



GOVERNMENT OF THE PUNJAB  
FINANCE DEPARTMENT

WHITE PAPER  
BUDGET 1993-94

## FOREWORD

In keeping with usual practice, the White Paper is being released on the budget day. The idea behind this paper is to assist in understanding the budget documents which accompany the announcement of the budget. It not only aims to provide a bird's eye view of the budget as a whole but would also enable comparisons with previous budgets. It is expected that the analysis will provide sufficient information to those seeking a deeper appreciation of the budgetary process. The Finance Department would welcome suggestions regarding possible improvements in the format for the White Paper for next year. These suggestions may please be sent to Mr. Shaukat Ali, Additional Finance Secretary (Budget) in the department.

I would like to take this opportunity to thank Mr. Shujat Ali, Deputy Secretary (Resources), and his team members Mr. Bashir Ahmad Sabir, Section Officer (Ways & Means) and Ch. Sultan Ahmad, Section Officer (Public Debt) for their invaluable effort in compiling this document.

TARIQ SULTAN  
*Finance Secretary*  
*Government of the Punjab*

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## BUDGET AT A GLANCE

(Rs. in crore)

	Budget 1992-93	Revised 1992-93	Budget 1993-94
<b>NON-DEVELOPMENT BUDGET</b>			
General Revenue Receipts	4474.60	4302.31	4870.58
Non-development Revenue Expenditure	4336.59	4303.96	4926.00
Revenue Deficit (-)/Surplus (+):	(+ 138.01)	(-) 1.65	(-) 55.42
General Capital Receipts	882.54	1158.73	1131.67
Non-development Capital Expenditure	918.65	1226.65	1391.16
Net Capital Receipts:	(-) 36.11	(-) 67.92	(-) 79.49
Public Account Receipts	2887.79	3841.86	3843.50
Public Account Disbursements	2814.66	3753.03	3754.42
Net Public Account Receipts:	(+ 73.13)	(+ 88.83)	(+ 89.08)
Net deficit (-)/Surplus (+) in the Non-development Budget:	(+ 175.03)	(+ 19.26)	(-) 45.83
<b>DEVELOPMENT BUDGET</b>			
Expenditure	1385.80	975.99	900.00
Resources	1200.20	975.99	808.10
Operational Shortfall	185.60		91.90

## BUDGET IN BRIEF

### 1. NON DEVELOPMENT REVENUE BUDGET

(Rs. in crore)

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	3122.32	3148.77	3538.30
Other Federal Transfers	122.57	101.01	128.35
Provincial Tax Receipts	623.47	474.38	583.23
Income from property and enterprises	20.97	7.40	14.07
Receipts from Civil Administration and other functions :			
General Administration	8.90	13.08	13.06
Law and Order	33.58	35.09	39.49
Community Services	48.22	29.55	53.51
Social Services	79.60	87.02	120.70
Economic Services	174.35	164.80	180.33
Miscellaneous (including ad-hoc Federal Grants)	240.62	241.21	199.54
<b>Total General Revenue Receipts:</b>	<b>4474.60</b>	<b>4302.31</b>	<b>4870.58</b>
<b>NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	385.89	415.02	506.74
Law and Order	385.71	424.35	457.08
Community Services	249.10	232.93	247.52
Social Services	1697.16	1538.73	1905.47
Economic Services	533.94	488.52	584.01
Subsidies	74.33	108.08	94.73
Debt-servicing, Investible Funds and Grants	1010.43	1096.10	1129.62
Miscellaneous (Unallocable)	0.03	0.23	0.83
<b>Total Non-development Revenue Expenditure :</b>	<b>4336.59</b>	<b>4303.96</b>	<b>4926.00</b>
<b>a: Revenue deficit (-)/surplus(+)</b>	<b>(+) 138.01</b>	<b>(-) 1.65</b>	<b>(-) 55.42</b>

2. NON-DEVELOPMENT CAPITAL BUDGET

(Rs. in crore)

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>GENERAL CAPITAL RECEIPTS</b>			
Federal Grants	..	..	..
Extraordinary Receipts	23.60	14.08	14.79
Public Debt	15.26	24.48	16.81
Recoveries of Loans and Advances	63.96	98.62	58.07
Loans from Commercial Banks (Account No. II)	779.72	1021.55	1222.00
<b>Total General Capital Receipts:</b>	<b>882.54</b>	<b>1158.73</b>	<b>1311.67</b>
<b>NON-DEVELOPMENT CAPITAL EXPENDITURE</b>			
Debt Servicing	114.00	133.64	131.13
Loans and Advances	25.48	71.54	37.96
State Trading in Medical Stores and Coal	(-) 0.55	(-) 0.08	0.07
Foodgrains (Net) (Account No. II)	(-) 74.65	349.58	358.71
Repayment of Bank Loans (Account No. II)	854.37	671.97	863.29
<b>Total Non-Development Capital Expenditure:</b>	<b>918.65</b>	<b>1226.65</b>	<b>1391.16</b>
<b>b: Net Capital Receipts</b>	<b>(-) 36.11</b>	<b>(-) 67.92</b>	<b>(-) 79.49</b>



3. PUBLIC ACCOUNT

	(Rs. in crore)		
	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Unfunded Debt	113.81	132.92	132.92
Deposits and Advances	683.58	1618.54	1620.18
Remittances	2090.40	2090.40	2090.40
<b>Total Public Account Receipts :</b>	<b>2887.79</b>	<b>3841.86</b>	<b>3843.50</b>
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Unfunded Debt	40.74	54.80	54.80
Deposits and Advances	683.52	1607.83	1609.22
Remittances	2090.40	2090.40	2090.40
<b>Total Public Account Disbursements:</b>	<b>2814.66</b>	<b>3753.03</b>	<b>3754.42</b>
<b>c: Net Public Account Receipts:</b>	<b>(+) 73.13</b>	<b>(+) 88.83</b>	<b>(+) 89.08</b>
<b>NET DEFICIT (-)/SURPLUS (+) IN THE NON-DEVELOPMENT BUDGET (a+b+c):</b>	<b>(+) 175.03</b>	<b>(+) 19.26</b>	<b>(-) 45.83</b>

## ANNUAL DEVELOPMENT PROGRAMME FOR 1993-94

(Rupees in crore)

Sub-Sector/Department	ON-GOING SCHEMES			NEW SCHEMES			TOTAL		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
<b>(A) Production Programme</b>									
i) Agriculture and Agricultural Credit	3.79	18.69	22.48	..	..	..	3.79	18.69	22.48
ii) Farms to Market Roads	58.82	..	58.82	..	..	..	58.82	..	58.82
iii) Livestock and Dairy Development	1.19	4.69	5.88	..	..	..	1.19	4.69	5.88
iv) Forestry and Wildlife	..	7.22	7.22	..	..	..	..	7.22	7.22
v) Fisheries	0.27	1.23	1.50	..	..	..	0.27	1.23	1.50
vi) Cooperative and Rural Credit	0.15	..	0.15	..	..	..	0.15	..	0.15
vii) Food Storage	0.15	..	0.15	..	..	..	0.15	..	0.15
<b>Total Agriculture</b>	<b>64.37</b>	<b>31.83</b>	<b>96.20</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>64.37</b>	<b>31.83</b>	<b>96.20</b>
<b>2. Rural Development Programme</b>	<b>..</b>	<b>3.92</b>	<b>3.92</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>3.92</b>	<b>3.92</b>
<b>3. Industries and Minerals</b>	<b>0.55</b>	<b>10.63</b>	<b>11.18</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>0.55</b>	<b>10.63</b>	<b>11.18</b>
<b>Total (A) Production Programme</b>	<b>64.92</b>	<b>46.38</b>	<b>111.30</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>64.92</b>	<b>46.38</b>	<b>111.30</b>
<b>(B) Physical Infrastructure-</b>									
4. Water and Power	27.50	1.99	29.49	1.06	0.49	1.55	28.56	2.48	31.04
5. Roads and Bridges	51.39	..	51.39	12.00	..	12.00	63.39	..	63.39

ANNUAL DEVELOPMENT PROGRAMME FOR 1993-94

*(Rupees in crore)*

Sub-Sector/Department	ON-GOING SCHEMES			NEW SCHEMES			TOTAL		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
<b>6. Physical Planning and Housing:</b>									
i) Low Income Housing	..	..	..	..	..	..	..	..	..
ii) Rural Water Supplies	0.21	128.24	128.45	..	..	..	0.21	128.24	128.45
iii) Urban Water Supplies	5.64	7.29	12.93	0.06	0.08	0.14	5.70	7.37	13.07
iv) Government Servant Housing	15.58	0.01	15.59	0.69	..	0.69	16.27	0.01	16.28
v) Government Offices and Buildings	9.50	0.35	9.85	1.16	..	1.16	10.66	0.35	11.01
vi) Urban Development	28.10	..	28.10	4.91	..	4.91	33.01	..	33.01
<b>Total Physical Planning and Housing</b>	<b>59.03</b>	<b>135.89</b>	<b>194.92</b>	<b>6.82</b>	<b>0.08</b>	<b>6.90</b>	<b>65.85</b>	<b>135.97</b>	<b>201.82</b>
<b>Total (B) Physical Infrastructure</b>	<b>137.92</b>	<b>137.88</b>	<b>275.80</b>	<b>19.88</b>	<b>0.57</b>	<b>20.45</b>	<b>157.80</b>	<b>138.45</b>	<b>296.25</b>
<b>(C) Social Infrastructure-</b>									
<b>7. Education and Training</b>	<b>97.62</b>	<b>13.33</b>	<b>110.95</b>	<b>33.15</b>	<b>7.61</b>	<b>40.76</b>	<b>130.77</b>	<b>20.93</b>	<b>151.70</b>
<b>8. Information and Culture</b>	<b>..</b>	<b>1.55</b>	<b>1.55</b>	<b>..</b>	<b>0.08</b>	<b>0.08</b>	<b>..</b>	<b>1.63</b>	<b>1.63</b>
<b>9. Health</b>	<b>31.70</b>	<b>38.79</b>	<b>70.49</b>	<b>4.91</b>	<b>12.34</b>	<b>17.25</b>	<b>36.61</b>	<b>51.13</b>	<b>87.74</b>
<b>10. Tourism</b>	<b>..</b>	<b>0.16</b>	<b>0.16</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>0.16</b>	<b>0.16</b>
<b>11. Social Welfare</b>	<b>0.38</b>	<b>0.13</b>	<b>0.51</b>	<b>..</b>	<b>0.17</b>	<b>0.17</b>	<b>0.38</b>	<b>0.31</b>	<b>0.69</b>
<b>12. Manpower Training</b>	<b>0.68</b>	<b>0.22</b>	<b>0.90</b>	<b>0.06</b>	<b>0.35</b>	<b>0.41</b>	<b>0.74</b>	<b>0.57</b>	<b>1.31</b>
<b>13. Planning and Development</b>	<b>0.75</b>	<b>2.38</b>	<b>3.13</b>	<b>0.01</b>	<b>0.07</b>	<b>0.08</b>	<b>0.76</b>	<b>2.45</b>	<b>3.21</b>
<b>Total (C) Social Infrastructure</b>	<b>131.13</b>	<b>56.56</b>	<b>187.69</b>	<b>38.13</b>	<b>20.62</b>	<b>58.75</b>	<b>169.26</b>	<b>77.18</b>	<b>246.44</b>

ANNUAL DEVELOPMENT PROGRAMME FOR 1993-94

*(Rupees in crore)*

Sub-Sector/Department	ON-GOING SCHEMES			NEW SCHEMES			TOTAL		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
<b>14. Regional Planning</b>									
i) D.G.Khan Development Authority	..	5.23	5.23	..	..	..	..	5.23	5.23
ii) Bahawalpur Development Authority	..	..	..	..	3.27	3.27	..	3.27	3.27
iii) Murree Kahuta Development Authority	..	..	..	..	2.61	2.61	..	2.61	2.61
iv) Cholistan Development Authority	..	0.91	0.91	..	1.70	1.70	..	2.61	2.61
<b>Total Regional Planning</b>	..	6.14	6.14	..	7.58	7.58	..	13.72	13.72
<b>15. Block Allocation for :</b>									
i) Priority Programme	..	..	..	36.78	16.00	52.78	36.78	16.00	52.78
ii) Special Programme for Local Development	..	..	..	80.39	54.83	135.22	80.39	54.83	135.22
iii) Development Schemes of Local Councils	..	..	..	..	27.57	27.57	..	27.57	27.57
iv) Un-funded schemes.	..	..	..	8.36	8.36	16.72	8.36	8.36	16.72
<b>Total Block Allocation</b>	..	..	..	125.53	106.76	232.29	125.53	106.76	232.29
<b>Gross Total</b>	333.97	246.96	580.93	183.54	135.53	319.07	517.51	382.49	900.00
<b>Less-Operational Shortfall</b>									91.90
<b>Net Total</b>									808.10
<b>SOCIAL ACTION PROGRAMME</b>									
Rural Water Supply Sector									128.45
Education Sector									105.95
Health Sector									33.50
Planning and Development Sector									0.50
Block Allocations for Special Programme for Local Development									65.39
Priority Programme of SAP Sectors									10.00
<b>Total Social Action Programme</b>									343.79

## ANNUAL DEVELOPMENT PROGRAMME 1993-94

	Budget 1992-93	Budget 1993-94	% of Total
Agriculture	143.43	96.20	10.69
Rural Development	7.00	3.92	0.44
Industries & Minerals	27.50	11.18	1.24
Water & Power	42.00	31.04	3.45
Roads & Bridges	66.00	63.39	7.04
Physical Planning and Housing	311.96	201.82	22.42
Education & Training	310.00	151.70	16.86
Information & Culture	2.25	1.63	0.18
Health	174.00	87.74	9.75
Tourism	0.25	0.16	0.02
Social Welfare	2.50	0.69	0.08
Manpower & Training	2.00	1.31	0.15
Planning & Development	7.91	3.21	0.36
Unfunded Schemes	..	16.72	1.86
MKDA	4.00	2.61	0.29
Cholistan Development Authority	5.00	2.61	0.29
D.G. Khan Development Authority	8.00	5.23	0.58
Bahawalpur Development Authority	5.00	3.27	0.36
Block allocation for :			
i: Development Schemes of Local Councils	40.00	27.57	3.06
ii: Tameer-e-Wattan Programme	124.00	..	..
iii: Special Programme for Local Development (including allocation for schemes of S.A.P. Rs.95.00)	..	135.22	15.02
iv: Priority Programme (including allocation for schemes of S.A.P. Rs.45.00)	103.00	52.78	5.86
<b>Gross Total:</b>	<b>1385.80</b>	<b>900.00</b>	<b>100</b>

# *Chapter I*

## **NON-DEVELOPMENT BUDGET**

The Non-development, or the Current, Budget of the Government of the Punjab comprises Non-development Revenue Budget, Non-development Capital Budget and Public Account of the Province.

