

**GOVERNMENT OF THE PUNJAB  
FINANCE DEPARTMENT**



**WHITE PAPER  
BUDGET 1991-92**

**June 4, 1991.**

## INTRODUCTION

The White Paper is, as usual, being released on the budget day. The purpose of issuing this document is to assist the reader in understanding the documents which accompany the budget so as to provide a picture of the budget as a whole and to offer some comparison with the previous year. The White Paper has been substantially enlarged this year in order to improve its explanatory content. Although all possible attempts have been made to make the White Paper error-free, there may be some discrepancies, mainly on account of the human factor. Inconsistencies between the White Paper and other budgetary documents may still be there but these will be mostly because of rounding-off the figures and due to an attempt to make this document comprehensible and thus useful. Moreover, since the White Paper is essentially an analysis of the budget, as well as a guide to the budget, it relies more on explaining budgetary provisions. The Finance Department would nevertheless welcome suggestions regarding further improvements in its format 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 compiling this document.

JUNE 4, 1991

ZULFIQAR ALI SHAH  
*Finance Secretary*  
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## BUDGET AT A GLANCE

(Rs. in crore)

	Budget 1990-91	Revised 1990-91	Budget 1991-92
<b>NON-DEVELOPMENT ACCOUNT</b>			
General Revenue Receipts	2566.41	2940.69	3856.67
Non-development Revenue Expenditure	2902.11	3137.62	3650.65
Revenue Deficit (-)/Surplus (+):	(-) 335.70	(-) 196.93	(+) 206.02
General Capital Receipts	69.46	81.47	87.16
Non-development Capital Expenditure	100.40	132.12	118.85
Net Capital Receipts:	(-) 30.94	(-) 50.65	(-) 31.69
Public Account Receipts	1797.89	3416.85	3427.01
Public Account Disbursements	1723.99	3341.17	3351.34
Net Public Account Receipts:	73.90	75.68	75.67
Net deficit (-)/Surplus (+) in the Non-development Account:	(-) 292.74	(-) 171.90	(+) 250.00
<b>DEVELOPMENT ACCOUNT</b>			
Expenditure	900.00	766.00	1050.00
Resources	766.00	766.00	999.22
Operational Shortfall	134.00	..	50.78

## BUDGET IN BRIEF

### I. NON-DEVELOPMENT ACCOUNT

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<i>(Rs. in crore)</i> <u>Budget 1991-92</u>
<b>A: NON-FOOD ACCOUNT</b>			
<b>GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	1885.88	1862.28	2813.79
Other Federal Transfers	14.68	12.47	126.09
Provincial Tax Receipts	325.02	464.96	497.23
Income from property and enterprises	6.53	24.10	8.43
<b>Receipts from Civil Administration and other functions :</b>			
General Administration	8.62	8.33	8.78
Law and Order	28.82	29.52	31.24
Community Services	16.25	22.17	24.57
Social Services	63.78	66.05	64.41
Economic Services	157.10	159.52	157.83
Miscellaneous (including ad-hoc Federal Grants)	59.73	291.29	124.30
<b>Total General Revenue Receipts:</b>	2566.41	2940.69	3856.67
<b>NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	337.07	284.87	345.37
Law and Order	291.82	330.53	326.83
Community Services	110.96	129.42	146.58
Social Services	1018.56	1159.96	1382.77
Economic Services	346.42	394.12	464.16
Subsidies	64.86	48.31	81.00
Debt-servicing, Investible Funds and Grants	732.39	792.38	903.91
Miscellaneous (Unallocable)	0.03	0.03	0.03
<b>Total Non-development Revenue Expenditure :</b>	2902.11	3137.62	3650.65
<b>a: Revenue deficit (-)/surplus(+)</b>	(-) 335.70	(-) 196.93	(+) 206.02

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<i>(Rs. in crore)</i> <u>Budget 1991-92</u>
<b>GENERAL CAPITAL RECEIPTS</b>			
Federal Grants	1.00	8.21	..
Extraordinary Receipts	19.00	22.89	23.66
Public Debt	6.22	25.37	13.73
Recoveries of Loans and Advances	43.24	25.00	49.77
<b>Total General Capital Receipts:</b>	<b>69.46</b>	<b>81.47</b>	<b>87.16</b>
<b>NON-DEVELOPMENT CAPITAL EXPENDITURE</b>			
Highways, Roads, Bridges and Irrigation	1.00		..
Debt Servicing	71.28	102.51	94.65
Loans and Advances	29.70	31.24	25.48
State Trading in Medical Stores and Coal	(-) 1.58	(-) 1.63	(-) 1.28
<b>Total Non-Development Capital Expenditure:</b>	<b>100.40</b>	<b>132.12</b>	<b>118.85</b>
<b>b: Net Capital Receipts</b>	<b>(-) 30.94</b>	<b>(-) 50.65</b>	<b>(-) 31.69</b>
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Unfunded Debt	104.00	128.00	128.00
Deposits and Advances	605.98	660.68	670.84
Remittances	1087.91	2628.17	2628.17
<b>Total Public Account Receipts :</b>	<b>1797.89</b>	<b>3416.85</b>	<b>3427.01</b>



	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	(Rs. in crore) <u>Budget 1991-92</u>
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Unfunded Debt	30.15	52.38	52.38
Deposits and Advances	605.93	660.62	670.79
Remittances	1087.91	2628.17	2628.17
<b>Total Public Account Disbursements:</b>	<b>1723.99</b>	<b>3351.17</b>	<b>3351.34</b>
c: Net Public Account Receipts:	73.90	75.68	75.67
<b>Net deficit (-)/surplus (+) in the Non-development Account (a+b+c):</b>	<b>(-) 292.74</b>	<b>(-) 171.90</b>	<b>(+) 250.00</b>
<b>B: FOOD ACCOUNT - STATE TRADING IN FOODGRAINS AND SUGAR</b>			
<b>RECEIPTS</b>			
Loans from Commercial Banks	752.14	598.87	675.97
<b>EXPENDITURE</b>			
Foodgrains (Net)	139.11	31.35	(-) 217.87
Repayment of Bank Loans	613.03	567.52	893.84
<b>Total Expenditure:</b>	<b>752.14</b>	<b>598.87</b>	<b>675.97</b>

## II-DEVELOPMENT ACCOUNT

(Rs. in crore)

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
<b>A: PROVINCIAL CONTRIBUTION:</b>			
Provincial Contribution from the Non-development Account	..	..	250.00
Sub-total	..	..	250.00
<b>B: FEDERAL ASSISTANCE:</b>			
Cash Development			
Loans	757.20	757.20	733.17
Sub-total	757.20	757.20	733.17
<b>C: FOREIGN PROJECT ASSISTANCE:</b>			
a: Japanese Grant	4.50	4.50	4.50
b: Foreign Loans	4.30	4.30	11.55
Sub-total	8.80	8.80	16.05
<b>Total Resources (A+B+C)</b>	<b>766.00</b>	<b>766.00</b>	<b>999.22</b>

## TAMEER-E-WATAN PROGRAMME 1991-92

	Budget 1990-91	Budget 1991-92	% of Total
Agriculture	143.69	126.20	12.02
Rural Development	20.00	6.00	0.57
Industries	4.05	27.50	2.62
Water and Power	37.00	38.00	3.62
Roads and Bridges	68.00	65.00	6.19
Physical Planning and Housing	175.00	189.00	18.00
Education and Training	115.15	123.00	11.71
Information and Culture	1.30	1.00	0.10
Health	135.00	138.00	13.14
Tourism	0.10	0.25	0.02
Social Welfare	0.75	1.00	0.10
Manpower Training	2.74	2.00	0.19
Planning & Development	15.00	5.30	0.50
Priority Programmes	15.00	100.00	9.52
MKDA	2.50	2.50	0.24
Cholistan Development Authority	0.72	1.75	0.17
Dera Ghazi Khan Development Authority	2.50	3.00	0.29
Bahawalpur Development Authority	2.50	2.50	0.24
Special Programme for Education and Local Development	117.74	218.00	20.76
Grants for Development Works of Local Councils	41.26	..	..
<b>Total Development Expenditure (Net)</b>	<b>900.00</b>	<b>1050.00</b>	<b>100.00</b>

TAMER-E-WATAN PROGRAMME 1991-92

Budget	Budget	Total
1991-92	1990-91	1991
150.50	141.69	15.05
6.00	50.00	0.55
57.50	4.05	2.65
38.00	37.00	3.95
62.00	62.00	6.19
189.00	172.00	18.00
153.00	117.12	11.71
1.00	1.33	0.10
138.00	132.00	13.14
0.52	0.10	0.05
1.00	0.52	0.10
5.00	5.74	0.19
2.32	12.00	0.20
100.00	12.00	9.25
5.50	5.50	0.54
1.52	0.55	0.11
3.00	5.50	0.59
5.50	5.50	0.54
518.00	117.74	50.50
"	41.56	"
1050.00	900.00	100.00

# *Chapter I*

## **NON-DEVELOPMENT BUDGET**

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

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

The Non-development Revenue Account consists of general revenue receipts and non-development revenue expenditure. General revenue receipts include proceeds of taxes (including the provincial share of federal divisible taxes), charges for services rendered by government agencies, income from commercial activities undertaken by some departments, return on investments in property, securities and enterprises, interest on loans and revenue incidental to control functions of the government (fines and forfeitures). Non-development revenue expenditure represents current expenditure on salaries and allowances, pensions, 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 such as general administration, law and order, and provision of community, social and economic services.

Originally estimated at Rs. 2566.41 crore, general revenue receipts increased to Rs. 2940.69 crore in the Revised Estimates. As a result of the Award of the National Finance Commission, they are expected to shoot up to Rs. 3856.67 crore during 1991-92. On the expenditure side, Budget Estimates 1990-91 were fixed at Rs. 2902.11 crore which increased to Rs. 3137.62 crore in the Revised Estimates. Non-development revenue expenditure during 1991-92 has been

**TABLE 1**  
**REVENUE ACCOUNT**

	Budget 1990-91	Revised 1990-91	Budget 1991-92
<i>(Rs. in crore)</i>			
<b>A: GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	1885.88	1862.28	2813.79
Other Federal Transfers	14.68	12.47	126.09
Provincial Tax Receipts	325.02	464.96	497.23
Income from Property and Enterprises	6.53	24.10	8.43
Receipts from Civil Administration and other functions	274.57	285.59	286.83
Miscellaneous (other sources)	59.73	291.29	124.30
<b>Total General Revenue Receipts:</b>	<b>2566.41</b>	<b>2940.69</b>	<b>3856.67</b>
<b>B: NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	337.07	284.87	345.37
Law and Order	291.82	330.53	326.83
Community Services	110.96	127.42	146.58
Social Services	1018.56	1159.96	1382.77
Economic Services	346.42	394.12	464.16
Subsidies	64.86	48.31	81.00
Debt servicing, investible funds and grants	732.39	792.38	903.91
Miscellaneous (unallocable)	0.03	0.03	0.03
<b>Total Non-development Revenue Expenditure:</b>	<b>2902.11</b>	<b>3137.62</b>	<b>3650.65</b>
<b>Revenue surplus (B-A):</b>	<b>(-) 335.70</b>	<b>(-) 196.93</b>	<b>206.02</b>

budgeted at Rs. 3650.65 crore which is an increase of more than 25 per cent over Budget Estimates 1990-91 and of 16 per cent over the Revised Estimates. This extraordinary increase is mainly because of the NFC Award which has placed sufficient resources at the disposal of the province to cater for deferred maintenance and to clear the backlog of demands from various government departments that had been subjected to unrealistic economy cuts due to a weak revenue base since 1988-89.

