

Speech

of

Mr. MOHAMMAD HANEEF RAMAY

FINANCE MINISTER, PUNJAB

introducing

THE SUPPLEMENTARY BUDGET STATEMENT

FOR THE YEAR

1974-75

IN THE

PROVINCIAL ASSEMBLY OF THE PUNJAB

ON

MONDAY, THE 9TH JUNE 1975

Heads "68—Construction of Irrigation Works, etc.", "80—Town Development Schemes", "80-A—Capital Account of Communication Works" and "81—Capital Outlay on Civil Works". These entries are counter-balanced by credit entries of equivalent amounts under the same Heads but are being included in the Supplementary Demands in order to obtain the vote of the Legislatures on the gross expenditure.

The other important element inflating the Supplementary Demands for the current financial year is the grant of Special Dearness Allowances for the employees of the Provincial Government Local Bodies and the Universities with effect from the 8th June, 1974 and 7th April, 1975. The Provincial Government's liability on account of these two Dearness Allowances alone is estimated at Rs. 25.21 crore for the current financial year. It will thus be observed that the technical demand of Rs. 62.77 crore mentioned by me earlier, taken together with the bill on account of the Dearness Allowances, accounts for Rs. 87.98 crore out of the total Supplementary Demands of Rs. 1,43.61 crore. This leaves a balance of Rs. 55.63 crore out of the total Supplementary Demands still to be explained. And this represents only about 10% of the original budget grant of Rs. 5,50.38 crore. This amount of Rs. 55.63 crore includes the additional grants which became necessary during the current financial year for complying with the directives of the Prime Minister given during his tour of the Province.

You will recall Sir, that the Prime Minister undertook an extensive tour of the Punjab from November, 1974 to April, 1975 to acquaint himself with the problems facing the people of this Province. The Prime Minister issued orders on the spot for meeting some of the emergent demands put forward before him on behalf of the people. Even though the grants announced by the Prime Minister for Lahore and Lyallpur Municipal Corporations and for different Bar Associations in the Province are being provided by the Federal Government but these have to be channeled through the Provincial Budget. Supplementary Demands on this account, are, therefore, included in the Supplementary Budget Statement.

Coming to the details of the items included in the Supplementary Budget Statement, you will notice that it comprises forty-six demands out of which four are token demands for rupees ten each. The details of the items included in the demands have been given in the explanatory notes incorporated in the Supplementary Budget Statement.

I have already mentioned the details of the technical demands of Rs. 62.77 crore out of which Rs. 45 crore is under the Head "Floating Debt (Discharged)" and Rs. 17.77 crore is spread over the four Major Heads "68—Construction of Irrigation Works, etc.", "80—Town Development Schemes", "80-A—Capital Account of Communication Works" and "81—Capital Outlay on Civil Works".

The next highest demand of Rs. 12.83 crore is under the Head "63-B—Development" which accommodates revenue expenditure on various develop-

MR. SPEAKER SIR,

I have the honour to present before the House the Supplementary Budget Statement for the year 1974-75. The total amount demanded in the form of Supplementary Grants comes to rupees one hundred forty-three crore, sixty-one lac, thirty-six thousand, five hundred and thirty (1,43,61,36,530) out of which an amount of rupees fifty crore, eighty-eight lac, four thousand, four hundred and fifty (50,88,04,450) is charged on the Provincial Consolidated Fund. The circumstances which have given rise to these Supplementary Demands will be discussed by me while reviewing the financial position of the Province during the year 1975-76, as part of my speech in connection with the presentation of the main Budget for the coming financial year. However, I feel that the mere size of the Supplementary Budget may cause a few eye-brows to be raised among the Members. Therefore, before going on to mention the items for which Supplementary Demands are being placed before the House today, I would just like to add by way of explanation that the mere size of the Supplementary Demands should not be allowed to lead you to the belief that your Government has gone on a spending spree. In fact we have done no such thing and have no intention of doing so in future either. We have, however, tried to ensure that, consistent with prudent financial management, we should not allow important schemes of the Provincial Government, on the development as well as the public services side, to languish for want of funds.

I think any doubt that you might have had on this score would be set aside if I were to give you the broad break-up of the total demand of Rs. 1,43.61 crore.