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

The Non-development Revenue Budget consists of general revenue receipts and non-development revenue expenditure.

#### **a: General revenue receipts**

These 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).

#### **b: Non-development revenue expenditure**

It 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.

**TABLE 1**  
**REVENUE BUDGET**

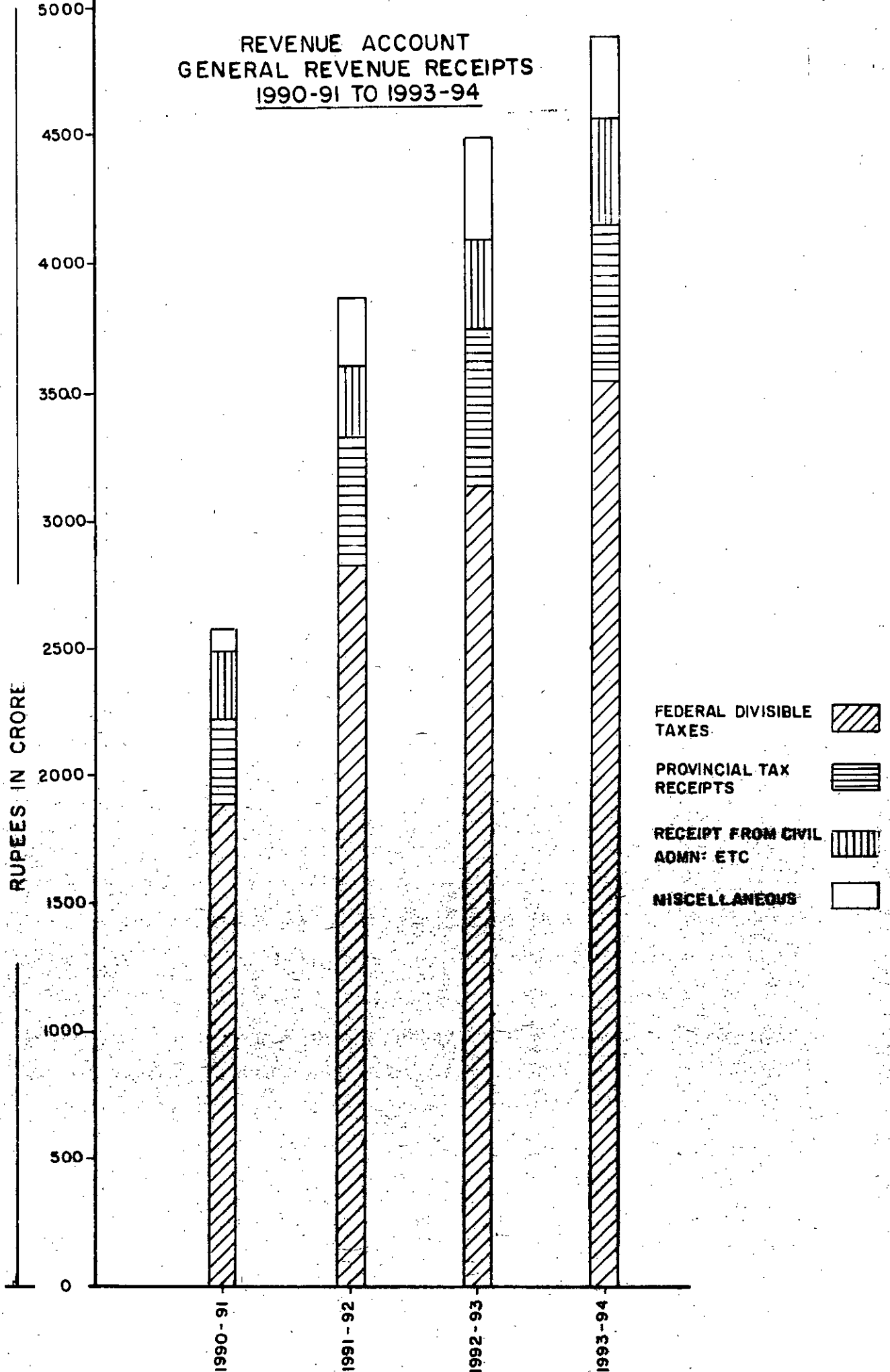
(Rs. in crore)

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>A: GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	3122.32	3148.77	3538.30
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Provincial Tax Receipts	623.47	474.38	583.23
Income from Property and Enterprises	20.97	7.40	14.07
Receipts from Civil Administration and other functions	344.65	329.54	407.09
Miscellaneous (other sources)	240.62	241.21	199.54
<b>Total General Revenue Receipts:</b>	<b>4474.60</b>	<b>4302.31</b>	<b>4870.58</b>
<b>B: NON-DEVELOPMENT REVENUE EXPENDITURE</b>			
General Administration	385.89	415.02	506.74
Law and Order	385.71	424.35	457.08
Community Services	249.10	232.93	247.52
Social Services	1697.16	1538.73	1905.47
Economic Services	533.94	488.52	584.01
Subsidies	74.33	108.08	94.73
Debt servicing, investible funds and grants	1010.43	1096.10	1129.62
Miscellaneous (unallocable)	0.03	0.23	0.83
<b>Total Non-development Revenue Expenditure:</b>	<b>4336.59</b>	<b>4303.96</b>	<b>4926.00</b>
<b>Revenue surplus/Deficit (A-B):</b>	<b>(+) 138.01</b>	<b>(-) 1.65</b>	<b>(-) 55.42</b>

## II. NON-DEVELOPMENT CAPITAL BUDGET :

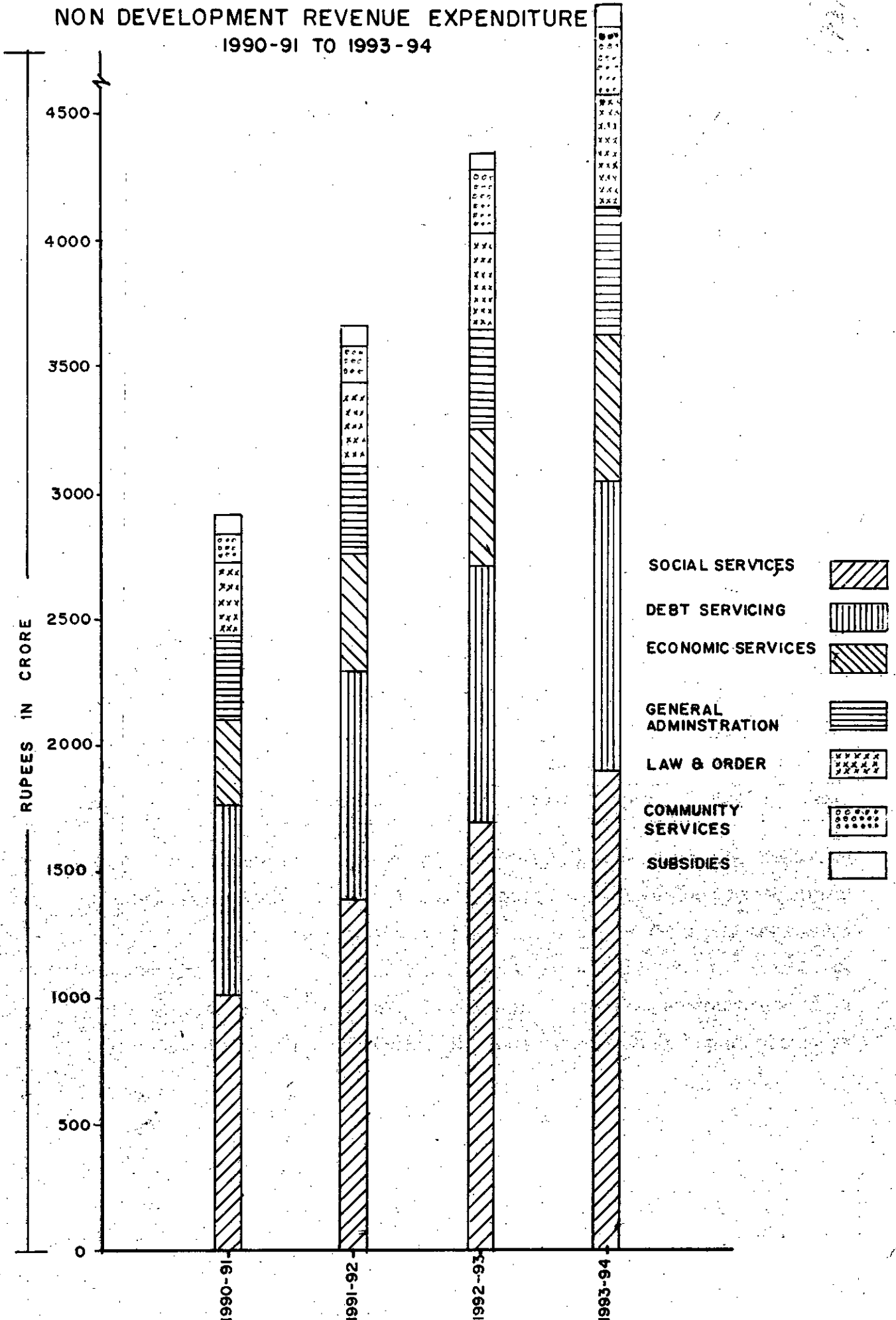
The Non-development Capital Budget is the account of expenditure incurred with the object of either increasing concrete assets or of reducing recurring liabilities and of receipts of capital nature. It is composed of general capital receipts and non-development capital expenditure.

REVENUE ACCOUNT  
 GENERAL REVENUE RECEIPTS  
 1990-91 TO 1993-94





# NON DEVELOPMENT REVENUE EXPENDITURE 1990-91 TO 1993-94



#### **a: General Capital Receipts**

These accrue partly to Account No. 1 (Non-food Account) and partly to Account No. II (Food Account) of the provincial government. General capital receipts 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. The transactions of both Account No. I and II are part of the Provincial Consolidated Fund. Account No. II has been created exclusively for the account of state trading in food grains which is done through borrowings from commercial banks. Account No. II has been briefly touched upon again in Chapter 6.

#### **b: Non-development capital expenditure**

This 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. 36.11 crore in payments over receipts in the Budget Estimates 1992-93, which increased to Rs. 67.92 crore in the Revised Estimates. The estimated gap for 1993-94 is Rs. 79.49 crore.

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

Public account transactions of the provincial government, which are accounted for separately from the transactions relating to the Provincial

Consolidated Fund both on the receipt and expenditure side, comprise unfunded debt, deposits and advances and remittances. These transactions are merely in the nature of book keeping adjustment. In other words the government only acts as a banker in the case of public account.

Net public account receipts in the Budget Estimates 1992-93 anticipated a surplus of Rs. 73.13 crore. In the Revised Estimates 1992-93, net receipts have increased to Rs. 88.83 crore and are estimated at Rs. 89.08 crore for 1993-94. 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.

### **A BIRD'S-EYE VIEW OF THE NON-DEVELOPMENT BUDGET**

An indepth analysis of the non-development budget of the Government of the Punjab is available in the following chapters. However, with a view to facilitate comprehension, a brief overview of the non-development budget is provided in the following lines.

#### **REVISED ESTIMATE 1992-93**

The non development budget, as per the Budget Estimates 1992-93 had a surplus of Rs. 175.03 crore, which was to be transferred to the development budget as provincial contribution to the financing of the Annual Development Programme. While this beginning was quite auspicious, unanticipated developments during the year substantially eroded the overall size of the surplus. Early into the year an adhoc relief at a uniform rate of Rs. 100 per month was allowed to all employees in BS 1-16 in pursuance of a decision of the Federal Government. This imposed an additional liability of about Rs. 85.00 crore and to

offset its adverse impact on expenditure estimates, strict economy measures had to be evolved and enforced.

The more serious setback for the provincial finances, however, came with the largescale damage inflicted by the September floods, which affected all spheres of the provincial economy. Relief and Rehabilitation activities, which had to be undertaken on an emergent basis, required an additional sum of Rs. 52.35 crore from the provincial exchequer (out of this Rs. 16.10 crore were meant for relief work and Rs. 36.25 crore for rehabilitation of damaged irrigation infrastructure). The general downturn in economic activity in the flood-hit areas also made a major dent into provincial receipts from Abiana (which was waived off in affected areas) and stamp duty (already under strain of growing avoidance due to additional levy of capital value tax on property transactions). On top of this, additional pressures on the expenditure side stemming from the Supreme Court decision enhancing retired pensioner's benefits (Rs. 73.5 crore), increase in wheat subsidy (Rs. 33.75 crore) and purchase of modern equipment for Punjab Police (Rs. 21.9 crore), amongst others, had also to be accommodated within the budget.

While the pressures on the expenditure side on their own were quite formidable, the shortfall in receipts worsened the budgetary predicament. Reductions in Stamp Duty (by Rs. 100.18 crore) and Abiana (by Rs. 7.00 crore) collections were the main offenders but there was also a drop in receipts from other levies including entertainment tax, PHED's water/sanitation charges and dues of agriculture and forest departments.

