

**WHITE  
PAPER  
ON  
BUDGET 1995-96**

**June 15, 1995**

## **FOREWORD**

The White Paper released on Budget Day - June 15, 1995 - attempts to provide an overview of budgetary details contained in the Constitutional & other documents presented before the Punjab Assembly for consideration, discussion, and approval.

This year's White Paper deviates from the beaten track. We in the Finance Department felt that in addition to putting the relevant facts together in a concise form, an element of rigorous analysis needed to be introduced. By inducting substantial comparative details, an effort has been made to make this document a policy and research publication. Hopefully, it will be of utility to lay readers and researchers alike.

Budget making is an arduous exercise which requires application and sustained hard work. The team in the Budget and Resources Wings consequently set a high standard of dedication to duty. One would have liked to acknowledge each person's effort individually, but this obviously is not possible here due to space constraints. Having said this, let me record my appreciation of the efforts put in by Mr. Nasir Mahmood Khosa, Additional Finance Secretary (Budget), Mr. Karim Bakhsh Abid, Deputy Secretary (Budget), Mr. Asadullah Khan Sumbal, Deputy Secretary (Resources) and their associates.

Finally, we would like to gratefully acknowledge the guidance and wholehearted support received from Makhdoom Altaf Ahmad the Finance Minister. Such assistance, often coming at crucial moments, helped us through many a difficult moment.

**AMINULLAH CHAUDRY**  
Finance Secretary, Punjab.

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## BUDGET AT A GLANCE

(Rs. in crore)

	BUDGET 1994-95	REVISED 1994-95	BUDGET 1995-96
<b>CURRENT BUDGET</b>			
General Revenue Receipts	6004.19	6050.54	7207.28
Revenue Expenditure	5796.94	5624.52	6848.44
Revenue Deficit (-)/Surplus (+):	(+) 207.25	(+) 426.02	(+) 358.84
General Capital Receipts	1040.79	1157.54	1211.19
Current Capital Expenditure	1142.37	1312.90	1319.72
Net Capital Receipts:	(-) 101.58	(-) 155.36	(-) 108.53
Public Account Receipts	3757.29	2878.91	3373.52
Public Account Disbursements	3612.96	2878.28	3372.86
Net Public Account Receipts:	(+) 144.33	(+) 0.63	(+) 0.66
Net deficit (-)/Surplus (+) in the Current Budget:	(+) 250.00	(+) 271.29	(+) 250.97
<b>DEVELOPMENT BUDGET</b>			
Expenditure	+ 1235.78	1255.89	+ 1402.93
Resources	1028.35	1255.89	1016.30
Operational Shortfall	171.65	-	232.45
7.5% Cut (Resource constraints)	-	-	101.25
Population Welfare	35.78	-	52.93

+These include a development grant from Federal government of Rs. 35.78 crore in 1994-95 and Rs.52.93 crore in 1995-96, for Population Welfare Programme which is not a part of the Tameer-e-Punjab Programme for either year.



## BUDGET IN BRIEF

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>1. REVENUE BUDGET</b>			
<b>GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	4761.63	4896.63	5930.39
Other Federal Transfers	142.77	150.26	156.29
Provincial Tax Receipts	612.96	539.73	587.81
Income from property and enterprises	14.84	16.05	17.30
Receipts from Civil Administration and other functions :			
General Administration	14.14	13.60	21.67
Law and Order	43.57	47.00	49.72
Community Services	55.66	46.67	60.99
Social Services	109.16	77.31	101.55
Economic Services	191.85	197.90	217.65
Miscellaneous Receipts (including Federal Grants)	57.61	65.39	63.91
<b>Total General Revenue Receipts:</b>	<b>6004.19</b>	<b>6050.54</b>	<b>7207.28</b>
<b>REVENUE EXPENDITURE</b>			
General Administration	837.81	705.68	1049.79
Law and Order	488.58	553.53	602.54
Community Services	273.94	235.60	352.47
Social Services	2154.84	2150.49	2645.31
Economic Services	635.47	651.35	750.00
Subsidies	136.00	90.00	136.00
Debt-servicing, Investible Funds and Grants	1270.27	1237.84	1312.30
Miscellaneous (Unallocable)	0.03	0.03	0.03
<b>Total Revenue Expenditure :</b>	<b>5796.94</b>	<b>5624.52</b>	<b>6848.44</b>
a: Revenue deficit (-)/surplus(+)	(+207.25	(+426.02	(+358.84

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>2. CURRENT CAPITAL BUDGET</b>			
<b>GENERAL CAPITAL RECEIPTS</b>			
Extraordinary Receipts	13.25	14.32	12.84
Public Debt	6.21	-	0.11
Recoveries of Loans and Advances	59.32	17.69	74.76
Loans from Commercial Banks (Account No. II)	962.01	1125.53	1123.48
<b>Total General Capital Receipts:</b>	<b>1040.79</b>	<b>1157.54</b>	<b>1211.19</b>
<b>CURRENT CAPITAL EXPENDITURE</b>			
Debt Servicing	139.30	134.25	155.87
Loans and Advances	40.98	53.05	40.28
State Trading in Medical Stores and Coal	0.08	0.07	0.09
Foodgrains (Net) (Account No. II)	(-) 79.61	(+)78.61	(-)98.51
Repayment of Bank Loans (Account No. II)	1041.62	1046.92	1221.99
<b>Total Current Capital Expenditure:</b>	<b>1142.37</b>	<b>1312.90</b>	<b>1319.72</b>
<b>b: Net Capital Receipts</b>	<b>(-) 101.58</b>	<b>(-)155.36</b>	<b>(-)108.53</b>
<b>3. PUBLIC ACCOUNT</b>			
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Deferred Liabilities	191.72	201.74	214.96
Deposits and Reserves	1269.13	474.09	854.51
Remittances	2296.44	2203.08	2304.05
<b>Total Public Account Receipts :</b>	<b>3757.29</b>	<b>2878.91</b>	<b>3373.52</b>
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Unfunded Debt (Deferred Liabilities)	102.47	193.02	201.71
Deposits and Reserves	1214.05	482.18	867.10
Remittances	2296.44	2203.08	2304.05
<b>Total Public Account Disbursements:</b>	<b>3612.96</b>	<b>2878.28</b>	<b>3372.86</b>
<b>c: Net Public Account Receipts:</b>	<b>(+) 144.33</b>	<b>(+)0.63</b>	<b>(+)0.66</b>
<b>Net Deficit (-)/Surplus (+) In The Current Budget (a+b+c):</b>	<b>(+) 250.00</b>	<b>(+)271.29</b>	<b>(+)250.97</b>

**TAMEER-E-PUNJAB PROGRAMME  
FOR 1995-96**

(Rs. 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	3.98	19.74	23.72	1.16	4.62	5.78	5.13	24.37	29.50
ii) Farm to Market Roads	76.59	-	76.59	28.41	-	28.41	105.00	-	105.00
iii) Livestock and Dairy Development	1.05	5.55	6.60	-	-	-	1.05	5.55	6.60
iv) Forestry and Wildlife	-	6.11	6.11	-	13.50	13.50	-	19.61	19.61
v) Fisheries	-	0.93	0.93	0.31	0.44	0.75	0.31	1.37	1.68
vi) Cooperative and Rural Credit	0.41	-	0.41	-	-	-	0.41	-	0.41
vii) Food Storage	0.13	-	0.13	-	-	-	0.13	-	0.13
Total Agriculture	82.16	32.33	114.49	29.88	18.56	48.44	112.03	50.90	162.93
2. Industries and Minerals	1.05	4.15	5.20	4.91	0.99	5.90	5.96	5.14	11.10
Total (A) Production Programme	83.21	36.48	119.69	34.79	19.55	54.34	117.99	56.04	174.03
<b>(B) Physical Infrastructure</b>									
3. Water and Power	29.77	3.23	33.00	6.56	0.12	6.68	36.33	3.35	39.68
4. Roads and Bridges	80.33	-	80.33	4.66	-	4.66	85.00	-	85.00
<b>5. Physical Planning and Housing:</b>									
i) Low Income Housing	9.70	-	9.70	0.50	-	0.50	10.20	-	10.20
ii) Rural Water Supplies (SAP)	-	142.21	142.21	-	82.79	82.79	-	225.00	225.00
iii) Urban Water Supplies	3.47	9.30	12.77	0.28	7.25	7.53	3.75	16.55	20.30
iv) Environmental Planning	-	0.31	0.31	-	1.38	1.38	-	1.69	1.69
v) Government Servant Housing	13.20	-	13.20	5.16	-	5.16	18.36	-	18.36
vi) Government Offices and Buildings	15.83	0.18	16.01	4.39	-	4.39	20.22	0.18	20.40
vii) Urban Development	35.91	-	35.91	10.86	-	10.86	46.77	-	46.77
Total Physical Planning and Housing	78.11	152.00	230.11	21.19	91.42	112.61	99.30	243.42	342.72
Total (B) Physical infrastructure	188.21	155.23	343.44	32.41	91.54	123.95	220.63	246.77	467.40
<b>(C) Social Infrastructure-</b>									
6. Education and Training	147.78	25.07	172.85	81.99	22.47	104.46	229.77	47.54	277.31
a) NON-SAP	36.16	11.14	47.30	29.64	0.37	30.01	65.80	11.51	77.31
b) SAP	111.62	13.93	125.55	52.35	22.10	74.45	163.97	36.03	200.00
7. Information and Culture	1.23	0.73	1.96	-	0.09	0.09	1.23	0.81	2.04
8. Health	47.83	58.67	106.50	7.92	10.58	18.50	55.75	69.25	125.00
a) NON-SAP	33.25	20.75	54.00	3.37	7.63	11.00	36.62	28.38	65.00
b) SAP	14.58	37.92	52.50	4.55	2.95	7.50	19.13	40.87	60.00
9. Tourism	-	0.51	0.51	-	-	-	-	0.51	0.51
10. Social Welfare	0.17	0.30	0.47	0.26	0.17	0.43	0.43	0.47	0.90

Sub-Sector/Department	ON-GOING SCHEMES			NEW SCHEMES			TOTAL		
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
11. Manpower Training	0.55	0.75	1.30	0.35	0.03	0.38	0.90	0.78	1.68
12. Planning and Development	0.10	2.84	2.94	-	3.56	3.56	0.10	6.40	6.50
a) NON-SAP	0.10	1.09	1.19	-	0.31	0.31	0.10	1.40	1.50
b) SAP	-	1.75	1.75	-	3.25	3.25	-	5.00	5.00
Total (C) Social infrastructure	197.66	88.87	286.53	90.52	36.90	127.42	288.18	125.76	413.94
13. Regional Planning									
i) D.G.Khan Development Authority	-	5.87	5.87	-	-	-	-	5.87	5.87
ii) Bahawalpur Development Authority	-	0.54	0.54	-	4.56	4.56	-	5.10	5.10
iii) Murree Kahuta Development Authority	-	0.17	0.17	-	2.76	2.76	-	2.93	2.93
iv) Cholistan Development Authority	-	0.56	0.56	-	2.37	2.37	-	2.93	2.93
Total Regional Planning	-	7.14	7.14	-	9.69	9.69	-	16.83	16.83
14. Block Allocation for :									
a) Priority Programme	-	-	-	54.00	25.00	79.00	54.00	25.00	79.00
i) NON-SAP	-	-	-	42.00	17.00	59.00	42.00	17.00	59.00
ii) SAP	-	-	-	12.00	8.00	20.00	12.00	8.00	20.00
b) Special Programme for Local Development	-	-	-	79.00	75.00	154.00	79.00	75.00	154.00
c) Development Schemes of Local Councils	-	-	-	-	30.00	30.00	-	30.00	30.00
d) Un-funded schemes.	14.80	-	14.80	-	-	-	14.80	-	14.80
Total Block Allocation	14.80	-	14.80	133.00	130.00	263.00	147.80	130.00	277.80
Gross Total	483.88	287.72	771.60	290.72	287.68	578.40	774.60	575.40	1350.00
7.5 % cut on account of Resource Constraints									101.25
Balance									1248.75
Operational Shortfall									232.45
Net Total:-									1016.30

**TAMEER-E-PUNJAB PROGRAMME**  
**1994-95 & 1995-96**

*(Rs. in crore)*

	<b>Budget 1994-95</b>	<b>Budget 1995-96</b>	<b>Percentage of Total</b>
Agriculture	141.50	162.93	12.07
Rural Development	4.31	-	-
Industries & Minerals	11.21	11.10	0.82
Water & Power	34.00	39.68	2.94
Roads & Bridges	70.00	85.00	6.30
Physical Planning and Housing (SAP Rs. 225 crore)	302.28	342.72	25.39
Education & Training (SAP Rs. 200 crore)	225.83	277.31	20.54
Information & Culture	2.00	2.04	0.15
Health (SAP Rs. 60 crore)	117.84	125.00	9.26
Tourism	0.50	0.51	0.04
Social Welfare	0.76	0.90	0.06
Manpower & Training	1.45	1.68	0.12
Planning & Development (SAP Rs. 5 crore)	5.11	6.50	0.48
Unfunded schemes	18.39	14.80	1.10
MKDA	2.87	2.93	0.22
Cholistan Development Authority	2.87	2.93	0.22
D.G.Khan Development Authority	5.75	5.87	0.43
Bahawalpur Development Authority	5.00	5.10	0.38
Block allocations for:			
i. Development Schemes of Local Councils	30.32	30.00	2.22
ii. Special Programme for Local Development	136.00	154.00	11.41
iii. Priority Programme (SAP Rs. 20 crore)	82.01	79.00	5.85
<b>Gross Total:</b>	<b>1200.00</b>	<b>1350.00</b>	<b>100</b>

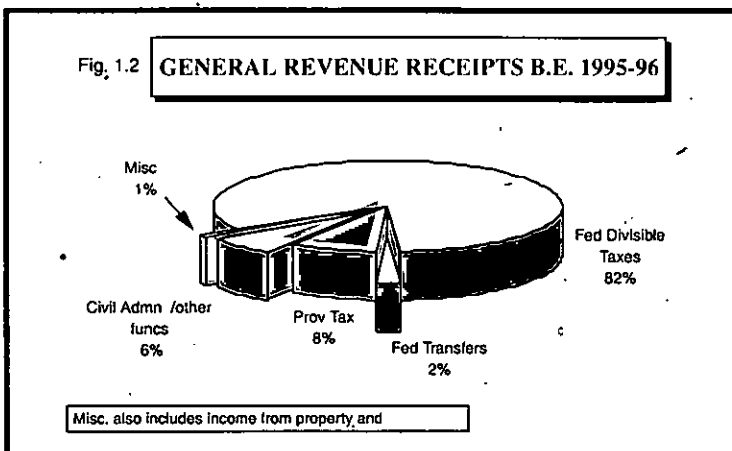
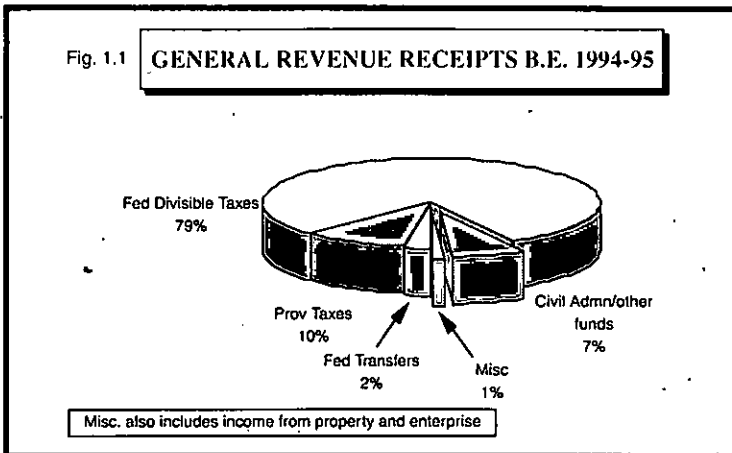
The Current Budget of Government of the Punjab comprises Revenue Budget, Current Capital Budget and Public Account of the Province.

**1.1 REVENUE BUDGET:**

The Revenue Budget consists of general revenue receipts and revenue expenditure. Also called Revenue Account, it comprises the income derived from taxes and duties, fee for services rendered, land revenue from government estates, fines and penalties and other miscellaneous items, and of the expenditure met therefrom. Its main components are discussed below.

**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

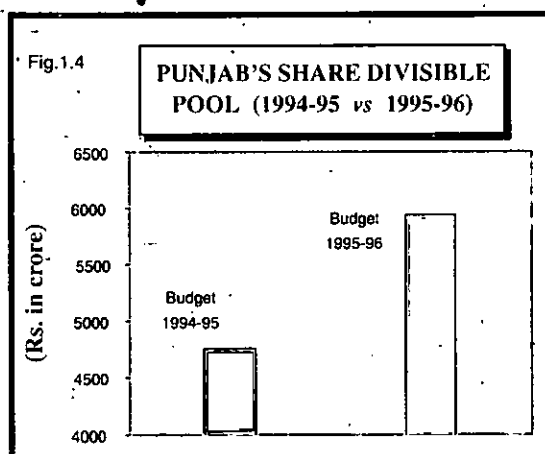


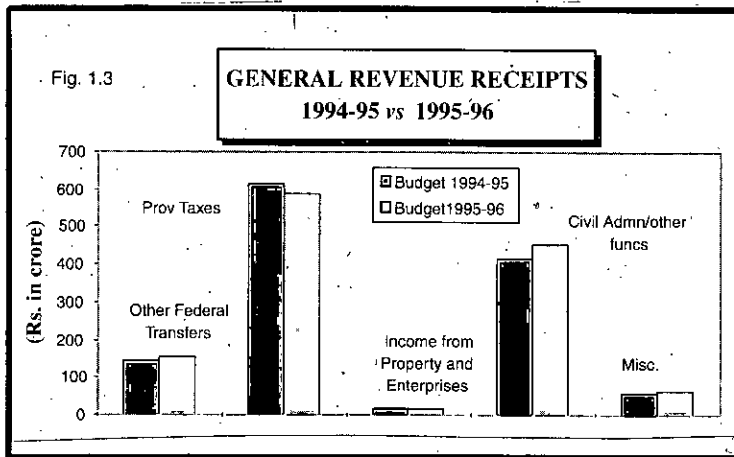
and revenue incidental to control functions of the government (fines and forfeitures). The composition of general revenue receipts for 1994-95 and 1995-96 financial years is given in figures 1.1 & 1.2. While the percentage of federal transfers and miscellaneous receipts remained the same, there is a perceptible increase in Punjab's share from the federal divisible pool of taxes. The share of provincial taxes in the General Revenue Receipts went down in percentage as well as in absolute terms (Table 1.1).

TABLE 1.1  
REVENUE BUDGET

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>A: GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	4761.63	4896.63	5930.39
Other Federal Transfers	142.77	150.26	156.29
Provincial Tax Receipts	612.96	539.73	587.81
Income from Property and Enterprises	14.84	16.05	17.30
Receipts from Civil Administration and other functions	414.38	382.48	451.58
Miscellaneous (other sources)	57.61	65.39	63.91
Total General Revenue Receipts:	6004.19	6050.54	7207.28
<b>B: REVENUE EXPENDITURE</b>			
General Administration	837.81	705.68	1049.79
Law and Order	488.58	553.53	602.54
Community Services	273.94	235.60	352.47
Social Services	2154.84	2150.49	2645.31
Economic Services	635.47	651.35	750.00
Subsidies	136.00	90.00	136.00
Debt servicing, investible funds and grants	1270.27	1237.84	1312.30
Miscellaneous (unallocable)	0.03	0.03	0.03
Total Revenue Expenditure:	5796.94	5624.52	6848.44
Revenue surplus/Deficit (A-B):	(+) 207.25	(+)426.02	(+)358.84

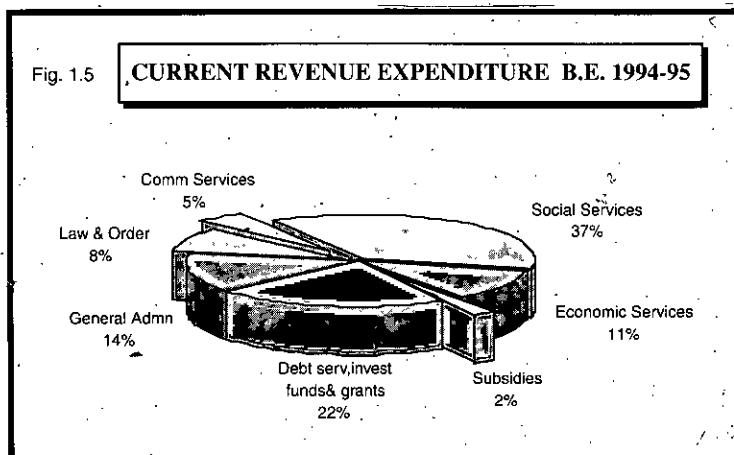




In contrast, the receipts from civil administration and other functions while higher in absolute terms by Rs.37.2 crore, went down in percentage terms from a contribution 7% the General Revenue Receipts in 1994-95 to 6% in estimates for 1995-96. The decrease in percentage terms is due, mainly, to an increase in the quantum of federal divisible taxes. This increase, represented graphically in Fig.1.4 is of Rs.11.69 billion - about 24.54%-over the amount received during the last financial year. Federal transfers, in addition to share from the divisible pool, have also registered an increase in absolute terms of Rs.13.5 crore. The details about General Revenue Receipts follow in Chapter 2.

**b: Revenue Expenditure**

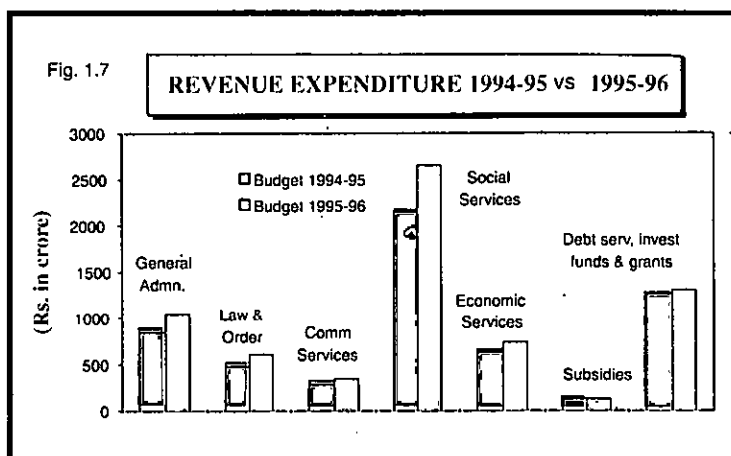
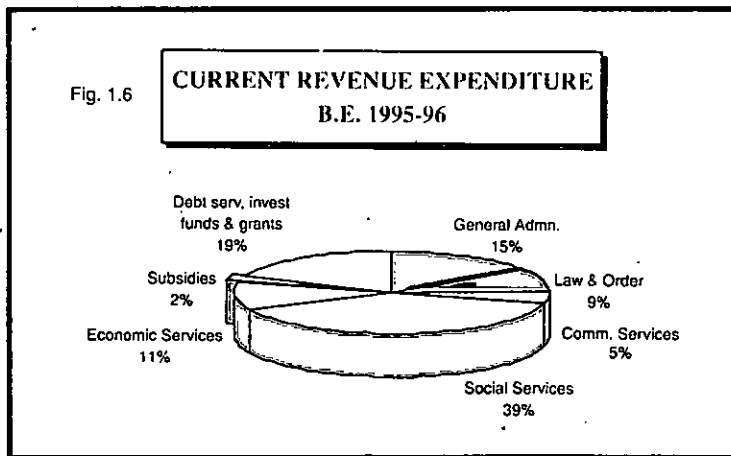
Revenue expenditure is the second major component of the Revenue Account. It represents current expenditure on salaries and allowances, pensions, maintenance of socio-economic infrastructure, interest payments on public debt, disaster relief, consumption subsidies and other liabilities to be discharged 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. The composition of major areas of expenditure are given in Figures 1.5 & 1.6 for the 1994-95 and 1995-96 financial years. A comparison may be seen in Figure 1.7.





The largest expenditure area, function wise, is social services. The expenditure on this is estimated to increase by 23% (Rs.490 crore). Expenditure on law and order is estimated to register an increase of 23% (Rs. 114 crore) and General Administration of 25% (Rs.212 crore) over the last financial year. Details are in Chapter 3.

As indicated in Table 1.1, in going from Budget estimates to Revised estimates 1994-95, the original surplus of Rs.207.25 crore gives the impression of having increased to Rs.426.02 crore. After adjusting the net capital receipts/expenditure, only Rs.271.29 crore would be available for actual budgetary expenditure by the provincial government (as explained in Table 1.7). The surplus is being used towards financing of the Tameer-e-Punjab Programme 1994-95. The policy of funding large part of developmental activity through surplus in Current Budget is to continue in 1995-96. Infact this strategy is to expand and enlarge to such an extent from the 1995-96 financial year that cash development loan -- CDL -- would virtually end from this year. Details are given in the chapters that follow.

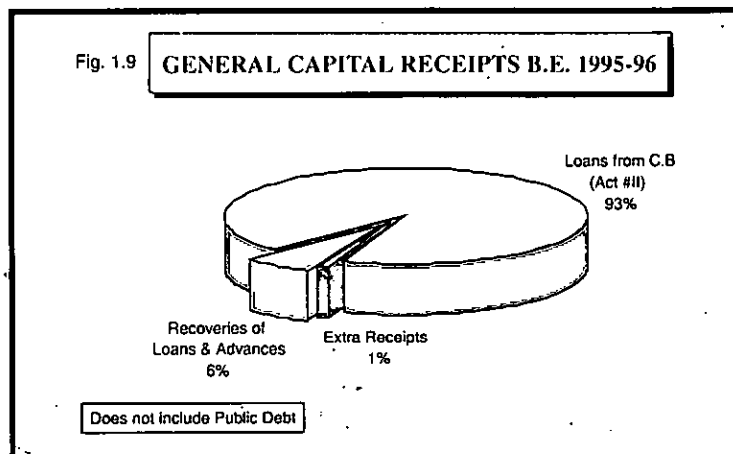
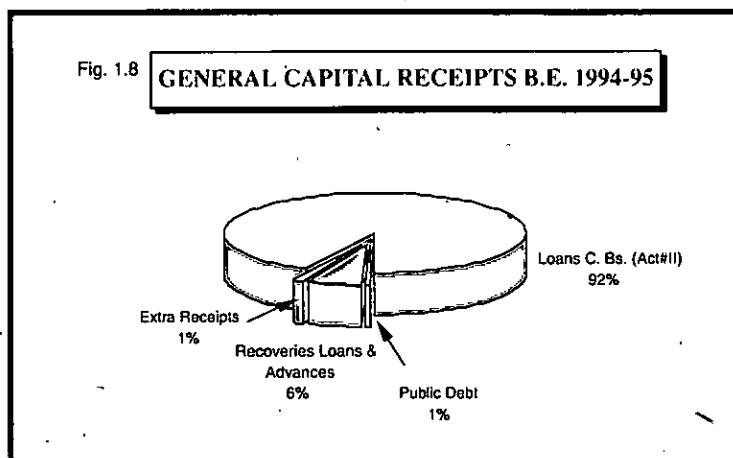


## 1.2 CURRENT CAPITAL BUDGET

The Current Capital Budget is the account of expenditure incurred in reducing liabilities and of receipts of capital nature. It is composed of general capital receipts and current capital expenditure.

### 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 extraordinary receipts, proceeds of 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.



In 1995-96 Extraordinary Receipts are cast at Rs.12.84 crore, slightly less than the 1994-95, while the receipts on account of Public Debt are estimated to go down from Rs.6.21 crore to Rs.0.11 crore. Recoveries of Loans and Advances are estimated to increase in absolute terms though their percentage contribution in Capital Receipts remains the same as in 1994-95 i.e., 6% (see Figure 1.8). Total receipts are expected to show an increase of Rs.170.4 crore or of about 16.4% over 1994-95.

#### b: Current Capital expenditure

Expenditure under this head pertains both to Account No. 1 and Account No. II. It includes repayment (amortization) of debt, loans and advances made by the provincial government, repayment of loans obtained from commercial banks for commodity operations, and state trading in medical stores and coal. The composition of various sub-heads of expenditure under this are shown in Figures 1.10 & 1.11.