Out of the total demand, an amount of Rs. 62.77 crore represents only technical demands not involving actual expenditure from the Provincial Consolidated Fund. Rs. 45 crore is on account of temporary short-term loans called Ways and Means Advances. These Ways and Means Advances are by way of an over-draft facility with the State Bank of Pakistan which enables the Provincial Government to meet its liabilities towards its employees and other creditors smoothly and without a break, in spite of the seasonal nature of some of the revenue receipts. These Ways and Means Advances get automatically repaid as the receipts of the Provincial Government get reflected in the Account of the Provincial Government with the State Bank of Pakistan. The repayment of such short-term advances from the State Bank of Pakistan is likely to exceed the budgeted figure by a sum of Rs. 60 crore during the current financial year, but a sum of Rs. 15 crore will be met from savings within the grant and an additional amount of Rs. 45 crore is required on this account. Another amount of Rs. 17.77 crore represents the debit entries under the Minor Head "Suspense" under the

ment schemes. This additional demand represents an enhancement of Rs. 8.68 crore for the People's Works Programme. This amount of Rs. 8.68 crore will be spent on restoration of flood damages (Rs. 2 crore), grants to different Municipal Committees for development schemes (Rs. 2.16 crore), additional grants for the Local Bodies whose performance in utilizing development grants was considered to be worthy of encouragement (Rs. 2 crore) and development grants for the District Councils (Rs. 2.52 crore).

Another amount of Rs. 1.20 crore is required for meeting additional expenditure on account of the subsidy on diesel tubewells. In view of the encouraging response from the farming community towards this scheme, which is aimed at augmenting the production of foodgrains within the Province as a priority programme, it has been considered necessary to increase the original budget provision of Rs. 1.50 crore for this scheme to Rs. 2.70 crore. The liability on account of the subsidy on diesel tubewells is shared between the Federal and the Provincial Governments and the Federal Government has agreed to pick-up the additional bill on this account. A sum of Rs. 0.40 crore is required under this head for the purchase of equipment for Primary Schools opened in 1973-74 and 1974-75. Another amount of Rs. 0.33 crore has been included for providing wetting channel along marginal Bund at Balloki Headworks and other flood protection works. An additional amount of Rs. 0.33 crore is required for the purchase of land and equipment for the new Engineering College to be established in the Province. A further sum of Rs. 0.21 crore has been included for payment of additional grants to the Punjab and Multan Universities. The Post-Graduate Medical Institute at Lahore accounts for yet another amount of Rs. 0.16 crore. Other miscellaneous items under the head "63-B—Development" total up to Rs. 1.52 crore.

A supplementary demand of Rs. 11.07 crore is being presented under the head "80-A—Capital Account of Communication Works outside the Revenue Account" for different schemes relating to construction of roads and bridges. The total requirement of additional funds under this head is Rs. 13.13 crore out of which an amount of Rs. 2.06 crore will be met from savings within the grant and a supplementary demand for Rs. 11.07 crore is being presented. The important works included in the demand are (1) bridge over Bein Nullah near Shakargarh; (2) road from Sialkot to Gondal; (3) Radhomalhi-Kila Suba Singh road, (4) Pasrur-Narowal road, (5) road from the Mall to Shalimar Gardens, Lahore, (6) new carriageway between Lahore and Shekhupura, (7) Maqboolpura-Narang road, (8) Shahkot-Nankana Sahib road, (9) Saida-Beherowal Waryam road, (10) reconditioning of Jhang-Shorkot-Kabirwala road, (11) Talibwala-Sargodha road, (12) Quaidabad-Warcha road, and (13) strengthening of Lahore Protective Bund, etc. The supplementary demand under this head also includes an amount of

Rs. 6·80 crore under "Suspense" which, as I said earlier, is counter-balanced by an equal amount of credits and has been included in order to obtain vote of the House on the gross expenditure.

An additional amount of Rs. 10·39 crore is required under the head "37—Education" out of which Rs. 0·46 crore will be met from savings within the grant and a supplementary demand for Rs. 9·93 crore is being presented. Out of the total additional requirement of Rs. 10·39 crore, Special Dearness Allowance and Additional Dearness Allowance of the employees of the Government and those of the Universities account for an amount of Rs. 8·51 crore. The pay of a large number of teachers could not be fixed in the National Pay Scales during the last financial year. An amount of Rs. 1·48 crore is required for payment of arrears to such teachers as a result of fixation of their pays in the National Pay Scales. Another amount of Rs. 0·14 crore is required for additional staff for the nationalised colleges in order to make up the deficiencies in the strength of teachers in such colleges. Administration of 2 High Schools, 5 Middle Schools and 113 Primary Schools in the De-excluded areas of D. G. Khan District has been taken over by the Provincial Government. An amount of Rs. 0·12 crore is required for this purpose. Other miscellaneous items under the head "37—Education" total upto Rs. 0·14 crore.