The budgetary challenges posed by the difficulties spelled above, though enormous, were successfully tackled by instituting effective financial management measures. The salient economy measures were :

- a) Restrictions/ban on new durable purchases exceeding Rs. 25,000/- except for development schemes;

- b) Ban on creation of new posts except for development projects and specific cases approved by the Chief Minister;
- c) No supplementary grant except with specific orders of the Chief Minister.
- d) No additional allocations for telephone, electricity and other non-development expenses.
- e) A 3% cut/saving on approved grants.

It is a measure of the success of these economy measures that the Revised Estimates of expenditure (Rs. 4303.96 crore) have turned out to be lower than the Budget Estimates (Rs. 4336.59 crore) and, despite difficulties, a surplus of Rs. 19.26 crore has been managed in the revised non-development budget.

As amply highlighted by the difficulties narrated above, the year 1992-93 has certainly not been an easy one from the point of view of fiscal management. The adhoc relief granted to employees in BS 1-16 and outside the budget expenditure for relief and rehabilitation necessitated by the September floods administered a major blow to the budgetary estimates. The fall in tax and non-tax receipts exacerbated the situation further, calling into question the feasibility of the expected contribution of Rs. 175.03 crore from the non-development budget to the Annual Development Programme. In order to make the budget sustainable in the context of these unforeseen developments, the annual development programme (ADP) was reduced in size from Rs. 1052.00 crore (excluding SAP) to Rs. 877.00 crore.

## **BUDGET ESTIMATE 1993-94<sup>1</sup>**

The budgetary climate for 1993-94 does not promise a smooth sail either. The recurring non-development liabilities have snowballed; in particular, the recurring impact of the adhoc relief granted to employees in BS 1-16 and enhancement of pensionary benefit for retired personnel by the Supreme Court decision adds up to a considerable pressure. At the same time, there appears to be no let up in the momentum of recovery of arrears by WAPDA and PAK TELECOM. However, undeterred by these difficulties, the provincial government has continued in this year with its emphasis on maintenance and consolidation of assets and improved provision of socio-economic and community services to the people. Substantial amounts have been provided for the purpose of operation and maintenance of important infrastructural assets. The major allocations in this regard are :

<b>Buildings</b>	<b>Rs. 79.83 crore</b>
<b>Communications (Roads &amp; Bridges)</b>	<b>Rs. 81.05 crore</b>
<b>Irrigation Network</b>	<b>Rs. 173.05 crore</b>
<b>Rural Water Supply and Drainage</b>	<b>Rs. 20.00 crore</b>

In the realm of social and community services, Rs. 20.00 crore have been allocated to Bait-ul-Mal and Rs. 10.00 crore have been kept for replacement and repair of equipment in government hospitals and clinics. During the year continued and new expenditure to the tune of Rs. 93.81 crore would be made on strengthening the educational system, out of which Rs. 43.92 crore would be expended under the Primary Education Project-III. These additionalities on account of recurring liabilities and allocation for socio-economic services, amongst other, have necessitated an increase in estimate of non-development expenditure to

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1. Due to uncertain political conditions prevailing in June 1993, the Budget 1993-94 could not be presented before the Assembly. To facilitate normal functioning of routine governmental activities, authorization for expenditure for the period July-October, 1993 was obtained from Governor of the Punjab under Article 126 of the Constitution. These expenditure allocations have been reflected in the yearly Budget being presented.

Rs. 4926.00 crore, which represents a 13.59% increase over Budget Estimates 1992-93 and 14.45% increase over Revised Estimates 1992-93.

To fully meet the growing and varied fiscal responsibilities of the provincial government, the increase in non-development expenditure has been inevitable. (The details regarding components of non-development revenue expenditure, alongwith an explanation of the classification of "non-development" are given in chapter 3). This increase is supported by a rise in the general revenue receipts in the Budget Estimates 1993-94 to Rs. 4870.58 crore which represents an increase of 9 percent over the Budget Estimates and 13 percent over the Revised Estimates of 1992-93. Not only has there been an increase in federal divisible taxes, which go up from the Revised Estimates figure of Rs. 3148.77 crore to Rs. 3538.30 crore, but provincial receipts, both tax and non-tax, have gone up from Budget Estimates 1992-93 of Rs. 1015.85 crore to Rs. 1065.64 crore in the Budget Estimates 1993-94, which is an increase of 5 percent. The details are given in table 1.

**TABLE 2**

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

	<i>(Rs. in crore)</i>		
	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
Revenue deficit (-)/surplus (+)	(+) <b>138.01</b>	(-) <b>1.65</b>	(-) <b>55.42</b>
Deficit in Capital Account	(-) <b>36.11</b>	(-) <b>67.92</b>	(-) <b>79.49</b>
Net Public Account Receipts	(+) <b>73.13</b>	(+) <b>88.83</b>	(+) <b>89.08</b>
<b>Total deficit (-)/surplus (+):</b>	<b>(+) 175.03</b>	<b>(+) 19.26</b>	<b>(-) 45.83</b>

Despite efforts at resource mobilisation and measures to foster economy, a deficit of Rs. 45.83 crore is anticipated. This deficit would be met by imposing a 3% economy cut on non-development expenditure during the year.

## *Chapter 2*

### **GENERAL REVENUE RECEIPTS**

General revenue receipts of the province comprise:

- 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);
- h: federal grants; and
- i: miscellaneous receipts.

Originally estimated at Rs. 4474.60 crore, general revenue receipts decreased by Rs. 172.29 crore during the year to Rs. 4302.31 crore in Revised Estimates 1992-93. These are expected to rise to Rs. 4870.58 crore in the Budget Estimates 1993-94 which is an increase of Rs. 395.98 crore, or of 9 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.



## I. FEDERAL DIVISIBLE TAXES:

The National Finance Commission Award 1991 has not only expanded the pool of divisible taxes but also provides for additional guaranteed transfers to the provinces. The divisible pool is apportioned between the provinces on the basis of population according to the final figures of the 1981 Census, while other federal transfers are distributed on the basis of location and production. The divisible pool comprises:

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

The percentage share of the provinces in the divisible pool, based on their respective population in 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 in table 3. While the federal transfers decreased from the Budget Estimates 1992-93 of Rs. 122.57 crore to Rs. 101.01 crore in the Revised Estimates, the provincial share out of the federal divisible taxes went up from Rs. 3122.32 crore in Budget Estimates to Rs. 3148.77 crore in the Revised Estimates 1992-93. This improvement of Rs. 26.45 crore in the provincial share is attributable to an increase in share from the income-tax collection because receipts

from all other components of the divisible pool have declined in the Revised Estimates. In 1993-94 the provincial share from divisible pool is estimated at Rs. 3538.30 crore while the other federal transfers are estimated at Rs. 128.35 crore.

**TABLE 3**

**FEDERAL DIVISIBLE TAXES**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<i>(Rs. in crore)</i> <u>Budget 1993-94</u>
Customs (Export Duty on Cotton)	96.78	22.00	27.50
Income Tax	1258.72	1473.72	1703.59
Sales Tax	1064.00	1054.80	1167.08
Excise Duty on Tobacco and Tobacco Manufactures	467.16	374.00	400.08
Excise Duty on Sugar	235.66	224.25	240.05
<b>Total:</b>	<b>3122.32</b>	<b>3148.77</b>	<b>3538.30</b>

**OTHER FEDERAL TRANSFERS**

Excise Duty on Natural Gas	8.02	5.34	5.71
Royalty on Natural Gas	7.92	6.22	11.63
Development Surcharge on Natural Gas	33.49	36.40	56.80
Electricity Profit	11.04	11.04	12.15
Royalty on Crude Oil	62.10	42.01	42.06
<b>Total :</b>	<b>122.57</b>	<b>101.01</b>	<b>128.35</b>
<b>Grand Total :</b>	<b>3244.89</b>	<b>3249.78</b>	<b>3666.65</b>

## II. PROVINCIAL TAX RECEIPTS:

Income from provincial taxes decreased from Rs. 623.47 crore in the Budget Estimates 1992-93 to Rs. 474.38 crore in the Revised Estimates and is expected to be around Rs. 583.23 crore during the next financial year. Details are given in Table 4.

**TABLE 4**




### PROVINCIAL TAX RECEIPTS

(Rs. in crore)

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>DIRECT TAXES:</b>			
Tax from Agriculture	..	0.01	0.01
Urban Immovable Property Tax	13.75	13.75	14.84
Tax on Transfer of property (Registration)	17.23	17.23	21.43
Land Revenue	64.05	67.25	90.26
Tax on Professions, Trades and Callings	4.86	5.21	5.71
<b>Total Direct Taxes:</b>	<b>99.89</b>	<b>103.45</b>	<b>132.25</b>
<b>INDIRECT TAXES:</b>			
Provincial Excise	12.44	11.89	13.69
Sale of Opium	0.65	0.66	0.66
Stamp Duty	315.90	215.72	265.90
Motor Vehicle Tax	62.77	62.77	68.24
Entertainment Tax	17.61	15.35	17.61
Education Cess	0.06	0.07	0.07
Cotton Fee	24.00	24.00	30.00
Tax on Hotels	3.00	3.40	3.97
Electricity Duty	34.62	34.61	48.16
Others	52.53	2.46	2.68
<b>Total Indirect Taxes:</b>	<b>523.58</b>	<b>370.93</b>	<b>450.98</b>
<b>Total Provincial Taxes:</b>	<b>623.47</b>	<b>474.38</b>	<b>583.23</b>

PROPORTION OF FEDERAL DIVISIBLE TAXES PROVINCIAL  
DIRECT AND INDIRECT TAXES IN THE GENERAL REVENUE

RECEIPTS.

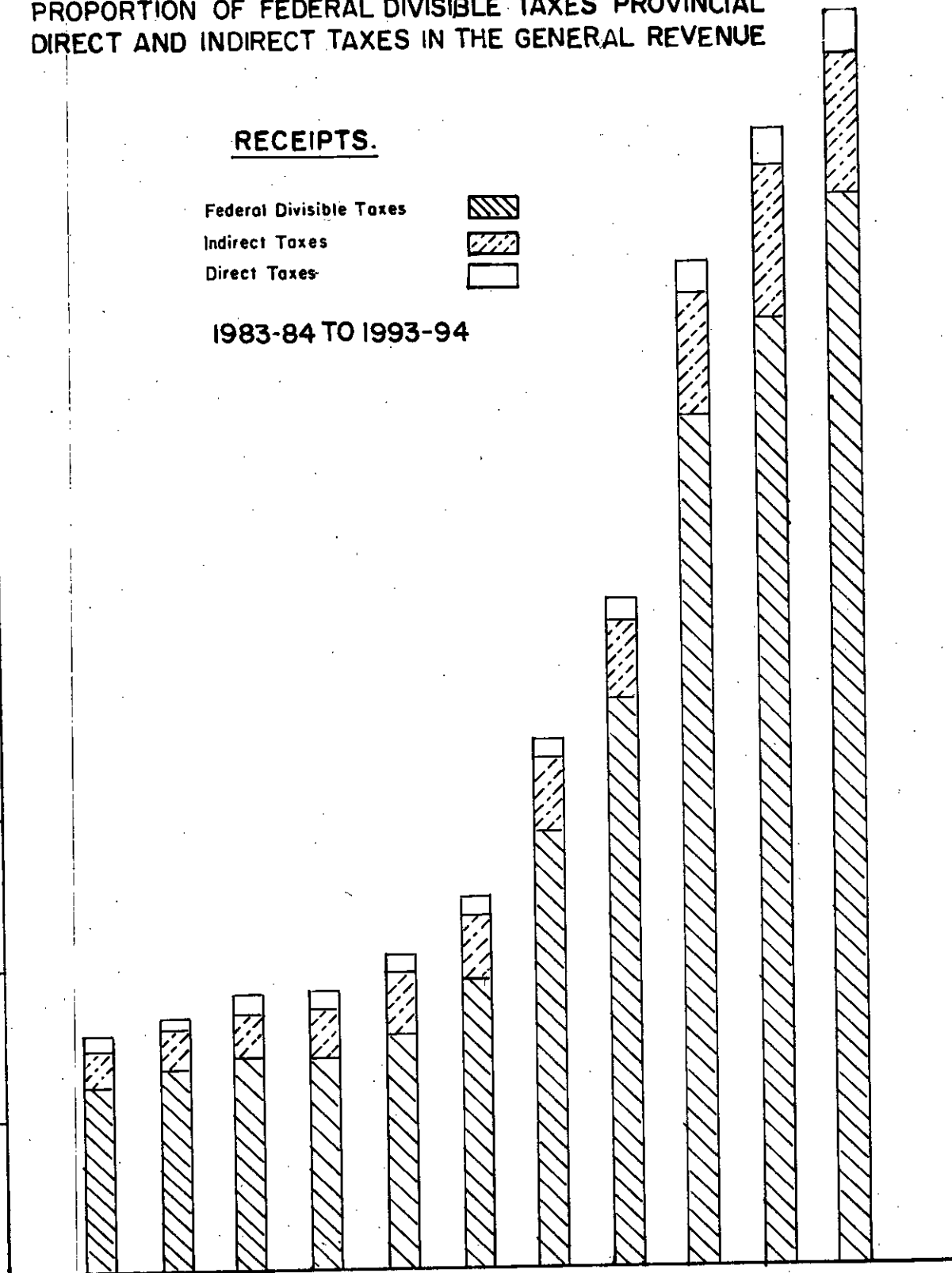
Federal Divisible Taxes   
 Indirect Taxes   
 Direct Taxes 

