programme is shown in the following table:

(Rs. in crore)

Name of the Programme	Allocation 1987-88	%
i: Rural Roads	1.50	5.67
ii: Matching grants	14.88	56.24
iii: Special directive	1.00	3.78
iv: Focal points	5.00	18.90
v: Model villages	0.88	3.33
vi: Small village level schemes	3.20	12.08
Total :	26.46	100.00

The major emphasis in this sector is on the matching grant scheme, the allocation for which is Rs.14.88 crore. The other important programme is that of focal points with an allocation of Rs.5.00 crore. This programme was launched in 1981-82 to check rural-urban migration through provision of a package of basic facilities at central points in the rural areas. These facilities include link roads, water supply and health facilities, schools, public telephones and rural electrification. So far, 126 "focal points" have been taken up with 320 schemes of which 165 stand completed. Work at as many as 71 focal points has already been completed.

#### V. WATER AND POWER :

An allocation of Rs.50.00 crore or 6% of the ADP has been made for this sector during 1987-88. Sub-sector-wise details are as follows :

(Rs. in crore)			
Name of the Programme		Allocation 1987-88	%
i:	Survey and investigation	0.80	1.60
ii:	Irrigation	14.99	29.98
iii:	Drainage and reclamation	7.96	15.92
iv:	Miscellaneous	1.90	3.80
v:	Small dams	0.80	1.60
vi:	Irrigation System Rehabilitation Project	2.03	4.06
vii:	Remodelling of channels under SCARP IV	12.20	24.40
viii:	Command Water Management Project	1.75	3.50
ix:	Gujranwala Agricultural Development Project	2.50	5.00
x:	Scarp Transition Pilot Project	0.20	0.40
	Total Water :	45.13	
	Total Power :	3.00	6.00
xi:	Regional development programme	1.87	3.74
	<b>Total</b>	<b>50.00</b>	<b>100.00</b>

The strategy in the irrigation sector is three pronged: protection, improvement and extension of the irrigation system. During the year, efforts will be made to remodel and improve canals, line channels, construct new surface drains and electrify left-over abadies at a cost of Rs. 3 crore.

In addition to this about 2360 villages will be electrified through the federal ADP.

In view of the unsatisfactory condition of our canals due to deferred maintenance, a large amount is being made available for their rehabilitation. With this aim, Rs.2.03 crore have been provided in the ADP for which the federal government will subscribe a matching share to rehabilitate canals and drains. The irrigation system in the Gujranwala district is being overhauled under an Asian Development Bank aided scheme known as the Gujranwala Agricultural Project, with an irrigation as well as an agricultural component, for which Rs.2.50 crore have been allocated during 1987-88.

#### VI. HEALTH :

The allocation to this sector has been enhanced from Rs.109.95 crore during 1986-87 to Rs.142.42 crore showing an acceleration of 30 percent over the previous year. Sub-sector-wise details are as under :

(Rs. in crore)

	Name of the Programme	Allocation 1987-88	%
i:	Teaching Hospitals	17.85	12.50
ii:	District Headquarter Hospitals	5.18	3.63
iii:	Tehsil Headquarter Hospitals	4.62	3.23
iv:	Medical Eduation	12.61	8.83
v:	Rural Health Programme :	94.88	
	a: Rural Health Centres	37.72	26.41
	b: Basic Health Units	57.16	40.02
vi:	Stipends/Scholarships	4.36	3.05
vii:	Special Programme	0.47	0.33
viii:	Miscellaneous	2.85	2.00
	Total :	142.82	100.00

The priority here has once again been given to the rural areas and a major share of the total funds, amounting to Rs. 94.88 crore, has been allocated for rural health centres and basic health units. If allocations for district headquarter and tehsil hospitals, which serve as referral units for rural population, are also included, then the allocation for rural health goes up even further. The next priority in this sector is for teaching hospitals and medical education. These two sub-sectors together account for Rs. 30.46 crore. Other major features of the ADP for 1987-88 in the health sector are :