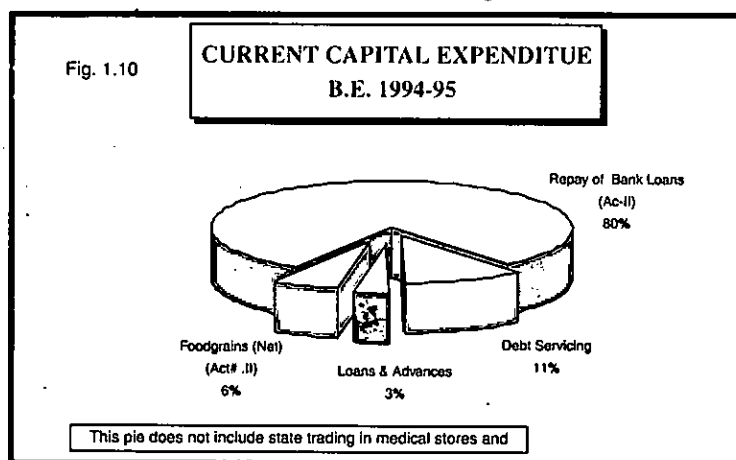


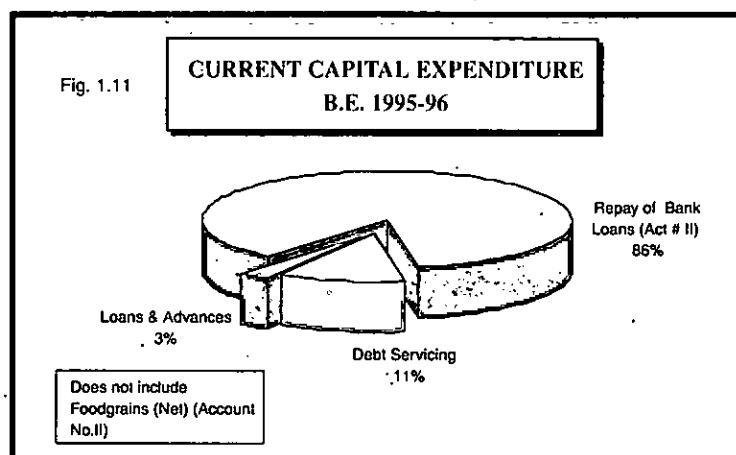
TABLE 1.2  
CURRENT CAPITAL BUDGET

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>GENERAL CAPITAL RECEIPTS</b>			
Extraordinary Receipts	13.25	14.32	12.84
Public Debt	6.21	-	0.11
Recoveries of Loans and Advances	59.32	17.69	74.76
Loans from Commercial Banks (Account No.II)	962.01	1125.53	1123.48
<b>Total General Capital Receipts:</b>	<b>1040.79</b>	<b>1157.54</b>	<b>1211.19</b>
<b>CURRENT CAPITAL EXPENDITURE</b>			
Debt Servicing	139.30	134.25	155.87
Loans and Advances	40.98	53.05	40.28
State Trading in Medical Stores and Coal	0.08	0.07	0.09
Foodgrains (Net) (Account No.II)	(-)79.61	(+)78.61	(-)98.51
Repayment of Bank Loans (Account-II)	1041.62	1046.92	1221.99
<b>Total Current Capital Expenditure:</b>	<b>1142.37</b>	<b>1312.90</b>	<b>1319.72</b>
<b>b: Net Capital Receipts</b>	<b>(-)101.58</b>	<b>(-)155.36</b>	<b>(-)108.53</b>

A total increase of Rs.177.3 crore is estimated in Capital Expenditure in 1995-96 over that in 1994-95. Of this increase of 15.5%, the maximum is in Repayment of Bank Loans (Account-II).

The current capital account had an excess of Rs.101.58 crore in payments over receipts in the Budget Estimates 1994-95, which increased to Rs.155.36 crore in the Revised Estimates. The estimated gap for 1995-96 is Rs.108.53 crore. Details of capital receipts and expenditure are provided in Chapters 4 and 5 respectively.



### 1.3 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 (deferred liabilities), deposits and reserves and remittances. These transactions are merely in the nature of book keeping adjustments. In other words the government only acts as a passive banker in the case of public account.

TABLE 1.3  
PUBLIC ACCOUNT

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Deferred Liabilities	191.72	201.74	214.96
Deposits and Reserves	1269.13	474.09	854.51
Remittances	2296.44	2203.08	2304.05
<b>Total Public Account Receipts:</b>	<b>3757.29</b>	<b>2878.91</b>	<b>3373.52</b>
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Deferred Liabilities	102.47	193.02	201.71
Deposits and Reserves	1214.05	482.18	867.10
Remittances	2296.44	2203.08	2304.05
<b>Total Public Account Disbursements:</b>	<b>3612.96</b>	<b>2878.28</b>	<b>3372.86</b>
<b>Net Public Account Receipts:</b>	<b>(+)144.33</b>	<b>(+)0.63</b>	<b>(+)0.66</b>

Net public account receipts in the Budget Estimates 1994-95 anticipated a surplus of Rs.144.33 crore. In the Revised Estimates 1994-95, net receipts have decreased to Rs.(+)0.63 crore and are estimated at Rs.(+)0.66 crore for 1995-96. The unprecedented decrease in the size of the surplus on this account in Revised Estimates and the 1995-96 Budget Estimates is attributable to a decision not to include the excess of receipts over disbursements in the Provident Fund of Government employees (Unfunded Debt) in the Current Budget surplus. It is felt that it would be economically unfeasible to borrow from the Unfunded Debt when the interest (including bonus) on it has risen to 20%. As such Provident Fund balances shall be invested in government securities, thereby excluding these balances from the estimated surplus for revised budget 1994-95 and for the year 1995-96.

#### 1.4 A BIRD'S-EYE VIEW OF THE CURRENT BUDGET

An in-depth analysis of the current budget of the Government of the Punjab is available in the following chapters. However, with a view to facilitating comprehension, a brief overview of the current budget follows.

##### a. REVISED ESTIMATES 1994-95

The 1994-95 financial year began with an estimated overall surplus of Rs.250 crore. The surplus was meant to be transferred to the financing of a singularly large Tameer-e-Punjab Programme (TPP).

Despite the surplus in the budget, the finances of the Province were far from being absolutely strong and steady. The major cause for concern was the anticipated impact of pay revision to be announced by the Government. While an allocation of Rs.230 crore was kept in the Budget 1994-95 to cater for excess expenditure in this area, the final impact was worked out at Rs.5.5 billion. In the face of this financial crunch, we had to resort to economy in expenditure right at the start of the financial year. The economy measures initiated included the following:

- A cut of 5% was imposed on all approved grants.
- Supplementaries were kept to the absolute essential and were allowed mostly where matching surrenders were available. Our supplementary Budget for 1994-95 is the lowest in seven years. While it mainly shows financial discipline and economy, it also indicates the fact that the Budget for 1994-95 was properly made which covered all the necessary areas. The ratio of supplementary expenditure as against the authorized expenditure is only 3.20% which is the lowest in last fifteen years (this being 3.07% in 1979-80).
- A ban on medical treatment abroad was enforced.

This however was not the only budgetary pressure in 1994-95. The extra budgetary allocations while being kept at minimum were made. The major supplementaries were given in the following areas.

- In view of sectarian strife and challenges of drug Mafia and syndicated crime, on the law and order front, the provincial police was allocated an amount of Rs.50 crore over and above their budget.
- The Forest, Wildlife and Fisheries Department was given extra allocation of Rs.12 crore mainly for expenses incurred on plantation, nursery production and the transfer of Canal Forestry Wing from Irrigation and Power Department to Forest Department.
- Rs. 9.62 crore was spent in addition to the Budget during the year on Administration of Justice. Of this amount the Lahore High Court received Rs.5.11 crore.
- Prison reforms, including changes in dietary charges, was the main reason for extra expenditure of Rs.5.93 crore on jails and convicts settlement.
- Research in agriculture extension and transfer of schemes from Development to the Current Budget resulted in an additional outlay of Rs.10.75 crore for Agriculture Department.
- Veterinary research in the areas of breeding and control of diseases and purchase of medical supplies and material required an extra allocation of Rs.5.73 crore.
- Federal Government resorted to a deduction, at source from provincial revenues, on account of outstanding WAPDA dues. Rs.200 crore was deducted from June 1994 to June 1995 based on unreconciled statements prepared and supplied by WAPDA.
- An extra allocation of Rs.1.15 crore was required for repayment of loans from Federal Government.

On Development side the following major extra expenditures were required during the year:

- In grant 36, Rs.42.91 crore were needed to cater for the rural development schemes indicated by elected representatives.
- In grant 37, Rs.57.92 crore were required for expense on irrigation works.
- Under the head of loans to Municipal Committees/Local Councils, Autonomous Bodies, and Development Authorities, an extra allocation of Rs.20.94 crore was made. The expense was mainly for liabilities resulting from pay revision in organizations like P.R.T.C., and Tourism Development Corporation (T.D.C.P.).

On the revenue side the total of revised general revenue receipts exceeds the budgeted estimate by Rs.46.35 crore. While the Revised Estimates of provincial receipts (Tax and Non-tax) have gone down by about Rs.1.01 billion, there is a sizeable increase in the receipts from the federal divisible taxes (revenue assignments) of Rs.135.00 crore (2.84%), which reflects improved yields on the federal taxes in the divisible pool (except Export Duty from Cotton).

The main reason for a reduction in provincial receipts is a rationalization in estimates of stamp duty. Receipts estimated from this were Rs.273.53 crore, which in the Revised Estimates were brought down to Rs.190 crore (and have been pitched at Rs.210 crore in 1995-96). The trend of estimated receipts from stamp duty in the last ten years is discussed in some detail in the next chapter. The main reason for downward revision of estimates was an analysis of progressive actuals - which exhibited a lower trend, in turn mainly because of a slump in the property market, as well as due to ambitious budgetary targeting.

The issue of setting higher receipts targets needs to be put into perspective as well. While the estimated targets are prepared in consultation with concerned agencies/departments, it is felt that targets must be challenging in magnitude, though achievable. However in case of external (and/or internal) problems, some targets are, at times, not met. Setting of high targets helps in these cases in providing cushion for low collections. For example despite an apparent decrease in provincial receipts, we have managed to meet the targets of growth projected by (and required under) the NFC Award, 1990 for the 1994-95 financial year.

The surplus in the revenue budget (revised) of Rs.426.02 crore, while appearing to be largely an outcome of increase in revised figures of divisible tax share, also reflects, in no uncertain terms, the effect of a careful, balanced approach to expenditure management followed during the year, with the revised figure of revenue expenditure coming out lower than the budgeted estimates. Overall, when the net position of the current budget is consolidated across the revenue budget, current capital budget and the public account, the upshot is a surplus of Rs.271.29 crore. (Table 1.7).

#### **b. BUDGET ESTIMATES 1995-96.**

1995-96, the fifth year of the NFC Award 1990, would start with a change in direction for the Province. The first and major factor in this remodeling would focus on the financing of the Annual Development Programme (Tameer-e-Punjab Programme-TPP), which henceforth has been financed mainly from cash development loan (CDL) from the Federal Government, with smaller (though significant) contribution from Provincial funds in form of budgetary surplus and a minor portion of grants and foreign loans (Chapter 9 may be seen for details).

It has been decided, in consultation with the Federal Government, to phase out CDL gradually, and replace it with funding from the budgetary surplus. The Federal Government has accordingly decided to enhance the amount received as share from Divisible Pool while limiting the CDL for 1995-96 for Social Action Programme (SAP) only. While this would be a major shift in emphasis, the following would be the most immediate and visible impacts of this change:

- With added pressure on the Current Budget severe economy measures would have to be resorted to.
- As we would be financing our development schemes, the choice of projects would become crucial.

In the long-run this would help us reduce, and eventually wipe out, debt servicing which is indicating a steep increase every year (see chapter 3). The CDL would be limited to funding SAP projects only. Furthermore the composition of CDL, which earlier was at a 50:50 ratio between loan and grant has now been enhanced to 66.33 in favour of grant. In the immediate future we would be constrained to improve our choice of projects so that we concentrate on projects with high cost benefit ratios. An inevitable outcome of this would be a rigorous public investment analysis criteria.

General emphasis in the 1995-96 Budget is on the following areas:-

#### Current Budget

- Social Sectors (Education, Health, Rural Water Supply and Sanitation).
- Law and Order and Administration of Justice apparatus.
- Maintenance of Infrastructure.

#### Development

- Communication; Farm to Market Roads.
- Irrigation.
- Rural Water Supply and Sanitation Schemes.
- S.A.P.

While the sectoral allocations in Development Budget are dealt with in detail in Chapter 10, a brief overview of the strategies in the Current Budget are as follows:

#### Social Sectors:

The allocation in Education and Health Sectors, proposed for 1995-96 vis-à-vis 1994-95 is as follows:

TABLE I.4  
ALLOCATION FOR HEALTH AND EDUCATION  
1994-95 - 1995-96

	1994-95	1995-96	Increase	% Increase
Education	1670.91	2072.49	401.58	24.00%
Health	392.25	474.22	81.97	20.89%

(Rs. in crore)



Combined Increase in Education and Health sector of Rs.4.82 billion vividly depicts the commitment of the Provincial Government with regard to these sectors. In addition to this, the allocation for O&M expenditure on Rural Water Supply and Sanitation Schemes and the M&R of buildings for Health (BHU & RHC only) and Education are as follows:-

TABLE 1.5  
HEALTH, EDUCATION, AND RURAL WATER SUPPLY/SANITATION  
M&R/O&M COSTS 1994-95 - 1995-96

	BUDGET 1994-95	BUDGET 1995-96	BUDGET Increase	% Increase
R.W.S.S. (O&M)	23	30	7	30.04%
Health(M&R)	8	10	2	25.00%
Education (M&R)	26	29	3	11.05%

(Rs. in crore)

This expenditure reinforces the significance attached to these sectors in the 1995-96 Budget.

#### Law and Order and Criminal Justice Administration System:

Law enforcing agencies of Punjab are confronted with a number of challenges. The drugs Mafia, syndicated crime, robberies and dacoities and the other evil faces of the "Klashnikov Culture", coupled with ethnic and sectarian strife, has created a situation which has brought the importance of Law and Order to the fore. The allocation for Police has accordingly been enhanced by Rs.92.5 crore, from Rs.418.23 crore in 1994-95 to Rs.510.73 crore in 1995-96 - an increase of 22.11%. For Administration of Justice, allocation for Lahore High Court (including Judicial/Section 30 Magistrates) has been enhanced by Rs.14.46 crore (38.19%) from Rs.37.86 crore in 1994-95 to Rs.52.32 crore in 1995-96. For the improvements of Lower Judiciary (Magistrates etc.) - a traditionally low priority area - an additional allocation of Rs.5.5 crore has been made.

The third tier of Law & Order are jails and convicts settlements. This is another low priority area. The jails in Punjab are in a pathetic condition and the lot of the inmates face bleak prospects. With a view to improving the quality of prisons in general - including security environment - and the circumstances of the incarcerated in particular, an additional allocation of Rs.7.74 crore has been made in 1995-96 as compared to 1994-95, bringing the total allocation to Rs.41.13 crore.

#### Maintenance of Infrastructure.

Government places high priority on maintenance and repair of physical infrastructure. In this regard enhanced allocations have been made in 1995-96 as compared to 1994-95.

TABLE 1.6  
M&R ALLOCATIONS

(Rs. in crore)

	Budget 1994-95	Budget 1995-96	Increase	% Increase
Buildings.	57.75	85.32	27.57	47.74
Communications (Highways).	84.14	115.61	31.47	37.40
Irrigation.	340.39	388.92	48.53	14.26

Increases in the allocation would help in maintenance and improvement of existing infrastructure of the Government. (For Details see Chapter 3).

After total allocations, new and recurrent, are taken into account, the overall size of revenue expenditures is estimated at Rs.6848.44 crore which amounts to a 18.14 percent increase over budget estimate 1994-95. This increase is inevitable if the government is to continue to perform its law and order, socio-economic and welfare functions in an effective and efficient manner. (For fuller treatment of why current expenditures are a sine qua non for an effective development strategy, please see Chapter 3).

To support the estimated level of revenue expenditure during 1995-96, general revenue receipts at Rs.7207.28 crore are anticipated. At this level, they represent an increase of 20.04 percent over Budget Estimates 1994-95, which, in turn, is based on an increase both in share of Federal divisible taxes (from Rs.4761.63 crore to Rs.5930.39 crore) and provincial receipts (tax and non-tax) from Rs.1099.79 crore to Rs.1118.60 crore.

It is important to point out here that the provincial receipts in the Budget Estimates 1995-96 are not expected to grow by 8% over 1994-95. 8 percent growth as pointed out earlier, is a requirement under the NFC Award 1990. With a view to rectifying this situation, the Government is bringing proposals for levy, revision and rationalization of new and existing taxes (respectively) through a Finance Bill, to be presented with the Budget. With additional resources to be generated through these measures, it is estimated that we would achieve the required level of receipts.

TABLE 1.7  
NET SURPLUS/DEFICIT IN THE CURRENT BUDGET

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Revenue deficit(-) / surplus(+)	(+)207.25	(+)426.02	(+)358.84
Deficit in Capital Account	(-)101.58	(-)155.36	(-)108.53
Net Public Account Receipts	(+)144.33	(+)0.63	(+)0.66
Total deficit(-)/surplus(+):	(+)250.00	(+)271.29	(+)250.97

With a surplus of Rs.250.97 crore in the current budget, the province would again be in a position to provide its own contribution from the current budget to the financing of its development programme. As this would be the last year of NFC Award 1990, the exact fiscal situation for 1996-97 cannot be forecast. However provincial funding of development activity is a strategy which would continue for the foreseeable future.

**Introduction:**

General revenue receipts of the province comprise:

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

Originally estimated at Rs.6004.19 crore, general revenue receipts increased by Rs.46.35 crore during the year to Rs.6050.54 crore in Revised Estimates 1994-95. These are expected to rise to Rs.7207.28 crore in the Budget Estimates 1995-96 which is an increase of Rs.1203.09 crore or 20.04 percent, over the Budget Estimates for the previous financial year. A break-up of general revenue receipts has been shown in the first half of Table 1.1.

**2.1. FEDERAL DIVISIBLE TAXES:**

The share in the divisible pool of federal taxes is the single most important source of revenue for the provincial budget. The composition of the divisible pool in the National Finance Commission Award 1990, is as under :-

- i: export duty on cotton. (Also called "customs").
- 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;
- v: excise duty on sugar.

TABLE 2.1

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

The net distributable share of the federal divisible pool between the federation and the provinces is obtained after deduction of collection charges (5%) and adjustment for federal emoluments (1.35%). This distributable share, in turn, is to be shared by the federation and the provinces in the ratio of 20:80. It has also been decided in the National Finance Commission Award 1990 that pending the next National Census, the provincial share in the divisible pool be provided on the basis of their respective population ratios in the final figures of 1981 Census. These ratios are shown in Table 2.1. These are graphically represented in figure 2.1. The amount received from the federal divisible pool is shown in Table 2.2.

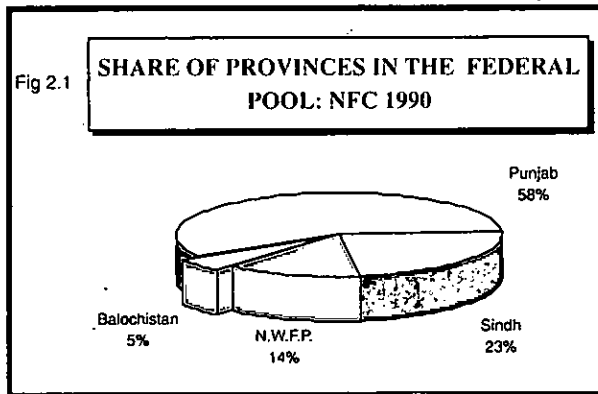


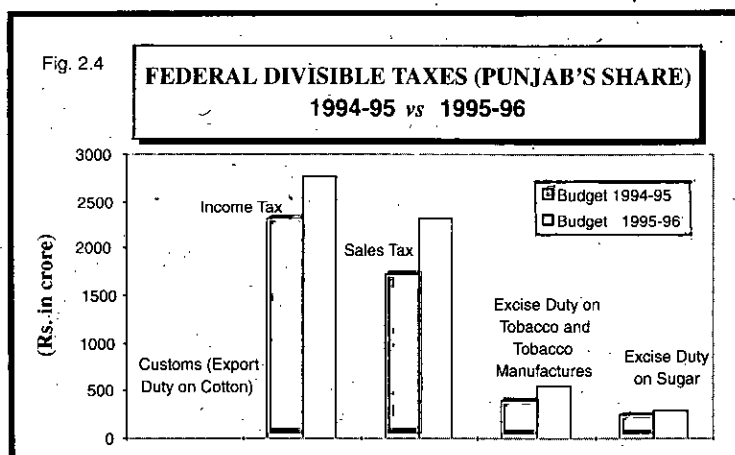
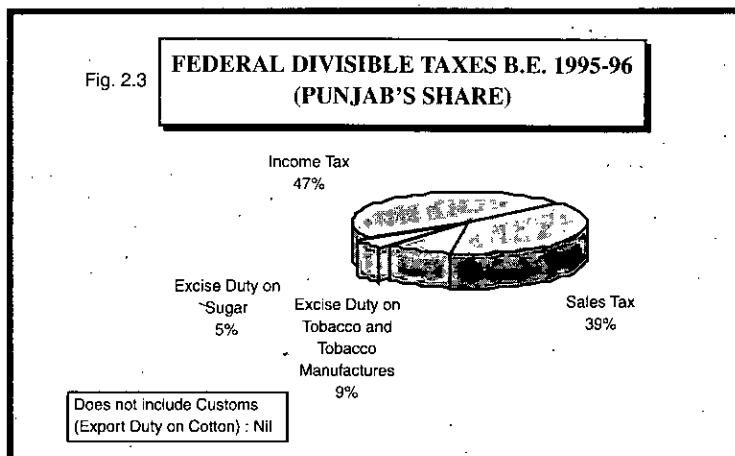
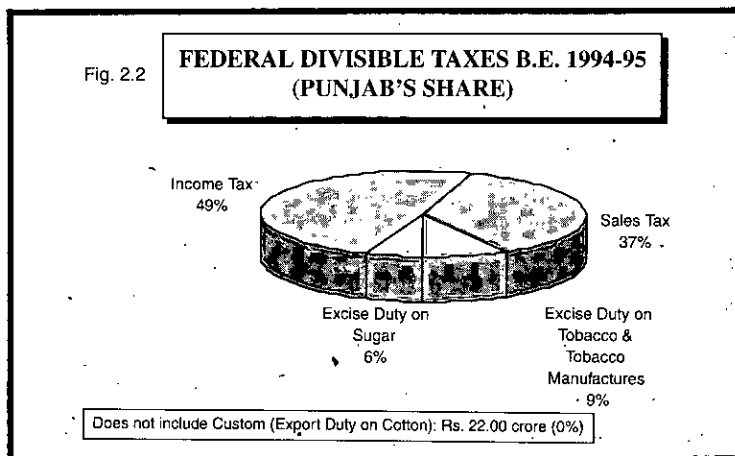
TABLE 2.2  
FEDERAL DIVISIBLE TAXES (PUNJAB'S SHARE)

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Customs (Export Duty on Cotton)	22.00	-	-
Income Tax	2330.80	2376.33	2759.67
Sales Tax	1740.20	1869.53	2332.95
Excise Duty on Tobacco and Tobacco Manufactures	404.70	398.63	549.42
Excise Duty on Sugar	263.93	252.14	288.35
<b>Total:-</b>	<b>4761.63</b>	<b>4896.63</b>	<b>5930.39</b>

Figures in Table 2.2 show a substantial increase in divisible pool share of Rs.135.00 crore in the Revised Estimates over Budget Estimates. This improvement is largely attributable to an increase in share from the income tax and sales tax collection. In 1995-96 the provincial share from divisible pool is estimated at Rs.5930.39 crore, representing a 24.55% increase over Budget Estimates 1994-95 and 21.11% increase over Revised Estimates 1994-95. The lion's share in this increase comes from the two most buoyant taxes in the divisible pool, namely income tax and sales tax. The income tax estimates rose from Rs.23.31 billion in 1994-95 to Rs.27.6 billion in 1995-96, registering a rise of Rs.4.29 billion - or 18% over 1994-95. Sales tax outdid income tax with a jump of Rs.592.75 crore (34%) in 1995-96. Even during the year the performance of these two levies was impressive as evident from Revised Estimates.

The buoyancy in these two taxes, coupled with an increase of Rs.144.72 crore (36%) in Excise Duty on Tobacco and Tobacco Manufactures, not only over-shadowed the impact of almost no export of cotton product, due mainly to a bad harvest and recession, but also resulted in meeting the overall NFC projections. (The composition of Punjab's share from Federal Divisible Pool, and its comparison over 1994-95 and 1995-96 are shown graphically in figures 2.2, 2.3 and 2.4 respectively).



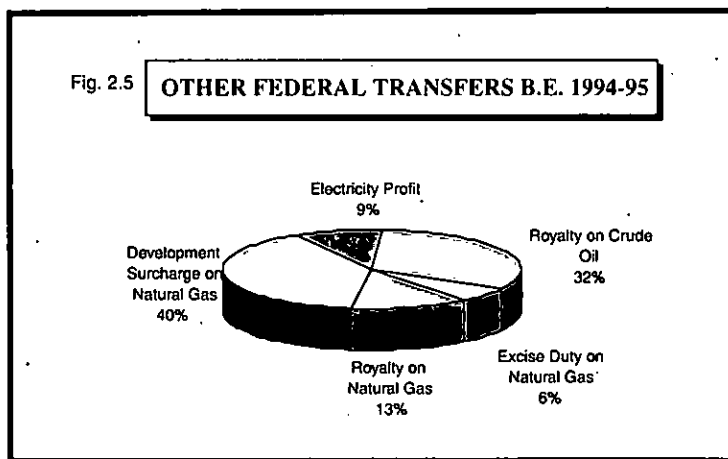
## 2.2 OTHER FEDERAL TRANSFERS

The National Finance Commission Award, 1990 provides that in addition to royalty and excise duty on natural gas, net amount of royalty from crude oil, net profits on hydel power generation and net proceeds of development surcharge on natural gas be paid to the provinces. The criteria for distribution of these transfers to the provinces is based on production and location of these resources in each province.

TABLE 2.3  
OTHER FEDERAL TRANSFERS

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Excise Duty on Natural Gas	8.92	16.17	18.59
Royalty on Natural Gas	17.90	19.90	22.59
Development Surcharge on Natural Gas	56.44	58.49	53.50
Electricity Profit	13.36	13.36	14.70
Royalty on Crude Oil	46.15	42.34	46.91
<b>Total:</b>	<b>142.77</b>	<b>150.26</b>	<b>156.29</b>

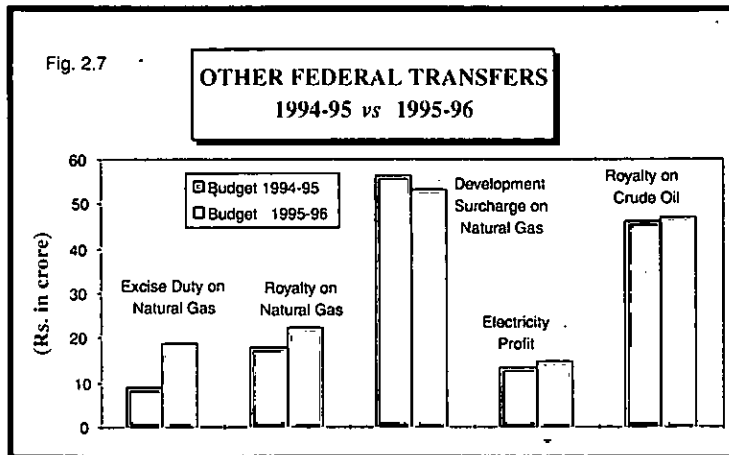
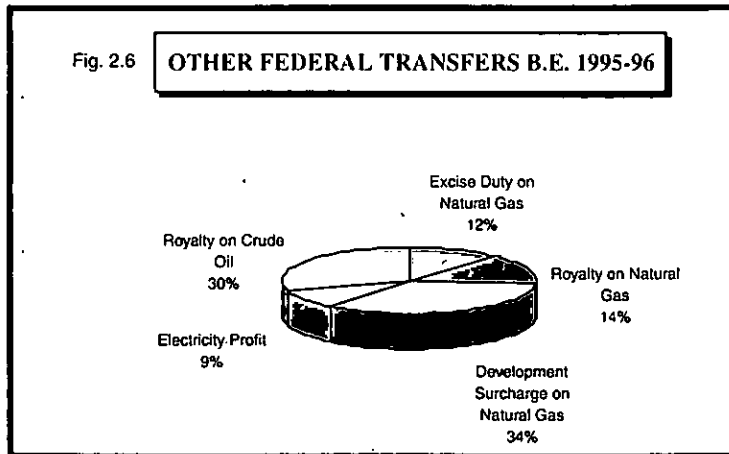


The Budget Estimates in this head in 1995-96 reflect an increase of 9.47% over 1994-95 and 4.01% over Revised Estimates 1994-95.

Development Surcharge on Natural Gas, 100% of which is transferred by the Federal Government to the Provinces on the basis of production of gas during that financial year [NFC Award 1990], registered a decrease of 5% (Rs.2.94 crore). Excise Duty on Natural Gas met a reverse fate with its share increasing from 6% in 1994-95 to 12% in 1995-96 (increase of Rs.9.67 crore). A small increase in Royalty on Natural Gas (from 13% to 14%) of Rs.4.69 crore - is also evident in 1995-96

over 1994-95. It is important to note however that due to a difference of opinion between Finance Division and WAPDA, Electricity Profits are not being paid to the Punjab. Matter has been taken up with the Federal Government, who are pressing WAPDA to make the payments in question. (Figures 2.5 to 2.7 give composition and comparison of receipts under this head).

It is important to note that as more and more gas fields are discovered and become operational, the share of provinces from Royalty and Development Surcharge from Natural Gas would change.