1983-84 TO 1993-94

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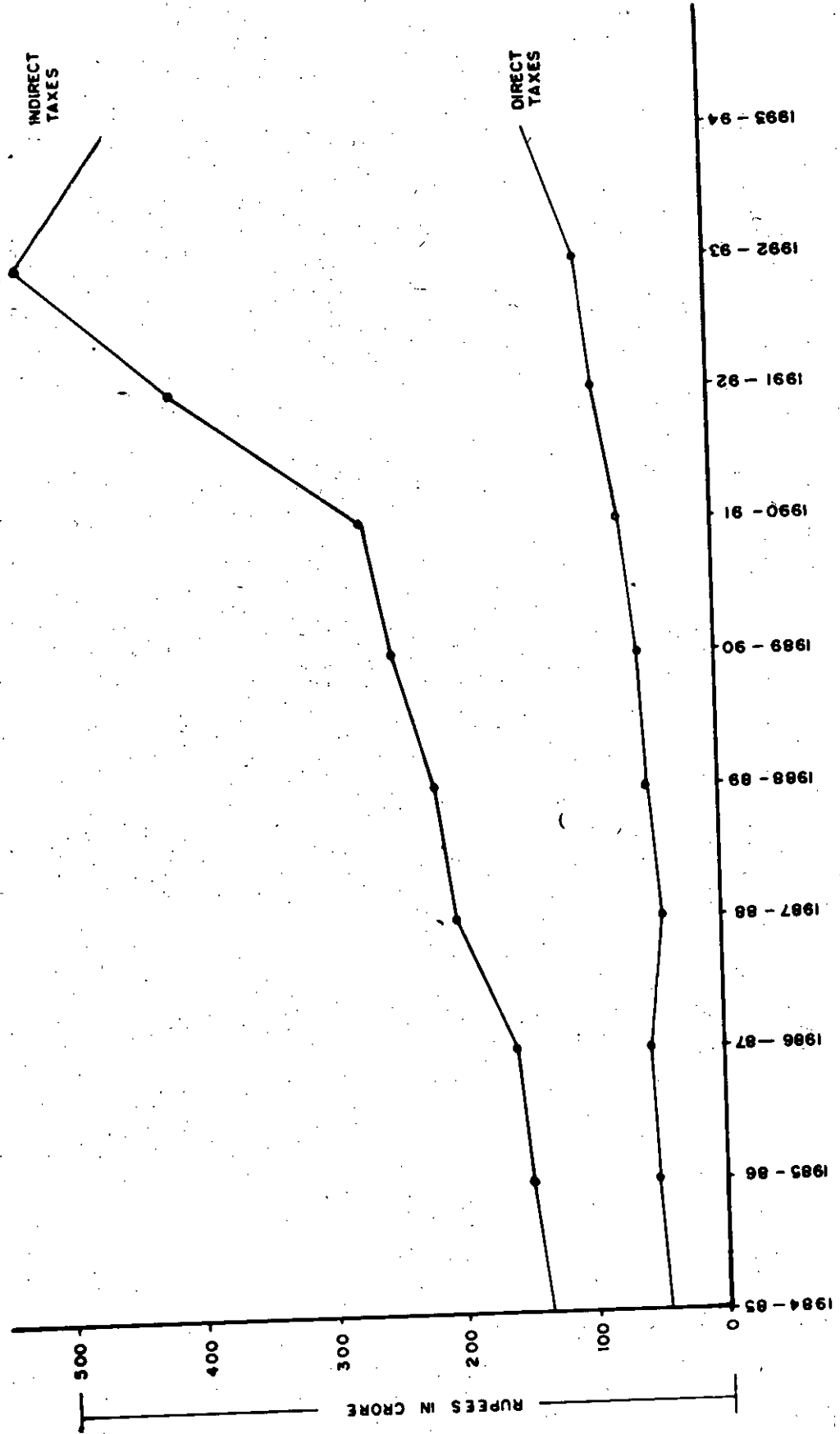
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# TREND IN PROVINCIAL DIRECT AND INDIRECT TAXES

1984 - 85 TO 1993 - 94



As is evident from the figures in Table 4 above, the bulk of the reduction in Revised Estimates of tax receipts has come from lower collections of stamp duty. The slackening of property transactions in flood affected areas and the noticeable general tendency to avoid registration of property documents to escape burden of capital value tax (imposed by the federal government) are the main proximate causes for this reduction.

Direct taxes, which include land revenue, registration fee, professional tax and urban immovable property tax have increased from Rs. 99.89 crore in Budget Estimates to Rs 103.45 crore in the Revised Estimates and will amount to Rs. 132.25 crore during 1993-94. On the other hand, the indirect taxes, which comprise stamp duty, provincial excise, motor vehicle taxes etc., decreased from Rs. 523.58 crore to Rs. 370.93 crore. Indirect taxes during 1993-94 will be Rs. 450.98 crore. Provincial tax receipts during 1993-94 are estimated to be around Rs. 583.23 crore which have decreased by Rs. 40.24 crore, or about 6.45 percent, over the previous financial year. This decrease largely reflects a diminution in expected revenues from stamp duties due to a general slump in the real estate market and the impact of the capital value tax.

As a result of the revision of valuation tables, it was expected that revenue from stamp duties will grow substantially on a continuing basis but the constraining impact of the capital value tax, whose scope has been further enhanced in the Federal Finance Act 1992, appears to have adversely affected revenues from this source.

### **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. 14.07 crore during 1993-94 against Rs. 7.40 crore in the Revised Estimates 1992-93 and Rs. 20.97 crore in the Budget Estimates 1992-93.

#### 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>1992-93</u>	<u>Revised</u> <u>1992-93</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1993-94</u>
General Administration	8.90	13.08	13.06
Law and Order	33.58	35.09	39.49
Community Services	48.22	29.55	53.51
Social Services	79.60	87.02	120.70
Economic Services	174.35	164.80	180.33
<b>Total:</b>	<b>344.65</b>	<b>329.54</b>	<b>407.09</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>1992-93</u>	<u>Revised</u> <u>1992-93</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1993-94</u>
General Administration	8.90	13.08	13.06
Administration of Justice	7.49	8.37	10.50
Police	23.29	23.93	25.63
Jails	2.75	2.75	3.32
Civil Defence	0.05	0.03	0.03
<b>Total:</b>	<b>42.48</b>	<b>48.16</b>	<b>52.54</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. Against an increase in the Revised Estimates of Rs. 5.68 crore, additional resources of more than Rs. 4.38 crore are anticipated during 1993-94, as per normal pattern of increase through fines and fees.

**B: COMMUNITY AND SOCIAL SERVICES**

Receipts from community and social services accrue from:

**a: Community Services**

- i: Tolls on roads and bridges;
- ii: Sale of tender forms;
- iii: Registration fee for contractors;
- iv: Confiscation of earnest money;
- v: Payments for services rendered and recovery of departmental charges by Public Health Departments.

**b: Social Services**

- i: Education
- ii: Health
- iii: Manpower Management
- iv: Housing and Physical Planning
- v: Receipts under the Wild Birds and Wild Animals Protection Act.

Receipts from buildings and communications accrue 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 and recovery of departmental charges. The decrease in receipts under the head of public health (table 7) in Revised Estimates resulted from over estimation of Budget Estimates and weak management by the public health engineering department. These receipts are likely to pick up in 1993-94 with improvements in administration/collection of these dues by PHED. The receipts from this source during 1993-94 have been estimated at Rs. 25.36 crore.

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 licence fees.

Receipts from community and social services decreased by Rs. 11.25 crore in the Revised Estimates over the Budget Estimates of Rs. 127.82 crore in 1992-93. An increase of Rs. 57.64 crore is expected during 1993-94 over the Revised Estimates. The details are given in table 7.

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

(Rs. in crore)

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
Buildings	4.95	6.03	6.56
Communications	19.16	19.16	21.60
Public Health	24.11	4.37	25.36
Education	49.40	49.78	73.53
Health	12.72	13.10	21.18
Manpower Management	0.23	0.32	0.33
Housing and Physical Planning	16.59	23.15	24.95
Receipts under the Wild Birds and Wild Animals Protection Act	0.66	0.66	0.70
<b>Total:</b>	<b>127.82</b>	<b>116.57</b>	<b>174.21</b>

## C: ECONOMIC SERVICES

Receipts from economic services accrue from agriculture, fisheries, animal husbandry, forests, cooperatives, irrigation, printing, stationery and industries. Details are given in Table 8.

The agriculture receipts comprise income from experimental and seed farms, hire charges of bulldozers, boring operations, research stations and soil conservation. Animal husbandry includes 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. Cooperative 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 comprise proceeds of finished goods, store purchases and fees, etc.

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

	<b>Budget 1992-93</b>	<b>Revised 1992-93</b>	<b>Budget 1993-94</b>
			<i>(Rs. in crore)</i>
<b>Agriculture</b>	24.14	23.74	25.64
<b>Fisheries</b>	2.43	2.43	3.00
<b>Animal Husbandry</b>	9.37	9.38	10.40
<b>Forest</b>	22.61	20.35	24.87
<b>Cooperation</b>	0.23	0.28	0.30
<b>Irrigation</b>	108.68	101.69	108.44
<b>Printing</b>	3.95	3.92	4.42
<b>Stationery</b>	0.29	0.29	0.29
<b>Industries</b>	2.65	2.72	2.97
<b>Total :</b>	<b>174.35</b>	<b>164.80</b>	<b>180.33</b>

The decrease in the Revised Estimates over the Budget Estimates in 1992-93 was mainly on account of downturn in economic activity in flood hit areas. The receipts from irrigation sources have particularly gone down from Rs. 108.68 crore to Rs. 101.69 crore in the Revised Estimates. These receipts are likely to recover in the coming year.

**V: MISCELLANEOUS:**

Miscellaneous receipts included grants from the federal government for meeting the budgetary deficit, increase in salaries, allowances and pensions and reimbursements for performance of agency functions and any other matching grants to the provincial government. (The grants for meeting the budgetary deficit of the province have been discontinued after the NFC Award). Details are given in table 9. 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. 213.85 crore, federal grants have decreased to Rs. 204.14 crore in the Revised Estimates.

**TABLE 9**  
**MISCELLANEOUS RECEIPTS**

	<u>Budget</u> <u>1992-93</u>	<u>Revised</u> <u>1992-93</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1993-94</u>
Other grants from Federal Government	213.85	204.14	138.28
Others	26.77	37.07	61.26
<b>Total Miscellaneous Receipts</b>	<b>240.62</b>	<b>241.21</b>	<b>199.54</b>

The total miscellaneous receipts increased from Rs. 240.62 crore in Budget Estimates to Rs. 241.21 crore in the Revised Estimates. In 1993-94, these are

estimated at Rs. 199.54 crore. This includes the yearly special grant of Rs. 100.00 crore which, under the N.F.C. Award, the Federal Government is to provide to the Punjab Province for three years effective from 1991-92.

## *Chapter 3*

### **NON-DEVELOPMENT REVENUE / XPENDITURE**

The non-development revenue expenditure of the provincial government is incurred on:

- i: General Administration;
- ii: Law and Order;
- iii: Social Services;
- iv: Community Services;
- v: Economic Services;
- vi: Subsidies;
- vii: Debt Servicing and Investible Funds and Grants; and
- viii: Miscellaneous (unallocable) Items.

The expression non-development expenditure is misleading as it conveys the impression that all current expenditure on the day-to-day business of the government is unproductive and, therefore, wasteful. This is far from the truth; in fact the so-called non-development expenditure has a strong socio-economic bias as it is necessary not only 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 and irrigation networks would become a liability rather than an asset if these were not properly maintained.

The impression that non-development expenditure is mostly incurred on administration and, therefore, is wasteful expenditure is also not correct. Firstly, a major portion of the expenditure is incurred on social, economic and community services. In the Budget Estimates 1993-94, the share of these sectors comes to 55.56 percent of the budget. Secondly, only a small percentage of the budget is spent on the so-called non-development departments within these services. Moreover, while the expenditure on expansion of the physical infrastructure is met from the development budget, that 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 and maintenance.

Traditionally the Government tries 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 while formulating Budget Estimates 1993-94:

- i: to maximise the provision of commodities and services contributing to the social welfare and development functions of the government;
- ii: adequate allocations should be made for proper maintenance of the capital assets of the government;
- iii: in order to ensure a reasonable level of operational efficiency in government, adequate funds should be provided to cover the expenditure on consumable items like stationery, equipment etc. and for charges on account of POL, electricity and telephones, while at the same time ensuring that maximum economy is exercised and wasteful expenditure is curtailed to the minimum. This shall ensure

proper utilization of funds and would avoid extra allocation of funds during the year through supplementary grants.

Keeping these guidelines in view an effort has been made to make good the deficiencies in areas of maintenance of physical assets and in provision of social services. Funds have been allocated according to revised yardsticks 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. 4336.59 crore in the Budget Estimates 1992-93. In the Revised Estimates stringent financial management and economy measures have brought the figure down to Rs. 4303.96 crore.

Non-development expenditure during 1993-94 has been estimated at Rs. 4926.00 crore, showing an increase of 13.59 percent over the Budget Estimates 1992-93 and 14.45 percent over the Revised Estimates. This increase partly reflects the recurrent component --- the effect of adhoc relief granted to employees in BS 1-16 and pensionary benefits enhanced as per decision of Supreme Court during 1992-93 as well as that of transfer of development schemes from development budget to non-development for operation and maintenance --- and partly the necessary expenditure requirement for maintenance and consolidation of assets of the government. The increase was made possible by an increase in the federal divisible taxes from Rs. 3148.77 crore in the Revised Estimates to Rs. 3538.30 crore in the Budget Estimates and an increase of 25.61 percent in the provincial receipts (both tax and non-tax) in the Budget Estimates 1993-94 over the Revised Estimates 1992-93. The main factors that have contributed to the increase in the non-development expenditure in 1993-94 over 1992-93 are :-



- i) an additional allocation of Rs. 48.00 crores for enhanced pensionary benefits to retired personnel (in accordance with decision of the Supreme Court);
- ii) an allocation of Rs. 85.00 crore for payment of adhoc relief of Rs. 100/- to employees in BS 1-16, that was allowed in 1992-93 in the wake of a Federal Government decision;
- iii) an allocation for continued and new expenditure of Rs. 93.81 crore for education which includes an amount of Rs. 43.92 for posts under the Primary Education Project-III;
- iv) an additionality of Rs. 94.73 for subsidy on wheat;
- v) a new allocation of Rs. 20.00 crore for operation and maintenance of Rural Water Supply Schemes;
- vi) Rs. 5.75 crore grant-in-aid to the Punjab Small Industries Corporation.