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

The decrease in the revenue deficit from Rs. 335.70 crore in Budget Estimates to Rs. 196.93 crore in the Revised Estimates 1990-91 was on account of the following factors :

- i: an economy cut of 5 percent to 10 percent on the grants of all departments in addition to a ban on filling of vacant posts;
- ii. resource mobilisation efforts that yielded about Rs. 70 crore;
- iii: an increase in receipts, particularly from stamp duty which registered an increase of almost Rs. 61 crore over the Budget Estimates;
- iv: a decrease in expenditure on subsidies due to an increase in the support price of wheat.

The provincial government was able to bring down the deficit in the non-development account in the Revised Estimates over the Budget Estimates in spite of the increase in salaries, allowances and pensions that were announced by the federal government with the 1990-91 Budget and during the course of the financial year.

## **II. NON-DEVELOPMENT CAPITAL ACCOUNT :**

The Non-development Capital Account is composed of general capital receipts and non-development capital expenditure. General capital receipts, which

accrue partly to Account No. 1 (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 counter-finance arrangements with the State Bank of Pakistan for financing operations of state trading in foodgrains.

Non-development capital expenditure also pertains both to Account No. 1 and Account No. II. It includes expenditure on highways, roads and bridges, irrigation works, repayments of debt, loans and advances by the provincial government, repayment of loans obtained from commercial banks for commodity operations, and state trading in medical stores and coal.

The non-development capital account had an excess of Rs. 30.94 crore in payments over receipts in the Budget Estimates 1990-91, which increased to Rs. 50.65 crore in the Revised Estimates. The estimated gap for 1991-92 is Rs. 31.69 crore.

### **III. PUBLIC ACCOUNT OF THE PROVINCE :**

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

Net public account receipts in the Budget Estimates 1990-91 anticipated a surplus of Rs. 73.90 crore. In the Revised Estimates 1990-91, net receipts went up slightly to Rs. 75.68 crore and will be Rs. 75.67 crore during 1991-92. The surplus in the public account transactions is on account of higher receipts from contributions of government employees into the provident fund as compared to disbursements. These transactions are reflected under unfunded debt.

### **CONCLUSION :**

The details of the net surplus/deficit accruing from the three accounts



comprising the non-development budget are given in Table 2 below :

**TABLE 2**

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

	(Rs. in crore)		
	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Revenue deficit (-)/surplus (+)	(-) 335.70	(-) 196.93	(+) 206.02
Deficit in Capital Account	(-) 30.94	(-) 50.65	(-) 31.69
Net Public Account Receipts	73.90	75.68	75.67
<b>Total deficit (-)/surplus (+):</b>	<b>(-) 292.74</b>	<b>(-) 171.90</b>	<b>(+) 250.00</b>

Table 2 reveals that the net deficit in the non-development budget of the Punjab Government decreased from Rs. 292.74 crore in the Budget Estimates 1990-91 to Rs. 171.90 crore in the Revised Estimates. In 1991-92, the Budget Estimates show a surplus of Rs. 250.00 crore.

The deficit was primarily on account of the growing gap between general revenue receipts and non-development revenue expenditure which has a tendency to grow at a very high rate on account of government's investments in social, economic and community services. With the Award of the National Finance Commission, however, the province will receive additional revenues from the federal government which will enable it to generate a budgetary surplus in 1991-92 for the first time since the early eighties.

## *Chapter 2*

### **GENERAL REVENUE RECEIPTS**

General revenue receipts of the province include the following:

- a: proceeds from taxes (including the provincial share of federal divisible taxes);
- b: other federal transfers that include royalties on natural gas and crude oil, excise duty and development surcharge on natural gas and electricity profits;
- c: charges for services rendered by government agencies;
- d: income from commercial activities undertaken by some departments;
- e: return on investment in properties, securities and enterprises;
- f: interest on loans advanced to public corporations, local councils and government servants;
- g: revenue incidental to control functions of the government (fines and forfeitures), and
- h: federal grants.

Originally estimated at Rs. 2566.41 crore, general revenue receipts increased by Rs. 374.27 crore, or by almost 15 percent, during the year and stood at Rs. 2940.69 crore in Revised Estimates 1990-91. These are expected to rise to Rs. 3856.67 crore in the Budget Estimates 1991-92 which is an increase of Rs.1290.26 crore, or of 50 percent, over the Budget Estimates for the previous financial year. A break-up of general revenue receipts has been given in the first half of Table 1 on page 2.

#### **I. FEDERAL DIVISIBLE TAXES:**

The provinces receive a share from the pool of divisible taxes under Article

160 of the Constitution through an Award of the National Finance Commission. Till the last financial year, the distribution of shared taxes was based on the Distribution of Revenues and Grant-in-Aid Order of 1983 (President's Order No. 8 of 1983), read with the President's Order No. 2 of 1975, which allocated 80 percent of the following federal taxes to the provinces, after retention of collection charges at the rate of 5 percent by the federal government:

- i: export duty on cotton;
- ii: taxes on sales and purchases of goods imported, exported, produced, manufactured or consumed, and
- iii: income and corporate tax, excluding taxes on income consisting of remuneration paid out of the Federal Consolidated Fund.

The provincial shares were distributed according to population ratios with 57.97 percent for Punjab, 23.34 percent for Sindh, 13.39 percent for NWFP and 5.30 percent for Balochistan. The Award of the National Finance Commission announced on April 20, 1991 has expanded the pool of divisible taxes and guaranteed additional transfers to the provinces. The shares out of the divisible pool will continue to be distributed on the basis of population according to the final figures of the 1981 Census while other federal transfers will be distributed on the basis of location and production. With effect from 1-7-1991, the divisible pool shall also comprise excise duty on tobacco and tobacco manufactures and excise duty on sugar. The revised percentage share of the provinces in the divisible pool, based on their respective population of the final figures of 1981 Census, is as follows:

Punjab	57.88
Sindh	23.28
N.W.F.P.	13.54
Balochistan	5.30

The details of receipts from federal divisible taxes, other taxes collected by the federal government for the provinces and straight transfers, as intimated by the

federal government, are indicated below:

**TABLE 3**  
**FEDERAL DIVISIBLE TAXES**

*(Rs. in crore)*

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Customs (Export Duty on Cotton)	190.05	151.56	140.76
Income Tax	756.53	829.58	1019.05
Sales Tax	939.30	881.14	1060.13
Excise Duty on Tobacco and Tobacco Manufactures	..	..	422.29
Excise Duty on Sugar	..	..	171.56
<b>Total:</b>	<b>1885.88</b>	<b>1862.28</b>	<b>2813.79</b>

**OTHER FEDERAL TRANSFERS**

Excise Duty on Natural Gas	7.25	5.03	5.63
Royalty on Natural Gas	7.43	7.44	5.94
Development Surcharge on Natural Gas	..	..	45.53
Electricity Profit	..	..	10.04
Royalty on Crude Oil	..	..	58.95
<b>Total :</b>	<b>14.68</b>	<b>12.47</b>	<b>126.09</b>
<b>Grand Total :</b>	<b>1900.56</b>	<b>1874.75</b>	<b>2939.88</b>

In the Budget Estimates for 1990-91, Royalty on Natural Gas was classified under Miscellaneous Receipts while Excise Duty on Natural Gas was included under provincial tax receipts. These are, however, being classified under Other Federal Transfers in the Budget Estimates 1991-92.

**II. PROVINCIAL TAX RECEIPTS:**

Income from provincial taxes has increased from Rs. 325.02 crore in the Budget Estimates 1990-91 to Rs. 464.96 crore in the Revised Estimates and is

expected to be around Rs. 497.23 crore during the next financial year. Details are given in Table 4 below.

**TABLE 4**  
**PROVINCIAL TAX RECEIPTS**

	Budget 1990-91	Revised 1990-91	Budget 1991-92
<i>(Rs. in crore)</i>			
<b>DIRECT TAXES:</b>			
Urban Immovable Property Tax	9.89	9.88	12.49
Tax on Transfer of property	12.64	15.00	17.00
Land Revenue	42.75	50.12	54.85
Tax on Professions, Trades and Callings	4.00	4.00	4.40
<b>Total Direct Taxes:</b>	<b>69.28</b>	<b>79.00</b>	<b>88.74</b>
<b>INDIRECT TAXES:</b>			
Provincial Excise	4.89	8.79	10.00
Sale of Opium	0.49	0.56	0.60
Stamp Duty	129.68	190.33	260.37
Motor Vehicle Tax	55.79	57.64	60.65
Entertainment Tax	17.40	16.93	17.48
Education Cess	0.07	0.06	0.06
Cotton Fee	19.00	22.50	24.00
Tax on Hotels	1.15	2.11	2.50
Electricity Duty	25.68	83.93	29.73
Others	1.59	3.11	3.10
<b>Total Indirect Taxes:</b>	<b>255.74</b>	<b>385.96</b>	<b>408.49</b>
<b>Total Provincial Taxes:</b>	<b>325.02</b>	<b>464.96</b>	<b>497.23</b>

The phenomenal increase of Rs. 139.94 crore in the Revised Estimates over the Budget Estimates is primarily because of resource mobilization efforts during the last financial year which included increase in the rates of stamp duty, provincial excise and various fees, rates and user charges such as tolls on bridges, tobacco vending fee, tuition fees in educational institutions and medical colleges, route permit fee, boiler inspection fee and mutation fee, etc.

Resultantly, stamp duties have shown an increase of Rs. 60.66 crore, registration has yielded an additional Rs. 2.36 crore and provincial excise has risen by about Rs. 4.00 crore. The jump of Rs. 58.25 crore in receipts from electricity duty are on account of arrears receivable from WAPDA during the course of the year.