The additional requirement of funds under the head "68—Construction of Irrigation, Navigation, Embankment and Drainage Works, etc." is Rs. 10·18 crore which includes an amount of Rs. 7·24 crore under 'suspense' which is counter-balanced by an equal amount of credits but has been included with a view to obtaining the vote of the House on the gross expenditure. Other important items under this head are Rs. 0·75 crore for construction of Hockey spur at Taunsa Barrage and Rs. 0·20 crore for Satiana Samundari Drainage System. An amount of Rs. 1·51 crore will be met from savings within the grant and a supplementary demand for Rs. 8·67 crore is being presented.

An additional amount of Rs. 9·56 crore is required under the head "85-A—Capital Outlay on Provincial Schemes of State Trading". This includes Rs. 6·48 crore for State Trading in foodgrains and Rs. 3·08 crore for state trading in sugar. Last year, a supplementary grant of Rs. 1·30 crore was obtained from the House for the purchase of a modern Silos to increase the foodgrains storage capacity available with Government. The purchase could not, however, be finalized during the last financial year. The godowns were purchased during the current financial year at a cost of Rs. 1·28 crore which has been included in the supplementary demand. However, the main reason for the additional demand in the case of foodgrains is the increase in the procurement price of indigenous wheat from Rs. 25·50 to 37·00 per maund and that of the imported wheat from Rs. 21·00 to 31·50 per maund. This has also

increased the interest charges as a result of increased capital outlay on the purchase of foodgrains. I may explain that the purchase price of imported wheat quoted by me as being Rs. 31.50 per maund is not the actual purchase price from abroad paid by the Federal Government, but the subsidized price at which the Federal Government supplies imported wheat to the Provincial Government. The imported wheat actually costs the Federal Government about Rs. 72 per maund (including incidental charges). Thus, the price charged from the Provincial Government involves a subsidy of about Rs. 40.50 per maund. In the case of sugar the additional demand is due to the higher interest charges on capital and transfer of additional profits to the main account of the Provincial Government as a result of the increase in the sale price of sugar. Out of the total requirement of Rs. 9.56 crore under the head "85-A—Capital Outlay on Provincial Schemes on State Trading" an amount of Rs. 1.63 crore will be met from savings within the grant and a supplementary demand of Rs. 7.93 crore is being presented.

An additional amount of Rs. 7.71 crore is required under the head "Loan to Municipalities, Port Funds, etc." Out of this, an amount of Rs. 0.14 crore will be met from savings within the grant and a supplementary demand for Rs. 7.57 crore is being presented. The demand includes a sum of Rs. 2.36 crore advanced to WAPDA in order to accelerate the pace of work on Khanpur Dam which is to be financed jointly by the Federal Government and the Provincial Governments of the Punjab and N.-W.F.P. Another amount of Rs. 1.50 crore is required for loan to the Lahore Development Authority (Water Wing) to meet the expenditure on Greater Lahore Water Supply, Sewerage and Drainage Project. Rs. 0.93 crore is required for loans to other Municipalities for their water supply & sewerage schemes including Rs. 30 lakh for Multan and Rs. 28 lakh for Lyallpur. A loan of Rs. 0.90 crore has been provided for the newly established Punjab Mineral Development Corporation. Another amount of Rs. 0.50 crore is required for a temporary loan, repayable within this year, to the Punjab Text Book Board for bulk purchase of paper. The Municipal Committee, Sargodha, urgently required an amount of Rs. 0.20 crore for construction of an overhead bridge on the railway line. A sum of Rs. 0.16 crore is to be paid to the Municipal Committee, Gujranwala, for the construction of the overhead bridge. Other minor items under this head total up to Rs. 1.16 crore.