Details of the functional distribution of non-development revenue expenditure are discussed as under :

**TABLE 10**  
**EXPENDITURE ON GENERAL ADMINISTRATION**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>Organs of State</b>	80.44	82.83	108.42
<b>Fiscal Administration</b>	282.25	301.23	378.82
<b>Economic Regulation</b>	4.42	4.55	5.78
<b>Statistics</b>	6.20	6.14	6.84
<b>Publicity and Information</b>	12.58	20.27	6.88
<b>Total :</b>	<b>385.89</b>	<b>415.02</b>	<b>506.74</b>

## I. GENERAL ADMINISTRATION:

Broad details of expenditure on general administration are given in Table 10.

While expenditure on general administration has risen from Rs. 385.89 crore in the Budget Estimates to Rs. 415.02 crore in the Revised Estimates, it is likely to rise further to Rs. 506.74 crore during 1993-94. The excess of revised over budgetary estimates is largely attributable to enhancement of pensionary benefits for retired personnel. The Budget Estimates 1993-94 likewise reflects the impact of pensionary benefits and includes various block allocations for meeting emergent purposes.

## 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 11.

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**TABLE 11**  
**EXPENDITURE ON LAW AND ORDER**

	<u>Budget</u> <u>1992-93</u>	<u>Revised</u> <u>1992-93</u>	<i>(Rs. in crore)</i> <u>Budget</u> <u>1993-94</u>
Justice : Law Courts	27.08	30.23	32.51
Police and Civil Armed Forces	321.38	353.55	381.22
Jails and Detention Places	27.77	30.71	32.42
Civil Defence	2.15	2.10	2.41
Training and Research in Law and Order	7.33	7.76	8.52
<b>Total :</b>	<b>385.71</b>	<b>424.35</b>	<b>457.08</b>

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The increase in the Revised Estimates over the Budget Estimates is due to an additional grant of Rs. 21.9 crore for purchase of modern equipment for police and enhanced liabilities due to adhoc relief to employees in BS 1-16. The Budget

Estimates 1993-94 would increase to Rs. 457.08 crore largely on account of effect of adhoc relief and normal yearly salary increases.

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

Revised Estimates 1992-93 are lower than the Budget Estimates 1992-93 by Rs. 16.17 crore as a result of economy measures. The Budget Estimate 1993-94 has been anticipated at Rs. 247.52 crore.

**TABLE 12**  
**EXPENDITURE ON COMMUNITY SERVICES**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<i>(Rs. in crore)</i> <u>Budget 1993-94</u>
<b>Works</b>	215.66	205.27	213.14
<b>Public Health Services (water-supply, sanitation, sewerage and refuse disposal)</b>	31.96	26.19	32.67
<b>Other Community Services</b>	1.48	1.47	1.71
<b>Total :</b>	249.10	232.93	247.52

### IV. SOCIAL SERVICES :

The details of expenditure on social services are indicated in Table 13.

Revised Estimates of expenditure on social services have decreased to Rs. 1538.73 crore from the Budget Estimates of Rs. 1697.16 crore in 1992-93. The reduction in large part is in education, health, social security and social welfare

where as a result of economy measures including ban on filling of vacant posts, savings have been effected. The excess of Budget Estimates 1993-94 over both the Budget Estimates and Revised Estimates 1992-93 represents impact of normal increase in recurrent liabilities and provisioning of funds for filling of vacancies, amongst others. The enhanced allocation for education also includes for the first time the salary and other components of the Engineering Cell which were earlier reflected under Community Services. The allocation for Health Department includes a block allocation of Rs. 10.00 crore for replacement/repair of old equipment

**TABLE 13**  
**EXPENDITURE ON SOCIAL SERVICES**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
	<i>(Rs. in crore)</i>		
Education	1251.76	1152.89	1472.92
Health	329.74	297.31	352.28
Manpower and Labour Management	7.00	7.61	8.35
Housing and Physical Planning	19.25	12.02	18.22
Sports and recreational facilities	7.94	8.53	6.82
Social security and social welfare	76.10	38.86	39.86
Natural calamities and other disasters	1.36	17.48	2.39
Religious affairs	4.01	4.03	4.63
<b>Total :</b>	<b>1697.16</b>	<b>1538.73</b>	<b>1905.47</b>

#### V. ECONOMIC SERVICES :

Revised Estimates 1992-93 have decreased by Rs. 45.42 crore due to the effect of economy measures adopted early in the year.

Detailed expenditure incurred on economic services is indicated in Table 14.

**TABLE 14**  
**EXPENDITURE ON ECONOMIC SERVICES**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
Agriculture and Food	203.21	209.85	228.98
Irrigation	277.54	225.32	303.81
Land Reclamation	3.77	3.88	4.22
Rural Development	28.68	29.64	24.45
Industrial and Mineral Resources	20.74	19.83	22.55
<b>Total :</b>	<b>533.94</b>	<b>488.52</b>	<b>584.01</b>

The increase in the Budget Estimates 1993-94 over the Budget Estimates 1992-93 amounting to Rs. 50.07 crore is mainly due to additional expenditure in the irrigation sector for maintenance of canal network. The allocation for agriculture and food has also been enhanced from Rs. 203.21 crore in the Budget Estimates 1992-93 to Rs. 228.98 crore in the Budget Estimates for 1993-94 and the increase is largely on account of normal increase in recurrent liabilities.

**VI: SUBSIDIES:**

Revised Estimates 1992-93 show an increase of Rs. 33.75 crore over Budget Estimates of Rs. 74.33 crore. This increase reflects additional expenditure on subsidies provided on wheat imported during the year. Estimates for 1993-94 have been anticipated at Rs. 94.73 crore on account of higher purchase targets.

**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, Punjab Engineering Academy, Punjab

Highways Authority and the Punjab Land Utilisation Authority. Details are given in Table 15.

**TABLE 15**  
**DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS**

	(Rs. in crore)		
	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
Interest on Domestic Debt	82.52	123.67	96.85
Interest on Federal Loans	907.57	910.71	1007.39
Interest on Foreign Loans	11.43	15.19	16.74
Sub-total	1001.52	1049.57	1120.98
Grants and Subventions	8.91	46.53	8.64
<b>Total</b>	<b>1010.43</b>	<b>1096.10</b>	<b>1129.62</b>

Debt servicing liability of the province was projected at Rs. 1001.52 crore in the Budget Estimates 1992-93. It increased to Rs. 1049.57 crore in the Revised Estimates on account of additional liability. During 1993-94, debt servicing liability is estimated at Rs. 1120.98 crore. The increase is due to the expansion in the quantum of cash development loans obtained from the federal government for the Annual Development Programme over the years.

Grants and subventions increased from Rs. 8.91 crore in the Budget Estimates 1992-93 to Rs. 46.53 crore in the Revised Estimates and have been estimated at Rs. 8.64 crore during 1993-94.

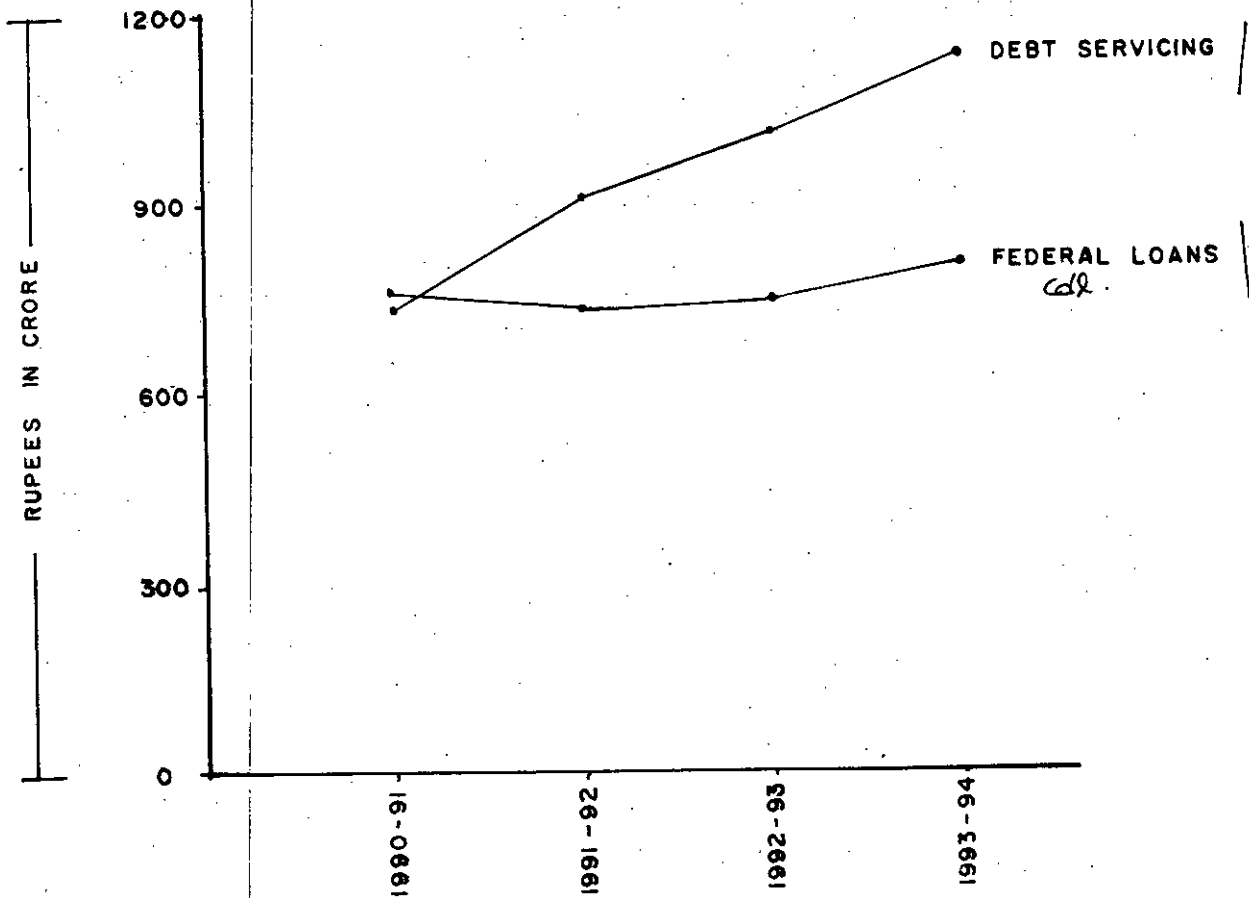
**VII: MISCELLANEOUS (UNALLOCABLE) ITEMS OF EXPENDITURE:**

The Budget Estimates 1992-93 showed an amount of Rs. 0.03 crore under this head which increased to Rs. 0.23 crore during the year. Budget Estimates 1993-94 have been fixed as Rs. 0.83 crore. This amount includes expenditure for

reconstruction and repair of boundary pillars along the Indo-Pak border and miscellaneous expenditures relating to tribes in Dera Ghazi Khan Division.

GRAPH ILLUSTRATING THE TOTAL YEARLY INFLOW ON ACCOUNT OF FEDERAL LOANS AND TOTAL YEARLY OUTFLOW FROM GOVT. OF PUNJAB TO FEDERAL GOVT. ON ACCOUNT OF DEBT SERVICING

1990-91 TO 1993-94





## *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. 779.72 crore in the Budget Estimates 1992-93 increased to Rs. 1021.55 crore in the Revised Estimates 1992-93 due to the enhancement of the purchase/sale price of wheat by the Federal Government and increase in the target for procurement of wheat from 25.00 lac metric tons to 30.50 lac metric tons. The target for 1993-94 has been fixed at Rs. 1222.00 crore keeping in view the anticipated procurement.

Details of capital receipts accruing to Account No. 1 and Account No. 2 are given in Table 16. These show an increase of Rs. 276.19 crore in the Revised Estimates over the Budget Estimates 1992-93 and are expected to increase to Rs. 1311.67 crore in 1993-94.

**TABLE 16**  
**NON-DEVELOPMENT CAPITAL RECEIPTS**

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<i>(Rs. in crore)</i> <u>Budget 1993-94</u>
Grants from the Federal Government	..	..	..
Extraordinary Receipts	23.60	14.08	14.79
Public Debt:			
Permanent Debt (Borrowing)	9.14	..	10.69
Floating Debt (Ways & Means Advance)	6.12	24.48	6.12
Recoveries of Loans and Advances	63.96	98.62	58.07
Loans from Commercial Banks (Account No.II)	779.72	1027.55	1222.00
<b>Total :</b>	<b>882.54</b>	<b>1158.73</b>	<b>1311.67</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. No provision was made in the Budget Estimates 1992-93 under this head. Provision has again not been made under this head in 1993-94; however, if any releases are made by the federal government, these will be reflected in the Revised Estimates.

## **2. EXTRAORDINARY RECEIPTS:**

Extraordinary receipts accrue mainly from the sale of government land, interest on deferred payments of land sold in colony districts and proceeds from sale of plots in industrial estates. The Revised Estimates of Rs. 14.08 crore show a decrease of Rs. 9.52 crore over the Budget Estimates of Rs. 23.60 crore for 1992-93. These are expected to be at Rs. 14.79 crore for 1993-94.