Direct taxes, which include land revenue, registration fee, professional tax and urban immovable property tax, increased marginally to Rs. 79.00 crore over Rs. 69.28 crore in Budget Estimates and will amount to Rs. 88.74 crore during 1991-92 while indirect taxes, which comprise stamp duty, provincial excise, motor vehicle taxes etc., increased from Rs. 255.74 crore to Rs. 385.96 crore. Indirect taxes during 1991-92 will be Rs. 403.72 crore. Provincial tax receipts during 1991-92 are estimated to be around Rs. 497.23 crore which is an increase of Rs. 172.21 crore, or about 53 percent, over the previous financial year.

During 1991-92, receipts from stamp duties are expected to rise still further and will increase to Rs. 260.37 crore over the Revised Estimates of Rs. 190.33 crore in 1990-91. These additional receipts will accrue basically on account of revision of valuation tables which are used for assessment of stamp duty payable on transactions pertaining to sale of property in urban areas. Revision of existing valuation tables has already been undertaken in the province and this extra-budgetary measure is expected to yield a minimum of Rs. 50.00 crore as incremental revenue during 1991-92.

### **III. INCOME FROM PROPERTY AND ENTERPRISE:**

Income from property and enterprises represents mark-up on soft loans advanced by the provincial government to its employees for construction of houses and purchase of conveyance, to farmers for purchase of agricultural inputs and sinking of tubewells etc., and to local councils and provincial autonomous bodies for financing their development programmes. It also includes dividends on

provincial government's investment in government securities. Receipts from this source are expected to aggregate at Rs. 24.10 crore during 1991-92 against Rs. 8.43 crore in the Revised Estimates 1990-91 and Rs. 6.53 crore in the Budget Estimates 1990-91. The sharp rise in the Revised Estimates over the Budget Estimates is because of arrears of interest receivable from autonomous bodies and local councils.

#### IV. RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS:

Table 5 contains the broad details of receipts incidental to law enforcement 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**

	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1991-92</u>
General Administration	8.62	8.33	8.78
Law and Order	28.82	29.52	31.24
Community Services	16.25	22.17	24.57
Social Services	63.78	66.05	64.41
Economic Services	157.10	159.52	157.83
<b>Total:</b>	<b>274.57</b>	<b>285.59</b>	<b>286.83</b>

Non-tax receipts of civil administration and other functions include income from fines imposed by courts, driving licence fee, 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, etc., and printing charges recovered by the Government Press.

**A: GENERAL ADMINISTRATION AND LAW AND ORDER**

Details of receipts on account of general administration and law and order are given in Table 6.

**TABLE 6**  
**RECEIPTS FROM GENERAL ADMINISTRATION**  
**AND LAW AND ORDER**

	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1991-92</u>
General Administration	8.62	8.33	8.78
Administration of Justice	7.01	6.61	7.03
Police	19.55	20.64	21.91
Jails	2.24	2.24	2.26
Civil Defence	0.03	0.03	0.04
<b>Total:</b>	<b>37.44</b>	<b>37.85</b>	<b>40.02</b>

Receipts from general 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 administration of justice mainly comprise general fees, fines and forfeitures, receipts from record rooms and collection of payments for services rendered. Receipts from the police include charges for force supplied to the federal and provincial government departments, fees, fines and forfeitures. Receipts from jails mainly accrue from sale of manufactured goods, and in case of civil defence, these are reimbursements from the federal government and



realization of fines. Although there has been a nominal increase in the Revised Estimates, additional resources of more than Rs. 2.00 crore are anticipated during 1991-92, mainly through fee and fines.

#### **B: COMMUNITY AND SOCIAL SERVICES**

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. These are given in Table 7.

**TABLE 7**  
**RECEIPTS FROM COMMUNITY AND SOCIAL SERVICES**

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
	<i>(Rs. in crore)</i>		
<b>Buildings</b>	4.01	4.01	4.21
<b>Communications</b>	10.00	15.92	18.11
<b>Public Health</b>	2.25	2.25	2.25
<b>Education</b>	40.33	41.49	42.48
<b>Health</b>	8.00	11.24	11.81
<b>Manpower Management</b>	0.20	0.21	0.22
<b>Housing and Physical Planning</b>	13.60	12.51	9.24
<b>Receipts under the Wild Birds and Wild Animals Protection Act</b>	0.80	0.60	0.66
<b>Total:</b>	<b>80.03</b>	<b>88.22</b>	<b>88.98</b>

Receipts from buildings and communications are derived from civil works, tolls on roads and bridges, sale of tender forms, registration fee of contractors and confiscation of earnest money. Receipts from public health, include collection of payments for services rendered, recovery of departmental charges, etc. The main source of revenues from education are fees in educational institutions. Receipts from health include hospitals receipts and fees charged by medical colleges.

Manpower management receipts include receipts from employment organizations and receipts under the West Pakistan Shops and Establishments Ordinance, 1969. Housing and Physical Planning receipts 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 fines and license fees.

Receipt from community and social services registered an increase of more than Rs. 8.00 crore in the Revised Estimates basically due to the revision of toll rates on bridges and increase in the rates of tuition fees in educational institution and medical colleges. Although a nominal increase of Rs. 0.55 crore is expected during 1991-92, the actual increase could be more since a further rise in receipts from tolls on bridges is anticipated during the year.

### **C: ECONOMIC SERVICES**

Receipts from economic services accrue from agriculture, fisheries, animal husbandry, forests, cooperation, irrigation, printing, stationery and industries. Details are given in Table 8 on the next page.

The receipts from the agricultural sector comprise income from experimental 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 proceeds 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 receipts from industries come from proceeds of finished goods, store purchases and fees, etc.

**TABLE 8**  
**RECEIPTS FROM ECONOMIC SERVICES**

*(Rs. in crore)*

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Agriculture	22.35	23.35	23.15
Fisheries	2.18	2.18	2.30
Animal Husbandry	7.55	7.12	8.06
Forest	21.13	20.94	20.77
Cooperation	0.17	0.19	0.20
Irrigation	93.49	98.51	94.67
Printing	5.26	3.23	3.70
Stationery	2.61	2.56	2.42
Industries	2.36	2.42	2.56
<b>Total :</b>	<b>157.10</b>	<b>159.51</b>	<b>157.83</b>

There has been a marginal increase in the Revised Estimates mainly from irrigation on account of arrears which would explain the drop in receipts during 1991-92. On the whole, however, receipts from economic services are not displaying the kind of growth that can be expected from this major source of government's non-tax revenue. This is somewhat because of a ban on tree felling in the Forest Department and leakages of canal waters that should augment receipts from water rate.

**V: MISCELLANEOUS:**

Miscellaneous receipts include grants from the federal grant for meeting the budgetary deficit, increase in salaries, allowances and pensions and reimbursements for performance of agency functions. These also include other minor receipts such as unclaimed deposits, sale of stores and materials, collection charges of Sugarcane Development Cess, fees for registration of societies, etc. Originally estimated at Rs. 34.59 crore, federal grants increased to Rs. 266.10 crore

in the Revised Estimates to meet the additional expenditure for increases in allowances, salaries and pensions announced by the federal government for which it is obliged to pick the expenditure for the first financial year. Other minor receipts increased nominally during the year and total miscellaneous receipts have increased from Rs. 59.73 crore to Rs. 291.29 crore in the Revised Estimates. In 1991-92, these are estimated at Rs. 124.30 crore which includes a special grant of Rs. 100.00 crore which will be made to the province by the federal government for three financial years effective from 1991-92 as a part of the NFC Award.

## *Chapter 3*

### **NON-DEVELOPMENT REVENUE EXPENDITURE**

The non-development revenue expenditure of the provincial government is incurred on general administration, law and order, services in the community, social and economic sectors, subsidies, debt servicing and 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 1991-92 the share of these sectors comes to 54.61 per cent of the budget which is an improvement of 3.76 per cent over Budget Estimates 1990-91. Secondly, only a small percentage of the budget is

spent on the so-called non-development departments within these services. 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. Enhanced expenditure on development thus adds to non-development expenditure when completed projects are transferred to the non-development account for operation.

While formulating the Budget Estimates 1991-92, an effort has once again been made to make the non-development budget complementary to the development effort of the province. To meet this objective, the following guiding principles have been adopted :

- i: to maximise the 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 yard-sticks 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. 2902.11 crore in the Budget Estimates 1990-91. In the Revised Estimates, the expenditure increased to Rs. 3137.62 crore and will go up to Rs. 3650.65 crore in 1991-92. The increase of Rs. 235.51 crore in expenditure in the Revised Estimates is primarily on

account of additional liability as a result of increase in salaries, allowances and pensions. This was, however, counter-balanced to some extent by austerity measures, economy cuts, ban on purchase of durable goods and non-essential items and an embargo on the filling of vacant posts.

Non-development expenditure during 1991-92 has been estimated at Rs. 3650.65 crore, showing an increase of 25.8 percent over the Budget Estimates 1990-91 and 16 percent over the Revised Estimates. Even though the NFC Award has placed sufficient resources at the disposal of the provincial government over the Award period, the backlog of demands for grants from the administrative departments and deferred maintenance will require additional allocations over the coming years. Also, annual increase in salaries, rise in prices and enhanced rates of electricity, telephone, postage and POL charges have to be accounted for. Major factors that have contributed to the increase in the estimates for the next financial year are as follows :

- i: an allocation of Rs. 2.00 crore has been made for medical treatment abroad;
- ii: a provision of Rs. 20.18 crore has been made for the operation and maintenance of public-sector tubewells that are essential for irrigation and land reclamation. An additional Rs. 5.00 crore have been ear-marked for their electricity bills;
- iii: an amount of Rs. 46.92 crore has been allocated for maintenance and repairs and electricity charges in the Irrigation and Power Department;
- iv: an allocation of Rs. 1.65 crore has been made for the newly established district of Narowal which includes Rs. 1.20 crore for recruitment of police personnel;
- v: replacement and repair of equipment in various government

- hospitals and clinics will cost Rs. 5.00 crore;
- vi: a sum of Rs. 0.50 crore has been provided as grant-in-aid to the Al-Shifa Trust Hospital, Rawalpindi and a provision of Rs. 2.25 crore has been made for the Cardiac Center, Lahore;
  - vii: Rs. 10.00 crore have been set aside for the Bait-ul-Maal established by the Punjab Government during 1990-91, and
  - viii: a provision of Rs. 10.00 crore has been made towards the Jahez Fund.

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

#### I. GENERAL ADMINISTRATION:

Broad details of expenditure on general administration are given in Table 9.

**TABLE 9**  
**EXPENDITURE ON GENERAL ADMINISTRATION**

	(Rs. in crore)		
	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<u>Budget</u> <u>1991-92</u>
Organs of State	55.89	70.74	66.46
Fiscal Administration	269.69	196.50	259.62
Economic Regulation	3.30	3.57	3.61
Statistics	4.21	4.86	5.22
Publicity and Information	3.98	9.20	10.46
<b>Total :</b>	<b>337.07</b>	<b>284.87</b>	<b>345.37</b>

Although expenditure on general administration went down significantly from Rs. 337.07 crore in the Budget Estimates to Rs. 284.87 crore in the Revised Estimates, it is likely to rise to Rs. 345.37 crore during 1991-92 on account of usual budgetary enhancements.