- a: maximum emphasis would be on consolidation and completion of the on-going projects. The allocation for the on-going schemes is about Rs. 87 crore or 61 % of the total programme. It is expected that by the end of 1987-88, 113 schemes will stand completed;
- b: efforts will be continued to be made to extend proper health facilities in rural areas and during 1987-88, 300 BHUs will be completed and work on 328 BHUs will be undertaken for completion by 1988-89;
- c: an effort is being made to modernise the existing hospitals by providing modern equipment and improving the buildings under various projects. An allocation of Rs. 15.00 crore has been made in 1987-88 for this purpose;
- d: Under the Prime Minister's Five Point Programme, a comprehensive rural health programme has been started under which all the union councils would be provided with BHUs and all the marakiz with RHCs. In order to further improve the existing facilities, each RHC shall have a 20 to 24 bedded ward, a dental chair, an X-Ray plant, a laboratory, residences for doctors and nurses, a boundary wall, an ambulance and a telephone. Similarly, in each BHU, additional facilities consisting of 2-bedded gynae ward, a labour room, a doctor's residence, a boundary wall and external services are to be provided. The programme of upgradation would be completed in a phased manner. For implementing this programme, an adequate allocation of Rs. 94.88 crore is being included in the ADP.

## VII. EDUCATION :

An allocation of Rs. 115.75 crore has been provided for the sector of Education and Training. The break-up is given on the following page.

(Rs. in crore)

	Name of the Programme	Allocation 1987-88	%
i:	Primary Education	46.40	40.09
ii:	Secondary Education	47.13	40.72
iii:	Teachers Education	0.63	0.54
iv:	Technical Education	3.43	2.96
v:	Scholarships	5.60	4.84
vi:	College Education	6.96	6.01
vii:	Miscellaneous	4.28	3.70
viii:	Special Education	1.01	0.87
ix:	Regional Planning	0.31	0.27
	<b>Total :</b>	<b>115.75</b>	<b>100.00</b>

As in 1986-87, the major emphasis in this sector is on primary and secondary education with due attention to female education in an attempt to have a higher ratio for females in order to redress the imbalance of the past.

Within the sector, the main expenditure is being made in respect of secondary education which consumes almost 41% of the sectoral allocation. An allocation of Rs. 45.67 crore has been made for the construction of primary school buildings which accounts for 39.46% of the total allocation for education. Next come college education and technical education which have been allocated 6.01% and 2.96% of the total respectively. Attention has also been given to special education which gets Rs. 1.01 crore of about 1% of the total sectoral allocation.

The programme involves opening of 1462 mosque schools, 2900 girls primary schools, upgradation of 433 middle schools to the higher standard and 436 primary schools to the middle standard. On the technical education side, the ADP envisages establishment of Institutes of Technology at Gujranwala and D.G.Khan and a Polytechnic Institute in Kot Adu. In respect of college education, buildings for a number of existing colleges will come under construction, 13 new intermediate colleges will be established and the on-going programme of construction of eight college buildings and establishment of six intermediate colleges will be continued.

Out of the Rs.1.00 crore allocation for special education, a building for the Deaf and Defective Hearing School at Chakwal will be constructed and an Institute for the Mentally Retarded Children will be established in Multan. A most significant feature of the development programme in the sector of education will be the launching of the Third Primary Education Project in 1987-88. This project is being funded to the extent of 80% by the World Bank and involves construction of 5100 new primary schools and buildings for 5200 shelterless primary schools over a period of six years. An allocation of Rs. 0.30 crore has been proposed to mobilise the project while the projected investment of the World Bank during 1987-88 is likely to be around Rs. 10 crore.