## **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. As no new loan has been floated during the year 1992-93, the Revised Estimates are NIL against Budget Estimates of Rs. 9.14 crore. In 1993-94, the receipts on account of a new loan are expected to be Rs. 10.69 crore. This new loan is expected to be floated in place of a loan maturing during the year 1993-94.

## **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. 24.48 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:**

Receipts under this head accrue from recovery of loans, which include short-term and medium-term loans given to the cultivators for purchase of agricultural implements and inputs, loans to government employees for purchase, repair and construction of houses and for purchase of motor cars, motor cycles and bicycles (the grant of these loans has been discontinued w.e.f. 1-7-1990 and recoveries are being made against loans advanced in the past), loans to local bodies for financing their water supply, sewerage and drainage schemes and loans to autonomous bodies for financing specific development projects. Receipts on account of recoveries of loans and advances have increased from Rs. 63.96 crore in the Budget Estimates to Rs. 98.62 crore in the Revised Estimates 1992-93. A provision of Rs. 58.07 crore for 1993-94 has been made in anticipation of recoveries of loans and advances during 1993-94. The increase in Revised Estimates 1992-93 is due to improved recoveries from municipal committees and autonomous bodies, while the decrease in Budget Estimates 1993-94 relative to Budget Estimates 1992-93 is attributable to a normal reduction in the volume of loans outstanding as loans advanced already to government servants are being paid off.

## Chapter 5

### NON-DEVELOPMENT CAPITAL EXPENDITURE

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

Expenditure in Account No. II mainly concerns state trading in foodgrains and the repayment of loans taken from the commercial banks for state trading operations of the Food Department.

Details of the non-development capital expenditure are given in Table 17.

**TABLE 17**

### NON-DEVELOPMENT CAPITAL EXPENDITURE

	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<i>(Rs. in crore)</i>			
<b>ACCOUNT NO. I</b>			
Highways, Roads and Bridges	..	..	..
Debt Servicing	114.00	133.64	131.13
Loans and Advances	25.48	71.54	37.96
State Trading in Medicines and Coal	(-) 0.55	(-) 0.08	0.07
<b>Total Account No. I:</b>	<b>138.93</b>	<b>205.10</b>	<b>169.16</b>
<b>ACCOUNT NO. II</b>			
State Trading in Foodgrains (Net)	(-) 74.65	349.58	358.71
Debt Servicing	854.37	671.97	863.29
<b>Total Account No. II:</b>	<b>779.72</b>	<b>1021.55</b>	<b>1222.00</b>
<b>Grand Total Accounts I &amp; II:</b>	<b>918.65</b>	<b>1226.65</b>	<b>1391.16</b>

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

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

The expenditure has increased from Rs. 114.00 crore in Budget Estimates 1992-93 to Rs. 133.64 crore in the Revised Estimates due to interest paid on ways and means advances. Budget estimates 1993-94 have been fixed at Rs. 131.13 crore. The details of debt servicing in Account No. I are as follows :

### A: REPAYMENT OF FEDERAL LOANS

Since 1970, the Annual Development 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 while 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. Repayment in case of U.S. AID Counterpart Fund loans is made 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 1992-93, the total debt liability of the Punjab Government will be Rs. 7057.81 crore. The details are as follows:

	<i>(Rs. in crore)</i>
a: on account of rupee loans received from federal government	6427.21
b: on account of counterpart fund rupee loans	22.99
c: on account of foreign exchange loans	607.61
<b>Total:</b>	<b>7057.81</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 30-6-1993 are given in Table 18.

**TABLE 18**  
**LOANS OUTSTANDING ON 30.6.1993**

		<i>(Rs. in crore)</i>
<b>A:</b>	<b>CASH DEVELOPMENT LOANS</b>	
1.	1973-74	43.07
2.	1974-75	67.44
3.	1975-76	101.09
4.	1976-77	128.04
5.	1977-78	90.37
6.	1978-79	111.80
7.	1979-80	103.30
8.	1981-82	140.12
9.	1982-83	205.86
10.	1983-84	326.48
11.	1984-85	354.45
12.	1985-86	412.92
13.	1986-87	578.83
14.	1987-88	283.20
15.	1988-89	261.09
16.	1989-90	651.61
17.	1990-91	747.20
18.	1991-92	733.17
19.	1992-93	668.64
		-----
	<b>Total Cash Development Loans:</b>	<b>6008.70</b>
		-----
<b>B:</b>	<b>CASH DEVELOPMENT LOANS FOR SCARP TUBEWELL PROJECTS</b>	
1.	1974-75	6.27
2.	1975-76	12.92
3.	1976-77	17.75
4.	1977-78	16.48
5.	1978-79	17.61

6.	1979-80	20.35
7.	1980-81	21.84
8.	1981-82	25.28
9.	1982-83	26.40
10.	1983-84	24.00
11.	1984-85	33.98
12.	1985-86	42.00
13.	1986-87	42.00
14.	1987-88	50.94
15.	1988-89	21.96
16.	1989-90	30.02
17.	1990-91	4.25
18.	1991-92	3.92

-----  
**Total loans for SCARP Tubewells:** 417.97  
 -----

**C: OTHER LOANS**

1.	Non-development loan for meeting railway losses	1973-74	0.01
2.	Non-development loan for augmentation of Police Force	1973-74	0.13
3.	Non-development loan for Rawalpindi Municipal Committee	1974-75	0.03
4.	Non-development loan for Murree Municipality	1975-76	0.07
5.	Non-development interest-free loan to organize the National Horse and Cattle Show	1978-79	0.15
6.	Non-development interest-free loan for Data Darbar Mosque at Lahore	1978-79	0.15

-----  
**Total Other Loans:** 0.54  
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**D: FOREIGN EXCHANGE LOANS**

1.	US Aid 391-H-055	5.20
2.	US Aid 391-H-060	0.57
3.	US Aid 391-H-069	2.35
4.	US Aid 391-H-079	1.54
5.	US Aid 391-H-084	3.80
6.	US Aid 391-H-087	6.73
7.	US Aid 391-H-103	0.79
8.	US Aid 391-H-107	3.66
9.	US Aid 391-H-128	1.25
10.	US Aid 391-H-135	1.79
11.	IDA-30-Pak	2.03



12.	IDA-50-Pak	12.86
13.	IDA-54-Pak	8.10
14.	IDA-106-Pak	3.60
15.	IDA-106-Pak	0.20
16.	IDA-466-Pak	21.76
17.	IDA-620-Pak	35.21
18.	IDA-630-Pak	60.42
19.	IDA-678-Pak	5.61
20.	IDA-683-Pak	37.37
21.	IDA-813-Pak	29.00
22.	IDA-892-Pak	8.40
23.	IDA-1109-Pak	24.30
24.	IDA-1113-Pak	2.79
25.	IDA-1163-Pak	51.50
26.	IDA-1239-Pak	55.06
27.	IBRD-1366-Pak	12.97
28.	IBRD-578-Pak	0.72
29.	PK-4-Japanese Project loan	56.52
30.	Second Danish Credit (Highway)	0.99
31.	ADB-438-Pak	5.01
32.	ADB-331-Pak	86.08
33.	ADB-495-Pak	23.83
34.	ADB-433-Pak	5.01
35.	AFAD-48-Pak	11.11
36.	IFAD-83-Pak	16.32
37.	IFAD-18-Pak	3.16
		-----
	Total Foreign Exchange Loans:	607.61
		-----
E:	COUNTERPART FUNDS LOANS	
1.	US Aid 391-G-009	0.97
2.	US Aid 391-G-065	0.88
3.	US Aid 391-G-120	8.41
4.	US Aid 391-G-122	4.50
5.	US Aid 391-G-132	6.35
6.	US Aid 391-G-133	0.97
7.	US Aid 391-G-147	0.21
8.	German Loan 1968-69	0.10
9.	German Loan 1969-70	0.22
10.	German Loan 1971-72	0.38
		-----
	Total Counterpart Fund Loans:	22.99

Of the total liability of Rs. 7057.81 crore, about 91 per cent is on account of rupee loans which are owed to the federal government.

### **B: MARKET LOANS**

Market loans are a tool of fiscal management. These are floated for a fixed amount of public subscription at a guaranteed rate of return and are retired on maturity usually through floatation of new loans. The details of market loans outstanding at the end of the financial year 1992-93 are given in Table 19.

**TABLE 19**

### **MARKET LOANS OF PUNJAB GOVERNMENT**

				<i>(Rs. in crore)</i>
	<u>Name of the loan</u>	<u>Year of issue</u>	<u>Date of maturity</u>	<u>Amount</u>
1.	10.75% Punjab Loan 1994	1984	21.6.1994	10.60
2.	10.75% Punjab Loan 1996	1986	13.9.1996	2.73
3.	10.75% Punjab Loan 1997	1987	27.8.1997	5.06
4.	10.50% Punjab Loan 1998	1988	12.10.1998	7.58
5.	10.50% Punjab Loan 1999	1989	17.9.1999	7.85
6.	15% of Punjab Loan 2001	1991	27.8.2001	7.52
	<b>Total:</b>			----- 41.34

### **C: WAYS AND MEANS ADVANCES**

The Punjab Government can draw ways and means advances from the State Bank of Pakistan upto a total amount of Rs: 6.12 crore 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. Under the revised interest rate structure, applicable to these advances from 16.08.1993, the maximum rate of interest

chargeable by the State Bank of Pakistan on these advances has been raised from 12.50% to 19.50% per annum.

## **II. LOANS AND ADVANCES:**

The provincial government advances loans to cultivators and local/autonomous bodies for specific purposes. Against a provision of Rs. 25.48 crore in the Budget Estimates, loans of Rs. 71.54 crore were advanced in 1992-93. The increase reflects loans to Punjab Road Transport Corporation for payment of salaries including a Rs. 20.00 crore loan for a Golden Handshake Scheme that is being executed in stages. The Budget Estimates 1993-94 are going to be Rs. 37.96 crore.

## **III. 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. The details of receipts and expenditure resulting from state trading operations of the provincial government are given in Table 20.

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

<i>(Rs. in crore)</i>			
	<u>Budget 1992-93</u>	<u>Revised 1992-93</u>	<u>Budget 1993-94</u>
<b>A: FOODGRAINS</b>			
Gross Expenditure on Purchase of Foodgrains	958.68	1206.16	1412.44
Deduct recoveries	(-) 1033.33	(-) 856.58	(-) 1053.73
<b>Net Expenditure:</b>	(-) 74.65	(+ ) 349.58	(+ ) 358.71
<b>B: STATE TRADING IN MEDICAL STORES:</b>			
Expenditure	31.99	31.00	32.07
Deduct Recoveries	(-) 31.99	(-) 31.00	(-) 32.07
<b>Net Expenditure:</b>	..	..	..
<b>C: STATE TRADING IN COAL:</b>			
Expenditure	0.12	0.11	0.07
Deduct Recoveries	(-) 0.67	(-) 0.19	..
<b>Net Expenditure:</b>	(-) 0.55	(-) 0.08	(+ ) 0.07

## **I. FOODGRAINS:**

The expenditure on purchase, handling and storage of wheat during 1992-93 increased from the estimated amount of Rs. 958.68 crore to Rs. 1206.16 crore in the Revised Estimates as a consequence of increase in the target from 25.00 lac metric tons to 30.50 lac metric tons. The rate of purchase/procurement price of wheat was also enhanced from Rs. 3100 per metric ton to Rs. 3250 per metric ton for indigenous wheat and from Rs. 3100 per metric ton to Rs. 3907.57 per metric ton for imported wheat. In the Budget Estimates 1992-93, receipts from the sale of foodgrains were estimated at Rs. 1033.33 crore. These are expected to be Rs. 856.58 crore in the Revised Estimates as some stocks have been kept as strategic reserves and have not been sold.

The procurement price of indigenous wheat for 1993-94 has been fixed at Rs. 3250 per metric ton for indigenous wheat and Rs. 3907.57 per metric ton for imported wheat, while incidental charges have been fixed at Rs. 725.31 per metric ton for indigenous wheat and Rs. 488.88 per metric ton for imported wheat. In order to purchase, handle and store 35.00 lac metric tons of wheat (25.00 lac metric ton of indigenous wheat and 10.00 lac metric ton of imported wheat), an amount of Rs. 1412.44 crore has been provided in the Budget Estimates 1993-94. Receipts from the sale of foodgrains are estimated at Rs. 1053.73 crore. Receipts have been budgeted lower than expenditure because the department is required to keep a strategic reserve of wheat upto three month's requirements to avoid a crisis situation and to obviate sudden import of wheat at unfavourable rates.

## **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 1992-93, sale proceeds of coke from the stocks were estimated at Rs. 0.67 crore as against an expenditure of Rs. 0.12 crore, thereby showing a surplus of Rs. 0.55 crore. However, in the Revised Estimates, the surplus came to Rs. 0.08 crore. In 1993-94, against an expenditure provision of Rs. 0.07 crore, no recoveries are likely to be made.

## Chapter 7

### PUBLIC ACCOUNT TRANSACTIONS

Public Account has been briefly touched upon in Chapter 1. The transactions which comprise the public account of the provincial government are outside the Provincial Consolidated Fund both on the receipt and expenditure side. These are categorised broadly as unfunded debt, deposits and advances, and remittances.

Table 21 shows receipts and disbursements from the public account transactions and their net effect in 1992-93 and in the Budget Estimates 1993-94.