## II. LAW AND ORDER :

Expenditure on law and order involves disbursements related to administration of justice, police and civil armed forces, jails, civil defence etc., as detailed in Table 10.

**TABLE 10**  
**EXPENDITURE ON LAW AND ORDER**

	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1991-92</u>
Justice : Law Courts	18.32	21.01	22.11
Police and Civil Armed Forces	245.78	279.26	271.90
Jails and Detention Places	22.01	22.87	24.90
Civil Defence	1.51	1.70	1.78
Training and Research in Law and Order	4.20	5.69	6.14
<b>Total :</b>	<b>291.82</b>	<b>330.53</b>	<b>326.83</b>

The increase in the Revised Estimates over the Budget Estimates is due to additional expenditure of Rs. 33.47 crore incurred on the police force, and Rs. 3.79 crore on Law Courts. However, total expenditure will decrease to Rs.326.83 crore in 1991-92 as compared to the Revised Estimates, even though expenditure on jails and detention places is expected to increase to Rs. 24.90 crore on account 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 overleaf.

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.

**TABLE 11**  
**EXPENDITURE ON COMMUNITY SERVICES**

	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	(Rs. in crore) <u>Budget</u> <u>1991-92</u>
<b>Works</b>	101.95	119.61	135.64
<b>Public Health Services (water-supply, sanitation, sewerage and refuse disposal)</b>	7.88	8.63	9.68
<b>Other Community Services</b>	1.13	1.18	1.26
<b>Total :</b>	110.96	129.42	146.58

Revised Estimates 1990-91 show an increase of Rs. 18.46 crore mainly because of enhanced expenditure relating to works. Budget Estimates show additional allocation of Rs. 35.62 crore during 1991-92 over Budget Estimates 1990-91 on account of anticipated expenditure on deferred maintenance so as to protect the public sector's physical assets such as roads, highway and buildings.

#### **IV. SOCIAL SERVICES :**

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

Revised Estimates increased by Rs. 141.40 crore largely due to additional expenditure on the vital sectors of education and health which increased from Rs. 782.54 crore and Rs. 187.75 crore to Rs. 901.53 crore and Rs. 198.82 crore, respectively. Budget Estimates 1991-92 for social services show an increase of Rs. 222.81 crore over the Revised Estimates. The main increase once again is in education and health which together register an increase of Rs. 355.08 crore over the Budget Estimates for 1990-91 and Rs. 225.02 crore over the Revised Estimates .

**TABLE 12**  
**EXPENDITURE ON SOCIAL SERVICES**

*(Rs. in crore)*

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Education	782.54	901.53	1076.64
Health	187.75	198.82	248.73
Manpower and Labour Management	4.84	5.36	5.73
Housing and Physical Planning	4.74	6.14	5.51
Sports and recreational facilities	5.16	5.26	6.52
Social security and social welfare	29.94	31.98	35.68
Natural calamities and other disasters	1.08	8.07	1.17
Religious affairs	2.51	2.80	2.79
<b>Total :</b>	<b>1018.56</b>	<b>1159.96</b>	<b>1382.77</b>

**V. ECONOMIC SERVICES :**

Detailed expenditure incurred on economic services is indicated in Table 13 below.

**TABLE 13**  
**EXPENDITURE ON ECONOMIC SERVICES**

*(Rs. in crore)*

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Agriculture and Food	152.11	166.74	175.80
Irrigation	156.57	181.94	243.22
Land Reclamation	3.77	3.22	3.49
Rural Development	14.24	20.02	20.22
Industrial and Mineral Resources	19.73	22.21	21.43
<b>Total :</b>	<b>346.42</b>	<b>394.13</b>	<b>464.16</b>

Revised Estimates 1990-91 have increased by Rs. 47.71 crore due to emergent expenditure in irrigation sector, particularly on tubewells and repairs of canals, and additional demands from the sectors of agricultures, land management, animal husbandry, rural development and tourism.

The increase in the Budget Estimates 1991-92 over the Revised Estimates 1990-91 amounting to Rs. 70.03 crore is essentially due to additional expenditure in the irrigation sector so as to compensate for deferred maintenance. The allocation for agriculture and food has also been enhanced from 166.74 crore in the Revised Estimates to Rs. 175.80 crore in the Budget Estimates for 1991-92, the major increase being in the components of agriculture and land management.

**VI: SUBSIDIES:**

Revised Estimates 1990-91 indicate a fall of Rs. 16.55 crore over the Budget Estimates because of an increase in the support price of wheat which has reduced the expenditure on wheat subsidy. Estimates for 1991-92 have been kept at Rs. 81.00 crore. 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. Details are given in Table 14 on the next page.

Debt servicing liability of the province was projected at Rs. 727.56 crore in the Budget Estimates 1990-91. It increased to Rs. 784.83 crore in the Revised Estimates on account of additional liability. During 1991-92, debt servicing liability is estimated at Rs. 897.62 crore. The increase is due to the expansion in the quantum of cash development loans obtained from the federal government for the Tamir-e-Watan Programme.

**TABLE 14****DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS**

*(Rs. in crore)*

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
Interest on Domestic Debt	60.38	95.41	95.41
Interest on Federal Loans	658.57	680.77	794.19
Interest on Foreign Loans	8.61	8.65	8.02
Sub-total	727.56	784.83	897.62
Grants and Subventions	4.83	7.55	6.29
Total	732.39	792.38	903.91

Grants and subventions increased from Rs. 4.84 crore in the Budget Estimates 1990-91 to Rs. 7.55 crore in the Revised Estimates and have been estimated at Rs. 6.29 crore during 1991-92.

**VII: MISCELLANEOUS (UNALLOCABLE) ITEMS OF EXPENDITURE:**

The Budget Estimates 1990-91 showed an amount of Rs. 0.03 crore under this head which has been repeated for 1991-92.

## *Chapter 4*

### **GENERAL CAPITAL RECEIPTS**

General capital receipts accrue partly to the provincial government's Account No. 1 (Non-food Account) and partly to Account No. II (Food Account), maintained with the State Bank of Pakistan. Non-development capital receipts, which accrue to Account No. 1, comprise:

- 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 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 and 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 transactions relating to receipts and expenditure of the Food Department. The quantum of such temporary advances estimated at Rs. 752.14 crore in the Budget Estimates 1990-91 decreased to Rs. 598.87 crore in the Revised Estimates 1990-91 due to lesser procurement of wheat. The target for 1991-92 has been fixed at Rs. 675.97 crore keeping in view the anticipated procurement.

Details of capital receipts accruing to Account No. I are given in Table 15 on page 27. These show an increase of Rs. 12.01 crore in the Revised Estimates over

the Budget Estimates and are expected to be around Rs. 87.16 crore in 1991-92.

**TABLE 15**  
**NON-DEVELOPMENT CAPITAL RECEIPTS**

	<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<u>Budget</u> <u>1991-92</u>
	<i>(Rs. in crore)</i>		
Grants from the Federal Government	1.00	8.21	..
Extraordinary Receipts	19.00	22.89	23.66
Public Debt:	..	..	..
Permanent Debt (Borrowing)	0.10	..	7.61
Floating Debt (Ways & Means Advance)	6.12	25.37	6.12
Recoveries of Loans and Advances	43.24	25.00	49.77
<b>Total :</b>	<b>69.46</b>	<b>81.47</b>	<b>87.16</b>

**1. FEDERAL GRANTS :**

The federal government reimburses expenditure incurred on improvement of national highways and construction of certain other roads and bridges of national importance as well as for performing agency functions in respect of subjects transferred from the federal government. A sum of Rs. 1.00 crore was expected from the federal government during 1990-91. Revised Estimates 1990-91 have been fixed at Rs. 8.21 crore in the light of releases made by the federal government. No provision has been made in the Budget Estimates 1991-92 under this head. If any releases are made by the federal government, these will be reflected in the Revised Estimates for 1991-92.

**2. EXTRAORDINARY RECEIPTS:**

Extraordinary receipts accrue mainly from the sale of government land, interest on deferred payments of land sold in colonies and proceeds from sale of plots in industrial estates. The Revised Estimates of Rs. 22.89 crore reflect an

increase of over 20 per cent over the Budget Estimates of Rs. 19.00 crore for 1990-91. These are estimated at Rs. 23.66 crore for 1991-92.

**3. PERMANENT DEBT:**

Public debt includes floating debt and permanent domestic debt which includes direct debt and debt received from the federal government. The provincial government's permanent domestic debt, or direct debt, represents market loans and land commission compensation bonds. Market loans are long-term loans obtained by the provincial government from the general public and financial institutions. No permanent debt receipts have been reflected in the Revised Estimates over Budget Estimates of Rs. 0.10 crore for 1990-91. In 1991-92, permanent debt receipts have been estimated at Rs. 7.16 crore. The increase over 1990-91 is due to anticipated receipts from floatation of a loan during 1991-92 to retire a loan that will mature during the financial year.

**4. FLOATING DEBT (WAYS AND MEANS ADVANCES):**

Floating debt represents temporary borrowings from the State Bank of Pakistan, commonly known as ways and means advances. 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 government account or delay in the release of funds due from the federal government. Floating debt increased to Rs. 25.37 crore in the Revised Estimates as ways and means advances had to be obtained frequently from the State Bank of Pakistan during the course of the year.

**5. 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 local bodies are advanced mostly for financing their water supply, sewerage and drainage schemes. Similarly, autonomous bodies of the provincial government are given loans for financing specific development projects. Recoveries of such loans are reflected in the budget under this head. Receipts on account of recoveries of loans and advances have decreased from Rs. 43.24 crore in the Budget Estimates to Rs. 25.00 crore in the Revised Estimates 1990-91, basically because of debt rescheduling allowed to the provincial government's autonomous bodies to ensure that the flow of funds for their development schemes is not interrupted. A provision of Rs. 49.77 crore has been made in anticipation of recoveries of loans and advances during 1991-92.

## Chapter 5

### NON-DEVELOPMENT CAPITAL EXPENDITURE

As in the case of general capital receipts, non-development capital expenditure also pertains both to the provincial government's Account No. I and Account No. II maintained with the State Bank of Pakistan. The expenditure in Account No. I relates to highways, roads and bridges, repayment of debt, loans and advances by the provincial government and state trading in medicines and coal.

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

Details of the non-development capital expenditure are given in Table 16.