### 2.3 PROVINCIAL TAX RECEIPTS:

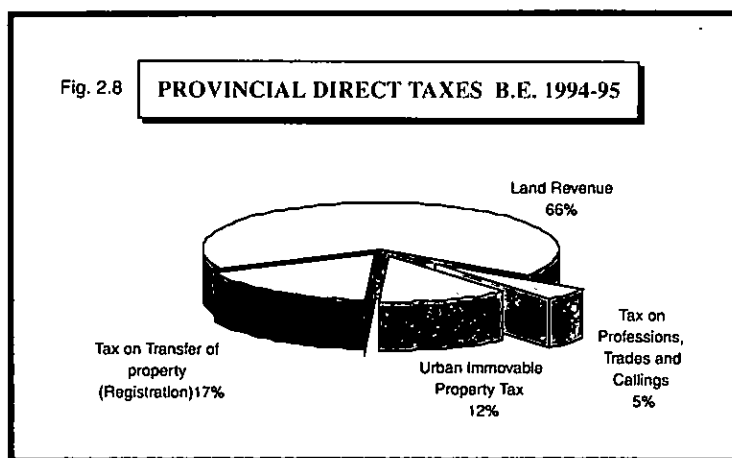
Revenue from provincial taxes has decreased from Rs.612.96 crore in the Budget Estimates 1994-95 to Rs.539.73 crore in the Revised Estimates and is expected to be around Rs.587.81 crore during the next financial year. Table 2.4 provides a breakdown of the total tax revenues by individual tax components:-



TABLE 2.4  
PROVINCIAL TAX RECEIPTS

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>DIRECT TAXES:</b>			
Tax from Agriculture	-	-	-
Urban Immovable Property Tax	16.03	17.57	18.27
Tax on Transfer of property(Registration)	23.14	13.50	14.50
Land Revenue	89.88	95.75	106.11
Tax on Professions, Trades and Callings	6.16	6.16	6.97
<b>Total Direct Taxes:</b>	<b>135.21</b>	<b>132.98</b>	<b>145.85</b>
<b>INDIRECT TAXES:</b>			
Provincial Excise	12.52	24.12	25.75
Sale of Opium	0.72	0.72	0.80
Stamp Duty	273.53	190.88	210.17
Motor Vehicle Tax	75.41	93.91	96.54
Entertainment Tax	17.61	18.53	18.53
Education Cess	0.08	0.08	0.08
Cotton Fee	32.40	22.40	22.40
Tax on hotels	4.28	4.25	4.61
Electricity Duty	58.34	49.75	60.97
Others	2.86	2.11	2.11
<b>Total Indirect Taxes:</b>	<b>477.75</b>	<b>406.75</b>	<b>441.96</b>
<b>Total Provincial Taxes:</b>	<b>612.96</b>	<b>539.73</b>	<b>587.81</b>

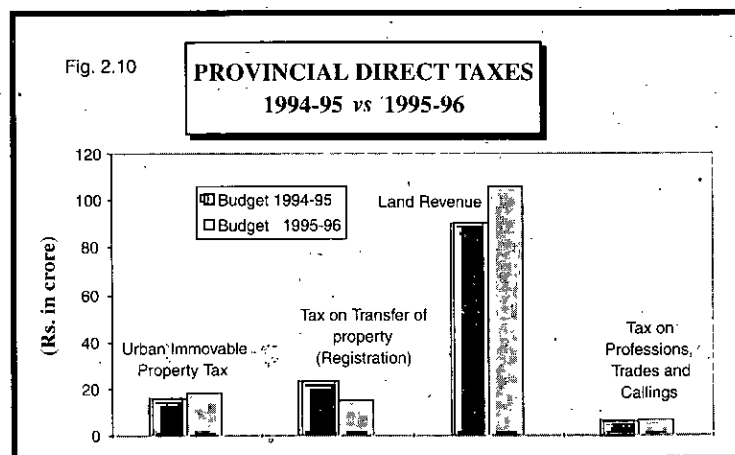
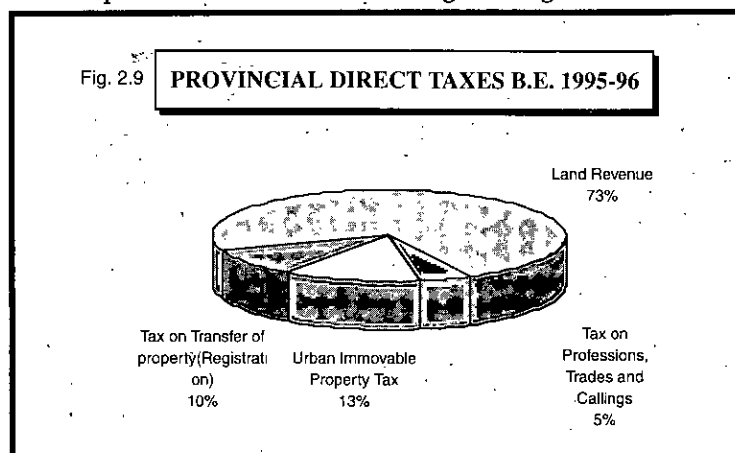


#### a. DIRECT TAXES

Direct taxes, include land revenue, registration fee, professional tax and urban immovable property tax. (Tax from Agriculture, also called "Agriculture Income Tax" was imposed through an Ordinance during the Caretaker political setup in 1993-94. Not ratified by the Assembly, the Ordinance - and the tax with it - lapsed. As such it is not levied now. The head of account is maintained for account of default payments). In 1994-95 and 1995-96 the composition of budgeted figures is given in figures 2.8 and 2.9.

The estimates show a slight dip from Rs.135.21 crore in Budget Estimates to Rs.132.98 crore in the Revised Estimates. The estimates for 1995-96 stand at Rs.145.85 crore. The share of Land Revenue in the Direct Taxes has increased from 66% in 1994-95 to 73% in 1995-96 mainly because of an upward revision of the rates of mutation fee in 1994. There has been a shrinkage in share of rest of the two components with Tax on Professions, Trades and Callings maintaining its 5% share.

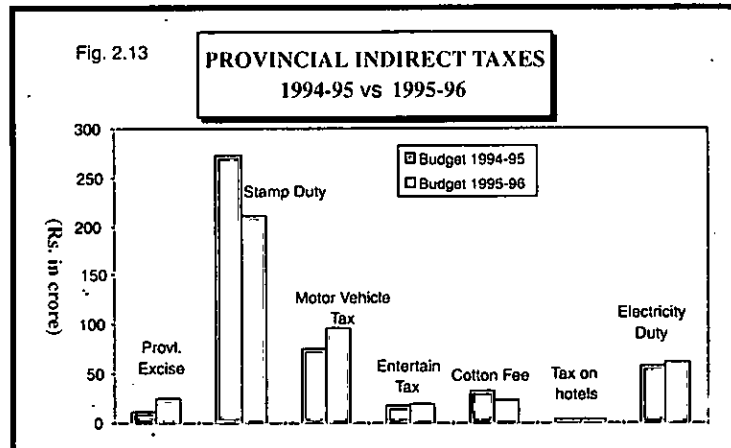
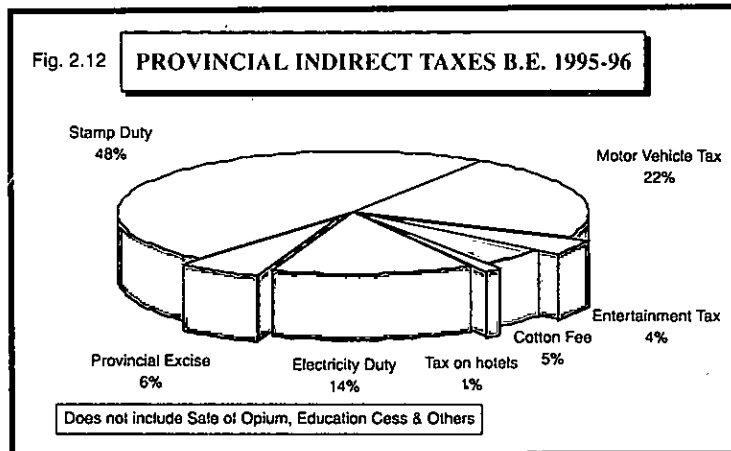
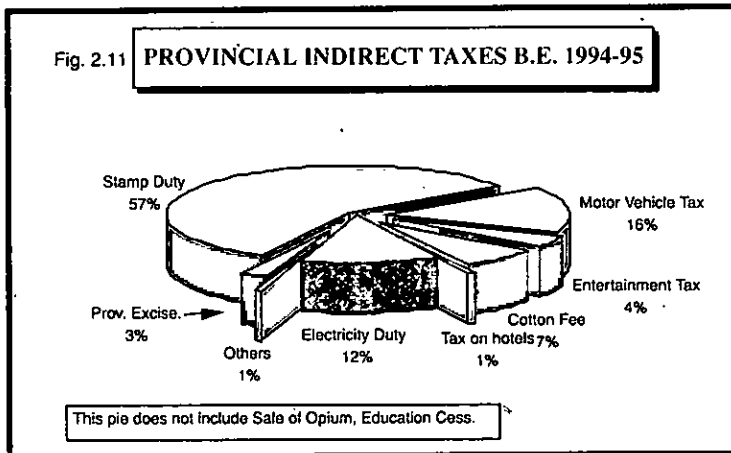
The comparative analysis of Budget Estimates of the two years is in figure 2.10. Registration Fee has gone down chiefly because of the real estate market slump. Land Revenue shows promise while the rest show gradual growth.



**b. INDIRECT TAXES**

The indirect taxes, which comprise stamp duty, provincial excise, motor vehicle taxes etc., decreased from Rs.477.75 crore in Budget Estimates 1994-95 to Rs.406.75 crore in Revised Estimates 1994-95. As is evident from the figures in Table 2.4 above, the reduction in Revised Estimates of indirect tax receipts has come largely from lower collections of stamp duty. This drop, which has occurred for many years now (see inset table & chart), has on reflection resulted in a rationalization of estimates under this head. While the decrease can be explained in terms of an emerging tendency in property transactions to avoid registration of documents and escape the heavy tax incidence entailed by registration. (the registration of property now not only attracts

the usual stamp duty, registration fee, corporation fee, but also a heavy Capital Value Tax, a federal levy collected by the provincial government for the federal government) as well as a recession in the market, its impact on stamp duty estimates has meant a reduced and achievable target for next year. Consequently the share of stamp duty in provincial indirect taxes has shrunk from 57% in 1994-95 to 48% in 1995-96. The other losers during 1994-95 were cotton fee and electricity duty. (See composition in figures 2.11 and 2.12 and a comparative analysis of Budget Estimates for the two years in figure 2.13).



### TRENDS IN STAMP DUTY REVENUES\*

Stamp duty was first introduced by Government of India in 1847. After various changes the Stamp Act was enforced in 1899 - this, with slight changes, is still in force. The Stamp Act is purely a fiscal statute with the sole objective to increase revenue. It does also help in detection of forgery of documents.

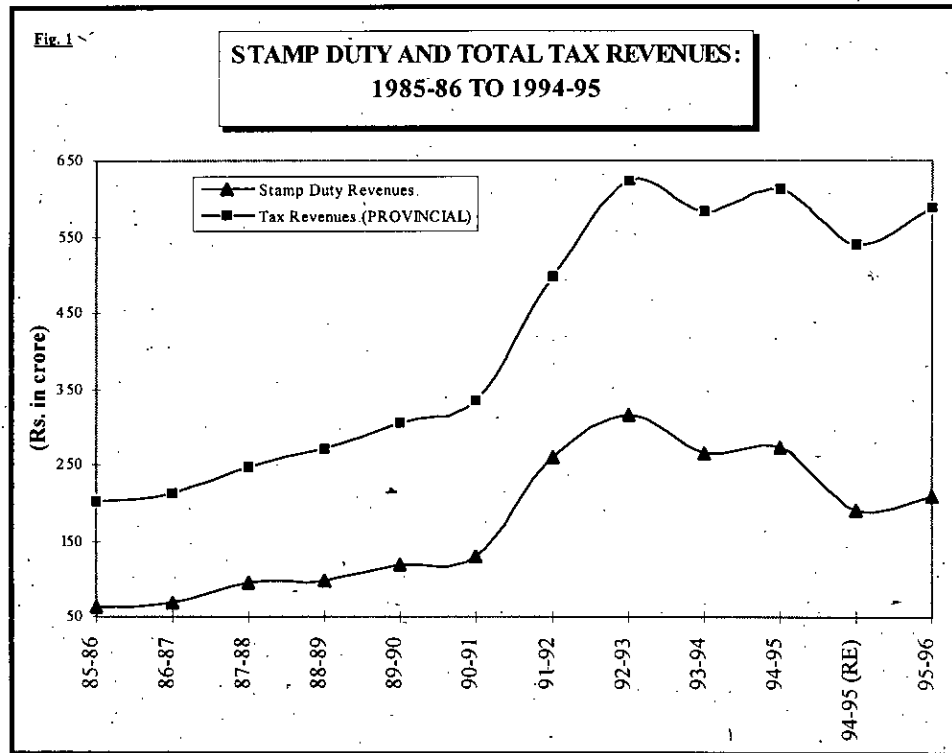
TABLE I  
STAMP DUTY: 1985-86 TO 1994-95

(Rs. in crore)

Years	Stamp Duty Revenues.	Tax Revenues. (Provincial)	Stamp Duty as % of Total Taxes.
1985-86	63.35	201.07	31.50
1986-87	69.80	213.54	32.68
1987-88	94.73	246.45	38.43
1988-89	99.25	270.48	36.69
1989-90	120.63	304.78	39.57
1990-91	129.68	334.35	38.78
1991-92	260.37	497.23	52.36
1992-93	315.90	623.47	50.66
1993-94	265.90	583.23	45.59
1994-95	273.53	612.96	44.62
1994-95 (RE)	190.88	539.73	35.36
1995-96	210.17	587.81	35.75

Stamp duty has been the single largest contributor to provincial tax revenues. While it is levied on a wide variety of documents, the chief source of stamp duty is the amount realized while registering sale of urban property. The dependence of tax revenue on stamp duty increased as the real estate market boomed and practice of using valuation tables (fixing of minimum value of land by District Collectors) took hold (See Table and Figure 1). However with market having slackened and with the recent tendency to over tax the real estate transactions (by about 18% of the declared value of property in urban areas of Lahore Metropolitan Area for example) the receipts under this head have decreased. It however still holds ground as the largest contributor to tax revenues. As the real estate markets work in cycles, it is expected that stamp duty from this source would pick up in the foreseeable future.

The rationalization of stamp duty rates on a variety of financial, trade, and shipping documents is another area under consideration with the Government. There is definitely room for improvement in this area. (For example the stamp duty charged on opening a letter of credit, irrespective of the amount, is Rs.2.00). Enhancing these rates in some areas, while making them ad valorem in others, would help in diversifying the base of stamp duty revenues-making it more buoyant and less susceptible to the changes in real estate market. As such it is our belief that stamp duty would continue to prosper as an indirect tax and would keep on adding to the provincial exchequer.



\* Sources of information include a paper on "Rationalization of Stamp Duties on Financial Assets and Transactions" by Dr. Aisha Ghaus at the Provincial Round-Table Conference on Resource Mobilization and Expenditure Planning in Lahore (11-3-1995 to 13-3-1995).

Total provincial tax receipts during 1995-96 are estimated to be around Rs.587.81 crore which have increased by Rs.48.08 crore, or about 8.91 percent, over the Revised Estimates of previous financial year. This increase would come, by and large, through normal incremental growth, improvement in recoveries, and to no uncertain extent due to additional resource mobilization effort in 1994-95.

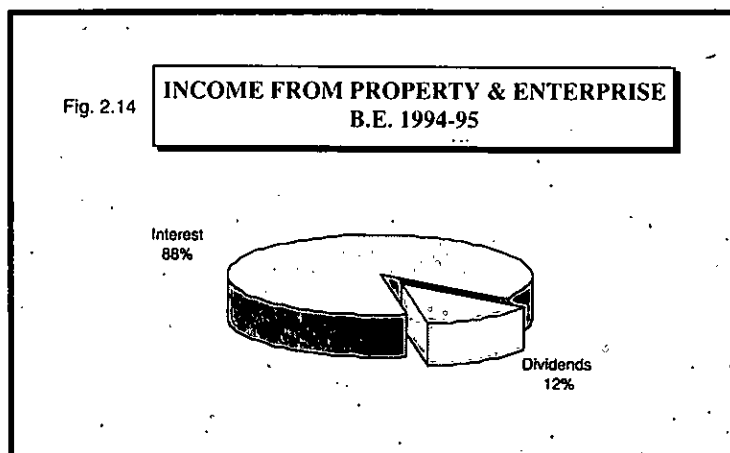
#### 2.4 INCOME FROM PROPERTY AND ENTERPRISE:

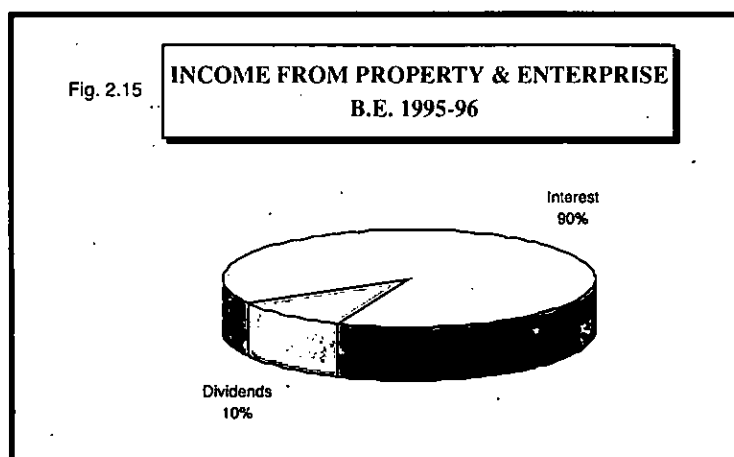
Income from property and enterprises represents mark-up on soft loans advanced by the provincial government to its employees for construction of houses and purchase of conveyance, to farmers for purchase of agricultural inputs and sinking of tubewells etc., and to local councils and provincial autonomous 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.17.30 crore during 1995-96 against Rs.14.84 crore in the Budget Estimates 1994-95. The rise in receipts in revised estimates is on account of better receipts from loans. Broad details of income from property and enterprise are given in table 2.5. The comparative composition of this head is given in figures 2.14 and 2.15. The percent increase in 1995-96, over Budget Estimates of 1994-95 in interest is Rs.2.46 crore (18.86%) while dividends would remain at the same amount.

TABLE 2.5  
RECEIPTS ON ACCOUNT OF INCOME FROM PROPERTY  
AND ENTERPRISE

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Interest	13.04	14.75	15.50
Dividends	1.80	1.30	1.80
<b>Total:</b>	<b>14.84</b>	<b>16.05</b>	<b>17.30</b>





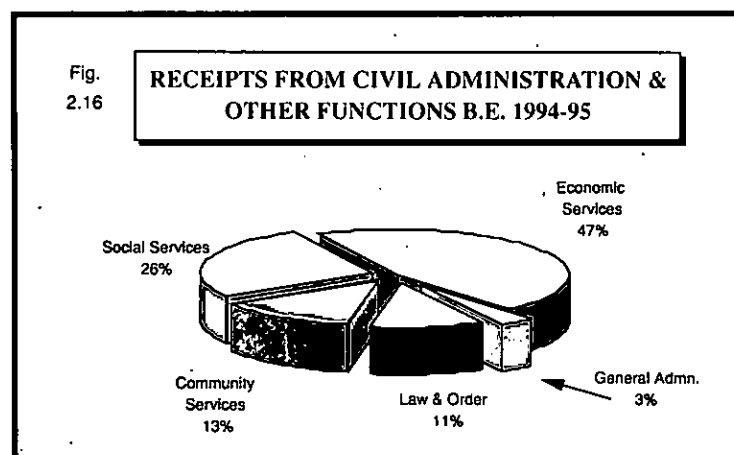
## 2.5 RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS:

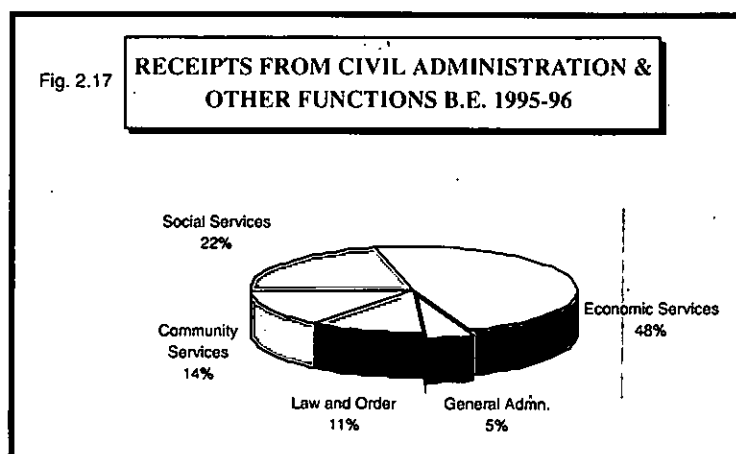
Table 2.6 contains the broad details of receipts incidental to law enforcement and other control functions of the government and charges on account of services rendered by government agencies.

**TABLE 2.6  
RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS**

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
General Administration	14.14	13.60	21.67
Law and Order	43.57	47.00	49.72
Community Services	55.66	46.67	60.99
Social Services	109.16	77.31	101.55
Economic Services	191.85	197.90	217.65
<b>Total:-</b>	<b>414.38</b>	<b>382.48</b>	<b>451.58</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. The composition (percentage-wise) of receipts from this function for 1994-95 and 1995-96 is shown in figures 2.16 and 2.17. These are discussed specifically in the following pages. However, over all, the receipts under this function are estimated to increase by Rs.37.2 crore (8.98%) in 1995-96 over 1994-95(BE).

a: **GENERAL ADMINISTRATION AND LAW AND ORDER**

Details of receipts on account of general administration and law and order are given in Table 2.7. Receipts from general administration and law and order accrue from general administration, administration of justice, police, jails and civil defence. The composition of these components are given in figures 2.18 and 2.19.

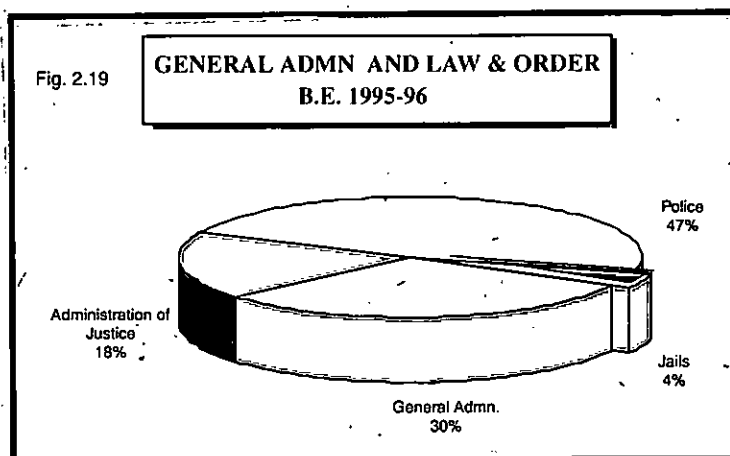
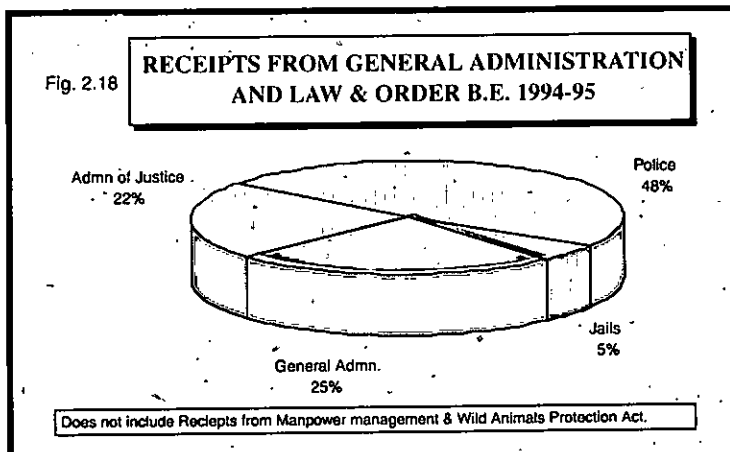
**TABLE 2.7**  
**RECEIPTS FROM GENERAL ADMINISTRATION AND LAW AND ORDER**

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
General Administration	14.14	13.60	21.67
Administration of Justice	12.88	12.88	12.90
Police	27.70	31.02	33.63
Jails	2.95	3.02	3.06
Civil Defence	0.04	0.08	0.13
<b>Total:-</b>	<b>57.71</b>	<b>60.60</b>	<b>71.39</b>



Receipts from general administration include examination fees, receipts-in-aid of superannuation (pension contribution) and receipts under the Weights and Measures and Trade Employees Act. These are estimated to increase by Rs.7.53 crore (53.25%) in 1995-96 over 1994-95. Receipts under administration of justice mainly comprise general fees, fines and forfeitures, receipts from record rooms and collection of payments for services rendered. These show no significant growth in 1995-96 over 1994-95. However due to overall increase, its share has gone down in 1995-96. Receipts from the police include charges for force supplied to the federal and provincial government departments, fees, fines and forfeitures. Comprising 47% of the total, these receipts in 1995-96 are expected to increase by Rs.5.93 crore (21.41%) over 1994-95. Receipts from jails mainly accrue from sale of manufactured goods. In case of civil defence, these include reimbursements from the federal government and realization of fines. Receipts from jails comprise a mere 4% of the total and are estimated at Rs.3.06 crore in 1995-96, up 3% from Rs.2.95 crore in 1994-95. Estimates for 1995-96 show an increase of Rs.13.68 crore (23.70%) over the Budget Estimates 1994-95, reflecting substantial growth.



## b: COMMUNITY AND SOCIAL SERVICES

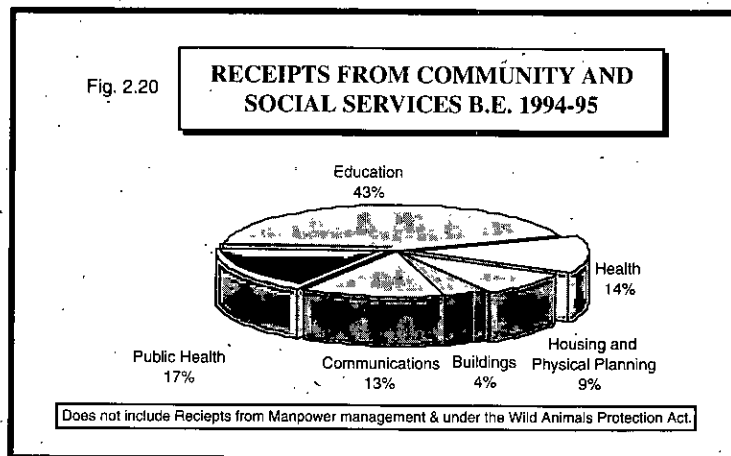
Receipts from community and social services accrue from:

### I: Community Services

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

### II: Social Services

- Education
- Health
- Manpower Management
- Housing and Physical Planning
- Receipts under the Wild Birds and Wild Animals Protection Act.



Receipts from buildings and communications accrue from tolls on roads and bridges, sale of tender forms, registration fee of contractors and confiscation of earnest money. While receipts from Buildings show no change, the receipts from communications are estimated to increase by Rs.7.71 crore (35.5%). This is a result of revision of rates of toll on bridges in 1994-95. Receipts from public health include collection of payments for services rendered and recovery of departmental charges. Due to unsatisfactory recovery in these heads, receipts are estimated to dip by Rs.2.39 crore in 1995-96 over 1994-95. The main source of revenues from education are fees in educational institutions. Poor track record of recovery (RE of Rs.44.80 crore) has forced the estimates for 1995-96 down by Rs.8.6 crore. Receipts from health include hospital receipts and fees charged by medical colleges. An increase of Rs.1.75 crore (7.85%) is expected in this head in 1995-96. Manpower management receipts include receipts from employment organizations and under the West Pakistan Shops and Establishments Ordinance, 1969. Housing and Physical

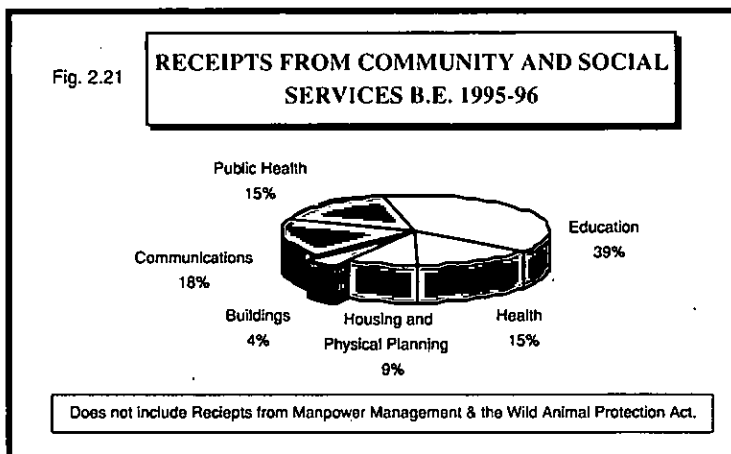
Planning receipts are from the sale of plots and buildings, income from satellite town schemes and collection of payments for services rendered. There is a slight decrease (Rs.0.76 crore) in Housing and Physical Planning Receipts. Receipts under the Wild Birds and Wild Animals Protection Act include fines and licence fees. These show very marginal increase. For composition of this receipt head, see figures 2.20 and 2.21.

Receipts from community and social services decreased by Rs.40.84 crore in the Revised Estimates over the Budget Estimates of Rs.164.82 crore in 1994-95. An increase of Rs.38.56 crore is expected during 1995-96 over the Revised Estimates. There is a drop in receipts in 1995-96 of about Rs.2.28 crore as compared to Budget Estimates for 1994-95, mainly because of rationalization of receipts from Education.

TABLE 2.8  
RECEIPTS FROM COMMUNITY  
AND SOCIAL SERVICES

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Buildings	6.56	6.56	6.56
Communications	21.72	27.72	29.43
Public Health	27.39	12.39	25.00
Education	71.22	44.80	62.62
Health	22.28	17.20	24.03
Manpower Management	0.23	0.23	0.23
Housing and Physical Planning	14.67	14.32	13.91
Receipts under the Wild Birds and Wild Animals Protection Act	0.75	0.76	0.76
<b>Total:-</b>	<b>164.82</b>	<b>123.98</b>	<b>162.54</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 2.9. The composition of receipts from economic services is given in figures 2.22 and 2.23.