The total requirement of additional funds under the head "29—Police" is Rs. 4.90 crore out of which a sum of Rs. 0.59 crore will be met from savings within the grant and a supplementary demand of Rs. 4.31 crore is being presented. This includes an amount of Rs. 2.54 crore on account of Special and Additional Dearness Allowances. Ration subsidy allowed to Police personnel was increased from Rs. 11.75 to Rs. 52.50 per mensem with effect from 1st July, 1974. A sum of Rs. 1.75 crore is required to meet expenditure

on this account. Another amount of Rs. 0.17 crore is required for purchase and reconditioning of the anti-riot material and Rs. 0.09 crore for strengthening the Punjab Reserve Police. Other minor items under this head account for the balance amount of Rs. 0.35 crore.

In line with the directives of the Prime Minister for improving the means of transport for the common man, the Punjab Road Transport Board has prepared a programme for strengthening their fleet by the addition of 1550 buses upto January, 1976. This would require a total capital investment of about Rs. 31 crore. It has been decided that 30% of the investment of P.R.T.B. should be picked up by the Punjab Government as direct investment under the head "90—Provincial Miscellaneous Investments" and 70% should be met by raising loans from the Commercial Banks and other financial institutions by floating debentures. A total amount of Rs. 9.00 crore would be required for equity participation by the Punjab Government, in P. R. T. Board on the basis of debt equity ratio of 70:30. Out of this, an amount of Rs. 5.00 crore is required for investment during the current financial year. A sum of Rs. 0.85 crore will be met from savings within the grant and a supplementary demand of Rs. 4.15 crore is being presented.

An additional amount of Rs. 5.05 crore is required under the head "81—Capital Account of Civil Works outside the Revenue Account". This includes a sum of Rs. 3.47 crore under 'Suspense' which is counter-balanced, as I stated earlier, by an equal amount of credits but is included in the demand in order to obtain the vote of the House on the gross expenditure. It also includes an amount of Rs. 0.60 crore for restoration of flood damages to the District Jail, Jhang and other Government buildings. Another amount of Rs. 0.30 crore is required for reconstruction of two high schools and 70 primary schools in Sialkot and Shakargarh Tehsils which had been damaged during the War of 1971. Rs. 0.12 crore are required for replacement of airconditioners in the Governor's House and Rs. 0.06 crore for a judicial lock-up at Mandi Bahauddin. Other minor items under this head add upto Rs. 0.50 crore. An amount of Rs. 1.48 crore will be met from savings within the grant and a supplementary demand of Rs. 3.57 crore is being presented.

An additional amount of Rs. 3.47 crore is required under the head "17 (1)—Working Expenses on Irrigation, Navigation, Embankment and Drainage Works, etc". This includes Rs. 2.54 crore on account of additional Dearness Allowance and Rs. 0.21 crore on account of conversion of work-charged establishment of SCARP-IV (Muridke) into regular establishment. Another amount of Rs. 0.24 crore is required for maintenance and repairs of SCARP (MONA) and Taunsa—Punjab Link transferred from WAPDA to the Provincial Government. Other minor items under this head

account for a sum of Rs. 0.48 crore. Out of the total requirements of Rs. 3.47 crore, a sum of Rs. 0.51 crore will be met from savings within the grant and a supplementary demand for Rs. 2.96 crore is being presented.

An additional amount of Rs. 2.43 crore is required under the head "22—Interest on Debt and Other Obligations". This includes a sum of Rs. 0.85 crore on account of increase in the interest charges on the higher amount of cash development loan received from the Federal Government during the year 1973-74, Rs. 0.07 crore on account of re-calculations of interest on cash development loan receiveable during the current financial year, and Rs. 0.22 crore on account of interest on a special loan received from the Federal Government in June, 1974, for augmentation of the Police Force. Another amount of Rs. 1.14 crore is required for the payment of arrears of interest on foreign exchange loans and debt raised abroad for the previous years because the Federal Government did not recover these dues during the last year. Other minor items under this head amount to Rs. 0.15 crore.