**TABLE 16**

### NON-DEVELOPMENT CAPITAL EXPENDITURE

(Rs. in crore)

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
<b>ACCOUNT NO. I</b>			
Highways, Roads and Bridges	1.00		..
Debt Servicing	71.28	102.51	94.65
Loans and Advances	29.70	31.24	25.48
State Trading in Medicines and Coal	(-) 1.58	(-) 1.63	(-) 1.28
<b>Total Account No. I:</b>	<b>100.40</b>	<b>132.12</b>	<b>118.85</b>
<b>ACCOUNT NO. II</b>			
State Trading in Foodgrains (Net)	139.11	31.35	(-) 217.87
Debt Servicing	613.03	567.52	893.84
<b>Total Account No. II:</b>	<b>752.14</b>	<b>598.87</b>	<b>675.97</b>
<b>Grand Total Accounts I &amp; II:</b>	<b>852.54</b>	<b>730.99</b>	<b>794.82</b>

## **I. HIGHWAYS, ROADS AND BRIDGES:**

Some 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 Tameer-e-Watan Programme. No releases were made by the federal government during the year against the Budget Estimates of Rs. 1.00 crore. Therefore, no provision has been made for 1991-92.

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

Debt servicing in Account No. I consists of repayment of domestic debt comprising market loans, ways and means advances, federal government loans and foreign debt.

The expenditure has increased from Rs. 71.28 crore in Budget Estimates 1990-91 to Rs. 102.51 crore in the Revised Estimates due to interest paid on ways and means advances. Budget estimates 1991-92 have been fixed at Rs. 94.65 crore. The details of debt servicing in Account No. I are as follows :

### **A: REPAYMENT OF FEDERAL LOANS**

Since 1970, the Annual Development Programme, lately known as the Tamir-e-Watan Programme, has been financed mostly through borrowings from the federal government and foreign agencies. 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 lending agencies. In case of 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 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 1990-91, the total debt liability of the Punjab Government will be Rs. 5680.64 crore which is as follows:

	(Rs. in crore)
a: on account of rupee loans received from federal government	5146.49
b: on account of counterpart fund rupee loans	25.60
c: on account of foreign exchange loans	508.55
	-----
<b>Total:</b>	<b>5680.64</b>
	-----

Rupee loans are utilized for financing the development programme, for installation of Scarp tubewells and for other emergent projects on the basis of need. The quantum of development funds for the provinces is determined each year by the National Economic Council and distribution is made on the principle of population after setting aside 10 percent of total funds for NWFP and Balochistan. Details of the loans outstanding against the provincial government on 30-6-1990 are given in Table 17.

**TABLE 17**  
**LOANS OUTSTANDING ON 30.6.1990**

A:			(Rs. in crore)
<b>CASH DEVELOPMENT LOANS</b>			
1973-74	57.40	1983-84	339.86
1974-75	84.05	1984-85	366.89
1975-76	122.21	1985-86	421.77
1976-77	150.13	1986-87	584.78
1977-78	102.33	1987-88	283.20
1978-79	124.35	1988-89	261.09
1979-80	113.59	1989-90	651.61
1981-82	149.60	1990-91	757.20
1982-83	217.88		
<b>Total Cash Development Loans:</b>			<b>4787.94</b>

**B: CASH DEVELOPMENT LOANS  
FOR SCARP TUBEWELL PROJECTS**

1974-75	8.27	1982-83	26.87
1975-76	16.10	1983-84	22.47
1976-77	21.40	1984-85	30.10
1977-78	19.08	1985-86	35.69
1978-79	19.94	1986-87	27.87
1979-80	22.72	1987-88	19.43
1980-81	23.85	1988-89	8.48
1981-82	26.59	1989-90	18.25

**Total loans for SCARP Tubewells:** 347.11

**C: OTHER LOANS**

Non-development loan for meeting railway losses	1973-74	0.05
Non-development loan for augmentation of Police Force	1973-74	0.50
Non-development loan for Rawalpindi Municipal Committee	1974-75	0.06
Non-development loan for Murree Municipality	1975-76	0.15
Cash development loan for Rural Development Markaz at Laar, Multan (interest-free)	1977-78	0.20
Cash development loan for setting up a small-scale production unit for manufacturing weapons by Mistri Kamal at Sargodha (interest-free)	1978-79	0.02
Non-development interest-free loan to organize the National Horse and Cattle Show	1978-79	0.23
Non-development interest-free loan for Data Darbar Mosque at Lahore	1978-79	0.23
Non-development interest-free loan for purchase of pesticides, cotton seed and sprayers for the protection of cotton crop	1990-91	10.00

**Total Other Loans:** 11.44

**D: FOREIGN EXCHANGE LOANS**

1.	US Aid 391-H-055	5.98
2.	US Aid 391-H-060	0.64
3.	US Aid 391-H-069	2.68
4.	US Aid 391-H-079	1.67
5.	US Aid 391-H-084	4.17
6.	US Aid 391-H-087	7.10
7.	US Aid 391-H-103	0.51
8.	US Aid 391-H-107	3.88
9.	US Aid 391-H-128	1.30
10.	US Aid 391-H-135	1.84
11.	IDA-30-Pak	2.11
12.	IDA-50-Pak	13.28
13.	IDA-54-Pak	8.36
14.	IDA-106-Pak	3.67
15.	IDA-106-Pak	0.96
16.	IDA-466-Pak	20.27
17.	IDA-620-Pak	31.54
18.	IDA-630-Pak	55.97
19.	IDA-678-Pak	5.50
20.	IDA-683-Pak	34.62
21.	IDA-813-Pak	26.85
22.	IDA-892-Pak	7.45
23.	IDA-1109-Pak	23.25
24.	IDA-1113-Pak	2.69
25.	IDA-1163-Pak	49.19
26.	IDA-1239-Pak	50.17
27.	IDA-1348-Pak	7.20
28.	IDA-1375-Pak	7.34
29.	IDA-1487-Pak	35.10
30.	IDA-1603-Pak	27.10
31.	IDA-1693-Pak	17.33
32.	IDA-1762-Pak	8.18
33.	IDA-1821-Pak	21.92
34.	IDA-1888-Pak	5.24
35.	IDA-1895-Pak	2.19
36.	IDA-2003-Pak	11.30

**Total Foreign Exchange Loans:**

**508.55**

**E: COUNTERPART FUNDS LOANS**

1.	US Aid 391-G-009	1.08	7.	US Aid 391-G-147	0.95
2.	US Aid 391-G-065	1.10	8.	German Loan 1966-67	0.04
3.	US Aid 391-G-120	8.86	9.	German Loan 1967-68	0.10
4.	US Aid 391-G-122	4.65	10.	German Loan 1968-69	0.30
5.	US Aid 391-G-132	6.59	11.	German Loan 1969-70	0.40
6.	US Aid 391-G-133	1.00	12.	German Loan 1971-72	0.53
<b>Total Counterpart Fund Loans:</b>					<b>25.60</b>

Of the total liability of Rs. 5680.64 crore, about 91 per cent is on account of rupee loans which are owed to the federal government.

**B: MARKET LOANS**

Market loans are floated for a fixed amount of public subscription at a guaranteed rate of return. These loans are retired on maturity usually through floatation of new loans. The details of market loans outstanding at the end of the financial year 1990-91 are given in Table 18 :

**TABLE 18**  
**MARKET LOANS OF PUNJAB GOVERNMENT**

Name of the loan	Year of issue	Date of maturity	(Rs. in crore)
			Amount
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	10.60
10.75% Punjab Loan 1996	1986	13.9.1996	2.73
10.75% Punjab Loan 1997	1987	27.8.1997	5.06
10.50% Punjab Loan 1998	1988	12.10.1998	7.58
10.50% Punjab Loan 1999	1989	17.9.1999	7.85
<b>Total:</b>			<b>50.31</b>

### **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. These advances are resorted to when the provincial government experiences shortfalls in its cash balance and temporary loans thus become necessary to run the government's day-to-day business.

### **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. 29.70 crore was made in the Budget Estimates 1990-91 for such loans and advances. It went upto Rs. 31.24 crore in the Revised Estimates while the Budget Estimates 1991-92 show an allocation of Rs. 25.48 crore on this account. The policy of grant of loans to government servants was discontinued during the year.

### **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 Accounts I and II.



## Chapter 6

### STATE TRADING

State trading operations of the provincial government pertain to foodgrains, medical stores, coal and coke. Transactions pertaining to state trading in foodgrains are kept separate and their receipts and expenditure are credited and debited to the provincial government's Food Account with the State Bank of Pakistan. The expenditure on state trading in foodgrains is met out of borrowings from commercial banks. Details are given in Table 19.

**TABLE 19**  
**STATE TRADING SCHEMES**

		(Rs. in crore)		
		<u>Budget</u> <u>1990-91</u>	<u>Revised</u> <u>1990-91</u>	<u>Budget</u> <u>1991-92</u>
<b>A:</b>	<b>FOODGRAINS</b>			
	Gross Expenditure on Purchase of Foodgrains	940.33	855.48	886.71
	Deduct recoveries	801.22	824.13	1104.58
	<b>Net Expenditure:</b>	<b>139.11</b>	<b>31.35</b>	<b>(-) 217.87</b>
<b>B:</b>	<b>STATE TRADING IN MEDICAL STORES:</b>			
	Expenditure	61.73	31.82	31.88
	Deduct Recoveries	(-) 61.73	(-) 31.82	(-) 31.88
	<b>Net Expenditure:</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>C:</b>	<b>STATE TRADING IN COAL:</b>			
	Expenditure	0.10	0.05	0.11
	Deduct Recoveries	(-) 1.68	(-) 1.68	(-) 1.39
	<b>Net Expenditure:</b>	<b>(-) 1.58</b>	<b>(-) 1.63</b>	<b>(-) 1.28</b>

## **I. FOODGRAINS:**

The expenditure on purchase, handling and storage of wheat during 1990-91 decreased from the estimated amount of Rs. 940.33 crore to Rs. 855.48 crore in the Revised Estimates as a consequence of decrease in the target from 31.00 lac metric tons to 23.00 lac metric tons. The rate of purchase price of wheat was also enhanced from Rs. 2,400 per metric ton to Rs. 2,700 per metric ton. In the Budget Estimates 1990-91, receipts from the sale of foodgrains were estimated at Rs. 801.22 crore. In the Revised Estimates receipts amounting to Rs. 824.13 crore are anticipated.

The procurement price of wheat for 1991-92 has been fixed at Rs. 2,700 per metric ton while incidental charges have been fixed at Rs. 841.50 per metric ton. In order to purchase, handle and store 25.00 lac metric tons of indigenous wheat, an amount of Rs. 886.71 crore has been provided in the Budget Estimates 1991-92. Receipts from the sale of foodgrains are estimated at Rs. 1104.58 crore, providing an excess of Rs. 217.87 crore over expenditure.