The agriculture receipts comprise income from experimental and seed farms, hire charges of bulldozers, boring operations, research stations and soil conservation. There is a slight increase in agriculture receipts in 1995-96 over 1994-95 (Rs.0.79 crore). Animal husbandry includes receipts from livestock and broiler farms, insemination fees and income from research institutes. Receipts under this head are estimated to increase by Rs.2.12 crore (19%) in 1995-96 over 1994-95. Forest income includes sale proceeds of timber and other produce and from the Jallo Rosin Factory.

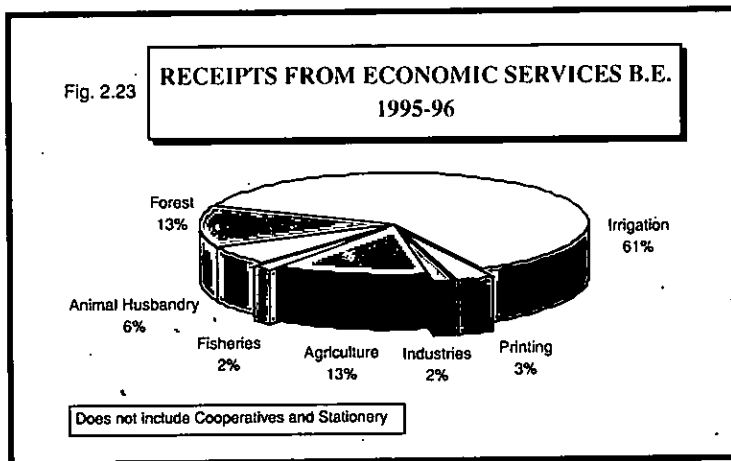
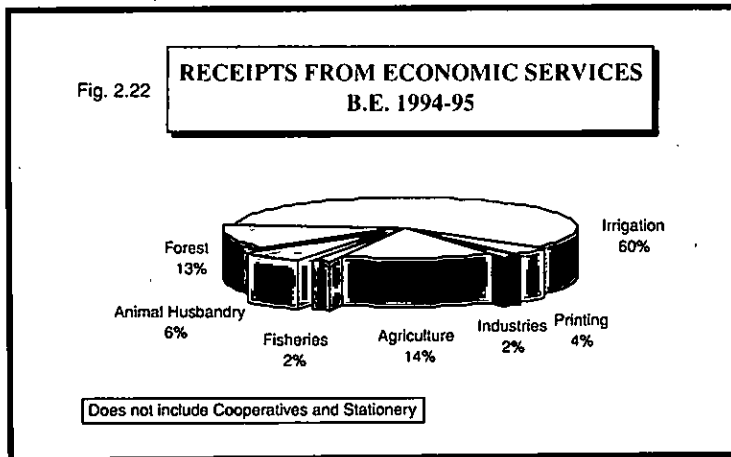
TABLE 2.9  
RECEIPTS FROM ECONOMIC SERVICES

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Agriculture	27.69	27.85	28.48
Fisheries	3.24	3.24	3.56
Animal Husbandry	11.13	12.04	13.25
Forest	24.87	23.87	29.15
Cooperatives	0.27	0.30	0.30
Irrigation	114.24	120.34	132.51
Printing	7.02	7.02	7.02
Stationery	0.24	0.04	0.03
Industries	3.15	3.20	3.35
<b>Total:-</b>	<b>191.85</b>	<b>197.90</b>	<b>217.65</b>

Forest receipts are to go up by Rs.4.28 crore (17.21%) in 1995-96. 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. Set to increase by Rs.18.27 crore (16%) over 1994-95, Irrigation receipts are getting a boost from the decision of the Government to increase 'Abiana' rates by 10% each year till 1998 - in accordance with commitments with foreign donor organizations. 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. Stationery receipts are estimated to go down while there is a slight increase in receipts from industries in 1995-96 over 1994-95.

Overall the receipts from economic services are estimated to increased by Rs.25.8 crore (13.44%) over the Budget Estimates for 1994-95. The increase is driven by enhancement in rate -- and consequently in collection--of Abiana/water rate.



## 2.6 MISCELLANEOUS:

Earlier, 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. However, with the advent of the National Finance Commission Award 1990, the earlier practice of the federation meeting budgetary deficits and picking up surpluses of the provinces has been discontinued. Instead a special annual grant of Rs.100.00 crore was provided to the Punjab for three years from 1st July 1991. 1993-94 was the last year of this grant. A grant from Federal Government of Rs.2.01 crore for agency functions is however expected in 1995-96. The other receipts in Table 2.10 include such items as unclaimed deposits, sale of stores and materials, collection charges of Sugarcane Development Cess, fees for registration of societies, under the Registration Act, Citizenship (Domicile) Fees, amongst others.

The total miscellaneous receipts increased from Rs.57.61 crore in Budget Estimates to Rs.65.39 crore in the Revised Estimates. In 1995-96, these are estimated at Rs.63.91 crore.

TABLE 2.10  
MISCELLANEOUS RECEIPTS

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Other grants from federal Government.	-	4.64	2.01
Others	57.61	60.75	61.90
<b>Total Miscellaneous Receipts:-</b>	<b>57.61</b>	<b>65.39</b>	<b>63.91</b>

### NEW RESOURCE MOBILIZATION

In order to enhance provincial Tax and Non-Tax receipts, the Provincial Government endeavours to find new ways to mobilize resources. The declared strategy of the Government is to reduce reliance on Cash Development Loan - the traditional and a very expensive source for development - and fund development more and more from provincial resources. The Government is also required to enhance its receipts by 8% each year as stipulated in the NFC Award, 1990.

With a view to enhancing provincial resources, the Government brings its new resource mobilization proposals in the form of Finance Bill which is presented with the Budget. After passage (approval) from the Provincial Assembly, this becomes Finance Act. Following is a resume of the Finance Act, 1994. It is followed by a brief description of the proposed measures contained in Finance Bill 1995.

#### PUNJAB FINANCE ACT, 1994.

1. The instrument of Gift of property other than agricultured land was brought under the Valuation Table.
2.
  - a) The properties situated in the District Council/Rating Areas were brought under the Property Tax.
  - b) The annual value for the purpose of calculating Property Tax on owner occupied properties was increased by 25%.
  - c) Additional tax at the rate of 25% of the tax payable was levied on owner occupied properties built on a plots measuring two kanals or more or having a covered area exceeding 6000 Sft.
3.
  - a) A lump sum registration tax once for all was levied on a motor cycle, a scooter or a motor cycle drawing a side trailer or cabin. Motor cycles and scooters already paying tax were allowed to pay tax in lump sum once for all at the following rates:-

Period for which Tax has been paid.	Scale.
i) Upto 3 years.	500/-
ii) Exceeding 3 years but not exceeding 6 years.	350/-
iii) Exceeding 6 years but not exceeding 10 years.	200/-
iv) Exceeding 10 years.	100/-

- b) The rates of Token Tax on vehicles other than motor cycles & scooters were enhanced.
  - c) Motor Vehicles on completion of 10 years of payment of tax after the date of registration, allowed to pay tax at concessional rate of 25% of payable tax.
- 4.
- a) Registration Fee of a motor vehicle was prescribed at the rate of half percent of the value of the vehicle.
  - b) Registration fee for a tractor was prescribed at Rs.800/-.
  - c) Temporary registration fee of any vehicle was fixed at Rs.200/-.
  - d) Vehicles meant for invalid, ambulances and exclusively designed to carry the dead were to be charged Rs.100/- as Registration fee.
5. A new tax on video traders was levied at different rates on Categories 'A', 'B', & 'C' - which in turn depends on the size of their establishment.

#### **PUNJAB FINANCE ACT, 1995.**

##### **1. Enhancement in rates of Stamp Duty.**

- a) Minimum rate of stamp duty is being fixed at Re.1/-.
- b) Various specific rates changed to ad volarem.
- c) Stamp duty on gift to legal heirs in urban areas in being reduced from 6% to 3%.
- d) Rate of duty on Power of Attorney of all kinds fixed at Rs.100/-, up from Rs.10/- & Rs.50/-.
- e) Rate for affidavit enhanced from Rs.5/- to Rs.10/-.
- f) Stamp duty on letter of credit, Memorandum of Association and Articles of Association fixed at advalorem rates.
- g) Contracts executed by contractors with any agency or organization set up and controlled by Federal and Provincial Government brought under the net of stamp duty.
- h) Rationaliation of rates of stamp duty on many of the instruments shown in the schedule to Stamp Act, 1899.
- i) Exemption from stamp duty already granted on mortgage deed in form of Trust Deed of redeemable capital of a Company executed in favour of banking companies/Banker's Equity & PSIC withdrawn.

- j) Exemption from payment of Registration Fee on Mortgage Deed executed in favour of PSIC withdrawn.
2. **Cotton Fee** raised from Rs.2/- to Rs.3/- per maund (or Ps.8/kg.).
  3. **Paddy Husking Tax** raised from Ps.1.5 per kg. to Rs.0.75 per maund (or Ps.2/kg.).
  4. **Tax on Professions, Trades & Callings** increased by 100%.
  5. **Tax on Bank Cheques** levied at the rate of Rs.0.25 per cheque.
  6. **Tax on Advertisements** through electronic and print media imposed at 5% of the actual cost of advertisements.
  7. **Punjab Education and Infrastructure Development Fund.**  
A Cess @5% on Octroi collected by Local Bodies and Cantonment Boards levied for use primarily for development in general and development of education in particular.



**Introduction:**

The current revenue (or non-development) expenditure of the provincial government is incurred on:

- General Administration;
- Law and Order;
- Social Services;
- Community Services;
- Economic Services;
- Subsidies;
- Debt Servicing, Investible Funds and Grants; and
- Miscellaneous (unallocable) Items.

**3.1 CURRENT BUDGET VS "NON-DEVELOPMENT" BUDGET.**

There is a perception, though a wholly misleading one, that all current expenditure on the day-to-day business of the government is unproductive and, therefore, wasteful. Nothing could be farther from truth. In fact current 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 current expenditure. Communication and irrigation networks would become a liability rather than an asset if these were not properly maintained.

Furthermore the impression that current expenditure is mostly incurred on administration and, therefore, is wasteful is somewhat erroneous. First, a major portion of the current expenditure is incurred on social, economic and community services. In the Budget Estimates 1995-96, the share of these sectors comes to 54.72% of the budget. Second, 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 goes from the current (non-development) budget. Enhanced expenditure on development thus adds to current expenditure when completed projects are transferred to the current side for operation and maintenance.

### 3.2 PRIORITIES

Traditionally the Government tries to make the current budget complementary to the development effort of the province. To meet this objective, the following guiding principles have been adopted while formulating Budget Estimates 1995-96:

- Provision of commodities and services contributing to the social welfare and development functions of the government be maximised.
- Enhanced allocations be made for maintenance and upkeep of the capital assets of the government.
- Effective allocations be made for improved maintenance of Law and Order and strengthening of the administration of justice system.
- 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. 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. Alongwith this enhanced allocations have been made for police and subordinate judiciary. Extensive funds have also been allocated according to revised yardsticks reflecting current needs for different fields such as repair of buildings, roads, irrigation canals, provision of medicines and services in hospitals. Operation and maintenance expenditure on rural water supply schemes has also been enhanced.

Current expenditure was estimated at Rs. 5796.94 crore in the Budget Estimates 1994-95. In the Revised Estimates, prudent financial management and an effort at economy have brought the figure down to Rs. 5624.52 crore - a decrease of Rs.172.42 crore (3%). *The Supplementary Budget 1994-95 is the lowest in last 7 years in absolute terms. As a percent of the original authorized expenditure it is lowest in the last fifteen years.*

Current expenditure during 1995-96 has been estimated at Rs.6848.44 crore, showing an increase of 18.14 percent over the Budget Estimates 1994-95 and 21.76 percent over the Revised Estimates. This increase partly reflects the recurrent component --- mainly the transfer of development schemes from development budget to current budget for operation and maintenance --- and partly the necessary growth in expenditure requirement for maintenance and consolidation of assets of the government. This is underpinned by an increase in the federal divisible taxes from Rs.4896.63 crore in the Revised Estimates to Rs.5930.39 crore in the Budget Estimates 1995-96 and an increase of 11.97 percent in the provincial receipts (both tax and non-

tax) in the Budget Estimates 1995-96 over the Revised Estimates 1994-95. The main factors that have contributed to the increase in the current expenditure in 1995-96 over 1994-95 are :-

- An additional allocation of Rs.402 crore has been made for expenditure in education sector - bulk of it at primary level.
- An additional outlay of Rs.92.5 crore has been made for police.
- Health sector has been given an additionality of Rs.82 crore, bringing its total budget to Rs.474 crore, with Rs.204 crore to be spent on primary health care.
- Irrigation budget has been enhanced by Rs.48 crore.
- General administration has been provided an additional outlay of Rs.61 crore.
- Allocation for administration of justice has been enhanced by Rs.15 crore.
- Jails and convict settlements have been given additional funds of Rs.8 crore.
- Public health has been given an additional outlay of Rs.10 crore.
- Funds for agriculture have been enhanced by Rs.26 crore.
- An increase of Rs.27 crore has been made in the budget for civil works.
- Rs.39 crore has been provided for communications, over and above the 1994-95 level.
- An additional allocation of Rs.145 crore has been made for meeting the pensionary liability of the Government.
- Miscellaneous expenditure has been provided extra funds to the tune of Rs.18 crore.

### 3.3 FUNCTIONAL DISTRIBUTION

Details of the functional distribution of current expenditure are discussed as under :

### 3.4 GENERAL ADMINISTRATION:

While expenditure on general administration has come down from Rs.837.81 crore in the Budget Estimates to Rs.705.68 crore in the Revised Estimates, it is likely to rise to Rs.1049.79 crore during 1995-96. The Budget Estimates 1995-96 include the impact of various block allocations for meeting emergent purposes. The increase in this head of expenditure in 1995-96 over 1994-95 is of Rs.212 crore (25.3%).

### 3.5 LAW AND ORDER :

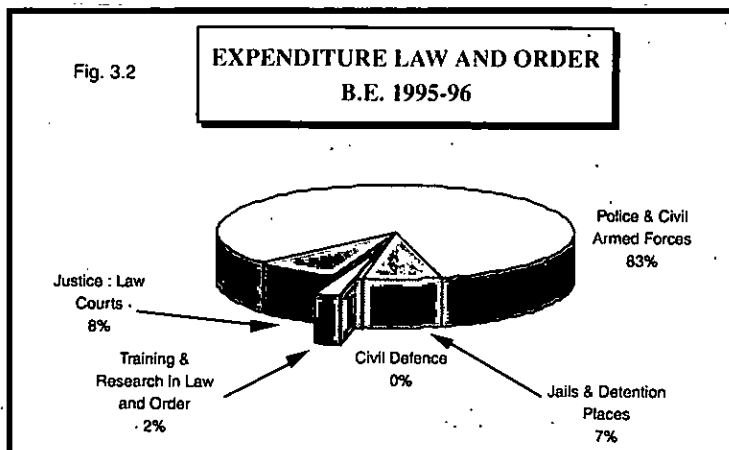
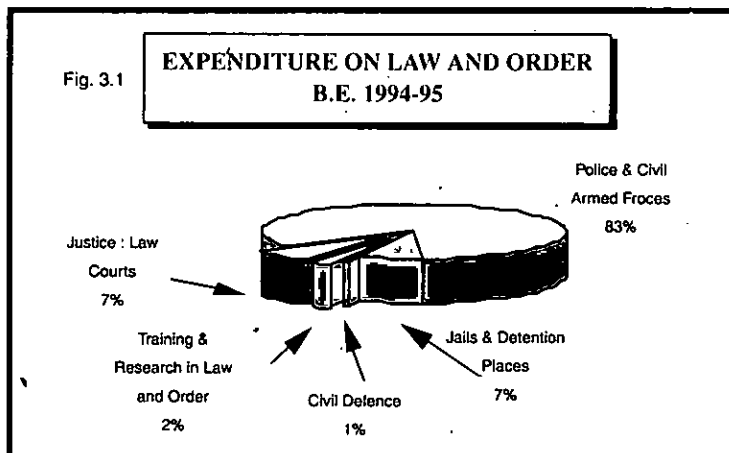
Expenditure on law and order involves disbursements related to administration of justice, police and civil armed forces, jails, civil defence etc., as detailed in Table 3.1.

TABLE 3.1  
EXPENDITURE ON LAW AND ORDER

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Justice : Law Courts	33.40	41.57	46.66
Police and Civil Armed Forces	409.06	459.47	497.48
Jails and Detention Places	34.20	40.17	42.18
Civil Defence	2.75	2.87	2.97
Training and Research in Law and Order	9.17	9.45	13.25
<b>Total :</b>	<b>488.58</b>	<b>553.53</b>	<b>602.54</b>

The increase in the Revised Estimates over the Budget Estimates is of Rs.65 crore (13.3%) (including a supplementary grant of Rs.50 crore for Police). The Budget Estimates 1995-96 would increase to Rs.602.54 crore largely on account of major increase in funding for District Police (within Police), training and research, administration of justice and jails (See Inset). The total increase would be Rs.114 crore (23.32%), while item-wise increase would be justice Rs.13.26 crore (39.7%), police, Rs.88.42 crore (21.6%), jails, Rs.7.98 crore (23.33%), training and research Rs.4.08 crore (44.5%), and an 8% increase in Civil Defence.



## STRENGTHENING OF LAW AND ORDER MACHINERY

Maintenance of Law and Order is the primary responsibility of the Government. This function of the state has become very complex in the face of new challenges. The ethnic and sectarian conflicts confront the Government alongwith drug mafias and syndicated crime. These relatively new, well organized faces of the problem are so complex that the existing police and magistracy are ill-equipped to handle them. The inadequacy of our law enforcement agencies is on account of meagre human as well as physical resources.

### POLICE:

With a view to changing the objective situation, in the current budget emphasis has been placed on training the available force, equipping them with better hardware, and improving the buildings and structures being used by them. The allocation for police in 1995-96 has registered an increase of Rs.93 crore over that of 1994-95. Similarly the total allocation for District Police has been made at Rs.396 crore in 1995-96, up from Rs.325 crore in 1994-95. This is an increase of 22% over the allocation for 1994-95. In percentage terms the allocation for District Police is 77.75% of the total allocation. The trend of the last five years is shown in Table 1 & Chart 1.

Table 1  
ALLOCATION FOR POLICE  
(TOTAL & DISTRICT)  
1991-92 TO 1995-96

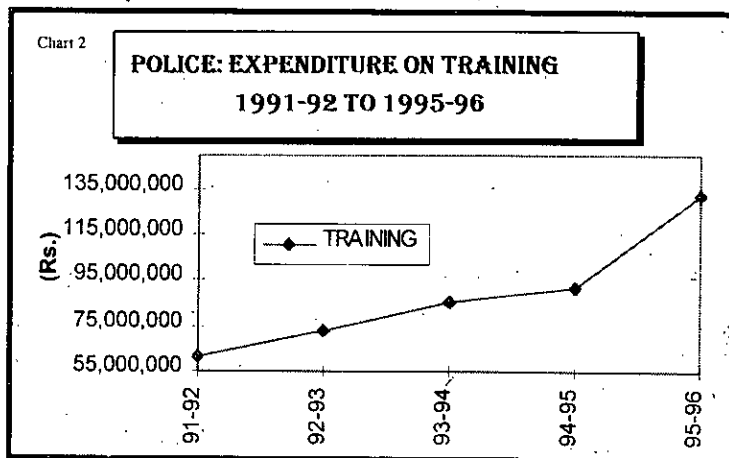
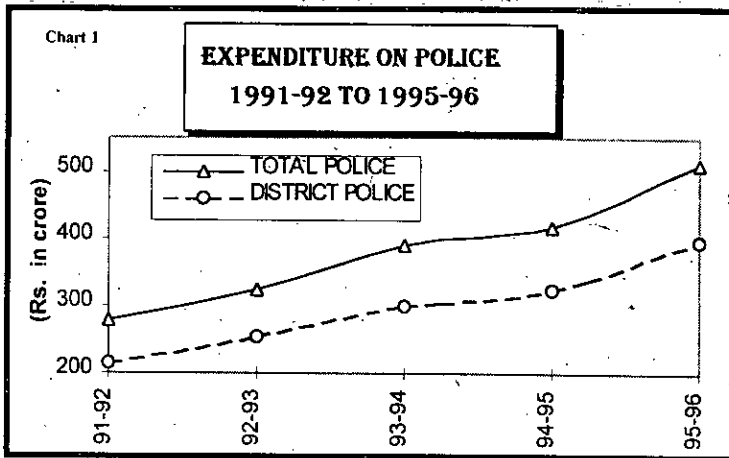
*(Rs. in crore)*

BUDGET ESTIMATES	TOTAL POLICE	DISTRICT POLICE
91-92	278	216
92-93	324	253
93-94	390	300
94-95	418	325
95-96	511	396

The training institutes have also received a substantial boost in funding. The budgetary allocation of Rs.13.25 crore for the purpose in 1995-96 is about 45% greater than that for last year. The proverbial quantum leap in funding under this head is evident from chart 2.

### STRENGTHENING OF MAGISTRACY

In a bid to improve the overall law and order set-up allocations have also been made for strengthening the field magistracy alongwith the police force. Assistant Commissioners, Extra Assistant Commissioners and Resident Magistrates, in over eight Administrative Divisions would be provided 132 vehicles (1000 CC Suzuki Jeeps) through an allocation of Rs.5 crore. In addition to this Rs.50 lac has been earmarked for provision of wireless sets in these vehicles. The amount would be distributed equally to Administrative Divisions and would be spent through the Commissioners in the Districts and Sub-Divisions according to local needs and priority.



### 3.6 COMMUNITY SERVICES :

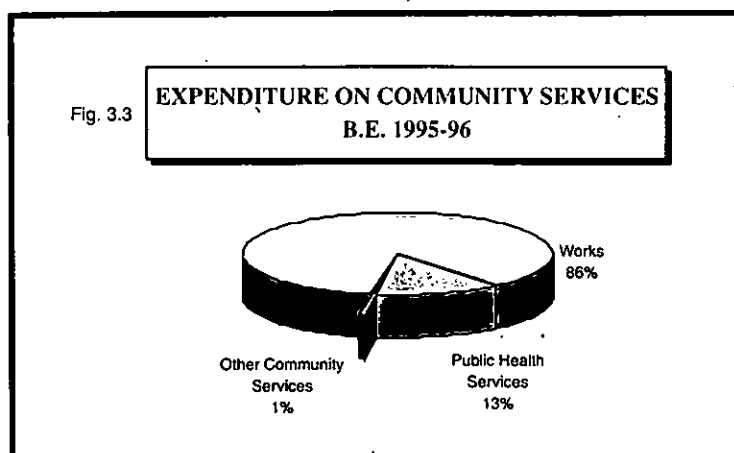
Community services include the road communication network, government buildings, water supply, sanitation and sewerage arrangements. Details of expenditure on community services are given in Table 3.2. The responsibility for providing community services vests solely in the government for the obvious reason that these services cannot be provided individually in the private sector.

Revised Estimates 1994-95 are lower than the Budget Estimates 1994-95 by Rs.38.34 crore as a result of economy measures. The Budget Estimate 1995-96 has been anticipated at Rs.352.47 crore. Expenditure on works is set to increase by Rs.69.15 crore (29.4%) in 1995-96 over 1994-95 (B.E.). In Public Health Services an additional outlay of Rs.9.15 crore (24.83%) has been made over 1994-95. Outlay on other services is to increase only marginally.

TABLE 3.2  
EXPENDITURE ON COMMUNITY SERVICES

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Works	235.34	200.22	304.49
Public Health Services (water- supply, sanitation, sewerage and refuse disposal)	36.85	33.53	46.00
Other Community Services	1.75	1.85	1.98
<b>Total :</b>	<b>273.94</b>	<b>235.60</b>	<b>352.47</b>

(Rs. in crore)



### 3.7 SOCIAL SERVICES :

The details of expenditure on social services are indicated in Table 3.3.

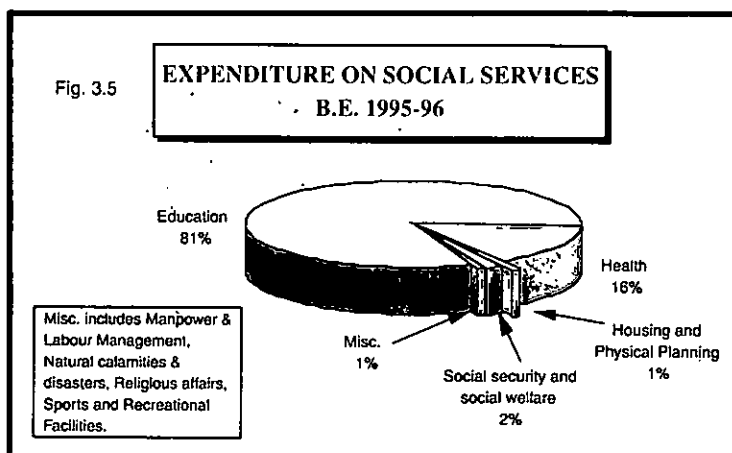
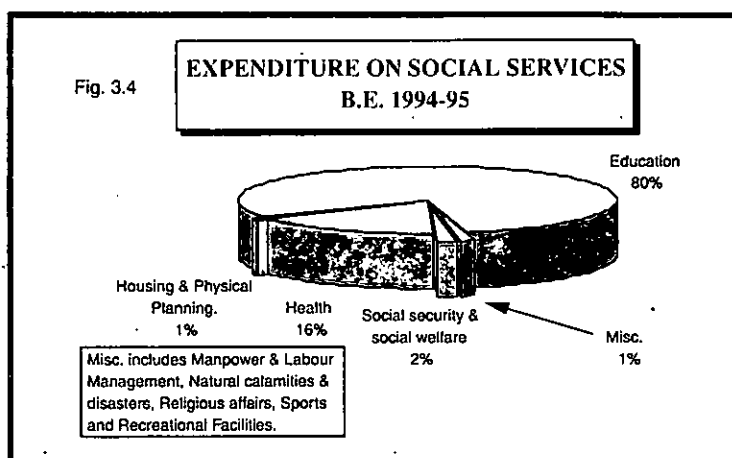
Revised Estimates of expenditure on social services have decreased by Rs.4.35 crore to Rs.2150.49 crore from the Budget Estimates of Rs.2154.84 crore in 1994-95. In 1995-96, the expenditure is to go up by 4.9 billion - a large increase of 22.76%. Major increase would be in education with the expenditure going up by Rs.4.15 billion (24.1%). This increase represents

impact of normal increase in recurrent liabilities and provisioning of funds for filling of vacancies including 247 gazetted and 7033 non-gazetted staff, the latter including 461 PTC teachers and 6000 Education Promoters. The enhanced allocation for education reflects to a very large degree the special emphasis of the incumbent provincial government on primary education.

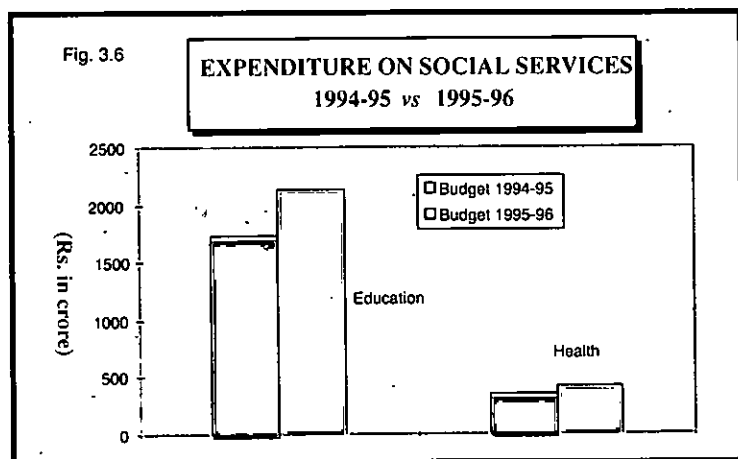
TABLE 3.3  
EXPENDITURE ON SOCIAL SERVICES

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Education	1722.94	1724.17	2138.15
Health	351.15	353.41	421.07
Manpower and labour management	9.51	9.61	11.13
Housing and physical planning	18.94	12.99	20.54
Sports and recreational facilities	6.77	6.96	7.59
Social security and social welfare	39.63	37.18	43.77
Natural calamities and other disasters	1.45	2.52	1.59
Religious affairs	4.45	3.65	1.47
<b>Total :</b>	<b>2154.84</b>	<b>2150.49</b>	<b>2645.31</b>







Expenditure on health is to go up by Rs.69.92 crore (19.9%) in 1995-96 as compared to Budget Estimates of 1994-95. The composition of receipts and comparison of increases in health and education are in figures 3.4 to 3.6.

It is interesting to note that Government provides massive amounts of subsidy in education. The latest figures of subsidy per student, at various levels of education are given in Appendix-A. At the primary level, with free education, there is a full subsidy. At the level of middle the ratio of cost recovery and subsidy is 5:115 (Rs); at matric level it is 10:110, at F.A. it is 20:456; at Fsc. at 25:451. The percent subsidies, as calculated by the Education Department on the basis of latest figures, are also given in Appendix-A. These numbers provide poignant information regarding issues of cost recovery, quality of education, and responsibility of the Government to provide subsidized education.

### 3.8 ECONOMIC SERVICES:

Revised Estimates 1994-95 have increased by Rs.15.88 crore due to enhanced expenditure on agriculture and food. Detailed expenditure incurred on economic services is indicated in Table 3.4.