	<u>Budget</u> <u>1992-93</u>	<u>Revised</u> <u>1992-93</u>	<u>Budget</u> <u>1993-94</u>
<b>RECEIPTS</b>			
Unfunded Debt	113.81	132.92	132.92
Deposits and Advances	683.58	1618.54	1620.18
Remittances	2090.40	2090.40	2090.40
<b>Total :</b>	<b>2887.79</b>	<b>3841.86</b>	<b>3843.50</b>
<b>DISBURSEMENTS</b>			
Unfunded Debt	40.74	54.80	54.80
Deposits and Advances	683.52	1607.83	1609.22
Remittances	2090.40	2090.40	2090.40
<b>Total:</b>	<b>2814.66</b>	<b>3753.03</b>	<b>3754.42</b>
<b>NET</b>			
Unfunded Debt	73.07	78.12	78.12
Deposits and Advances	0.06	10.71	10.96
Remittances	..	..	..
<b>Total:</b>	<b>(+) 73.13</b>	<b>(+) 88.83</b>	<b>(+) 89.08</b>

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

Unfunded debt is the liability of provincial government on account of balances in provident funds of government employees. As the number of government employees increases from year to year, their contributions to provident funds also increase. As the payments into such funds usually exceed withdrawals therefrom the net result is an increase in government's liability. Receipts in the Revised Estimates 1992-93 increased to Rs. 132.92 crore from the Budget Estimate of Rs. 113.81 crore. Budget Estimates for 1993-94 have been placed at Rs. 132.92 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 1993-94 as was done for 1992-93.



## Chapter 8

### ANALYSIS OF THE NON-DEVELOPMENT REVENUE BUDGET

The non-development budget 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, those derived from income from property and enterprises, receipts-in-aid of superannuation and federal grants.

#### I. REVENUE RECEIPTS:

Budget Estimates 1993-94 show the provincial government's general revenue receipts at Rs. 4870.58 crore. A major part of these receipts, amounting to Rs. 4121.53 crore and constituting almost 85 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 1992-93 and 1993-94 is given in Table 22.

**TABLE 22**

#### NON-DEVELOPMENT REVENUE RECEIPTS

	Tax receipts	%	Non-tax receipts	%	Transfer receipts	%	Total
Budget 1992-93	3745.79	83.71	363.58	8.13	365.23	8.16	4474.60
Revised 1992-93	3623.15	84.21	354.74	8.25	324.42	7.54	4302.31
Budget 1993-94	4121.53	84.62	456.47	9.37	292.58	6.01	4870.58

Details of these receipts are as follows:

**TAX RECEIPTS:**

Tax receipts include the provincial government's share in the federal divisible taxes and its own tax revenues. These will constitute 84.62 percent of the total non-development revenue receipts in Budget Estimates 1993-94 against 83.71 percent in the Budget Estimates 1992-93 and 84.21 percent in the Revised Estimates. The rise in the ratio of tax receipts in the Revised Estimates was due to a increase in size of the federal divisible pool of taxes from which the provinces receive their shares in accordance with NFC Award.

**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 22 shows that non-tax receipts, other than transfers, accounted for 8.25 percent of total revenue receipts in the Revised Estimates as compared to 8.13 percent in the Budget Estimates 1992-93. These are estimated to be 9.37 percent of the total revenue receipts during 1993-94. 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 22 shows that transfer receipts constitute 6.01 percent of the estimates for 1993-94. Transfer receipts decreased in the Revised Estimates because of lower federal grants and will further decrease in ratio over the Budget Estimates 1993-94 because of decrease in overall size of transfer receipts on account of royalty on crude oil, excise duty on natural gas and electricity profits. Details of transfer receipts under NFC Award are shown in Table 3 under "Other Federal Transfers".

## CLASSIFICATION OF TAX REVENUE:

The distribution of tax revenue between receipts from direct and indirect taxes is given in Table 23. 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 45:55 in the Budget Estimates 1993-94 as compared to 36:64 in the Budget Estimates for 1992-93.

**TABLE 23**

### CLASSIFICATION OF TAX REVENUE

*(Rs. in crore)*

	DIRECT		INDIRECT		Total
	Amount	%	Amount	%	
Budget 1992-93	1358.61	36.27	2387.18	63.73	3745.79
Revised 1992-93	1577.17	43.53	2045.98	56.47	3623.15
Budget 1993-94	1835.84	44.54	2285.69	55.46	4121.53

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

**TABLE 24**

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

*(Rs. in crore)*

	Federal Divisible Taxes		Provincial Taxes		Total
	Amount	%	Amount	%	
Budget 1992-93	3122.32	83	623.47	17	3745.79
Revised 1992-93	3148.77	87	474.38	13	3623.15
Budget 1993-94	3538.30	86	583.23	14	4121.53

The percentage of the federal divisible taxes in the total tax receipts of the provincial government will decrease marginally from 87 percent in the Revised Estimates 1992-93 to 86 percent in the Budget Estimates 1993-94.

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

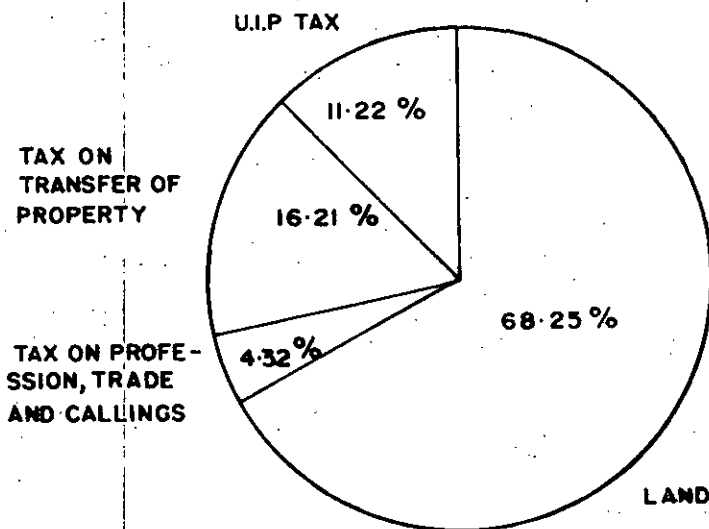
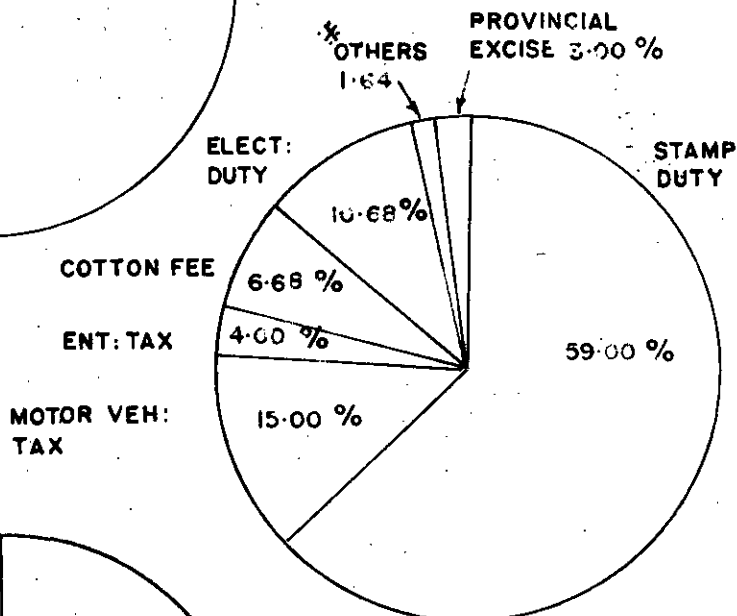
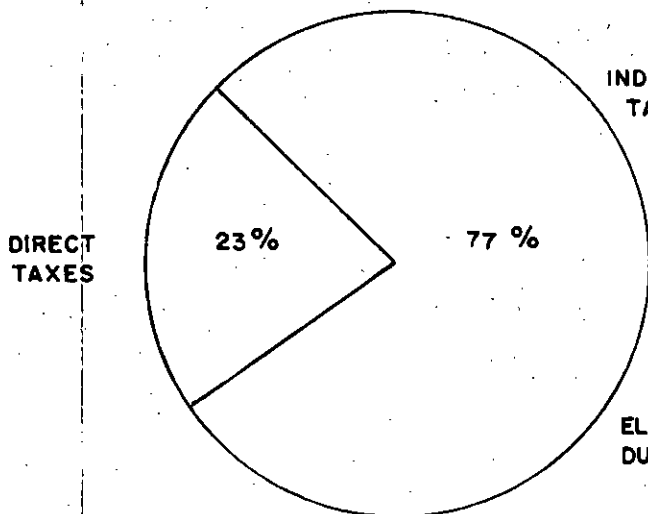
**TABLE 25**  
**COMPOSITION OF THE PUNJAB'S SHARE OF**  
**FEDERAL DIVISIBLE TAXES**

*(Rs. in crore)*

	<u>Budget 1992-93</u>		<u>Revised 1992-93</u>		<u>Budget 1993-94</u>	
	Amount	%	Amount	%	Amount	%
Income Tax	1258.72	40	1473.72	47	1703.59	48
Sale Tax	1064.00	34	1054.80	33	1167.08	33
Customs	96.78	3	22.00	1	27.50	1
Excise Duty on Tobacco and Tobacco Manufactures	467.16	15	374.00	12	400.08	11
Excise Duty on Sugar	235.66	8	224.25	7	240.05	7
<b>Total:</b>	<b>3122.32</b>	<b>100</b>	<b>3148.77</b>	<b>100</b>	<b>3538.30</b>	<b>100</b>

A comparison of the receipts from different taxes levied and collected by the provincial government is given in Table 26. Stamp duty, despite the adverse impact on its collection from the Capital Value Tax, continues to be the largest contributor to provincial tax receipts with a share of 46 percent in the total tax receipts for 1993-94. Land Revenue and Motor Vehicles Tax follow with a contribution of 15 percent and 12 percent respectively in the total revenue. Other important sources

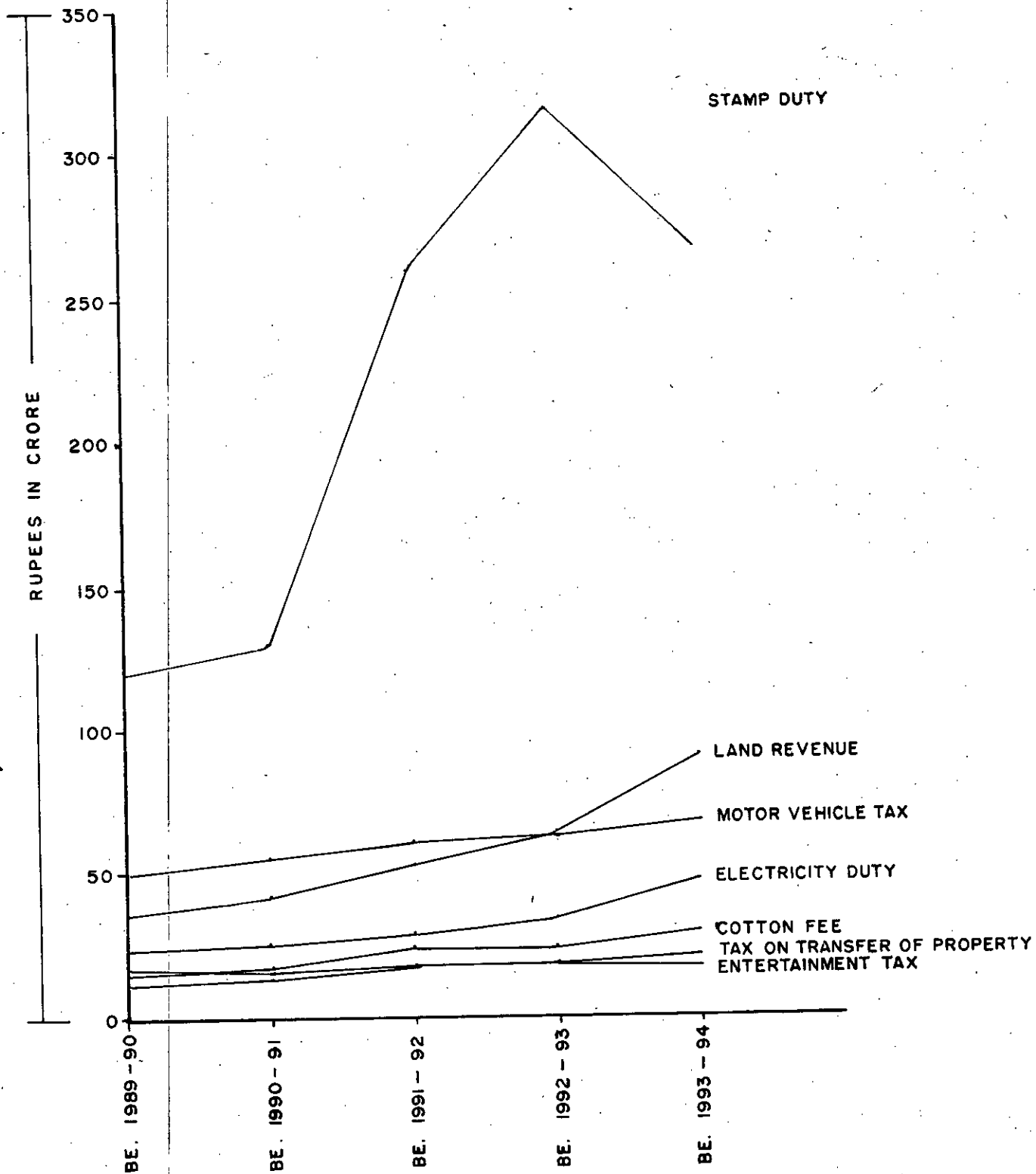
# PROVINCIAL TAX RECEIPTS 1993-94



**INDIRECT TAXES**

\* OTHERS ALSO INCLUDE:  
1. SALE OF OPIUM  
2. EDUCATION CESS  
3. TAX ON HOTELS

# TREND IN MAJOR PROVINCIAL TAXES 1989 - 90 TO 1993 - 94



of provincial tax receipts are electricity duty which will contribute 8 percent and cotton fee with 5 percent.