## **II. 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. During 1990-91, sale proceeds of coke from the stocks were estimated at Rs. 1.68 crore as against an expenditure of Rs. 0.10 crore, thereby showing a surplus of Rs. 1.58 crore. However, in the Revised Estimates, the surplus came to Rs. 1.63 crore. In 1991-92, against an expenditure provision of Rs. 0.11 crore, recoveries are likely to be made to the extent of Rs. 1.39 crore from sale of coal and coke giving a surplus of Rs. 1.28 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 20 shows receipts and disbursements from the public account transactions and their net effect in 1990-91 and in the Budget Estimates 1991-92.

**TABLE 20**

### PUBLIC ACCOUNT TRANSACTIONS

(Rs. in crore)

	<u>Budget 1990-91</u>	<u>Revised 1990-91</u>	<u>Budget 1991-92</u>
<b>RECEIPTS</b>			
Unfunded Debt	104.00	128.00	128.00
Deposits and Advances	605.98	660.68	670.84
Remittances	1087.91	2628.17	2628.17
<b>Total :</b>	<b>1797.89</b>	<b>3416.85</b>	<b>3427.01</b>
<b>DISBURSEMENTS</b>			
Unfunded Debt	30.15	52.38	52.38
Deposits and Advances	605.93	660.62	670.79
Remittances	1087.91	2628.17	2628.17
<b>Total:</b>	<b>1723.99</b>	<b>3341.17</b>	<b>3351.34</b>
<b>NET</b>			
Unfunded Debt	73.85	75.62	75.62
Deposits and Advances	0.05	0.06	0.05
Remittances	..	..	..
<b>Total:</b>	<b>73.90</b>	<b>75.68</b>	<b>75.67</b>

### **I. UNFUNDED DEBT:**

Unfunded debt consists of provincial government liability on account of balances in provident fund of government employees. Since the number of government employees increases from year to year, their contribution to provident fund also increases. This results in an increased liability, as the payments into such funds usually exceed withdrawals therefrom. Net receipts in the Revised Estimates 1990-91 increased to Rs. 128.00 crore from the Budget Estimate of Rs. 104.00 crore. Budget Estimates for 1991-92 have been placed at Rs. 128.00 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 especially true of receipts and expenditures pertaining to personal ledger accounts of autonomous and local bodies of the provincial government kept with government treasuries. This also applies to receipts and expenditure pertaining to various suspense accounts. Whether net receipts from suspense accounts will be positive or negative depends entirely on whether misclassification in respect of receipts has been greater than that in respect of expenditure and vice versa. Therefore, for purposes of budgeting, the net effect of such receipts and expenditure is assumed to be nil.

### **III. REMITTANCES:**

The net effect of the transactions pertaining to the remittance heads, including the inter-provincial suspense accounts and the adjusting account between the federal government and the provincial government, has also been assumed to be nil during 1991-92 as was done for 1990-91.

## Chapter 8

### ANALYSIS OF THE NON-DEVELOPMENT REVENUE ACCOUNT

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:

Budget Estimates 1991-92 project the provincial government's general revenue receipts at Rs. 3856.67 crore. A major part of these receipts, amounting to Rs. 3311.02 crore and constituting almost 86 percent of total revenue income will accrue from taxes. The rest of the provincial government's revenue receipts will accrue on account of non-tax revenues and from transfers. The composition of the non-development revenue receipts for 1990-91 and 1991-92 is given in Table 21 below.

	<b>Tax receipts</b>	<b>%</b>	<b>Non-tax receipts</b>	<b>%</b>	<b>Transfer receipts</b>	<b>%</b>	<b>Total</b>
<b>Budget 1990-91</b>	2210.90	86.15	291.65	11.36	63.86	2.49	2566.41
<b>Revised 1990-91</b>	2327.24	79.14	303.13	10.31	310.32	10.55	2940.69
<b>Budget 1991-92</b>	3311.02	85.85	302.24	7.84	243.41	6.31	3856.67

Details of these receipts are given overleaf.

**TAX RECEIPTS:**

Tax receipts include the provincial government's share in the federal divisible taxes and its own tax revenues. These will constitute 85.85 percent of the total non-development revenue receipts against 86.15 percent in the Budget Estimates 1990-91 and 79.14 percent in the Revised Estimates. The decline in the ratio of tax receipts in the Revised Estimates was due to an increase in federal grants which raised the proportionate share of transfers.

**NON-TAX RECEIPTS:**

Non-tax receipts of the provincial government comprise revenues generated by government departments (civil administration and other functions) excluding receipts-in-aid of superannuation, plus miscellaneous receipts, excluding federal grants and royalty on natural gas which are transfer payments received from the federal government. Table 21 shows that non-tax receipts, other than transfers, accounted for 10.31 percent of total revenue receipts in the Revised Estimates as compared to 11.36 percent in the Budget Estimates 1990-91. These are expected to fall to 7.84 percent during 1991-92 because of the exclusion of receipts-in-aid of superannuation for the benefit of analysis in this chapter. Tables 5 to 8 in Chapter 2 give details of non-tax receipts of the provincial government.

**TRANSFER RECEIPTS:**

Transfer receipts include interest receipts, federal grants, receipts-in-aid of superannuation and federal transfers. Table 21 shows that transfer receipts constitute 6.31 percent of the estimates for 1991-92. Transfer receipts increased in the Revised Estimates because of larger federal grants and will increase in ratio over the Budget Estimates 1990-91 because these now include, in addition to the above, royalties on natural gas and crude oil, excise duty and development surcharge on natural gas and electricity profits.

## CLASSIFICATION OF TAX REVENUE:

The distribution of tax revenue between receipts from direct and indirect taxes is given in Table 22. The ratio between direct (income tax plus the direct provincial taxes) and indirect taxes (export duty on cotton, sales tax and indirect provincial taxes) works out at roughly 33:67 in the Budget Estimates 1991-92 as compared to 37:63 in the Budget Estimates for 1990-91.

**TABLE 22**

### CLASSIFICATION OF TAX REVENUE

(Rs. in crore)

	DIRECT		INDIRECT		Total
	Amount	%	Amount	%	
Budget 1990-91	825.81	37.35	1385.09	62.65	2210.90
Revised 1990-91	908.58	39.04	1418.66	60.96	2327.24
Budget 1991-92	1107.79	33.46	2203.23	66.54	3311.02

A major part of the tax receipts of the province is drawn from federally collected divisible taxes. Table 23 indicates the ratio such taxes bear to the receipts of provincial government from other taxes.

**TABLE 23**

### RATIO OF RECEIPTS FROM FEDERAL DIVISIBLE TAXES AND PROVINCIAL TAXES

(Rs. in crore)

	Federal Divisible Taxes		Provincial Taxes		Total
	Amount	%	Amount	%	
Budget 1990-91	1885.88	85	325.02	15	2210.90
Revised 1990-91	1862.28	80	464.96	20	2327.24
Budget 1991-92	2813.79	85	497.23	15	3311.02

The percentage of the federal divisible taxes in the total tax receipts of the provincial government will increase from 80 percent in the Revised Estimates 1990-91 to 85 percent in the Budget Estimates 1991-92.

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 24 shows details of federal divisible taxes which are passed on to this province.

**TABLE 24**  
**COMPOSITION OF PUNJAB'S SHARE OF**  
**FEDERAL DIVISIBLE TAXES**

*(Rs. in crore)*

	<u>Budget 1990-91</u>		<u>Revised 1990-91</u>		<u>Budget 1991-92</u>	
	Amount	%	Amount	%	Amount	%
Income Tax	756.53	40	829.58	45	1019.05	36
Sale Tax	939.30	50	881.14	47	1060.13	38
Customs	190.05	10	151.56	8	140.76	5
Excise Duty on Tobacco and Tobacco Manufactures	..	..	..	..	422.29	15
Excise Duty on Sugar	..	..	..	..	171.56	6
<b>Total:</b>	<b>1885.88</b>	<b>100</b>	<b>1862.28</b>	<b>100</b>	<b>2813.79</b>	<b>100</b>

A comparison of the receipts from different taxes levied and collected by the provincial government is given in Table 25 on the following page. Stamp duty continues to be the largest contributor to provincial tax receipts with a share of 52 percent in the total tax receipts for 1991-92. Motor vehicles tax is the second largest source with a contribution of 12 percent of the total revenue. Other important sources of provincial tax receipts are land revenue which will contribute 11 percent, electricity duty with 6 percent and cotton fee with 5 percent.



**TABLE 25**

**PROVINCIAL TAX RECEIPTS**

(Rs. in crore)

	<u>Budget 1990-91</u>		<u>Revised 1990-91</u>		<u>Budget 1991-92</u>	
	Amount	%	Amount	%	Amount	%
Urban immovable property tax	9.89	3	9.88	2	12.49	3
Taxes on transfer of property	12.64	4	15.00	3	17.00	3
Land revenue	42.75	13	50.12	11	54.85	11
Tax on professions, trades and callings	4.00	1	4.00	1	4.40	1
Provincial excise	4.89	1	8.79	2	10.00	2
Sale of opium	0.49	..	0.56	..	0.60	..
Stamp duty	129.68	40	190.33	41	260.37	52
Motor vehicles tax	55.79	17	57.64	12	60.65	12
Entertainment tax	17.40	5	16.93	4	17.48	4
Education cess	0.07	..	0.06	..	0.06	..
Cotton fee	19.00	6	22.50	5	24.00	5
Tax on hotels	1.15	1	2.11	..	2.50	..
Electricity duty	25.68	8	83.93	18	29.73	6
Others	1.59	1	3.11	1	3.10	1
<b>Total:</b>	<b>325.02</b>	<b>100</b>	<b>464.96</b>	<b>100</b>	<b>497.23</b>	<b>100</b>

Electricity duty registered a sharp increase in the Revised Estimates 1990-91 over the Budget Estimates on account of arrears. During 1991-92, the major source of revenue will be stamp duty which will yield a record 52 percent of total provincial receipts. Despite an anticipated increase in revenues from other main sources, such as land revenue, motor vehicles tax and cotton fee, their proportionate share in the total will decrease because of the heavy rise in receipts from stamp duties expected during the year.

**II: CURRENT EXPENDITURE:**

The current expenditure of the provincial government comprises :

- 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 26 indicates the trend of the current expenditure, showing an increase of Rs. 368.81 crore in the consumption expenditure and Rs. 144.22 crore in the transfer payments in the Budget Estimates 1991-92 as compared to the Revised Estimates 1990-91.

**TABLE 26**

**CURRENT EXPENDITURE**

(Rs. in crore)

	CONSUMPTION EXPENDITURE		TRANSFER PAYMENTS		Total
	Amount	%	Amount	%	
Budget 1990-91	2102.85	72.46	799.26	27.54	2902.11
Revised 1990-91	2294.92	73.14	842.70	26.86	3137.62
Budget 1991-92	2663.73	72.97	986.92	27.03	3650.65

**FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE**

The functional distribution of non-development revenue expenditure of the provincial government is shown in Table 27 on the following page.