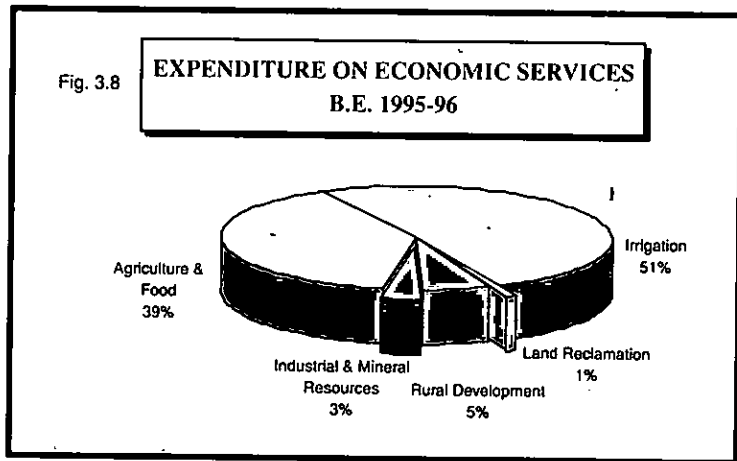
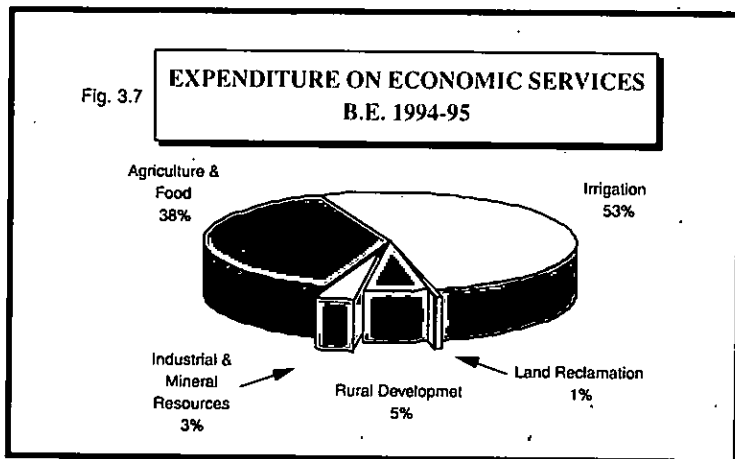
TABLE 3.4  
EXPENDITURE ON ECONOMIC SERVICES

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Agriculture and Food	244.04	269.97	293.13
Irrigation	331.18	327.51	384.88
Land Reclamation	4.50	4.82	5.33
Rural Development	33.85	26.15	40.68
Industrial and Mineral Resources	21.90	22.90	25.98
<b>Total :</b>	<b>635.47</b>	<b>651.35</b>	<b>750.00</b>

The increase in the Budget Estimates 1995-96 over the Budget Estimates 1994-95

amounting to Rs.114.53 crore (18.02%) is mainly due to additional expenditure in the irrigation infrastructure. Expenditure on this head is set to increase by Rs.53.7 crore (16.21%) in 1995-96, as compared in 1994-95. The allocation for agriculture and food has also been enhanced by Rs.49.09 crore (20.11%) from Rs.244.04 crore in the Budget Estimates 1994-95 to Rs.293.13 crore in the Budget Estimates for 1995-96. While the other increases reflect normal recurrent liabilities, the major impetus is from enhanced allocation for maintaining the irrigation network - part of the three major priority areas of the Government, as brought forth in Chapter 1. The following inset also describes the Government's commitment in this regard.



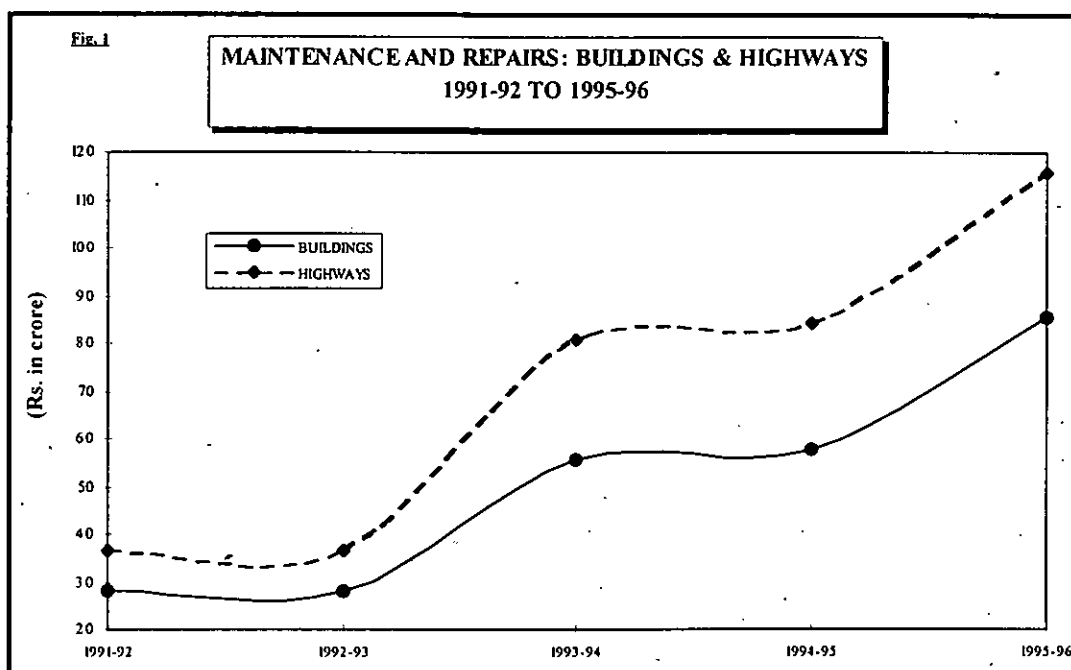
## MAINTENANCE OF INFRASTRUCTURE

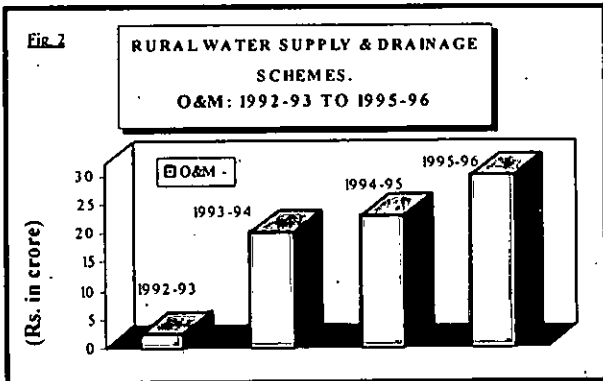
Commitment of the Government to look after, maintain, and repair physical infrastructure has been briefly described in Chapter 1. In order to substantiate this claim and with a view to providing a clearer, comparative picture, the outlay in this field, in the past five year has been analyzed. Table 1 gives a comparison of M&R of Buildings, and Highways and O&M of Rural Water Supply and Drainage Schemes (RWSDS).

TABLE 1  
MAINTENANCE AND REPAIR : BUILDINGS, HIGHWAYS, AND RWSDS  
(BUDGET ESTIMATES 1991-92 TO 1995-96)

*(Rs. in crore)*

Years.	M&R	M&R	O&M
	Grant No.24-Civil Works- Buildings Department.	Grant No.25-Communications (Highways)	Rrual Water Supplies & Drainage Schemes.
1991-92	28.22	36.65	-
1992-93	28.22	36.58	2.50
1993-94	55.73	81.04	20.00
1994-95	57.75	84.14	23.00
1995-96	85.32	115.61	30.00



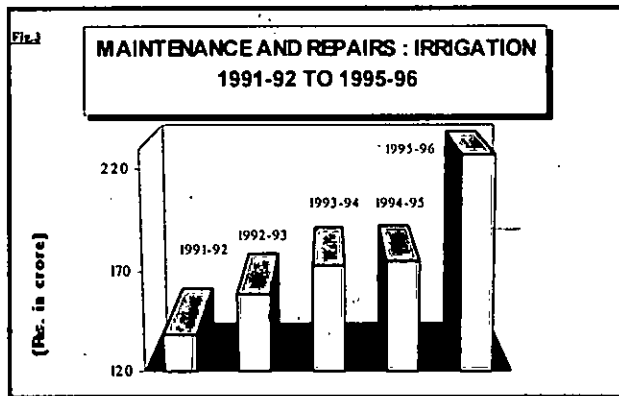


The increases in these areas are substantial to say the least. These are graphically represented in figures 1 and 2. Importance of the maintenance and repair of the irrigation network - unique of its kind in the world - is of no less significance. A comparative picture is depicted in Table 2 & Figure 3 indicating a significant jump for M&R in 1995-96

TABLE 2  
MAINTENANCE AND REPAIRS : IRRIGATION  
1991-92 TO 1995-96

Years	Canals	Dams	Tubewells	Drainage	Total
1991-92	19.57	0.19	113.53	5.25	138.59
1992-93	49.57	0.19	103.31	5.64	158.71
1993-94	54.10	0.72	104.29	13.92	173.03
1994-95	55.46	0.77	104.55	13.97	174.75
1995-96	60.56	0.77	152.04	14.10	227.47

While the largest allocation is for tubewells (electricity charges), the rest of the allocations have also been increased.



### 3.9 SUBSIDIES:

Revised Estimates 1994-95 show a decrease of Rs.46.00 crore over Budget Estimates of Rs.136.00 crore. This decrease reflects reduced expenditure on subsidies provided on wheat imported during the year. Estimates for 1995-96 have been anticipated at Rs.136.00 crore partly to meet the purchase target as well as the previous backlog of expenditure incurred on this account.

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

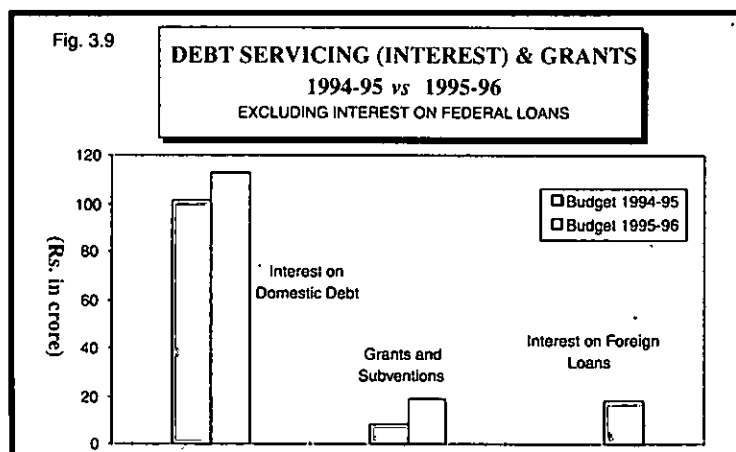
Expenditure under this head is mainly incurred as payment of mark-up on provincial debt. It also includes grants made by the provincial government to autonomous bodies and other institutions like the Punjab Economic Research Institute, Cholistan Development Authority, Punjab Engineering Academy and the Punjab Land Utilisation Authority. Details are given in Table 3.5. As is apparent, bulk of expenditure is on payment of interest on loans (99% in 1994-95 and 98.5% in 1995-96).

TABLE 3.5  
DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Interest on Domestic Debt	101.57	93.62	112.55
Interest on Federal Loans	1145.65	1109.38	1163.07
Interest on Foreign Loans	15.11	16.99	17.97
Sub-total	1262.33	1219.99	1293.59
Grants and Subventions	7.94	17.85	18.71
<b>Total</b>	<b>1270.27</b>	<b>1237.84</b>	<b>1312.30</b>

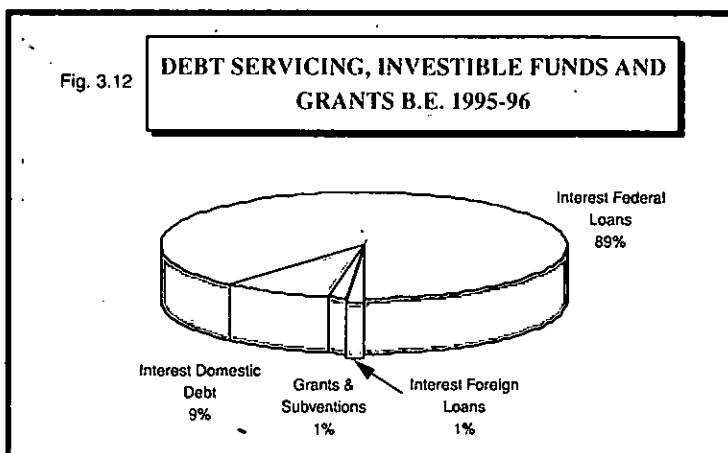
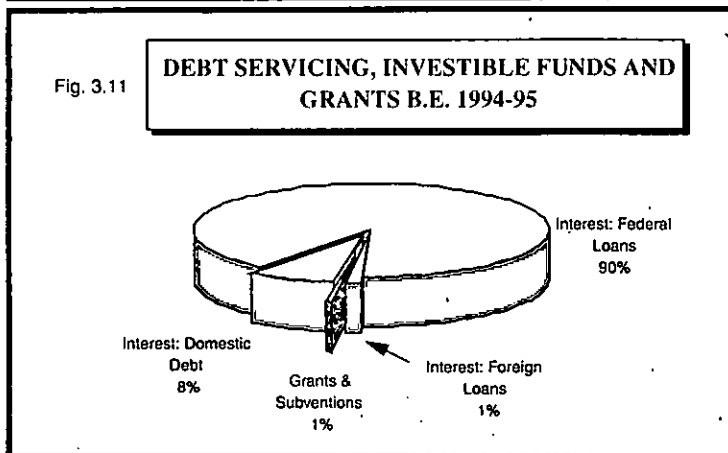
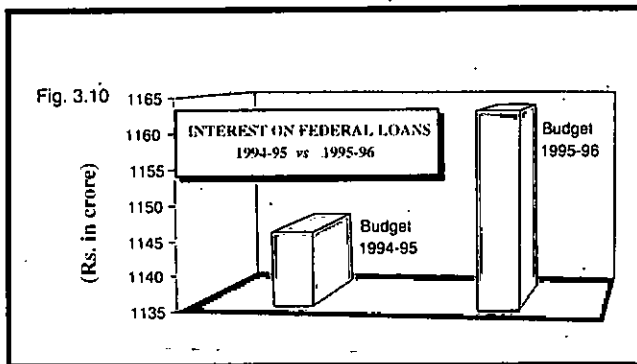
(Rs. in crore)

Interest on domestic debt is set to increase by Rs.10.98 crore (10.8%) in 1995-96, while interest on foreign loans is to go up by Rs.2.86 crore (18.9%) in 1995-96. The largest increase in absolute terms (Rs.17.42 crore) is in interest on federal loans. This increase is however just 1.5% over the 1994-95 level.



Debt servicing liability of the province was projected at Rs.1262.33 crore in the Budget Estimates 1994-95. It decreased to Rs.1219.99 crore in the Revised Estimates due to revision/decrease of mark up rate. During 1995-96, debt servicing liability is estimated at Rs.1293.59 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.

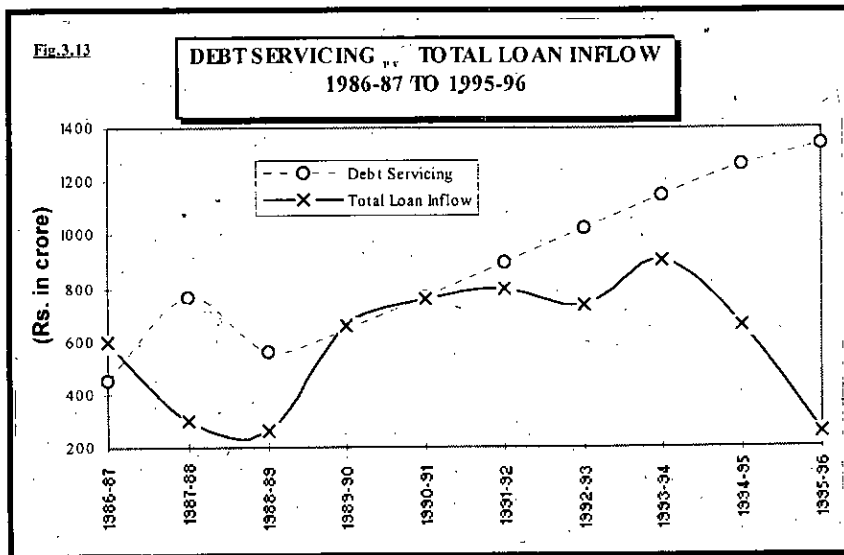
Grants and subventions increased from Rs.7.94 crore in the Budget Estimates 1994-95 to Rs.17.85 crore in the Revised Estimates and have been estimated at Rs.18.71 crore during 1995-96. Composition of this expenditure head and a comparison of expenditure allocations may be seen in Figures 3.9 to 3.12.



### 3.11 ECONOMICS OF DEBT SERVICING:

It has been stated earlier that there is a conscious effort from 1995-96 to fund developmental activities more and more from surplus in the Current Budget. This would be a departure from proverbial time-honoured procedure of funding the Annual Development Programme (a.k.a. Tammer-e-Punjab Programme) mainly from cash development loans obtained from the Federal Government - and a small part from foreign loans. While attractive in the short-term, the myopic policy of reliance on loans is now causing severe cash flow problems for the province.

The situation of net out-flow of resources on account of debt servicing of C.D.L. and foreign loans (mainly interest, including small amounts of principal) vis-à-vis net inflow of funds on account of CDL and foreign loans is given in Figure 3.13. The lesson is there to be learnt. As such we are trying to rectify the warped situation. Though the throw forward of years of living on loans would continue for some years, a consistent policy of moving away from CDL would eventually mean a reduction and eventual wiping off of the loan liability.



### 3.12 MISCELLANEOUS (UNALLOCABLE) ITEMS OF EXPENDITURE:

The Budget Estimates 1994-95 showed an amount of Rs.0.03 crore under this head which was repeated as Revised Estimates during the year. Budget Estimates 1995-96 have again been fixed as Rs.0.03 crore. This meagre amount includes expenditure for reconstruction and repair of boundary pillars along the Indo-Pak border.

### 3.13 SOCIAL ACTION PROGRAMME (SAP)<sup>1</sup>

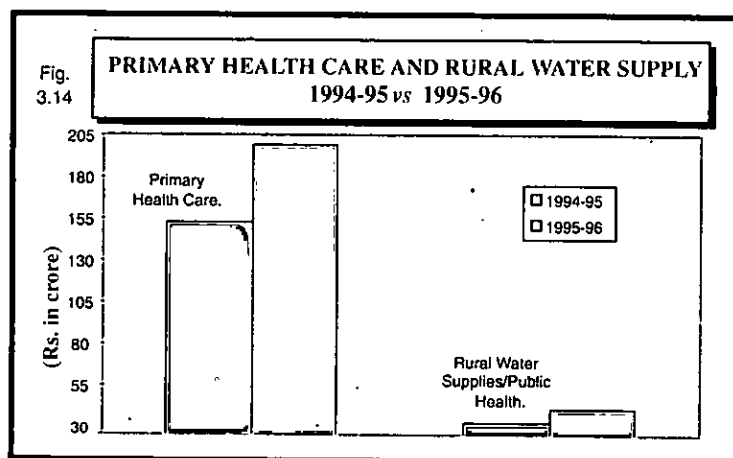
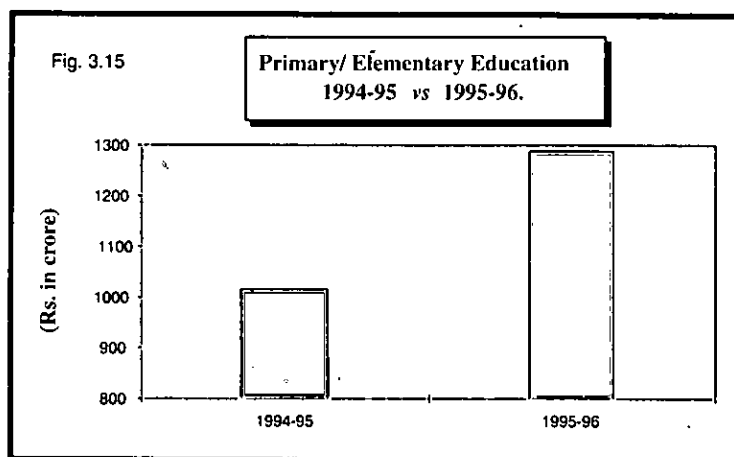
The SAP is a large and complex programme. Much has been achieved which the Province is proud of. The purpose of SAP is to reverse the past under-investment in social sectors in order to improve and expand basic social services. The most important element, and the greatest achievement of the SAP

<sup>1</sup> Based on information provided in the "Draft Operational Plan (SAP) 1995-96".

effort, has been to increase expenditure on the basic social services. In the current budget, the annual budget allocations have risen well above the rate of inflation and population growth, implying significant increase in per capita allocations. Comparative allocations are given in Table 3.6.

TABLE 3.6  
PRIMARY/ELEMENTARY EDUCATION, HEALTH CARE,  
AND RURAL WATER SUPPLIES (COMPARATIVE ALLOCATIONS)

	1994-95	1995-96	(Rs. in crore) % increase
Primary/Elementary Education.	1016.31	1288.31	26.76
Primary Health Care.	157.66	204.20	29.51
Rural Water Supplies/ Public Health.	36.85	46.00	24.83
<b>Total:-</b>	<b>1210.82</b>	<b>1538.51</b>	<b>27.06</b>



Actual expenditures have also increased, alongwith budget allocations, because of SAP-induced improvements in the timeliness of releases of budgeted funds to the implementing agencies. A stage has been reached where the flow of funds in social sectors is no longer a strategic constraint in expanding and improving the delivery of social services. Emphasis now can shift to strengthening of implementation apparatus.



Quality issues have been addressed at the overall funding level and emphasis, in particular, has shifted to the composition of the operating budget, to the vital need for adequate non-salary provisions. Details of basic packages to be delivered are being developed and refined. SAP has proved to be a powerful tool for capacity enhancement and general quality improvement. In all agencies, planning capacity has been improved, qualitative inputs are being enhanced (e.g., in-service training of service providers is being developed), rational criteria for site selection are being developed and implemented (and their use monitored), well-tested means to enhance effectiveness are being implemented (e.g. essential drug lists). More generally, crucial concerns of social sector service delivery are coming to the fore. The need to improve the organization of service delivery has been widely acknowledged. Most importantly, accountability is being increased, by ensuring community participation (in rural water-supply and sanitation schemes (RWSS), communities are participating in decision-making and are taking responsibility for maintenance; in education, parents are participating in school management decision making and supervision; in health, communities are participating in supporting health posts and contributing to selection of health workers. At the same time authority structures are being decentralized, with delegation of powers to lower levels of administration. Another quality enhancement has been a concerted effort to improve the gender balance of service delivery, in all sectors. In health in particular, enrollment of female paramedics has increased and the focus of service delivery has shifted significantly to serving the needs of women and children, not least through the long needed increase in the provision of family planning services through health facilities. In education, improving female participation has been accepted as the key target of performance.

### 3.14 PRIMARY/ELEMENTARY EDUCATION

Non-salary budget allocations for Primary Education have been increased substantially. Comparative allocations are as follows:-

TABLE 3.7  
PRIMARY EDUCATION  
(NON-SALARY) BUDGET

*(Rs. in crore)*

1994-95	1995-96	% increase
26.57	47.62	79.22

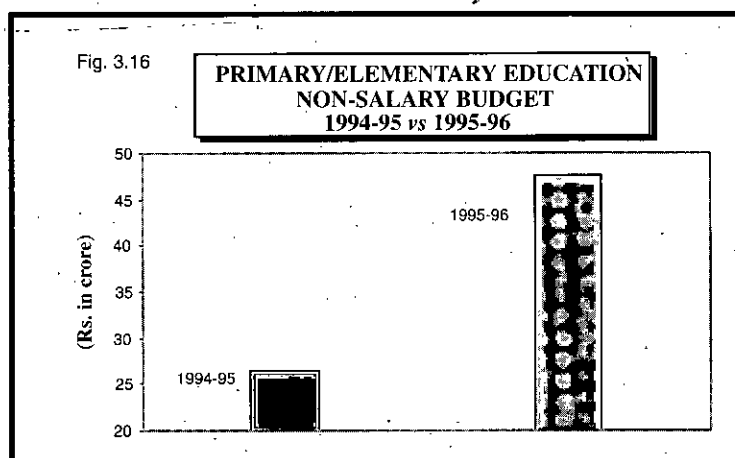
Non-salary budget allocations for school repairs and educational materials have been substantially enhanced and made non-fungible. A sum of Rs.10.00 crore has been allocated for educational materials for 80,000 primary and middle class rooms (Rs.1250 per class room) for 1995-96. An additional allocation of Rs.1.50 crore has been kept for provision of books, supplementary materials and teachers' guides. Similarly allocations for school repairs have been enhanced in 1995-96 by 28% over 1994-95.

Other major initiatives include the introduction of compulsion in primary education and the use of school management committees in educational materials' procurement and school repairs.

The teething problems of EMIS are over and its critical support to school location planning, rationalized staff deployment and other aspects of elementary education management is being mobilized. The non-salary allocation for EMIS of Rs.3.90 lac in 1994-95 has been revised upward to Rs.32.30 lac in

1995-96 (an increase of 728%). On the policy front, Government of the Punjab would further build on the impressive array of accomplishments during 1994-95, which include literacy-related promotional work, participatory planning and programming for school improvement, initiatives on community and NGOs' involvement in educational development, training and re-training of supervisory and managerial staff and measures on enhanced availability of female teachers.

To promote female literacy, all female learning coordinators under PEP-III shall be given a special allowance of Rs.300/- P.M. with effect from July 1, 1995 for which a sum of Rs.80.00 lac has been reflected in the recurrent budget for 1995-96.



### 3.15 PRIMARY HEALTH CARE

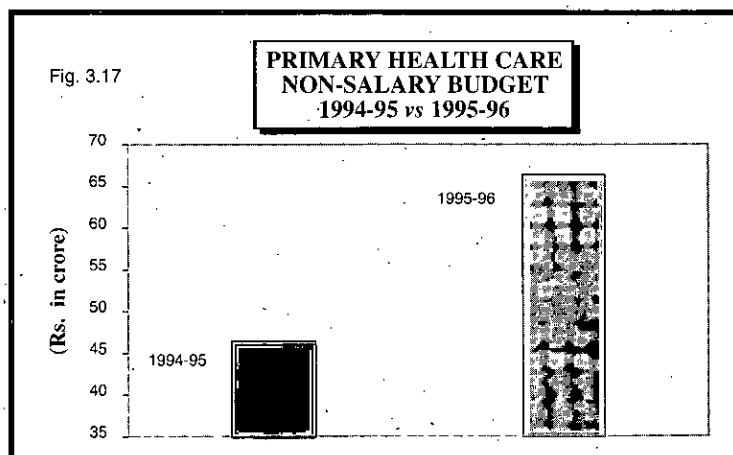
The operational budget for SAP components has been protected not only in terms of its current size but also for a reasonable real growth. The allocations for non-salary budget of SAP-related activities of Health Sector have been raised as under:-

TABLE 3.8  
**PRIMARY HEALTH CARE  
(NON-SALARY) BUDGET**

<i>(Rs. in crore)</i>		
1994-95	1995-96	% increase
46.37	66.33	43.04

Allocation for repairs and maintenance of rural facilities buildings has been raised from Rs.8.0 crore in 1994-95 to Rs.10.0 crore in 1995-96 ( an increase of 25%). The emphasis has shifted from expansion to consolidation of the existing resources.

The focus of the Health System decision makers has undergone a major change from curative to preventive services. The process for involvement of operational level managers in planning has been successfully started which would lead to gradual decentralization of planning function in future. Interventions have been initiated to involve communities in health care.



1994-95 has proved to be a year of good results. Despite resource constraints, allocations for current budget and its break-up have been in-line with SAP requirements. The overall utilization of current (including non-salary) budget remained good. Teaching aids were provided to five newly covered LHV schools. A meaningful progress was also achieved in arranging for studies to:

- Establish a referral system.
- Prepare a health manual.
- Integrate vertical programmes and staff.
- Improve service structure of Nurses and LHVs.
- Establish a system to monitor SAP indicators; and
- Prepare a workable plan for replacing mid-level malaria control staff.

Some progress was also achieved in the area of de-centralization. Financial powers were given to SMOs of RHCs to enable them to act as category-IV officers. They were also empowered to make local purchase of medicines upto 15% of the total budget for medicines. However, its full implementation/implication will be achieved after SMOs are trained in the necessary administrative/financial rules and procedures to enable them to exercise these powers judiciously.

One very significant area in which progress was achieved is the introduction of strategic planning mechanism in health sector planning. A Situational Analysis Report was prepared. Planning guidelines were approved on the basis of these guidelines, proposals from field formations were invited and a three years Rolling Plan formulated for 1995-98.

In the area of community mobilization, the field research project (pilot in Sheikhpura) was taken forward; village health committees have been constituted in a number of villages in the project area and

health workers nominated by these committees trained/deployed. Since this project involves non-paid women and is the only one of its kind in the country, it would be extremely important to closely watch its result.

In the area of NGO/Private Sector mobilization/participation, the Department of Health has actively pursued various avenues for inviting viable NGOs to take over its Primary Health Care facilities on a workable arrangement with the Department.

During 1995-96, efforts will be made to roll over steps that could not be achieved in 1994-95. SAP is a process of change in the health care system. It would include re-organization of PHC services. The Punjab Health Department is keenly interested in pursuing the goal of integrating all out-reach workers which would effectively place one worker at the disposal of 4 to 5 villages for all kinds of preventive programmes. This, in addition to the female village health workers being trained/deployed under the Prime Minister's Programme for Primary Health Care and Family Planning, is capable of bringing a revolution in the present working of the preventive programmes.