### VIII. ROADS AND BRIDGES:

An allocation of 38.96 crore has been made for this sector during 1987-88. The details of the sub-sectoral distribution is as under:

(Rs. in crore)

Name of the Programme	Allocation 1987-88	%
i: Widening and improvement	21.99	56
ii: Construction of new roads	5.31	14
iii: Bridges	11.26	29
iv: RFD/Misc.	0.40	1
Total:	38.96	100

As in 1986-87, the major emphasis is on widening and improvement of our deteriorating network of roads. For this, there is an allocation of Rs. 21.99 crore which is more than 56% of the total. About 400 kms. of roads will be widened and improved during 1987-88. The allocation of Rs. 5.31 crore for construction of new roads will add 64 kms. to the total road length in the province. The overall allocation for the sector include Rs. 2.17 crore for the network of roads in the backward areas.

### IX: RURAL WATER SUPPLY :

An allocation of Rs.100.09 crore has been proposed during 1987-88 for the rural water supply sector as against Rs.38.61 crore during 1986-87. In this connection, weightage has been given to the under-developed regions especially the brackish and "barani" areas. It is expected that during 1987-87, about 316 rural water supply schemes will be completed to benefit an additional population of 4.76 lac. About 3 lac persons would benefit from provision of drainage facilities during the year.

### X: URBAN WATER SUPPLY :

The allocation for the urban water supply schemes in the ADP 1987-88 is Rs.11.37 crore. The major objective in this sector has been to complete the maximum number of on-going schemes. It is anticipated that during 1987-88, 52 water supply schemes would be completed to benefit an additional population of 3 lac persons. About 2.5 lac of urban population would also be extended sanitation facilities.

### XI: URBAN DEVELOPMENT :

The allocations for the three development authorities in this sector have been made keeping in view the actual requirements of the projects and their phasing

etc. The allocation of Rs. 50.03 crore also includes block allocation of Rs. 5 crore for the Punjab Urban Development Project and new urban development schemes.

(Rs. in crore)

	Name of the Agency	Allocation 1987-88	%
i:	L.D.A.	12.28	24.54
ii:	F.D.A.	25.00	49.97
iii:	M.D.A.	7.75	15.49
iv:	Block allocations for:		
	a: new schemes of urban development in the province	4.00	8.00
	b: Punjab Urban Development Project	1.00	2.00
		<u>50.03</u>	<u>100.00</u>

The allocation for urban development involves construction of about 19 kms. of new roads in Lahore, construction of hockey stadium in Faisalabad and the special development programme for the improvement of the city of Multan.

#### XII: INDUSTRIES AND MINERAL DEVELOPMENT :

An allocation of Rs. 5.19 crore has been made during 1987-88 for this sector. The break-up of this is as follows :

(Rs. in crore)

	Name of the Programme	Allocation 1987-88	%
i:	Directorate of Industries	0.09	1.74
ii:	Printing and Stationery	0.57	10.98
iii:	Punjab Small Industries Corporation	3.93	75.72
iv:	Punjab Mineral Development Corporation	0.44	8.48
v:	Regional development programme		
	a: D. G. Khan.	0.08	1.54
	b: Cholistan.	0.04	0.77
	c: Soan Sakesar	0.04	0.77
	Total:	<u>5.19</u>	<u>100.00</u>



The major focus will be on the small-scale industry sector where important programmes such as the rural loan fund, handicrafts development, the Rural Industrialisation Programme and the Self-employment Scheme are being implemented. The Punjab Mineral Development Corporation has been allocated Rs. 0.44 crore out of which Rs. 25.61 lac will be spent to complete the scheme for exploration of coal deposits in the Punjab. Work shall also be undertaken for expansion of coal mining in Dandot, district Chakwal.

#### XIII: SPECIAL PROGRAMME FOR EDUCATION AND LOCAL DEVELOPMENT:

An allocation of Rs. 52.17 crore has been made in the ADP 1987-88 for development schemes under a special programme in the sectors of education and local development.

#### XIV: DEVELOPMENT OF MURREE HILLS :

Under the Special Development Programme for Murree, extra attention is being paid to develop this area. There is a provision of Rs. 15.00 crore in the ADP 1987-88 which is in addition to the Rs. 2.91 crore allocation for the Murree-Kahuta Development Authority (MKDA).