Social services continue to account for the largest proportion of current expenditure with a share of about 38 percent which is an increase of 3 percent over 1990-91. Out of the total allocation of Rs. 1382.77 crore for social services, Rs. 1076.64 crore (77.8 percent) have been set aside for education while Rs. 248.73 crore (18 percent) have been earmarked for health services. It will be observed that the percentage expenditure on general administration will decrease in 1991-92 as compared to Budget Estimates 1990-91.

**TABLE 27****FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE**

(Rs. in crore)

	Budget 1990-91		Revised 1990-91		Budget 1991-92	
	Amount	%	Amount	%	Amount	%
General Administration	337.07	12	284.87	9	345.37	9
Law and order	291.82	10	330.53	11	326.83	9
Community services	110.96	4	127.42	4	146.58	4
Social services	1018.56	35	1159.96	37	1382.77	38
Economic services	346.42	12	394.12	13	464.16	13
Subsidies	64.86	2	48.31	1	81.00	2
Deb servicing, investible funds and grants	732.39	25	792.38	25	903.91	25
Unallocable	0.03	..	0.03	..	0.03	..
<b>Total:</b>	<b>2902.11</b>	<b>100</b>	<b>3137.62</b>	<b>100</b>	<b>3650.65</b>	<b>100</b>

## Chapter 9

### FINANCING OF TAMEER-E-WATAN PROGRAMME

The gross size of the Tameer-e-Watan Programme (TWP) for 1990-91 was fixed at Rs. 900.00 crore against an estimated resource availability of Rs. 766.00 crore with an operational shortfall of Rs. 134.00 crore, or of 14.89 percent. However, due to resource constraints, the original size of TWP 1990-91 was reduced to Rs. 810.00 crore with an operational shortfall of Rs. 44.00 crore, or of 5.43 percent. In the Revised Estimates 1990-91, the programme was reduced to Rs. 766.00 crore so that the development expenditure could be sustained within the resource availability. Financing for 1990-91 and 1991-92 is given in Table 28.

**TABLE 28**

#### FINANCING OF THE TAMEER-E-WATAN PROGRAMMES 1990-91 AND 1991-92

		(Rs. in crore)		
		Budget 1990-91	Revised 1990-91	Budget 1991-92
<b>A: PROVINCIAL CONTRIBUTION</b>				
	Provincial Contribution from the Non-development Account	..	..	250.00
<b>B: FEDERAL ASSISTANCE:</b>				
i:	Cash Development Loans	757.20	757.20	733.17
	<b>Total:</b>	<b>757.20</b>	<b>757.20</b>	<b>733.17</b>
<b>C: FOREIGN ASSISTANCE:</b>				
i:	Japanese Grant	4.50	4.50	4.50
ii:	Foreign Loans	4.30	4.30	11.55
	<b>Total:</b>	<b>8.80</b>	<b>8.80</b>	<b>16.05</b>
	<b>Grand Total:</b>	<b>766.00</b>	<b>766.00</b>	<b>999.22</b>

During 1990-91, additional resources were received from the federal government through the Special Development Programme, which is a part of the federal ADP, and for rural development which were outside the provincial Tameer-e-Watan Programme. An amount of Rs. 126.40 crore was received under the Special Development Programme and an additional Rs. 143.40 crore were placed at the disposal of the provincial government for development schemes in the rural areas.

Federal Assistance amounting to Rs. 733.17 crore in the shape of cash development loans and foreign assistance to the extent of Rs. 11.55 crore will provide federal and foreign resources amounting to Rs. 749.22 crore for the Tameer-e-Watan Programme 1991-92 plus Rs. 250.00 crore as provincial contribution for a total resource availability of Rs. 999.22 crore. The size of the TWP has been fixed at Rs. 1050.00 crore implying a shortfall of Rs. 50.78 crore, or of 5 percent.

The Special Development Programme (SDP) has been dispensed with by the federal government and provinces have been asked to absorb the on-going schemes in their normal programmes.

Inter-sectoral and intra-sectoral priorities for the Tameer-e-Watan Programme 1991-92 have been determined in consultation with the administrative departments of the provincial government. While determining inter-se priorities, due consideration has been given to the contribution of each sector to the gross domestic product, employment generation impact, their backward and forward linkages and throw forward effect of on-going programmes in various sectors.

## *Chapter 10*

### **SECTORAL ALLOCATIONS IN THE TAMEER-E-WATAN PROGRAMME 1991-92**

Sectoral allocations in the Tameer-e-Watan Programme for 1991-92 are given in Table 29 on the following page. For comparison, allocations made in 1990-91 have also been indicated with percentage shares. The strategies of the TWP for 1991-92 are as under :

1. An effort has been made to protect the on-going programme. An amount of Rs. 647.23 crore, or 61.64 percent of the total, has thus been set aside for completion of on-going projects. Foreign-aided projects have similarly been protected to ensure that commitments to donor agencies are fulfilled. Allocations for foreign-aided schemes have been made in accordance with the approved phasing so that such schemes are completed within the stipulated period and optimum benefits are derived from external assistance.
2. The policy to invest heavily in rural areas will be continued during 1991-92 and 80 percent of the development funds would be spent on projects in the rural areas. The sustained trend of increase in investment in rural areas is evident from the fact that this allocation was a mere 44.6 percent in 1978-79.
3. In order to develop backward areas, priority would be attached to fourteen backward districts of the province. In addition, special allocations have been made for Murree Kahuta Development Authority (Rs. 2.50 crore), Cholistan Development Authority ( Rs. 1.75 crore), Bahawalpur Development Authority (Rs. 2.50 crore) and D.G. Khan Development Authority (Rs. 3.00 crore). The allocation for development of "barani" areas has been increased from Rs. 141.64 crore to Rs. 166.00 crore.

**TABLE 29**

**SECTORAL ALLOCATIONS IN TAMEER-E-WATAN PROGRAMME**

(Rs. in crore)

	Budget 1990-91		Budget 1991-92	
	Amount	%	Amount	%
Agriculture	143.69	15.97	126.20	12.02
Rural Development	20.00	2.22	6.00	0.57
Industries & Minerals	4.05	0.45	27.50	2.62
Water & Power	37.00	4.11	38.00	3.62
Roads & Bridges	68.00	7.56	65.00	6.19
Physical Planning and Housing	175.00	19.45	189.00	18.00
Education & Training	115.15	12.80	123.00	11.71
Information & Culture	1.30	0.14	1.00	0.10
Health	135.00	15.01	138.00	13.14
Tourism	0.10	0.01	0.25	0.02
Social Welfare	0.75	0.08	1.00	0.10
Manpower & Training	2.74	0.30	2.00	0.19
Planning & Development	15.00	1.66	5.30	0.50
Priority Programme	15.00	1.66	100.00	9.52
MKDA	2.50	0.27	2.50	0.24
Cholistan Development Authority	0.72	0.08	1.75	0.17
D.G. Khan Development Authority	2.50	0.27	3.00	0.29
Bahawalpur Development Authority	2.50	0.27	2.50	0.24
Special Programme for Education and Local Development	117.74	13.10	218.00	20.76
Grant for Development Works of Local Councils	41.26	4.59	..	..
<b>Gross Total:</b>	<b>900.00</b>	<b>100.00</b>	<b>1050.00</b>	<b>100.00</b>
<b>Less Operational Shortfall</b>	<b>134.00</b>	<b>..</b>	<b>50.78</b>	<b>..</b>
<b>Total Expenditure (Net)</b>	<b>766.00</b>	<b>..</b>	<b>999.22</b>	<b>..</b>

4. The programme also envisages removal of regional disparities and to ensure balanced growth in the province. To achieve this, 46 percent of the allocable portion of the TWP 1991-92 has been set aside for the southern region of Punjab as against 45 percent in 1990-91.

5. In order to provide adequate transport facilities to farmers, the programme for establishing an integrated network of farm-to-market roads has been attached high priority by the provincial government over the years. An amount of Rs. 80.00 crore will be spent on this important sector during 1991-92.

6. Side-by-side with development of rural and backward areas, due attention has also to be paid to urban development to preserve assets, absorb the effect of migration from rural to urban areas and provide an impetus to industrial growth. An amount of Rs. 29.00 crore has accordingly been allocated for urban development in TWP 1991-92 which will be in addition to schemes that will be implemented by various development authorities through self-financing.

7. As it is not financially possible for the provincial government to invest in all socio-economic sectors, attempts will continue to be made to invite the private sector to construct and manage roads and bridges in the province so that public sector resources can be diverted towards sectors where private investment is neither practical nor feasible.

8. The policy to provide clean and hygienic water and drainage facilities to rural population shall continue to be a strategic imperative in the Tameer-e-Watan Programme. To this purpose, an amount of Rs. 102 crore will be spent on rural water supply schemes.

9. An allocation of Rs. 138 crore has been made for health which is 13.14 percent of the total. Out of this, Rs. 25.00 crore has been allocated for the Health Foundation for expanding health facilities in the far-flung areas of the province.



10. Out of the allocation of Rs. 123 crore for education, 47 percent will be spent on primary and secondary education. An amount of Rs. 25.00 crore has been allocated for the Education Foundation which will provide incentives to the private sector for promotion and extension of education services, particularly in rural areas.

11. An amount of Rs. 5.00 crore has been allocated for development of 3-marla and 7-marla plots for distribution to needy families during 1991-92.

12. In order to eliminate overt and disguised unemployment from rural areas, a gigantic programme will be launched for self-employment and industrialization in rural areas. The programme will be launched with a provision of Rs. 25.00 crore that has been made in TWP 1991-92.

## 1. AGRICULTURE

In view of the pivotal position of agriculture to the economic prosperity of the province, agriculture and its related sectors e.g. livestock, forestry, fisheries, coöperatives, farm-to-market roads and food storage have been provided an allocation of Rs. 126.20 crore. This is almost 12 percent of the total development outlay during 1991-92. If the proposed allocation of Rs. 38.00 crore for Water and Power, which are key inputs for agricultural development, are also added, the share of agriculture and its related sectors adds up to almost 16 percent of total investment.

An allocation of Rs. 110.00 crore has been proposed for Agriculture during 1991-92. Details are given in Table 30 overleaf. The major emphasis has been, as before, on physical infrastructure with Farm-to-Market Roads programme accounting for 72.73 percent of the total outlay. Apart from this, large allocations have been made for water management, agricultural extension and research.