Similarly, an effort will be made during 1995-96 to train active community workers for:-

- Preventive health care
- Cure of common diseases
- Improvement of environment
- Optimum use of nutritional resources
- Child care
- Family planning and
- Referral assistance

Bio-data of these community workers will be arranged and preserved for future references. These persons will be prepared to abridge the emergent needs of the community and facilities being offered by the Government Department. Human resources so developed will be a continuing source of strength for the communities. They may be further supported by soft loans to set up chemists shops/dispensaries in the villages. Such village-based projects may be financed through Health Foundation or the Health Department directly. World Bank sponsored PDP is likely to offer positive opportunities for such ventures through NGOs.

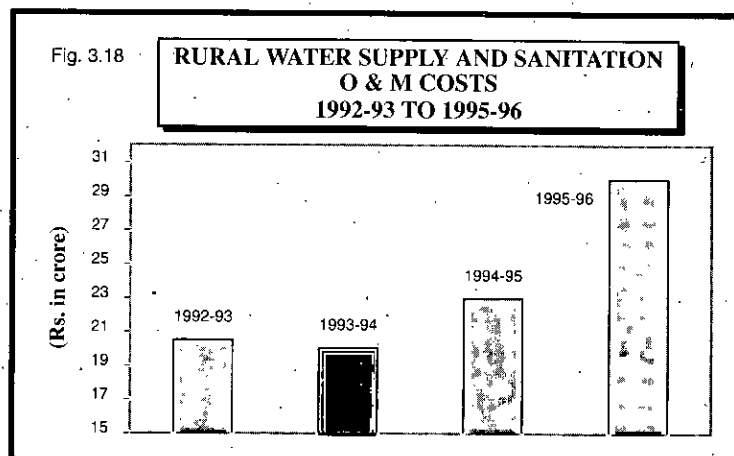
### **3.16 RURAL WATER SUPPLY AND SANITATION**

Allocations to fund O&M costs of rural water supply and drainage schemes have also been adequately raised in budget 1995-96. Comparative allocations are as under:

TABLE 3.9  
RURAL WATER SUPPLY AND SANITATION  
O & M COSTS 1992-93 TO 1995-96

<i>(Rs. in crores)</i>			
1992-93	1993-94	1994-95	1995-96
20.50	20.00	23.00	30.00

(The percentage increase in 1995-96 over 1994-95 is 30.43%).



The main features of Plan 1995-96 are as follows:-

- a) For sensitization and mobilizing the communities for meeting the objectives of the SAP policy, press and electronic media will be used in addition to holding district level workshops to elaborate new uniform policy particularly regarding O&M of completed schemes.
- b) Funds would be provided through the development budget for rehabilitation of non-functional rural water supply schemes. The programme would be linked to the process of transfer of schemes to the community under SAP policy and completed in the next two years. It is proposed to complete rehabilitation work of 200 schemes during 1995-96, leaving the balance rehabilitation work to 1996-97.
- c) Gradual involvement of communities in the operations and maintenance of RWSS schemes is the key note of the unified policy in this sector. It has been provided that communities would be prepared for taking over the existing schemes in a phased manner over a period of five years.
- d) Recovery of user charges from the existing schemes would be improved.

### 3.17 SAP THEMES FOR 1995-96

The primary objective of SAP is to improve the access to and the quality of basic social service delivery. Government of the Punjab, while endorsing this agenda, is committed to develop two specific themes for increased emphasis in 1995-96:-

- a) Decentralization of service delivery with a focus on service delivery outlets and community participation in service delivery management.
- b) Increased emphasis on ensuring that services are responding to the needs of women and girls.

**Introduction:**

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. Capital receipts which accrue to Account No. 1, comprise:

- grants from the federal government;
- extraordinary receipts;
- public debt, and
- 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.962.01 crore in the Budget Estimates 1994-95 increased to Rs.1125.53 crore in the Revised Estimates 1994-95 due to the increase in the interest on commercial loans. The target for procurement of wheat went down from 27.00 lac metric tons to 26.50 lac metric tons. The budget on this account for 1995-96 has been fixed at Rs.1123.48 crore keeping in view the anticipated procurement.

Details of capital receipts accruing to Account No. 1 and Account No. 2 are given in Table 4.1. These show an increase of Rs.116.75 crore in the Revised Estimates over the Budget Estimates 1994-95 and are expected to be Rs.1211.19 crore in 1995-96. In what follows, an effort has been made to explain the broad movements in the individual items that make up general capital receipts.

**4.1 EXTRAORDINARY RECEIPTS:**

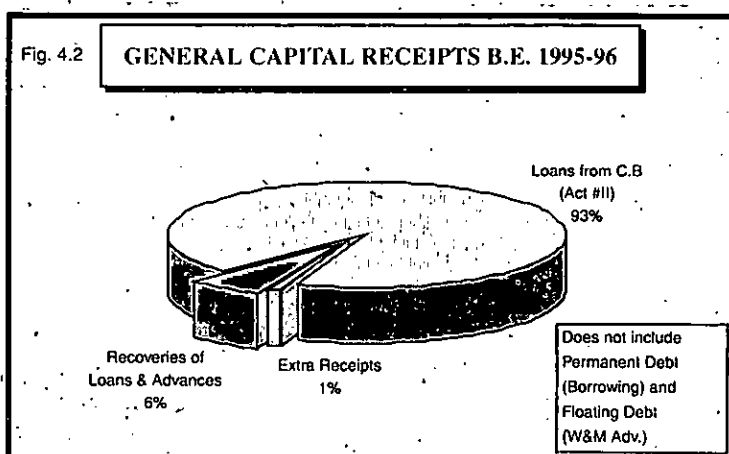
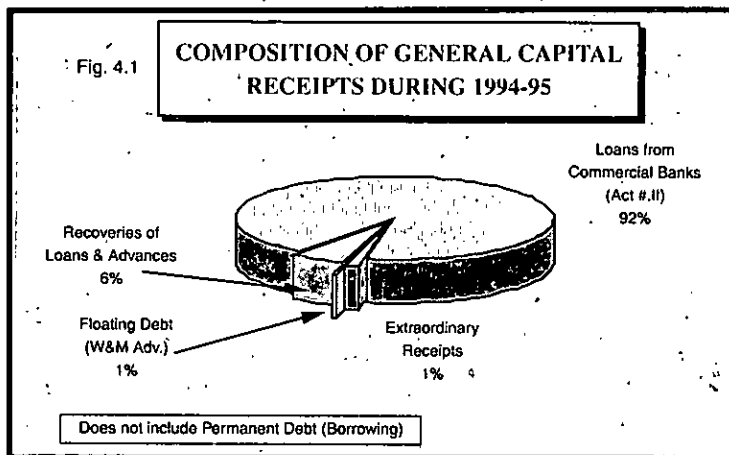
Extraordinary receipts accrue mainly from the sale of government land, interest on deferred payments of land sold in colony districts and proceeds from sale of plots in industrial estates. The Revised Estimates of Rs.14.32 crore show an increase of Rs.1.07 crore over the Budget Estimates of Rs.13.25 crore for 1994-95. The 8.07% increase during the year was due to normal growth. These receipts are expected to be at Rs.12.84 crore for 1995-96, a decrease of Rs.0.41

crore (3%). The share of Extraordinary Receipts, within the General Capital Receipts is about 1% (Figures 4.1 and 4.2).

**TABLE 4.1  
GENERAL CAPITAL RECEIPTS**

(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
Extraordinary Receipts	13.25	14.32	12.84
Permanent Debt (Borrowing)	0.09	-	0.11
Floating Debt (Ways & Means Advance)	6.12	-	-
Recoveries of Loans and Advances	59.32	17.69	74.76
Loans from Commercial Banks (Account No.II)	962.01	1125.53	1123.48
<b>Total :</b>	<b>1040.79</b>	<b>1157.54</b>	<b>1211.19</b>





#### 4.2 PERMANENT DEBT:

Public debt of the province includes floating debt and permanent domestic debt which, in turn, 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 is scheduled to be floated in 1995-96, a nil provision is reflected in the Budget Estimates.

#### 4.3 FLOATING DEBT (WAYS AND MEANS ADVANCES):

What was formerly the floating debt represented temporary borrowings from the State Bank of Pakistan, commonly known as ways and means advances. Ways and means advances were resorted to as and when the provincial government's cash balance with the State Bank of Pakistan fell 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 in the original sense of the term is over. On 1-7-1994, the State Bank of Pakistan, agreeing to Government of Punjab's longstanding demand, allowed an over draft limit of Rs.153 crore to the Government at 14% markup, in lieu of the earlier Rs.6.12 crore limit of floating debt. In case the overdraft goes over Rs.153 crore, interest at market rates (19%) would be charged. For a province the size of Punjab, the former limit was unrealistic (and was fixed about 20 years ago). The new OD limit would make for better financial management. Provision for an OD is not required. As such, there is a nil allocation for 1995-96.

#### 4.4 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<sup>1</sup>, 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 decreased from Rs.59.32 crore in the Budget Estimates to Rs.17.69 crore in the Revised Estimates 1994-95. A provision of Rs.74.76 crore for 1995-96 has been made in anticipation of recoveries of loans and advances during 1995-96. The shortfall in actual recoveries against the budgeted estimates is largely on account of non-performance of loans made to various autonomous bodies/corporations of the provincial government. The major defaulters are the Punjab Road Transport Corporation (P.R.T.C.), Tourism Development Corporation of Punjab (T.D.C.P.), W.A.S.A. (L.D.A.), W.A.S.A. (F.D.A.), Auqaf Department, amongst others.

<sup>1</sup> No new loans were sanctioned during the year as 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.

**CURRENT CAPITAL EXPENDITURE****Introduction:**

Current Capital Expenditure, like the General Capital Receipts, figures in both Account No. I and Account No. II of the provincial government which are maintained with the State Bank of Pakistan. The expenditure in Account No. I under this head would consist of 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 current capital expenditure are given in Table 5.1.

TABLE 5.1  
CURRENT CAPITAL EXPENDITURE

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
ACCOUNT NO. I			
Debt Servicing (Principal repayment)	139.30	134.25	155.87
Loans and Advances	40.98	53.05	40.28
State Trading in Medicines and Coal	0.08	0.07	0.09
Total Account No. I:	180.36	187.37	196.24
ACCOUNT NO. II			
State Trading in Foodgrains (Net)	(-) 79.61	(+) 78.61	(-) 98.51
Debt Servicing	1041.62	1046.92	1221.99
Total Account No. II:	962.01	1125.53	1123.48
Grand Total Accounts I & II:	1142.37	1312.90	1319.72

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

Debt servicing (amortisation) in Account No. I consists of payment of principal instalments on market loans, ways and means advances, federal government loans and foreign debt.

The expenditure has decreased from Rs.139.30 crore in Budget Estimates 1994-95 to Rs.134.25 crore in the Revised Estimates. Budget estimates 1995-96 have been fixed at Rs.155.87 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 1994-95, the total debt liability of the Punjab Government will be Rs.8248.83 crore. The details are as follows:

		<i>(Rs. in crore)</i>
a:	on account of rupee loans received from federal government	7645.74
b:	on account of counterpart fund rupee loans	21.03
c:	on account of foreign exchange loans	582.06
<b>Total:</b>		<b>8248.83</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. Details of the loans outstanding against the provincial government on 30-6-1995 are given in Appendix-B. Of the total liability of Rs.8248.83 crore, about 92.69 per cent is on account of rupee loans which are owed to the federal government.

Current Capital Expenditure is concerned chiefly with repayment of principal of loans outstanding against the Government, with interest being taken care of in Current Revenue Expenditure. Table 5.2 provides a 10 year analysis of debt servicing by Government of Punjab. It is interesting to note that total debt servicing has increased by Rs.883.61 crore in 10 years - a jump of about 195% over the amount in 1986-87. As explained in Chapter 3, the quantum leap in the amount of debt servicing has mainly been due to repayment of interest and part of principle on cash development loan, taken liberally in the past to finance the development activity in the Province. With a policy of relying more and more on local funds for development --- which is being followed now -- it is expected that debt servicing would gradually decrease in the coming years.

TABLE 5.2  
DEBT SERVICING SINCE 1986-87

*(Rs. in crore)*

Year	Principal (1) <sup>1</sup>	Interest (2)	Total (1+2)
1986-87	30.59	422.60	453.19
1987-88	309.84	458.46	768.30
1988-89	56.41	499.03	555.44
1989-90	63.25	577.35	640.60
1990-91	77.14	689.42	766.56
1991-92	84.36	809.98	894.34
1992-93	100.10	925.90	1026.00
1993-94	115.77	1033.65	1149.42
1994-95	134.25	1126.37	1260.62
1995-96	155.76	1181.04	1336.80

Table 5.3 shows the total debt servicing in two components, Foreign Loan and Domestic Loan.

TABLE 5.3  
DEBT SERVICING: DOMESTIC AND FOREIGN COMPONENTS

*(Rs. in crore)*

Year	Foreign (1)	Domestic (2)	Total (1+2)
1986-87	12.80	440.39	453.19
1987-88	15.53	752.77	768.30
1988-89	20.68	534.76	555.44
1989-90	25.37	615.23	640.60
1990-91	22.02	744.54	766.56
1991-92	30.81	863.53	894.34
1992-93	36.16	989.84	1026.00
1993-94	37.87	1111.55	1149.42
1994-95	44.53	1216.09	1260.62
1995-96	47.45	1289.35	1336.80

## B. MARKET LOANS

Market loans are a tool of fiscal management. Government of the Punjab is allowed, with the prior permission of the Federal Government, to float market loans. These are floated for a fixed amount of public subscription at a guaranteed rate of return. However in practice the Government of the Punjab has not floated a totally new market loan in recent past. On maturity, the existing market loans---which are mostly a legacy of the one-unit era---are retired through floatation of new loans. The details of market loans outstanding at the end of the financial year 1994-95 are given in Table 5.4.

<sup>1</sup> Figures relate to Revised Estimates, which are finalized after reconciliation with the Federal Government.

TABLE 5.4  
MARKET LOANS OF PUNJAB GOVERNMENT

*(Rs. in crore)*

	Name of the loan	Year of issue	Date of maturity	Amount
1.	10.75% Punjab Loan 1996	1986	13.9.1996	2.73
2.	10.75% Punjab Loan 1997	1987	27.8.1997	5.06
3.	10.50% Punjab Loan 1998	1988	12.10.1998	7.58
4.	10.50% Punjab Loan 1999	1989	17.9.1999	7.85
5.	15% Punjab Loan 2001	1991	27.8.2001	7.52
6.	16% Punjab Loan 2004	1994	19.6.2004	10.60
	<b>Total:</b>			41.34

### C: WAYS AND MEANS ADVANCES

The Punjab Government was earlier allowed to 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 were resorted to when the provincial government experienced shortfalls in its cash balance and temporary loans thus become necessary to run the government's day-to-day business. As of 1-7-1994, State Bank of Pakistan has allowed Punjab Government an over-draft facility of Rs.153 crore. This line of credit is at 14% interest. Over and above this limit, penal interest at 19% would be charged. As such ways and means advances in the original sense, are no longer a part of debt servicing.

### II. LOANS AND ADVANCES:

The provincial government advances loans to cultivators and local/autonomous bodies for specific purposes. Against a provision of Rs.40.98 crore in the Budget Estimates, loans of Rs.53.05 crore were advanced in 1994-95. The increase reflects loans to P.R.T.C., Multan Development Authority and Tourism Development Corporation of Punjab for payment of salaries and other current expenditures. The Budget Estimates 1995-96 are going to be Rs.40.28crore, the large part of which would finance salary expenditure of the Punjab Road Transport Corporation.

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

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

**INTRODUCTION:**

State trading operations of the provincial government are concentrated in 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. State trading in foodgrains is carried on with borrowings from nationalised and other commercial banks, as per cash credit accomodation facilities by the State Bank of Pakistan. The details of receipts and expenditures resulting from state trading operations of the provincial government are given in Table 6.1.

**TABLE 6.1**  
**STATE TRADING SCHEMES**  
(Rs. in crore)

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>A: FOODGRAINS</b>			
Gross Expenditure on Purchase of Foodgrains	1279.14	1307.11	1305.99
Deduct recoveries	(-) 1358.75	(-)1228.50	(-)1404.50
Net Expenditure:	(-) 79.61	(+)78.61	(-)98.51
<b>B: STATE TRADING IN MEDICAL STORES:</b>			
Expenditure	15.00	15.85	15.82
Deduct Recoveries	(-) 15.00	(-)15.85	(-)15.82
Net Expenditure:	-	-	-
<b>C: STATE TRADING IN COAL:</b>			
Expenditure	0.08	0.07	0.09
Deduct Recoveries	-	-	-
Net Expenditure:	(+) 0.08	(+)0.07	(+)0.09

**6.1 FOODGRAINS:**

The expenditure on purchase, handling and storage of wheat during 1994-95 increased from the estimated amount of Rs.1279.14 crore to Rs.1307.11 crore in the Revised Estimates as a consequence of increase in interest liability of loans from commercial banks. In the Budget Estimates 1994-95 receipts from the sale of foodgrains were estimated at Rs.1358.75 crore. In the revised estimates these receipts stand at Rs.1228.50 crore.

The procurement price of indigenous wheat for 1995-96 has been fixed at Rs.4000 per metric ton and Rs.4882.57 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. The purchase target for 1995-96 is 27.00 lac metric ton of wheat (24.00 lac metric ton of indigenous wheat and 3.00 lac metric ton of imported wheat). To meet this target, initially only an amount of Rs.1305.99 crore has been made available in 1995-96. Receipts during the year from the sale of foodgrains are estimated at Rs.1404.50 crore.

Receipts have been budgeted more than expenditure because carry over stocks from the reserve of 1994-95 would be accounted for at the higher issue price.

## 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 1994-95, no sale proceeds of coke from the stocks are expected against an expenditure of Rs.0.08 crore (BE) and Rs.0.07 crore (RE). In 1995-96, the situation would be similar with no sales expected from stocks against an expenditure provision of Rs:0.09 crore.

Chapter Seven  
**PUBLIC ACCOUNT TRANSACTIONS**

**INTRODUCTION:**

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 the expenditure side. These are categorised broadly as unfunded debt (deferred liabilities), deposits and reserves, and remittances.

Table 7.1 shows receipts and disbursements from the public account transactions and their net effect in 1994-95 and in the Budget Estimates 1995-96.

TABLE 7.1  
**PUBLIC ACCOUNT TRANSACTIONS**

*(Rs. in crore)*

	Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>RECEIPTS</b>			
<b>Deferred Liabilities:-</b>			
State Provident Fund.	146.19	156.27	156.27
Benevolent Fund.	45.53	45.47	58.69
Deposits and Reserves	1269.13	474.09	854.51
Remittances	2296.44	2203.08	2304.05
<b>Total :</b>	<b>3757.29</b>	<b>2878.91</b>	<b>3373.52</b>
<b>DISBURSEMENTS</b>			
<b>Deferred Liabilities:-</b>			
Disbursement (State Provident Fund)	65.97	71.76	71.76
Investment (State Provident Fund)	-	84.51	84.51
Benevolent Fund.	36.50	36.75	45.44
Deposits and Reserves	1214.05	482.18	867.10
Remittances	2296.44	2203.08	2304.05
<b>Total:</b>	<b>3612.96</b>	<b>2878.28</b>	<b>3372.86</b>
<b>NET</b>			
Deferred Liabilities	89.25	8.72	13.25
Deposits and Reserves	55.08	(-)8.09	(-)12.59
Remittances	-	-	-
<b>Total:</b>	<b>(+) 144.33</b>	<b>(+)0.63</b>	<b>(+)0.66</b>

**7.1 DEFERRED LIABILITIES:**

Unfunded debt is the deferred 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 1994-95 increased to



Rs.156.27 crore from the Budget Estimate of Rs.156.19 crore. Budget Estimates for 1995-96 have been fixed at Rs.156.27 crore.

## 7.2 DEPOSITS AND RESERVES:

Deposits and reserves 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 as receipts and disbursement of equal size are shown on both sides of the account.

## 7.3 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 1995-96 as was done for 1994-95.

## 7.4 INVESTMENT OF PROVIDENT FUND (UNFUNDED DEBT) BALANCED

Punjab Government, in the past, had been utilising net public account receipts either to finance deficit in the current budget or development expenditures. This amounted to internal borrowing which is more expensive than the Cash Development Loan. The size of surplus in recent years included excess of receipts in the provident fund of government employees (unfunded debt) over disbursements. It was feasible when the rate of return paid to Government employees on their provident fund balances was much lower than the market rate. With the passage of time, however, the rate of return, inclusive of bonus, on G.P.Fund balances has increased to 20 percent and, therefore, the use of these funds to finance development expenditures is much more expensive than CDL and the government in the end will be left with no alternative but to borrow from State Bank of Pakistan by increasing deficit in the cash balance.

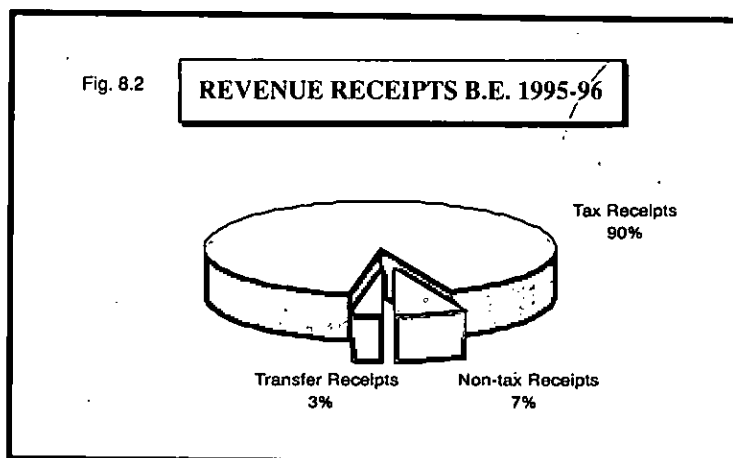
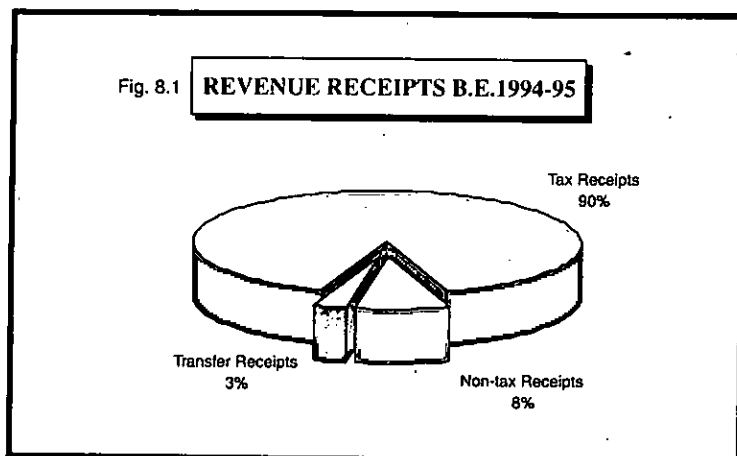
Since Government of the Punjab is presently enjoying a surplus cash balance, it has been decided to invest provident fund balances in government securities and to exclude these from the estimated surplus for the year 1995-96. State Bank of Pakistan and Ministry of Finance have already been moved in this regard.

**INTRODUCTION:**

The revenue 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.

**8.1 REVENUE RECEIPTS:**

Budget Estimates 1995-96 show the provincial government's general revenue receipts at Rs.7207.28 crore. A major part of these receipts, amounting to Rs.6518.20 crore and constituting almost 90 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 revenue receipts for 1994-95 and 1995-96 is given in Table 8.1 and is represented graphically in figures 8.1 and 8.2.



The share of transfer receipts holds ground at 3% in 1995-96, while the percent share of non-tax revenues decreases slightly (despite an increase in absolute terms). The tax revenue share goes up a notch from 89.51% to 90.49% in 1995-96 over 1994-95.

TABLE 8.1  
REVENUE RECEIPTS

	Tax receipts	%	Non-tax receipts	%	Transfer receipts	%	Total
Budget 1994-95	5374.59	89.51	460.12	7.67	169.48	2.82	6004.19
Revised 1994-95	5436.36	89.85	431.99	7.14	182.19	3.01	6050.54
Budget 1995-96	6518.20	90.44	494.25	6.86	194.83	2.70	7207.28

(Rs. in crore)

## 8.2 TAX RECEIPTS:

Tax receipts include the provincial government's share in the federal divisible taxes and its own tax revenues. These will constitute 90.44 percent of the total general revenue receipts in Budget Estimates 1995-96 against 89.51 percent in the Budget Estimates 1994-95 and 89.85 percent in the Revised Estimates. The rise in the ratio of tax receipts in the Revised Estimates was due to increase in size of the federal divisible pool of taxes from which the provinces receive their shares in accordance with NFC Award 1990.

## 8.3 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 8.1 shows that non-tax receipts, other than transfers, accounted for 7.14 percent of total revenue receipts in the Revised Estimates as compared to 7.67 percent in the Budget Estimates 1994-95. These are estimated to be 6.86 percent of the total revenue receipts during 1995-96. Tables 2.5 to 2.9 in Chapter 2 give details of non-tax receipts of the provincial government.

## 8.4 TRANSFER RECEIPTS:

Transfer receipts include interest receipts, federal grants, receipts-in-aid of superannuation (pension contribution) and federal transfers. Table 8.1 shows that transfer receipts constitute 2.70 percent of the estimates for 1995-96. Transfer receipts increased in the Revised Estimates because of increased level of receipts of federal grants, other federal transfers and improvement in interest receipts on provincial loans and advances. There is also a rise in the Budget Estimates 1995-96 of transfer receipts, mainly due to an increase in receipts in aid of superannuation, interest on provincial loans and other federal transfers. (Despite the increase, the proportionate share has gone down slightly). For a fuller detail of estimated receipts of federal transfers, Tables 2.1 and 2.2 may be referred to.

## 8.5 CLASSIFICATION OF TAX REVENUE:

The distribution of tax revenue between receipts from direct and indirect taxes is given in Table 8.2. The ratio between direct (income tax plus the direct provincial taxes) and indirect taxes (export duty on cotton, sales tax, excise duty on tobacco and sugar and indirect provincial taxes) works out at roughly 45:55 in the Budget Estimates 1995-96 as compared to 46:54 in the Budget Estimates for 1994-95. A major part of the tax receipts of the province is drawn from federally collected divisible taxes. Table 8.3 indicates the ratio such taxes bear to the receipts of provincial government from other taxes.

TABLE 8.2  
CLASSIFICATION OF TAX REVENUE

	DIRECT		INDIRECT		Total
	Amount	%	Amount	%	
Budget 1994-95	2466.01	45.88	2908.58	54.12	5374.59
Revised 1994-95	2509.31	46.16	2927.05	53.84	5436.36
Budget 1995-96	2905.52	44.58	3612.68	55.42	6518.20

(Rs. in crore)

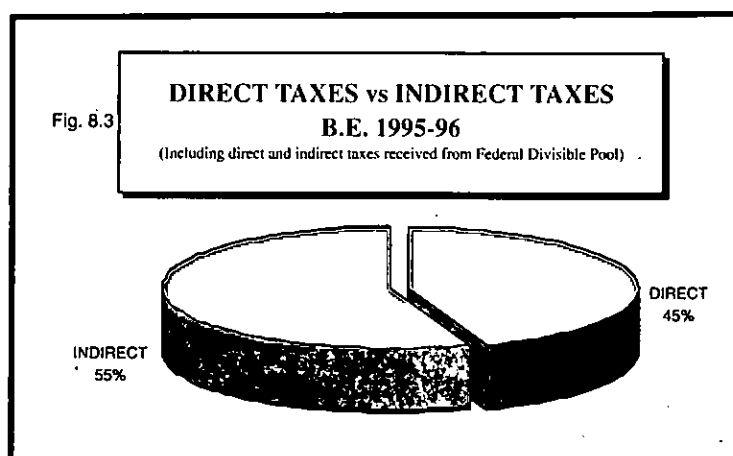
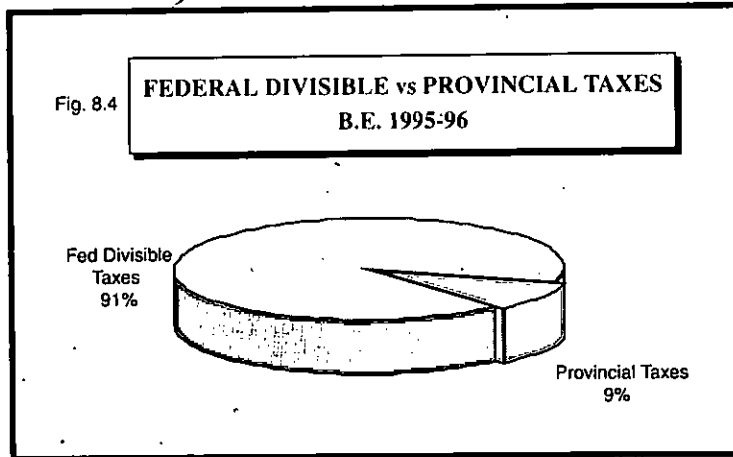


TABLE 8.3  
RATIO OF RECEIPTS FROM FEDERAL DIVISIBLE TAXES  
AND PROVINCIAL TAXES

	Federal Divisible Taxes		Provincial Taxes		Total
	Amount	%	Amount	%	
Budget 1994-95	4761.63	89	612.96	11	5374.59
Revised 1994-95	4896.63	90	539.73	10	5436.36
Budget 1995-96	5930.39	91	587.81	9	6518.20

(Rs. in crore)

The percentage of the federal divisible taxes in the total tax receipts of the provincial government will increase marginally from 90 percent in the Revised Estimates 1994-95 to 91 percent in the Budget Estimates 1995-96. 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 8.4 shows details of federal divisible taxes which are passed on to this province.