**TABLE 26**  
**PROVINCIAL TAX RECEIPTS**

(Rs. in crore)

	<u>Budget 1992-93</u>		<u>Revised 1992-93</u>		<u>Budget 1993-94</u>	
	Amount	%	Amount	%	Amount	%
Tax from Agriculture	..	..	0.01	..	0.01	..
Urban immovable property tax	13.75	2	13.75	3	14.84	3
Taxes on transfer of property	17.23	3	17.23	4	21.43	4
Land revenue	64.05	10	67.25	14	90.26	15
Tax on professions, trades and callings	4.86	1	5.21	1	5.71	1
Provincial excise	12.44	2	11.89	3	13.69	2
Sale of opium	0.60	..	0.66	..	0.66	..
Stamp duty	315.90	51	215.72	45	265.90	46
Motor vehicles tax	62.77	10	62.77	13	68.24	12
Entertainment tax	17.61	3	15.35	3	17.61	3
Education cess	0.06	..	0.07	..	0.07	..
Cotton fee	24.00	4	24.00	5	30.00	5
Tax on hotels	3.00	..	3.40	1	3.97	1
Electricity duty	34.62	6	34.61	7	48.16	8
Others	52.53	8	2.46	1	2.68	..
<b>Total:</b>	<b>623.47</b>	<b>100</b>	<b>474.38</b>	<b>100</b>	<b>583.23</b>	<b>100</b>

Revised Stamp Duty receipts have declined by Rs. 100.18 crore from a Budget Estimate of Rs. 315.90 crore. The main reasons for this are reduced economic activity in flood-hit areas and a growing tendency in property transactions to avoid registration of documents which attracts a substantial capital value tax in addition to usual stamp duty.

## 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 27 indicates the trend of the current expenditure, showing an increase of Rs. 626.04 crore in the consumption expenditure and decrease of Rs. 4.00 crore in the transfer payments in the Budget Estimates 1993-94 as compared to the Revised Estimates 1992-93.

**TABLE 27**

### CURRENT EXPENDITURE

*(Rs. in crore)*

	CONSUMPTION EXPENDITURE		TRANSFER PAYMENTS		Total
	Amount	%	Amount	%	
Budget 1992-93	2967.66	68.43	1368.93	31.57	4336.59
Revised 1992-93	2776.01	64.50	1527.95	35.50	4303.96
Budget 1993-94	3402.05	69.06	1523.95	30.94	4926.00

### FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE

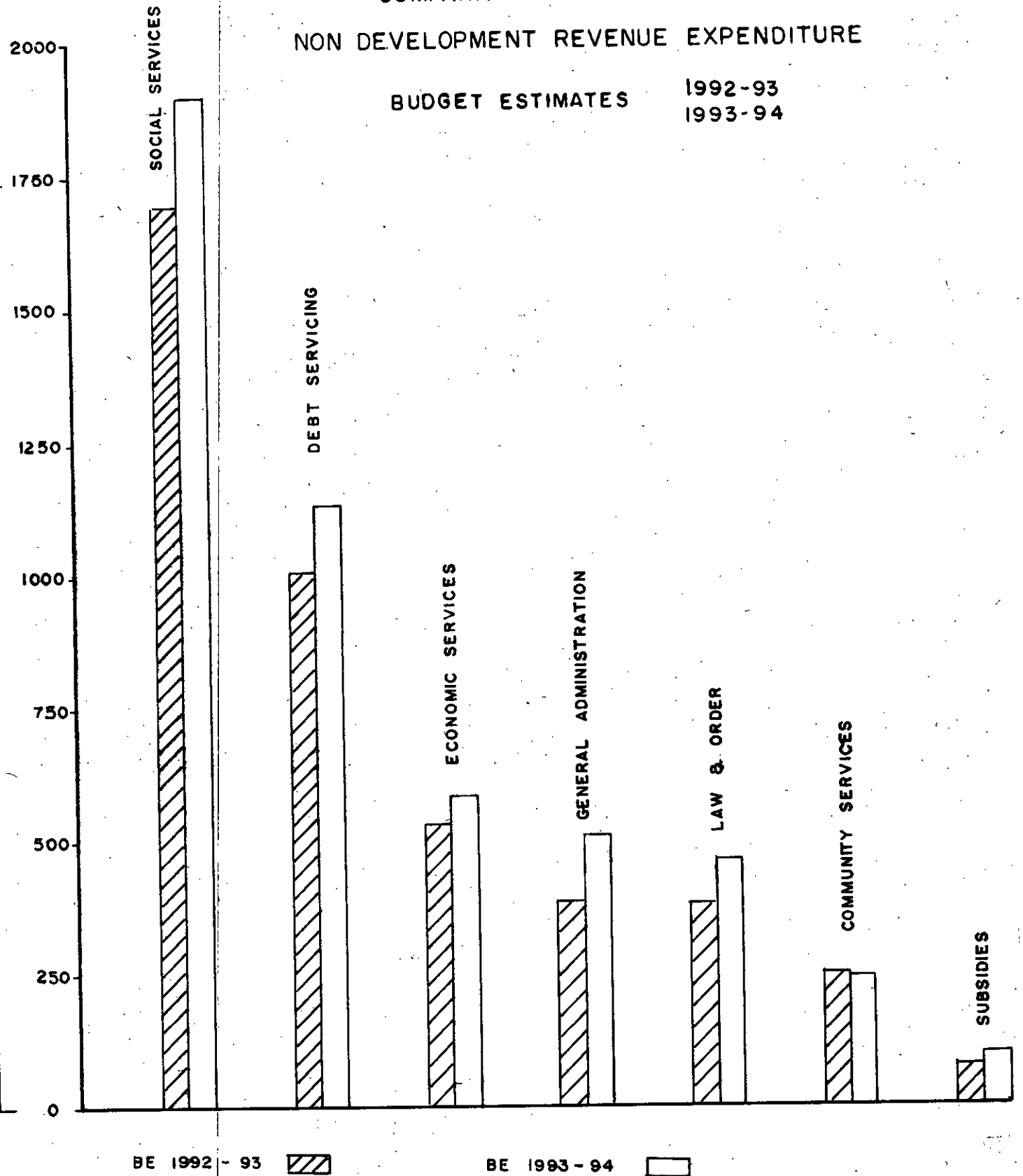
The functional distribution of non-development revenue expenditure of the provincial government is shown in Table 28.

Social services continue to account for the largest proportion of current expenditure with a share of about 39 percent in 1993-94. Out of the total allocation of Rs. 1905.47 crore for social services, Rs. 1472.92 crore (77.3 percent) have been set aside for education while Rs. 352.28 crore (18.5 percent) have been



# COMPARATIVE ALLOCATIONS OF NON DEVELOPMENT REVENUE EXPENDITURE

BUDGET ESTIMATES 1992-93  
1993-94



earmarked for health services. There is no major change in allocation in other sectors in the Budget Estimates 1993-94, compared to Revised Estimates of 1992-93.

**TABLE 28**

**FUNCTIONAL DISTRIBUTION OF CURRENT EXPENDITURE**

(Rs. in crore)

	Budget 1992-93		Revised 1992-93		Budget 1993-94	
	Amount	%	Amount	%	Amount	%
General Administration	385.89	9	415.02	10	506.74	10
Law and order	385.71	9	424.35	10	457.08	9
Community services	249.10	6	232.93	5	247.52	5
Social services	1697.16	39	1538.73	36	1905.47	39
Economic services	533.94	12	488.52	11	584.01	12
Subsidies	74.33	2	108.08	3	94.73	2
Debt servicing, investible funds and grants	1010.43	23	1096.10	25	1129.62	23
Unallocable	0.03	..	0.23	..	0.83	..
<b>Total:</b>	<b>4336.59</b>	<b>100</b>	<b>4303.96</b>	<b>100</b>	<b>4926.00</b>	<b>100</b>

## *Chapter 9*

### **FINANCING OF ANNUAL DEVELOPMENT PROGRAMME**

The gross size of the Annual Development Programme for 1992-93 was fixed at Rs. 1385.80 crore against an estimated resource availability of Rs. 1200.20 crore with an operational shortfall of Rs. 185.60 crore, or of 13.39 percent. However, the damage to infrastructure inflicted by the September floods and the consequent need for resources for rehabilitation, made a review of the Annual Development Programme absolutely imperative. The shortfall in receipts expected on account of depression in economic activity in the flood hit areas also undermined the availability of Rs. 175.03 crore surplus from the non-development account. After a careful look at the Annual Development Plan in the light of the above developments, the size of the Annual Development Programme (excluding S.A.P.) was tentatively refixed at Rs.877.00 crore instead of Rs. 1052.00 crore. In the Revised Estimates 1992-93, the Programme is expected to close at Rs. 975.99 crore.

In the year 1992-93, the federal government had decided to start a new programme for development of Primary Education, Basic Health, Preventive Health and Water Supply and Sanitation facilities in the rural areas. This Social Action Programme (S.A.P.) was a three years rolling plan from 1992 to 1995. Under S.A.P., Punjab Government shall receive Rs. 376.79 crore in 1993-94. This includes S.A.P. tied C.D.L. of Rs. 343.79 crore and foreign loans of Rs. 33.00 crore.

The resources available for financing of the Annual Development Programme 1993-94, stem from the federal assistance amounting to Rs. 808.10 crore in the shape of cash development loan (including Rs. 343.79 crore as S.A.P.

ted C.D.L.). As the size of the ADP has been fixed at Rs. 900.00 crore an operational shortfall of Rs. 91.90 crore, or of 10.21 percent, is expected.

Inter-sectoral and intra-sectoral priorities for the Programme 1993-94 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 ANNUAL DEVELOPMENT PROGRAMME 1993-94**

Sectoral allocations in the Annual Development Programme for 1993-94 are given in Table 29. For comparison, allocations made in 1992-93 have also been indicated with percentage shares. The strategies of the ADP for 1993-94 are as under :

1. An effort has been made to protect the on-going programme. In line with this purpose, an amount of Rs. 580.93 crore, or 64.55 percent of the total, has been set aside for completion of on-going projects. Foreign-aided projects, including SAP Schemes, 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 maximum benefits are derived from external assistance.

2. The policy to invest heavily in rural areas would be continued during 1993-94 and a large part of the development funds will be spent on projects in the rural areas.

3. In order to foster development in backward areas, special allocations have been made for Murree Kahuta Development Authority (Rs. 2.61 crore), Cholistan Development Authority (Rs. 2.61 crore), Bahawalpur Development Authority (Rs. 3.27 crore) and D.G. Khan Development Authority (Rs. 5.23 crore).

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**TABLE 29**

**SECTORAL ALLOCATIONS IN ANNUAL DEVELOPMENT PROGRAMME**

(Rs. in crore)

	Budget 1992-93		Budget 1993-94	
	Amount	%	Amount	%
Agriculture	143.43	10.35	96.20	10.69
Rural Development	7.00	0.51	3.92	0.44
Industries & Minerals	27.50	1.98	11.18	1.24
Water & Power	42.00	3.03	31.04	3.45
Roads & Bridges	66.00	4.76	63.39	7.04
Physical Planning and Housing	311.96	22.51	201.82	22.42
Education & Training	310.00	22.37	151.70	16.86
Information & Culture	2.25	0.16	1.63	0.18
Health	174.00	12.56	87.74	9.75
Tourism	0.25	0.02	0.16	0.02
Social Welfare	2.50	0.18	0.69	0.08
Manpower & Training	2.00	0.14	1.31	0.15
Planning & Development	7.91	0.57	3.21	0.36
Unfunded Schemes	..	..	16.72	1.86
MKDA	4.00	0.29	2.61	0.29
Cholistan Development Authority	5.00	0.36	2.61	0.29
D.G. Khan Development Authority	8.00	0.58	5.23	0.58
Bahawalpur Development Authority	5.00	0.36	3.27	0.36
<b>Block allocation for :</b>				
i: Development Schemes of Local Councils	40.00	2.89	27.57	3.06
ii: Tameer-e-Wattan Programme	124.00	8.95	..	..
iii: Special Programme for Local Development (including allocation for schemes of S.A.P. sectors Rs.65.39)	..	..	135.22	15.02
iv: Priority Programme (including allocation for schemes of S.A.P. sectors Rs.10.00)	103.00	7.43	52.78	5.86
<b>Gross Total:</b>	<b>1385.80</b>	<b>100</b>	<b>900.00</b>	<b>100</b>
<b>Less Operational Shortfall</b>	<b>185.60</b>	<b>..</b>	<b>91.90</b>	<b>..</b>
<b>Total Expenditure (Net)</b>	<b>1200.20</b>	<b>..</b>	<b>808.10</b>	<b>..</b>

## 1. SOCIAL ACTION PROGRAMME 1993-94

The Social Action Programme has been prepared by the federal government in consultation with the provinces in the shape of three years rolling plan starting from the year 1992-93. In the context of development, SAP is the first step as a followup of the Structural Adjustment Strategy for Pakistan. Against Rs. 333.36 crore in 1992-93, Rs. 343.79 crore have been provided for this purpose during 1993-94.

The basic objectives of SAP include significant expansion in Primary Education (with a special emphasis on female education), Basic Health and Preventive Health and Water Supply, Sanitation facilities for rural areas, Special Programme for Local Development and Priority Programme. The programme aims at correcting the glaring imbalances which have been noticed in the provision of facilities among the rural and urban areas. In the specified social sectors, SAP aims at both quantitative expansion and the qualitative improvements in the provision of facilities.

Sectorwise details of SAP are as under :

a:	Education	105.95
b:	Health	33.50
c:	Rural Water Supply	128.45
d:	Planning & Development	0.50
e.	Special Programme for Local Development	65.39
f.	Priority Programme	10.00
		-----
	<b>Total</b>	<b>343.79</b>
		-----

## **2. BLOCK ALLOCATIONS**

A Block Allocation of Rs. 52.78 crore (including Rs. 10.00 crore for schemes of S.A.P.) has been made in the ADP 1993-94 for Priority Programme. Block allocations of Rs. 27.57 crore for development schemes of local councils and Rs. 135.22 crore (including Rs. 65.39 crore for schemes of S.A.P.) for Special Programme for local development have also been made in Annual Development Programme.