**TABLE 30****SUB-SECTORAL ALLOCATIONS FOR AGRICULTURE***(Rs. in crore)*

<u>Sub-sector</u>	
Farm-to-Market Roads	80.00
Tubewell Electrification by PLUA	2.77
Water Management	13.38
Agriculture (Extension)	6.46
Agriculture Mech. Water Resources Development	0.91
Agriculture Education & Training	0.20
Agriculture Economics and Marketing	0.26
Agriculture Research	5.72
Regional Planning	0.30
	-----
<b>Total:</b>	<b>110.00</b>

During 1991-92, the physical targets will include :

1. construction of 1200 k.m. of Farm-to-Market Roads;
2. improvement of 2464 water-courses;
3. installation of 375 diesel/electric tubewells;
4. precision land-levelling over 17650 acres;
5. development of 1014 demonstration plots for water-use efficiency, and
6. training of 6690 farmers in water management.

**2. LIVESTOCK AND DAIRY DEVELOPMENT**

This sector has been allocated an amount of Rs. 5.00 crore as is shown in Table 31 on the next page.

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**TABLE 31****SUB-SECTORAL ALLOCATIONS FOR LIVESTOCK AND DAIRY DEVELOPMENT**

<b>Sub-sector</b>	<i>(Rs. in crore)</i>
<b>Livestock Production</b>	<b>3.47</b>
<b>Animal Health</b>	<b>0.91</b>
<b>Poultry Production</b>	<b>0.29</b>
<b>Science and Research</b>	<b>0.33</b>
	-----
<b>Total:</b>	<b>5.00</b>

---

The main focus in this sector is on research, breed improvement, livestock management programme, health coverage and increase in the supply of fodder. Physical targets include treatment and vaccination of 50 m. animals, insemination performances on 10,000 animals and production of 65 m. doses of sera and vaccine.

### **3. FORESTRY, WILDLIFE AND FISHERIES**

An allocation of Rs. 10.70 crore or 1.02 percent of the total has been made for this sector during 1991-92. The main emphasis in Forestry would be on raising compact plantation in irrigated, riverain and bela areas. Afforestation, Range Management and Parks and Recreation would also be given priority. Programme-wise details are given in Table 32 overleaf.

Physical targets include raising of woodlots and linear plantation over 5500 acres and 250 avenue Kms., respectively, alongwith raising of potted plants over 30 acres. Four new parks will be established and 160 acres of existing parks will be improved upon during the year. Moreover, sericulture will be developed over 130

acres and 1.30 lac mulberry plants will be raised.

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**TABLE 32**  
**SUB-SECTORAL ALLOCATIONS FOR FORESTRY,  
WILDLIFE AND FISHERIES**

<b>Sub-sector</b>	<b>(Rs. in crore)</b>
<b>a: FORESTRY</b>	
1. Afforestation	1.51
2. Social Forestry	1.50
3. Management of Forests and Buildings	0.45
4. Watershed and Soil Conservation	0.20
5. Range Management	0.62
6. Parks & Recreation	1.08
7. Research & Education	0.41
8. Sericulture	0.17
<b>b: WILDLIFE</b>	<b>3.06</b>
<b>c: FISHERIES</b>	<b>1.70</b>
	-----
<b>Total:</b>	<b>10.70</b>

---

An allocation of Rs. 1.70 crore has been provided for Fisheries during 1991-92. Efforts will be made for improvement and identification of fish culture activities in the private sector and development of natural and other feasible resources in the public sector. Public sector activities have mainly been confined to creation of infrastructure for establishment of hatcheries and nurseries in addition to providing research, training and extension services. Physical targets entail production of 375 lac fish seed and 46000 metric tons of fish.

#### **4. INDUSTRIES AND MINERAL DEVELOPMENT**

An allocation of Rs. 27.50 crore has been proposed for this sector during

1991-92. The break-up is given in Table 33 below.

**TABLE 33**  
**SUB-SECTORAL ALLOCATIONS FOR INDUSTRIES**  
**AND MINERAL DEVELOPMENT**

<u>Sub-sector</u>	(Rs. in crore)
Directorate of Industries	0.29
Punjab Small Industries Corporation	26.41
Punjab Mineral Development Corporation	0.55
Punjab Printing Press	0.25
	-----
<b>Total:</b>	<b>27.50</b>

Major emphasis in this area is being placed on small industries due to their tremendous potential for growth and employment. The main focus of the sub-sector programme will be self-employment and industrialisation of rural areas with an investment of Rs. 25.00 crore.

## 5. WATER AND POWER

An allocation of Rs. 38.00 crore has been earmarked for Water and Power Programme against an allocation of Rs. 37.10 crore in 1990-91. Out of this, Rs. 37.10 crore will be spent on the irrigation side and Rs. 0.90 crore on the power side. Physical target will be as under :

1. remodelling and improvement of 50 miles of canals;
2. lining of 15 miles of channels;
3. electrification of 34 left-over "abadis";
4. construction and extension of 100 miles of canals system;

5. completion of two small-dams;
6. rehabilitation of 600 miles of canals and drains, and
7. construction of 10 miles of new surface drains.

## 6. ROADS AND BRIDGES

An allocation of Rs. 65.00 crore has been provided during 1991-92 for this sector. A major allocation of Rs. 56.91 crore has been made to complete on-going schemes. Programme-wise details are as under:

**TABLE 34**

### SUB-SECTORAL ALLOCATIONS FOR ROADS AND BRIDGES

(Rs. in crore)

Sub-sector	
1. Widening/Improvement	36.18
2. New Roads	11.96
3. Bridges	16.36
4. Punjab Highway Authority	0.50
	-----
<b>Total:</b>	<b>65.00</b>

The major point of emphasis is on widening and improvement of the deteriorating road network. This programme will get Rs. 36.18 crore which is 55.66 percent of the total allocation and will involve widening and improvement of 242 Kms. of roads during the year. Construction of new roads with a total combined length of 64 miles will also be undertaken. An allocation of Rs. 0.50 crore has also been made for the Punjab Highway Authority.

## 7. RURAL WATER SUPPLIES

Keeping in view the policy to provide clean and hygienic water and drainage facilities to rural population, an allocation of Rs. 102.00 crore has been proposed for rural water supplies during 1991-92. Out of the total allocation, Rs. 96.96 crore will be spent on on-going schemes. Physical targets will include completion of 313 rural water supply schemes and finalization of 529 sewerage and drainage schemes. Thus 13.45 lac additional population will be served by clean drinking water facilities and an additional 23.50 lac of population will be provided sewerage and drainage facilities.

## 8. URBAN DEVELOPMENT AND WATER SUPPLIES

An amount of Rs. 29.00 crore has been provided for Urban Development during 1991-92. Details of sub-sectoral allocations are given Table 35.

TABLE 35

### SUB-SECTORAL ALLOCATIONS FOR URBAN DEVELOPMENT

		(Rs. in crore)
<u>Sub-sector</u>		
1.	Lahore Development Authority	4.00
2.	Faisalabad Development Authority	13.00
3.	Multan Development Authority	8.00
4.	Rawalpindi Development Authority	2.00
5.	Gujranwala Development Authority	2.00
		-----
	<b>Total:</b>	<b>29.00</b>

An allocation of Rs. 8.00 crore has also been made for urban water supplies. The programme envisages completion of 13 water supply and sewerage and

drainage schemes in urban areas. Additional population of 3.69 lac will thus be served with clean drinking water and an additional population of 2.49 lac will be provided with sewerage and drainage facilities. Moreover, various development authorities will invest in the urban areas through self-financing to supplement the investments being made through the TWP. In the housing sector, work on 12367 plots, including 3-marla and 7-marla plots, is presently in progress. These plots will be developed during 1991-92 with an expenditure of Rs. 4.00 crore for distribution among the needy. In addition, five thousand plots will also be developed to provide low-income housing and 975 units will be constructed to supplement the existing government servants housing.

## 9. EDUCATION AND TRAINING

Table 36 gives details of allocation for various sub-sectors of education:-

<u>Sub-sector</u>	
1. Primary Education	16.26
2. Secondary Education	41.91
3. Teacher Education	0.96
4. Technical Education	4.87
5. College Education	11.76
6. Special Education	1.64
7. Scholarships	6.62
8. Regional Planning	0.03
9. Miscellaneous	38.95
	-----
<b>Total:</b>	<b>123.00</b>



A sum of Rs. 123.00 crore has been provided for Education during 1991-92. A major part of the allocation relates to the achievement of targets laid down under accelerated programme for rural education. Major physical targets will include :

1. provision of drinking water and wash-room facilities in 498 girls primary schools;
2. construction of boundary walls around 213 girls primary schools;
3. addition of one room in 175 single-roomed primary schools;
4. completion of projects for upgradation of 35 high schools;
5. completion of projects for upgradation of 62 schools to middle level;
6. provision of furniture and equipment to 499 upgraded middle schools and 391 upgraded high schools;
7. construction of additional classrooms in 340 middle and high schools;
8. continuation of projects for construction of buildings of 23 existing colleges;
9. continuation of projects for establishment of four intermediate colleges;
10. provision of 6 degree colleges;
11. continuation of projects for construction of buildings for eight commercial and vocational training institutes, and
12. establishment of four polytechnic institutes at Kot Addu, Attock, Burewala and Mianwali.

## **10. HEALTH**

An amount of Rs. 138.00 crore has been proposed for the Health Sector during 1991-92. Details are given in Table 37 overleaf.

Highest priority has been given to the Rural Health Programme by

earmarking 24.98 percent of the total allocation. This is followed by 24.19 percent

**TABLE 37**

**SUB-SECTORAL ALLOCATIONS FOR HEALTH**

<b>Sub-sector</b>	<i>(Rs. in crore)</i>
1. Teaching Hospitals	15.72
2. District Hospitals	11.34
3. Tehsil Hospitals	4.91
4. Medical Education	33.38
5. Stipends & Scholarships	6.66
6. Miscellaneous	6.52
7. Rural Health Programme	34.47
8. Health Foundation	25.00
<b>Total:</b>	<b>138.00</b>

allocation for medical education and 11.39 percent for teaching hospitals. An allocation of Rs. 25.00 crore has also been made for the Health Foundation to promote provision of health facilities in the private sector. Physical targets in the health sector are :

1. completion of one tehsil headquarter hospital;
2. addition of twenty beds in tehsil hospitals;
3. completion of four district headquarter hospitals;
4. completion of work on 150 basic health units and upgradation of 600 existing ones;
5. completion of ten rural health centers and upgradation of fifty existing ones;
6. addition of 400 beds in teaching hospitals, and

7. addition of 288 beds in district headquarter hospitals.

## **11. BLOCK ALLOCATIONS**

A Block Allocation of Rs. 100.00 crore has been made in the TWP 1991-92 for priority programmes. A block allocation of Rs. 218.00 crore has also been made for the Special Programme for Education and Local Development. A major part of this block allocation, i.e. Rs. 130.00 crore, will be for new schemes whereas the balance of Rs. 88.00 crore will be utilized for protection and completion of on-going schemes.