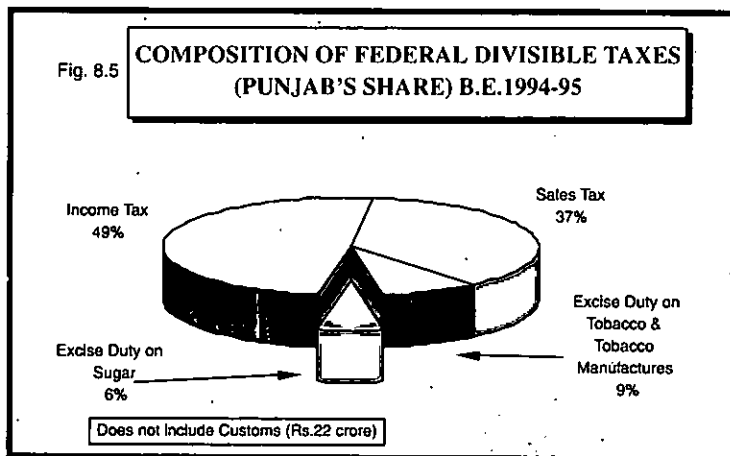


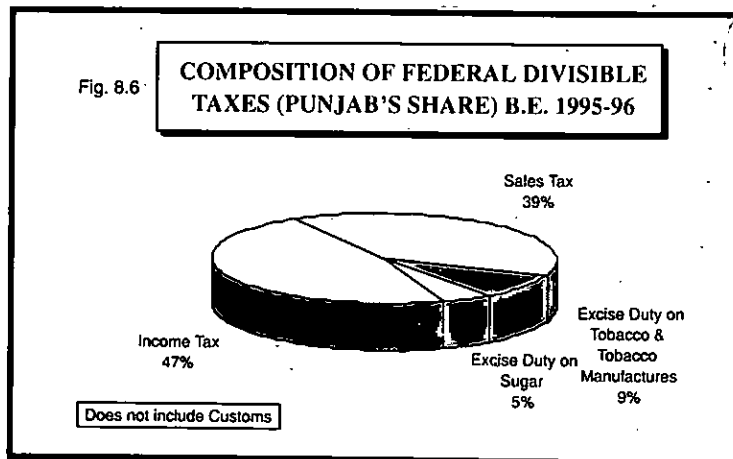
**TABLE 8.4 COMPOSITION OF THE PUNJAB'S SHARE OF FEDERAL DIVISIBLE TAXES**

(Rs. in crore)

	Budget 1994-95		Revised 1994-95		Budget 1995-96	
	Amount	%	Amount	%	Amount	%
Income Tax	2330.80	49	2376.33	49	2759.67	47
Sales Tax	1740.20	37	1869.53	38	2332.95	39
Customs	22.00	-	-	-	-	-
Excise Duty on Tobacco and Tobacco Manufactures	404.70	8	398.63	8	549.42	9
Excise Duty on Sugar	263.93	6	252.14	5	288.35	5
<b>Total:</b>	<b>4761.63</b>	<b>100</b>	<b>4896.63</b>	<b>100</b>	<b>5930.39</b>	<b>100</b>

A comparison of the receipts from different taxes levied and collected by the provincial government is given in Table 8.5 (figure 8.7). 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 36 percent in the total tax receipts for 1995-96. Land Revenue and Motor Vehicles Tax follow with a contribution of 18 percent and 17 percent respectively in the total revenue. Other important sources of provincial tax receipts are electricity duty and cotton fee, which will contribute 10 percent and 4 percent of the provincial tax receipts respectively.





Revised Stamp Duty receipts have declined by Rs.82.65 crore from a Budget Estimate of Rs.273.53 crore. The main reason for this is a growing tendency in property transactions to avoid registration of documents which attracts a capital value tax at the rate of 5% of the capital value in addition to the usual stamp duty. The heavy incidence of taxes on property transactions combined with a dull property market have had a significant effect in slowing down the growth in revenue from this potentially buoyant source of revenue. However, as described in Chapter 2, Government is taking steps to diversify the base of Stamp Duty collections. Comparison of the provincial taxes in 1994-95 and 1995-96 is shown in figure 8.10. An analysis performance of major provincial taxes in the last five years is given in figures 8.11 and 8.12. In figure 8.13, the relative size of Punjab's share from divisible pool is given along with the size of indirect and direct taxes in the past five years.

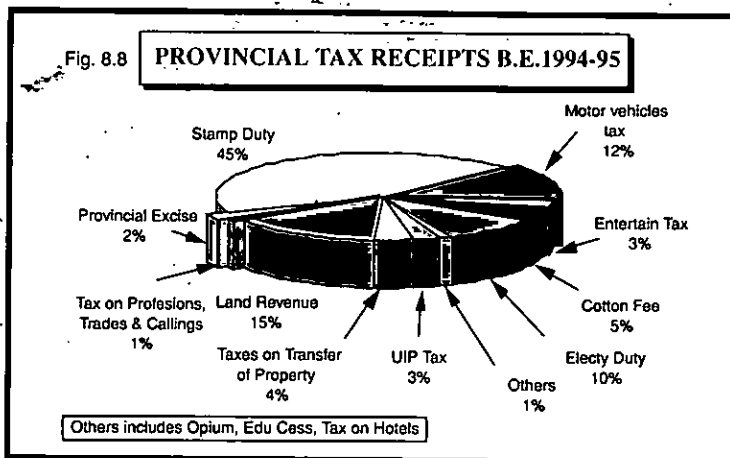
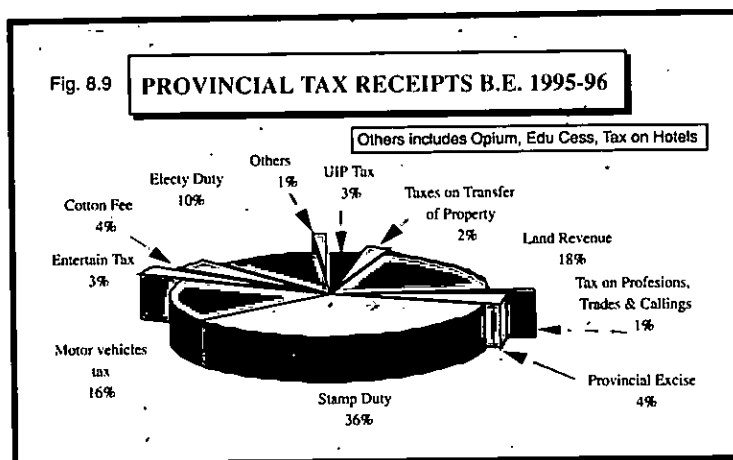


TABLE 8.5  
PROVINCIAL TAX RECEIPTS

(Rs. in crore)

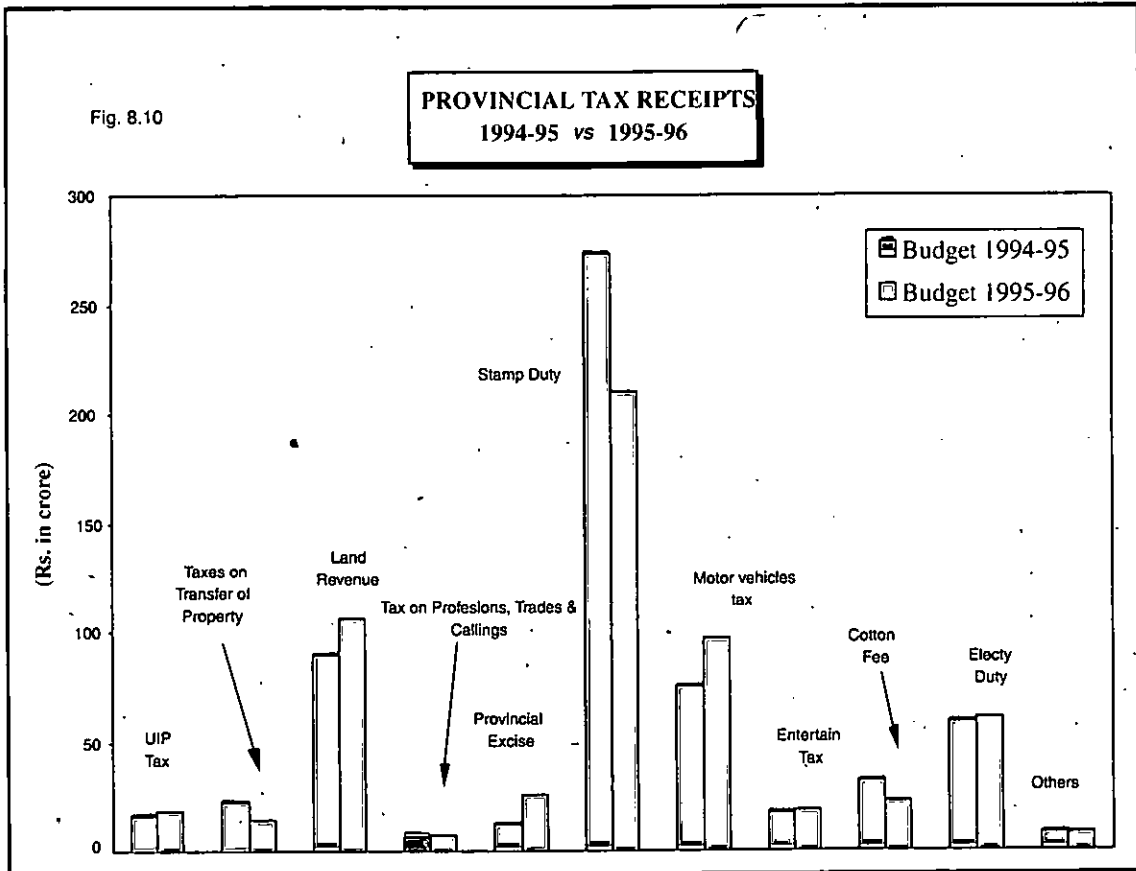
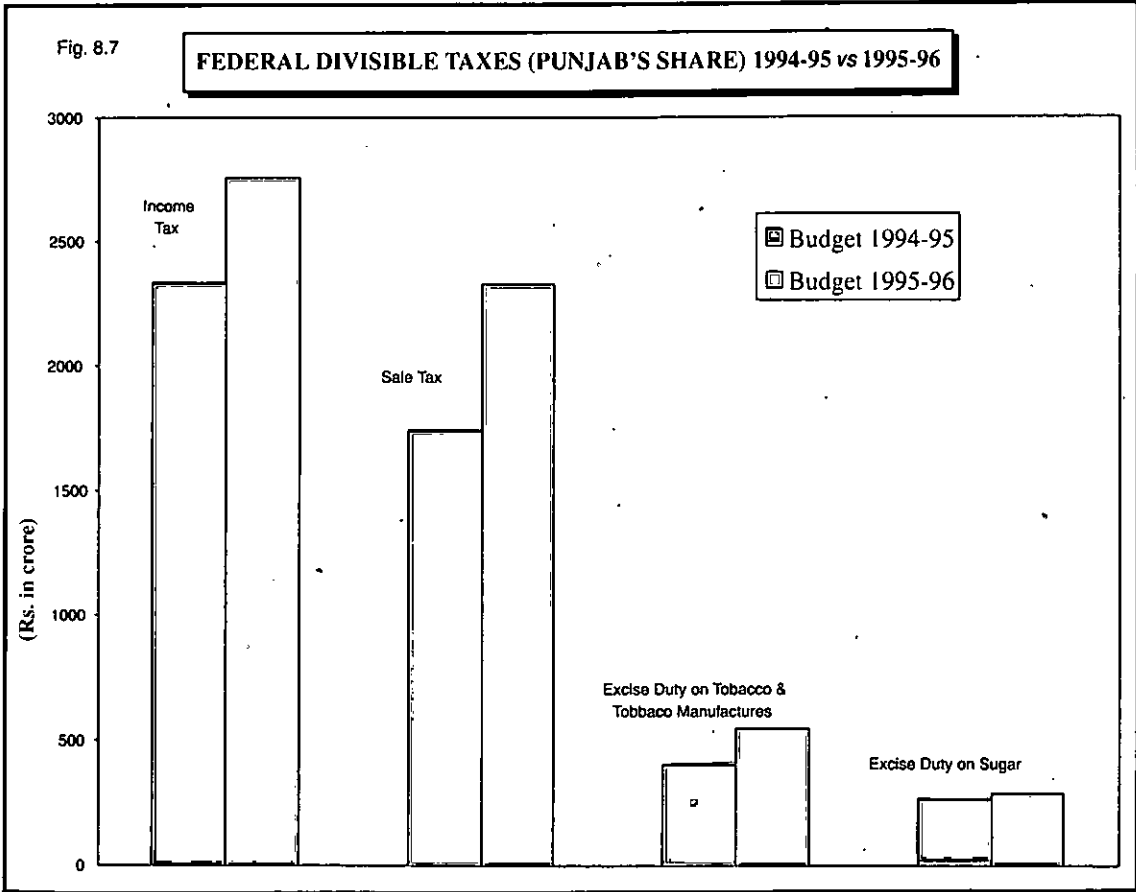
	Budget 1994-95		Revised 1994-95		Budget 1995-96	
	Amount	%	Amount	%	Amount	%
Tax from agriculture	-	-	-	-	-	-
Urban immovable property tax	16.03	3	17.57	3	18.27	3
Taxes on transfer of property	23.14	4	13.50	3	14.50	3
Land revenue	89.88	15	95.75	18	106.11	18
Tax on professions, trades and callings	6.16	1	6.16	1	6.97	1
Provincial excise	12.52	2	24.12	5	25.75	4
Sale of opium	0.72	-	0.72	-	0.80	-
Stamp duty	273.53	45	190.88	35	210.17	36
Motor vehicles tax	75.41	12	93.91	17	96.54	17
Entertainment tax	17.61	3	18.53	4	18.53	3
Education cess	0.08	-	0.08	-	0.08	-
Cotton fee	32.40	5	22.40	4	22.40	4
Tax on hotels	4.28	1	4.25	1	4.61	1
Electricity duty	58.34	9	49.75	9	60.97	10
Others	2.86	-	2.11	-	2.11	-
<b>Total:</b>	<b>612.96</b>	<b>100</b>	<b>539.73</b>	<b>100</b>	<b>587.81</b>	<b>100</b>



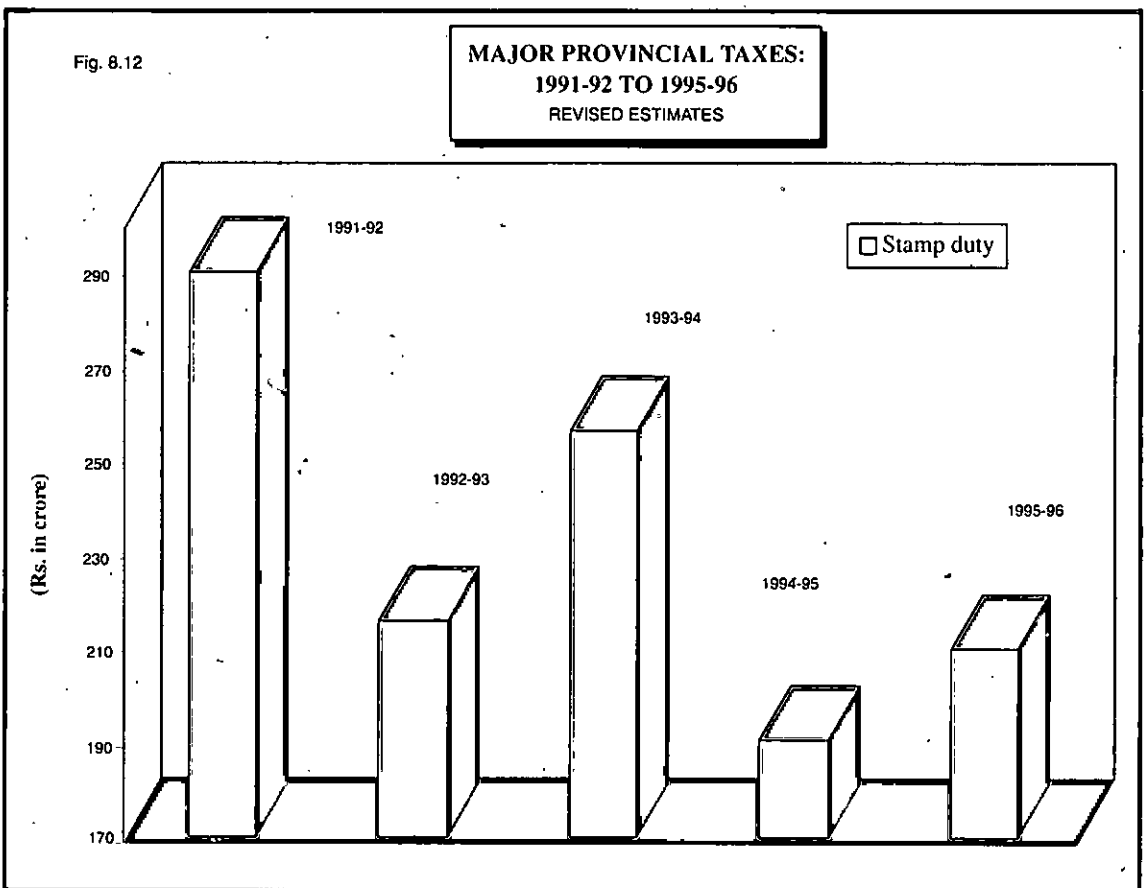
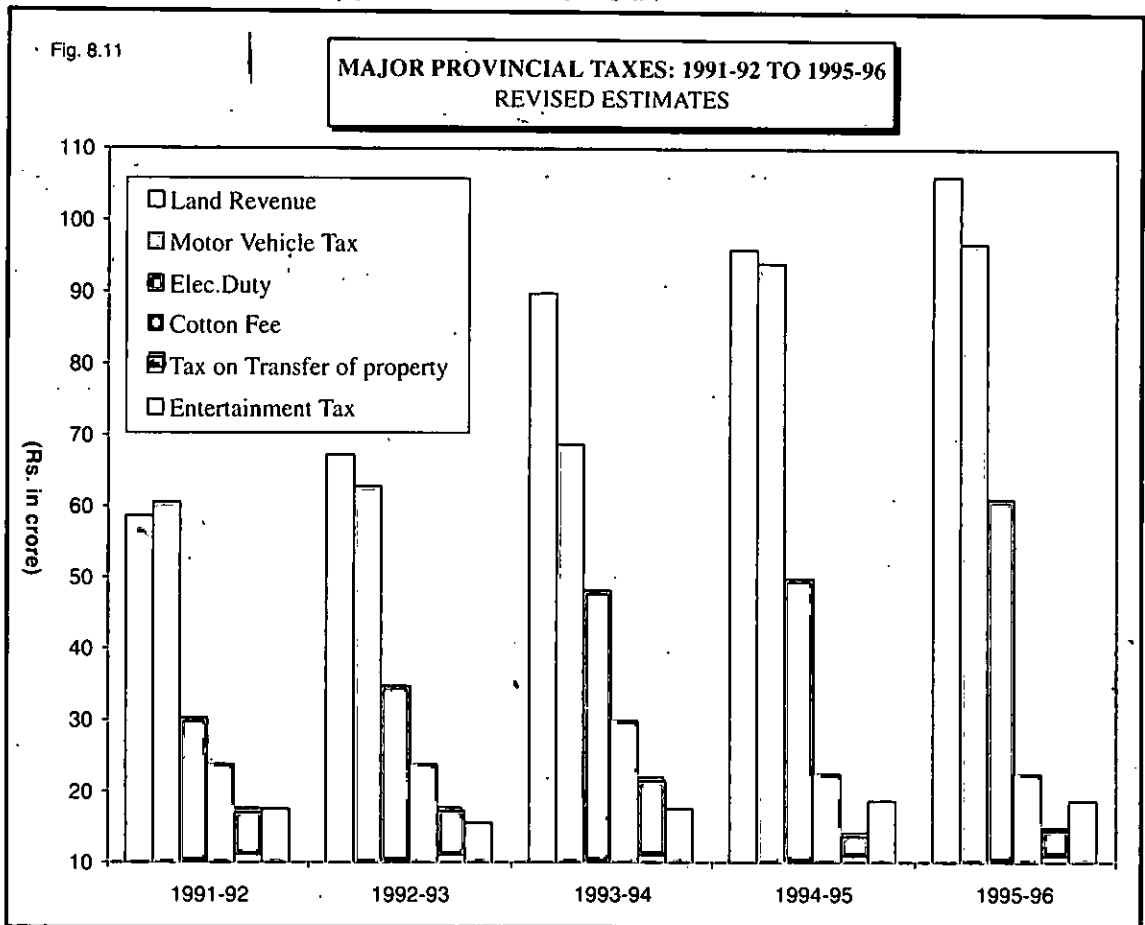
## 8.6 REVENUE EXPENDITURE:

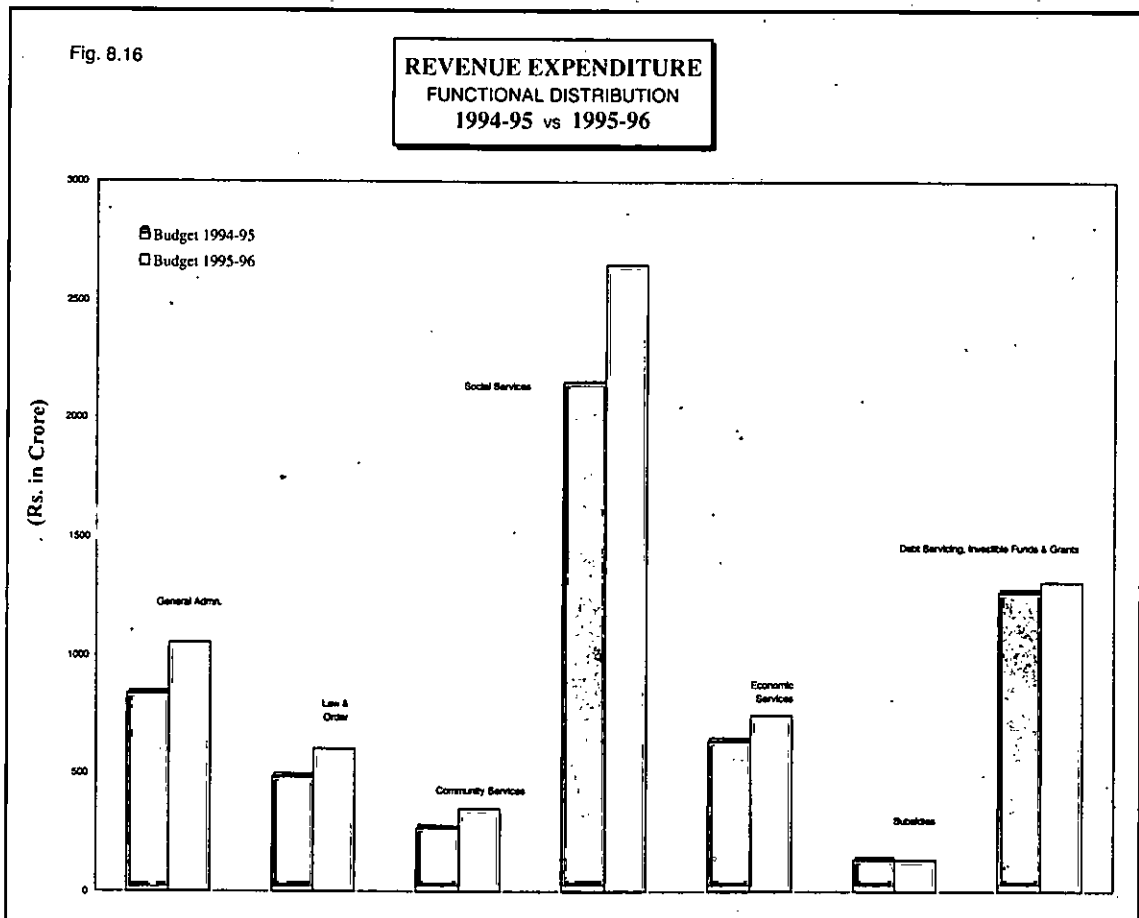
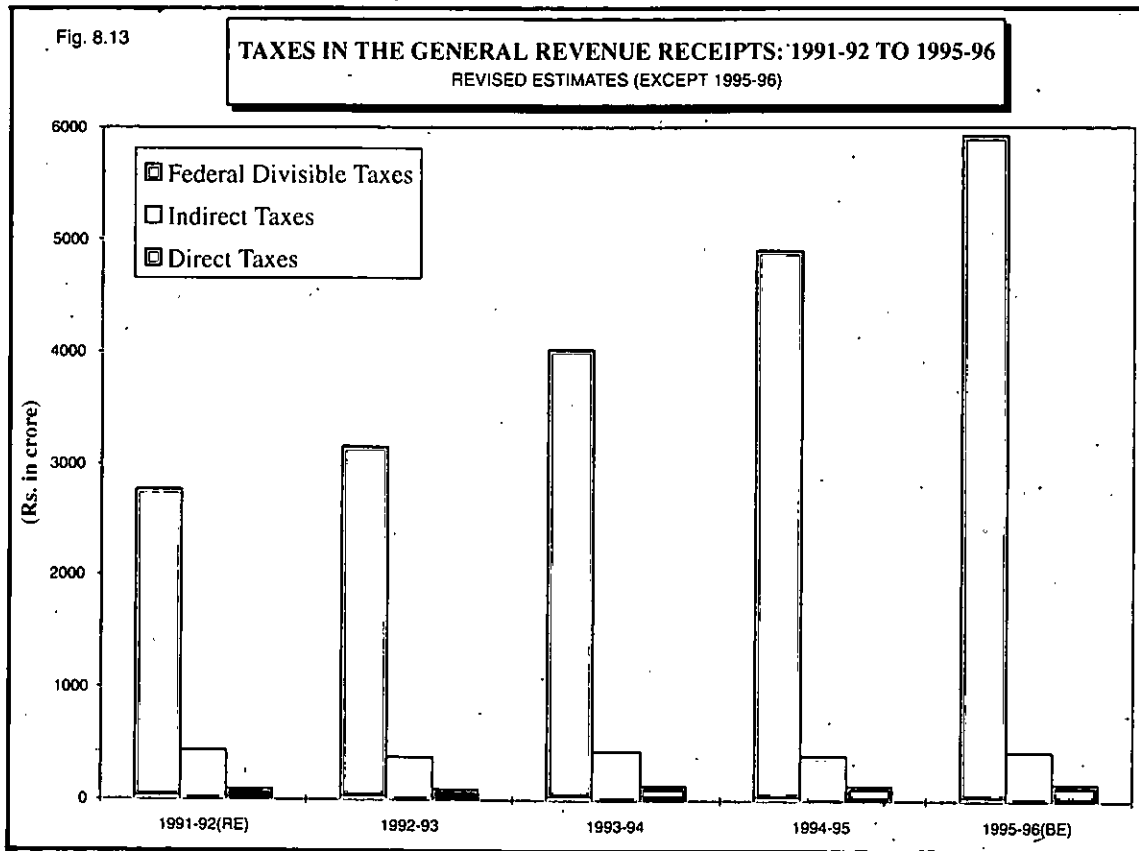
The revenue expenditure of the provincial government comprises :

- 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.).