The total requirement of additional funds under the head "25—General Administration" is Rs. 2.01 crore. Out of this, an amount of Rs. 0.08 crore will be met from savings within the grant and a supplementary demand for Rs. 1.93 crore is being presented. This includes an amount of Rs. 0.76 crore on account of Special and Additional Dearness Allowances. Another sum of Rs. 0.36 crore has been included for the purchase of 22 small cars and 44 jeeps for the Additional Deputy Commissioners (General) and the Assistant Commissioners. The duties and responsibilities of the Deputy Commissioners, Additional Deputy Commissioners (General) and Assistant Commissioner-in-charge of Sub-Divisions require extensive touring by these officers. In order to enable them to discharge their duties and responsibilities efficiently, it was considered essential to provide transport facilities to the Additional Deputy Commissioners (General) and Assistant Commissioners. Other minor items under this head add upto Rs. 0.89 crore.

An additional amount of Rs. 1.96 crore is required under the head "38-A—Health Services" on account of grant of Junior Doctors Allowance and other benefits to the young doctors, creation of additional posts in the Health Department, purchase of medicines for different hospitals and grant of Special and Additional Dearness Allowances to the employees of the Health Department. An amount of Rs. 0.49 crore will be met from savings within the grant and a supplementary demand for Rs. 1.47 crore is being presented.

An additional amount of Rs. 1.40 crore is required under the head "40—Agriculture". This includes an amount of Rs. 0.98 crore on account of Special and Additional Dearness Allowances. Another amount of Rs. 0.35

crore is required for payment of Customs and Port Trust Charges in respect of stores imported by the Agriculture Department. The demand also includes an amount of Rs. 0.04 crore to meet the anticipated expenditure on POL, Printing and Labour charges in connection with the launching of Anti-Rice Borer Campaign in Lahore Division. Other miscellaneous items under this head account for additional expenditure of Rs. 0.03 crore. An amount of Rs. 0.04 crore will be met from savings within the grant and a supplementary demand for Rs. 1.36 crore is being presented.

A supplementary demand for Rs. 1.10 crore is being presented under the head "56—Stationery and Printing". This includes an amount of Rs. 0.14 crore on account of Special and Additional Dearness Allowances and Rs. 0.95 crore for purchase of paper, binding material and stationery stores. These purchases will also result in a corresponding increase in the income of the Printing and Stationery Department through the sale of stationery stores, binding and printing works. The remaining Rs. 0.01 crore will be required for the purpose of certain specialized printing work to be executed by approved private presses.

An additional amount of Rs. 10.27 crore is required under the head "57—Miscellaneous". The grant of Special and Additional Dearness Allowances and increases in pensions involved an additional financial liability of Rs. 4.57 crore for the various Local Bodies in the Province. As the Local Bodies did not have enough resources to meet this unbudgeted additional liability, it was decided that the Government may enable them to meet this liability through suitable grants-in-aid. An amount of Rs. 4.57 crore has, therefore, been included in the supplementary demand on this account. Another amount of Rs. 2.00 crore is required for grants-in-aid to the Lahore and Lyallpur Municipal Corporations for financing their schemes. The supplementary demand under this head also includes an amount of Rs. 1.12 crore on account of Local Government staff. All these items of expenditure are covered by additional grants receiveable from the Federal Government during the current financial year. At the time of preparation of the budget estimates for the current financial year, the amount of wheat subsidy was calculated at the rate of Rs. 6.00 per maund for indigenous wheat and Rs. 4.40 per maund for imported wheat. The incidental charges on indigenous wheat had to be increased to Rs. 6.24 per maund with effect from 1st July, 1974, and to Rs. 8.20 per maund with effect from 1st May, 1975. In the case of imported wheat the incidental charges were increased to Rs. 5.37 per maund with effect from 16th November, 1974. These increases would cost the Government an additional amount of Rs. 1.30 crore during the current financial year which has been included in the supplementary demand under the head "57—Miscellaneous". An amount of Rs. 0.30 crore has also been included on account of grant-in-aid for the Multan Auditorium Committee

for the construction of the Auditorium at Multan. Another amount of Rs. 0.34 crore is required for additional staff sanctioned for the disposal of the residual work of the former Settlement and Rehabilitation Organization which was abolished at the end of the last financial year. Other miscellaneous items under this head add upto Rs. 0.64 crore. An amount of Rs. 0.04 crore will be met from the savings within the grant and a supplementary demand for Rs. 10.23 crore is being presented.

The additional funds being asked for other miscellaneous items total upto Rs. 7.10 crore. Detailed reasons for proposing each item have been included in the body of the Supplementary Budget Statement.

Sir, I now present the Supplementary Budget Statement for the year, 1974-75.