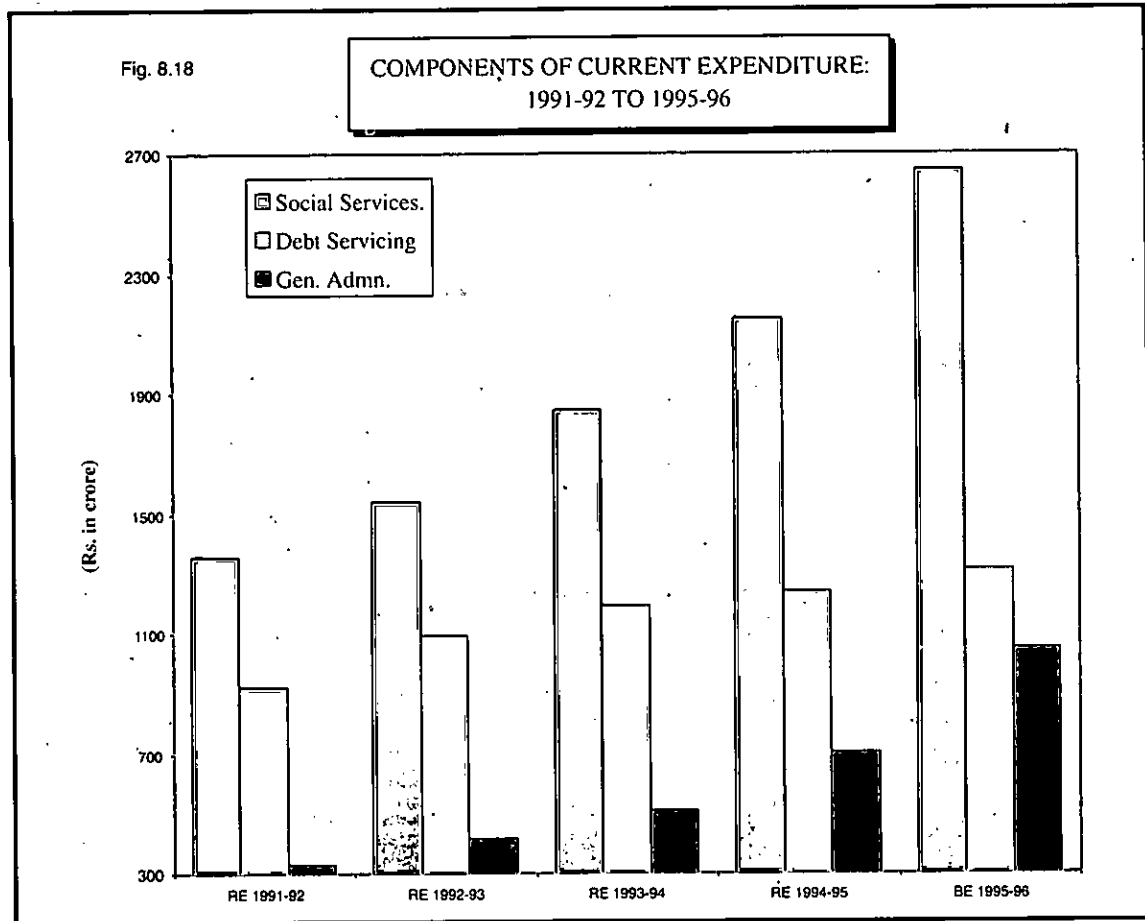
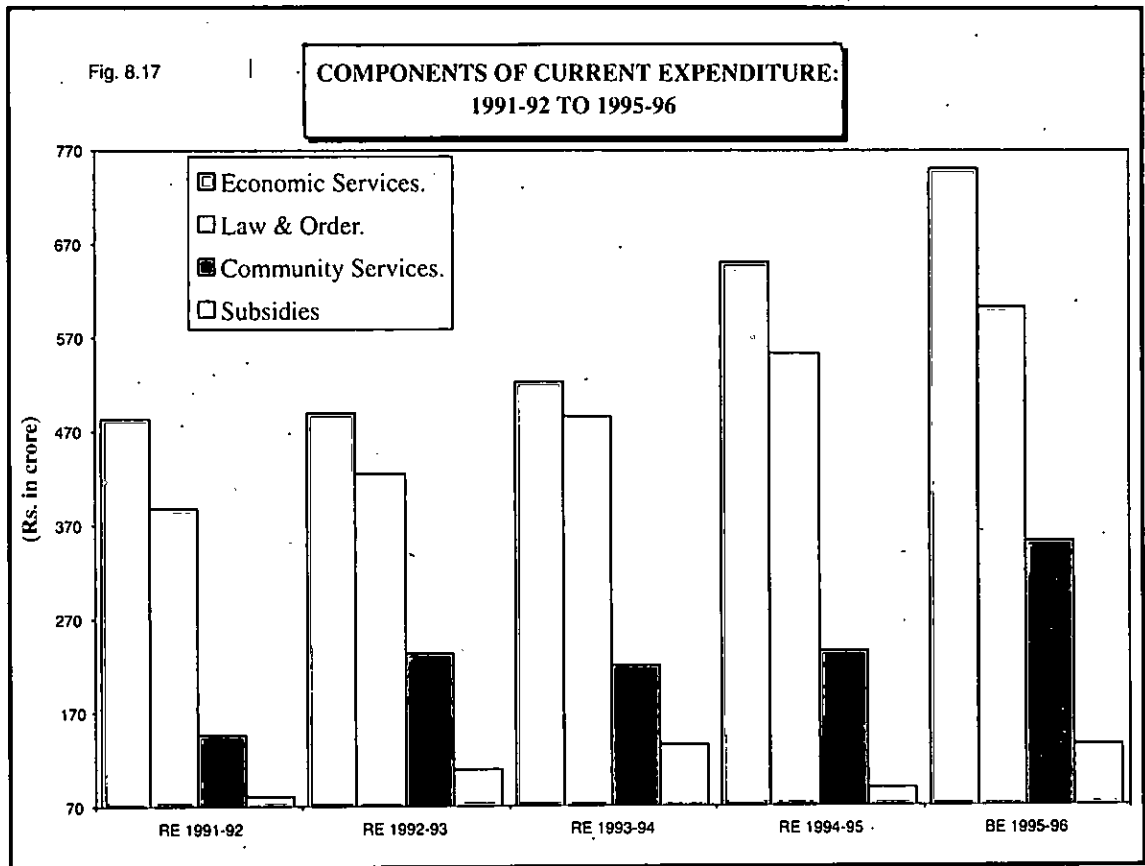
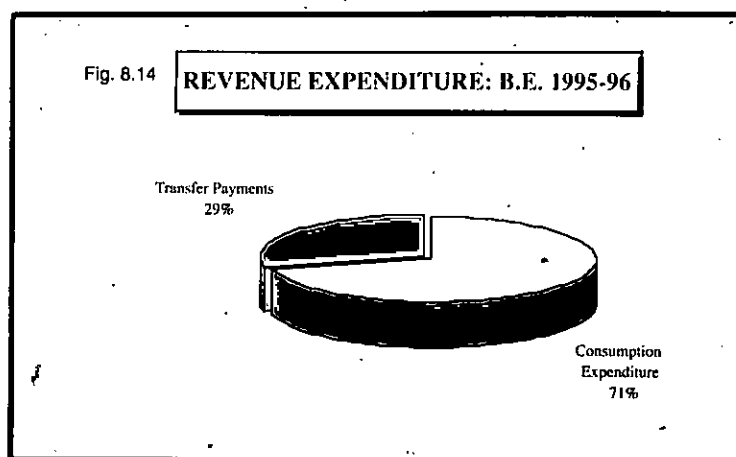


Table 8.6 indicates the trend of the revenue expenditure, showing an increase of Rs.954.66 crore in the consumption expenditure and of Rs.269.26 crore in the transfer payments in the Budget Estimates 1995-96 as compared to the Revised Estimates 1994-95.

TABLE 8.6  
REVENUE EXPENDITURE

*(Rs. in crore)*

	CONSUMPTION EXPENDITURE		TRANSFER PAYMENTS		Total
	Amount	%	Amount	%	
Budget 1994-95	3998.35	69	1798.59	31	5796.94
Revised 1994-95	3915.64	70	1708.88	30	5624.52
Budget 1995-96	4870.30	71	1978.14	29	6848.44



## 8.7 FUNCTIONAL DISTRIBUTION OF REVENUE EXPENDITURE

The functional distribution of revenue expenditure of the provincial government is shown in Table 8.7.

Social services continue to account for the largest proportion of revenue expenditure with a share of about 39 percent in 1995-96. Out of the total allocation of Rs.2645.31 crore for social services, Rs.2138.15 crore (81%) have been set aside for education while Rs.421.07 crore (15.92%) have been earmarked for health services. The overall pattern of distribution is, by and large, the same for the budgetary year 1995-96 as in the revised estimates 1994-95.

Figure 8.16 provides a comparative analysis of expenditure in 1995-96 vis-a-vis 1994-95. Figures 8.17 & 8.18 give the major components of expenditure in the total current expenditure in the last five years. As indicated in Chapters 1 & 3, Government is concentrating on three priority areas, viz. maintenance of law and order, social welfare, and maintenance of infrastructure. Allocation for these areas have been enhanced within larger functions.

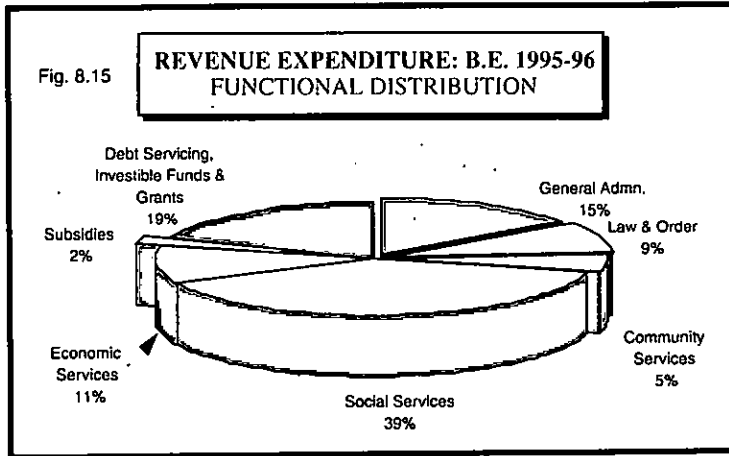


TABLE 8.7  
FUNCTIONAL DISTRIBUTION OF REVENUE EXPENDITURE

(Rs. in crore)

	Budget 1994-95		Revised 1994-95		Budget 1995-96	
	Amount	%	Amount	%	Amount	%
General Administration	837.81	15	705.68	12	1049.79	15
Law and order	488.58	8	553.53	10	602.54	9
Community services	273.94	5	235.60	4	352.47	5
Social services	2154.84	37	2150.49	38	2645.31	39
Economic services	635.47	11	651.35	12	750.00	11
Subsidies	136.00	2	90.00	2	136.00	2
Debt servicing, investible funds and grants	1270.27	22	1237.84	22	1312.30	19
Unallocable	0.03	-	0.03	-	0.03	-
<b>Total:</b>	<b>5796.94</b>	<b>100</b>	<b>5624.52</b>	<b>100</b>	<b>6848.44</b>	<b>100</b>

Chapter Nine

## FINANCING OF TAMEER-E-PUNJAB PROGRAMME

### Introduction:

The gross size of the development programme for 1994-95 was fixed at Rs.1200.00 crore against an estimated resource availability of Rs.1028.35 crore and an operational shortfall of Rs.171.65 crore, or of 14.30 percent. In the Revised Estimates 1994-95, the Programme is expected to close at Rs.1255.89 crore. The details of financing for Tameer-e-Punjab Programme 1995-96 (T.P.P.) are given in Table 9.1.

TABLE 9.1  
FINANCING OF THE TAMEER-E-PUNJAB PROGRAMME 1995-96.

		(Rs. in crore)		
		Budget 1994-95	Revised 1994-95	Budget 1995-96
<b>A:</b>	<b>PROVINCIAL CONTRIBUTION</b>			
	Transfer from the Current Budget	250.00	271.29	250.97
	Additional Resource Mobilization.	-	-	75.00
	Savings from 5% cut on Current Budget.	-	-	168.88
	Sub-Total (A):	250.00	271.29	494.85
<b>B:</b>	<b>FEDERAL ASSISTANCE :</b>			
	Cash Development Loans (Normal)	203.65	203.65	-
	Cash Development Loans (SAP tied)	182.31	182.31	99.47
	Federal Grants (SAP)	182.32	239.63	260.45
	Sub-total (B):	568.28	625.59	359.92
<b>C:</b>	<b>FOREIGN ASSISTANCE :</b>			
	Loans	201.97	272.87	152.03
	Grants	8.10	58.99	9.50
	Sub-total (C):	210.07	331.86	161.53
	Grand Total	1028.35	1228.74	1016.30
	Cash Balance Utilization	-	27.15	-
	Net Resources	1028.35	1255.89	1016.30

Since 1992-93, a federally sponsored initiative focused on the development of Primary Education, Basic Health, Preventive Health and Water Supply and Sanitation facilities is underway in the rural areas. This Social Action Programme (SAP) was initially conceived as a three years rolling plan from 1992 to 1995. This has now been extended. Under SAP, Punjab Government shall receive Rs.413.58 crore in 1995-96. This includes SAP tied C.D.L. of Rs.99.47 crore, Federal grant of Rs.260.45 crore, foreign loans of Rs.48.66 crore and foreign grants of Rs.5.00 crore.

The resources available for financing of the Tameer-e-Punjab Programme 1995-96, are made up of federal assistance amounting to Rs.359.92 crore in the shape of Cash Development Loan Rs.99.47 crore (SAP tied) and cash grants of Rs.260.45 crore (SAP tied), foreign project assistance of Rs.161.53 crore and provincial contribution of Rs.494.85 crore. As the size of the Tameer-e-Punjab Programme has been fixed at Rs.1350 crore, an operational shortfall of Rs.232.45 crore and 7.5 % cut on account of resource constraints (amounting to Rs. 101.25 crore) is expected.

A cursory glance at Table 9.1 might be deceptive; the financing of T.P.P. in 1995-96 has undergone very fundamental changes. These changes, in the long-run, have the potential of transforming the face of provincial finances and planning and development as we know it. Cash Development Loans, which were used to fund the development in the province continue to dwindle. Only a small component, tied specifically with SAP (of Rs.99.47 crore) is left. Of this 2/3 is grant and only 1/3rd is loan. The provincial development will henceforth be funded mainly from contributions from the current budget. This would place responsibility for development squarely on the shoulders of the province -- some would argue that this is where it should have been in the first place. It has been pointed out at various places in this document that the policy of living on borrowed money has dealt a severe blow to the provincial finances, with debt servicing now approaching 25 percent of all revenue expenditure -- unthinkable for a large province with mixed economic indicators.

Two inevitable outcomes (amongst others) of this decision to move away from C.D.L. would be:-

- limited expansion of the current budget with selective increments in high priority areas;
- rigorous public investment criteria for evaluating the cost: benefit ratios and other yardsticks for selection of projects to be funded through the development programme.

The significance of development activity cannot be over-emphasized for Punjab. A lot of good work has been done in the past; an effort that needs to be sustained and supplemented. The pace of work must be kept up. However the revised financing scenario would call for some re-assessment of priorities. This has forced the Government to apply a 7.5% economy cut on all T.P.P. schemes -- across-the-board. The proverbial cutting of coat according to cloth. Rs.1248.75 crore would therefore be required to be released, as against the gross size of TPP 1995-96 of Rs.1350 crore. If, however, more federal funds are forthcoming, these would be made available for development activities

It needs to be mentioned here that in the long-run the province would benefit immensely through a decrease (albeit gradual) in the quantum of debt servicing.

The provincial contribution in the financing of T.P.P. 1995-96 comprises:-

- Surplus in current budget of Rs.250.97 crore.
- Rs.75 crore from additional resource mobilization during 1995-96.
- Rs. 168.88 crore, realized from an across-the-board economy cut of 5% on all authorized grants.

Inter-sectoral and intra-sectoral priorities for the Programme 1995-96 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 Ten

**STRATEGY AND SECTORAL ALLOCATION PATTERN OF  
TAMEER-E-PUNJAB PROGRAMME 1995-96<sup>1</sup>**

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**Introduction:**

Sectorwise allocations of Tameer-e-Punjab Programme 1995-96 have been given in Table 10.1. These are reflected, graphically with a comparison of TPP 1994-95, in figures 10.1, 10.2, and 10.3. These allocations embody a development strategy, the main elements of which are given below.

- a) Timely completion of a maximum number of ongoing schemes is a major objective, as not only would this bring quick returns to the beneficiary population but also avoid expensive cost overruns. For this purpose, an amount of Rs.772.29 crore or 57.2 percent of the total, has been allocated. It is expected that about 1677 ongoing schemes would be completed during 1995-96.
- b) Foreign aided projects including SAP schemes, have been provided adequate allocations to fulfill commitments/agreements with donor agencies and to ensure completion within the envisaged time frames.
- c) Rural areas continue to remain the focus of attention in the TPP and about 80 percent of the TPP funds in 1995-96 would be utilized on schemes in rural sector. The sustained trend of increase in investment in rural areas is plainly evident from the fact that the allocation for this purpose was only a mere 44.6 percent in 1978-79.
- d) Expansion of educational infrastructure and facilities also receives special attention in the TPP. An allocation of Rs.277.31 crore has been set aside for this purpose (Rs.77.31 crore for the normal programme and Rs.200.00 crore under SAP). This allocation represents a 22.8 percentage increase over the allocation for the previous year, indicating the high priority being accorded to this sector under TPP. While the SAP component focuses mainly on construction of buildings for primary schools throughout the province, the normal programme provides adequate allocations for the expansion and improvement of infrastructure facilities for other tiers of the educational system.
- e) To address pressures on urban civic services on account of population growth, the allocation for development authorities in Lahore, Multan, Faisalabad, Kasur, Gujranwala and Rawalpindi has been enhanced from Rs.42.72 crore in 1994-95 to Rs.46.77 crore in 1995-96. This amount would be utilised on various urban projects involving construction of roads, overhead bridges, water supply schemes establishment of treatment plant at Kasur and other urban infrastructure.

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<sup>1</sup> Based on information provided by the Planning and Development Department.



f) The development of backward regions also remains an important objective of the TPP. For this purpose, the allocation for Dera Ghazi Khan Development Authority, Bahawalpur Development Authority, Murree-Kahuta Development Authority, and Cholistan Development Authority has been raised from Rs.16.49 crore during 1994-95 to Rs.16.83 crore for 1995-96.

g) A major development thrust is targetted at the barani areas, which would receive an allocation of Rs.185 crore during 1995-96. To alleviate shortage of water, which is a critical input into the diverse economic activities in these areas, construction of small dams would continue to be taken up as a priority activity.

h) Allocation for low cost housing schemes has been revived after a hiatus of some years. During 1995-96 Rs.10.22 crore have been provided for development of 10,456 plots, the bulk of which would be 3 marla plots (i.e. 7414 plots). These schemes would be taken up in small cities and towns including Bhakkar, Vehari, Gujrat, Jhang, Jhelum, Khanewal, Muzaffargarh, Mandi Baha-ud-Din, Narang Mandi, Sargodha, Joharabad, Dera Ghazi Khan, Layyah, Bahawalpur, Burewala, Haveli lakha, Faisalabad, Tandlianwala, and Chichawatni.

i) Agriculture being the pivotal activity in the provincial economy, a sizeable allocation has been kept in the programme for agriculture and related activities. A massive programme for improvement of water courses under matching grant scheme and installation of diesel tubewells in barani areas on matching grants basis shall be initiated during 1995-96.

j) Development of communications infrastructure being a strategic component of a meaningful development programme, an allocation of Rs.85.00 crore has been provided for ongoing schemes of roads and bridges. This amount is in addition to the projects being undertaken in this sector with the assistance of the Asian Development Bank. Besides, an allocation of Rs.105 crore has been made for F.M.R. Programme for construction of about 1000 km. of roads in rural areas of the Province.

k) There being an undeniable link between the health, productivity and well being of a population, allocation for the health sector under the programme has been increased from Rs.117.84 crore in 1994-95 to Rs.125.00 crore in 1995-96 (including Rs.60.00 crore for the SAP component). This allocation represents a 6% enhancement over the previous year. The Punjab Health Foundation, which has been set up to encourage private sector initiatives, has an allocation of Rs.0.25 crore, to be provided as concessional credit for setting up of hospital, clinics, dispensaries etc.

l) Provision of clean water and adequate drainage facilities in the rural areas being an important policy goal, the sector receives a large allocation of Rs.225 crore under SAP. It is anticipated that by June 1996, clean water and drainage facilities would be available to 54 percent and 26 percent of rural population [sic] in the province respectively.

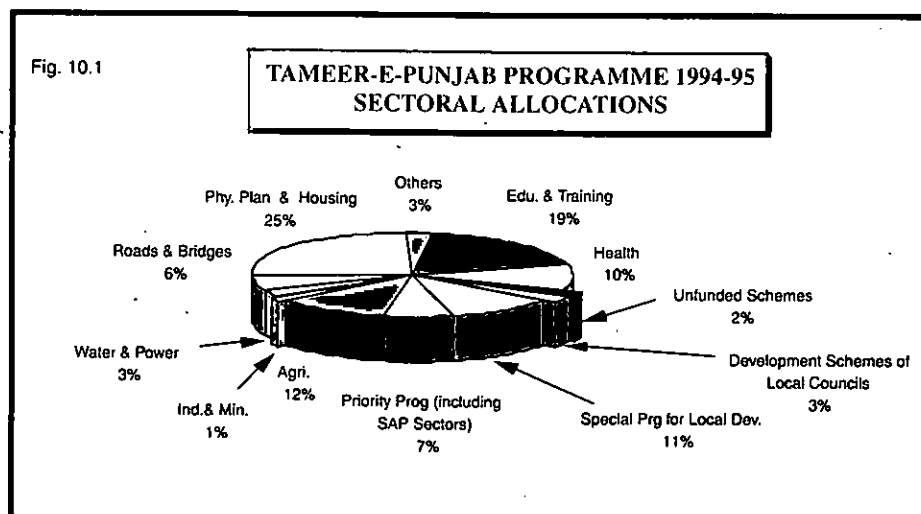
m) An allocation of Rs.5.00 crore has been made to augment federal programme for rural electrification in the Province so that rural population may get electricity in the shortest possible time.

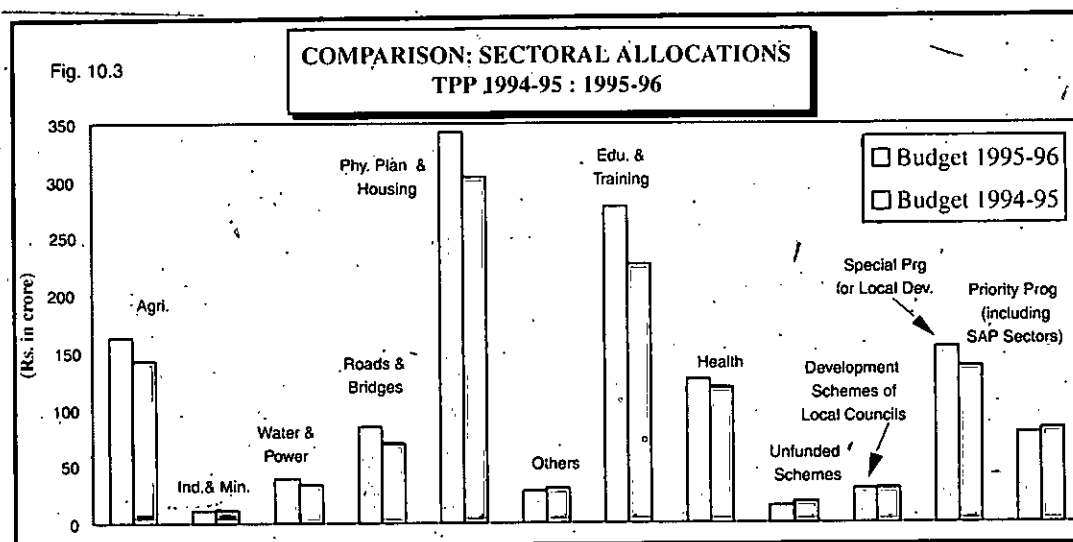
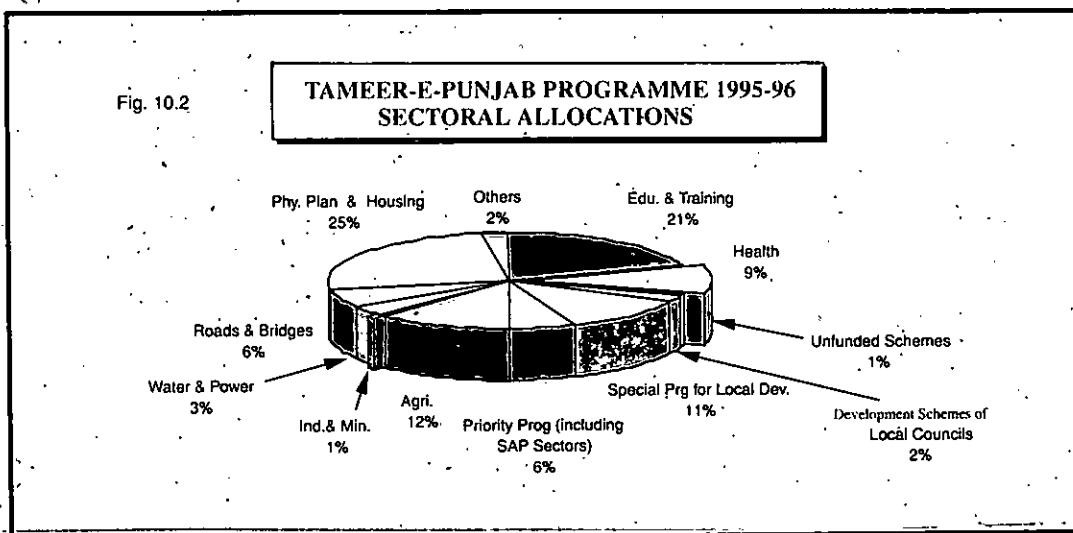
TABLE 10.1  
SECTORAL ALLOCATIONS IN  
TAMEER-E-PUNJAB PROGRAMME

(Rs. in crore)

	Budget 1994-95		Budget 1995-96	
	Amount	%	Amount	%
Agriculture	141.50	11.79	162.93	12.07
Rural Development	4.31	0.36	-	-
Industries & Minerals	11.21	0.94	11.10	0.82
Water & Power	34.00	2.83	39.68	2.94
Roads & Bridges	70.00	5.83	85.00	6.30
Physical Planning and Housing	302.28	25.19	342.72	25.39
Education & Training	225.83	18.82	277.31	20.54
Information & Culture	2.00	0.17	2.04	0.15
Health	117.84	9.82	125.00	9.26
Tourism	0.50	0.04	0.51	0.04
Social Welfare	0.76	0.06	0.90	0.07
Manpower & Training	1.45	0.12	1.68	0.12
Planning & Development	5.11	0.43	6.50	0.48
Unfunded Schemes	18.39	1.53	14.80	1.09
MKDA	2.87	0.24	2.93	0.22
Cholistan Development Authority	2.87	0.24	2.93	0.22
D.G. Khan Development Authority	5.75	0.48	5.87	0.43
Bahawalpur Development Authority	5.00	0.42	5.10	0.38
<b>Block allocation for :</b>				
i: Development Schemes of Local Councils	30.32	2.53	30.00	2.22
ii: Special Programme for Local Development	136.00	11.33	154.00	11.41
iii: Priority Programme (including allocation for schemes of S.A.P. sectors Rs.20.00 crore)	82.01	6.83	79.00	5.85
Gross Total:	1200.00	100	1350.00	100
7.5% Cut (Resource Constraints)			(-)101.25	
Less Operational Shortfall	171.65		232.45	-
<b>Total Expenditure (Net)</b>	<b>1028.35</b>		<b>1016.30</b>	

Fig. 10.1





\* "Others" includes Rural Development, Information and Culture, Tourism; Social Welfare, Manpower and Training, Planning and Development; M.K.D.A., C.D.A., D.G.Khan Development Authority, and Bahawalpur Development Authority.

### 1. SOCIAL ACTION PROGRAMME 1995-96

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.343.79 crore in 1992-93, Rs.424.93 crore have been provided for this purpose during 1994-95 and Rs.510 crore during 1995-96.

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, 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 :-

*(Rs. in crore)*

a.	Education	200.00
b.	Health	60.00
c.	Rural Water Supply	225.00
d.	Planning and Development.	5.00
e.	Priority Programme.	20.00
	<b>Total:-</b>	<b>510.00</b>

## 2. BLOCK ALLOCATIONS

A Block Allocation of Rs.79 crore (including Rs.20.00 crore for schemes of S.A.P.) has been made in the Tameer-e-Punjab Programme 1995-96 for Priority Programme. Block allocations of Rs.30.00 crore for Development Schemes of Local Councils, Rs.154.00 crore for Special Programme for Local Development and Rs.14.80 crore for Un-funded schemes have also been made in Tameer-e-Punjab Programme.

## SUBSIDY ON EDUCATION

(Rupees)

Class	Present rate of recovery	Present Cost	Subsidy Provided	Subsidy %age
<b>GENERAL EDUCATION.</b>				
	per unit	per unit	per unit	
Primary	-	175	Full	1750
Middle	5.00	120.00	115.00	2300
Matric	10.00	120.00	110.00	1100
F.A.	20.00	476.00	456.00	2280
F.Sc.	25.00	476.00	451.00	1804
B.A.	25.00	477.00	452.00	1808
B.Sc.	30.00	477.00	447.00	1490
M.A.	35.00	477.00	442.00	1263
M.Sc.	40.00	477.00	437.00	1093
Diploma in Eng. (9 months)	33.50	477.00	444.00	1345
<b>PROFESSIONAL COLLEGES</b>				
B.S.Edu.	30.00	862.00	832.00	2773
B.Ed.	-	862.00	862.00	-
M.Ed.	-	862.00	862.00	-
Diploma in Physical Education.	25.00	705.00	680.00	2720
M.A.Physical Education.	35.00	705.00	670.00	1914
B.Com.	50.00	785.00	735.00	1470
P.T.C./O.T./C.T., D.M. etc.	-	440.00	440.00	-
<b>HOME ECONOMICS COLLEGE.</b>				
B.Sc.	50.00	926.00	876.00	1752
M.Sc.	70.00	926.00	856.00	1222
C.T.H/Eco.	-	926.00	926.00	-
<b>TECHNICAL EDUCATION.</b>				
C.Com.	15.00	785.00	5133	
D.Com.	20.00	785.00	3825	
B.Com.	35.00	785.00	2142	
M.Com.	-	-	-	
Diploma Assoc. Engineers.	35.00	777.00	2120	
B.Tech(Pass)	35.00	777.00	2120	
B.Tech (Hons)	35.00	777.00	2120	
Vocational Institutes.	-	920.00	-	
<b>SPECIAL EDUCATION.</b>				
Hearing Impaired Students.	10.00	635.00	625.00	-
Visually Handicapped Students.	-	2780.00	-	-
Mentally Retarded Students.	-	1540.00	-	-
Physically Disabled Students.	-	908.00	-	-
Intermediate (Hearing Impaired) Students.	-	725.00	-	-
Diploma for the Teachers of Hearing Impaired & Visually Impaired Students.	75.00	4215.00	4140.00	-

## LOANS OUTSTANDING ON 30.6.1995

(Rs. in crore)

<b>A: CASH DEVELOPMENT LOANS</b>		
1	1973-74	31.17
2	1974-75	53.37
3	1975-76	82.95
4	1976-77	108.97
5	1977-78	79.68
6	1978-79	100.61
7	1979-80	94.23
8	1981-82	131.56
9	1982-83	195.01
10	1983-84	313.88
11	1984-85	342.74
12	1985-86	401.22
13	1986-87	564.21
14	1987-88	277.44
15	1988-89	258.50
16	1989-90	651.61
17	1990-91	747.20
18	1991-92	733.17
19	1992-93 (Normal)	668.64
20	1992-93 (SAP Tied)	41.67
21	1994-95 (Normal)	464.10
22	1994-95 (SAP Tied)	343.79
23	1994-95(Normal)	203.65
24	1994-95(SAP Tied)	182.31
<b>Total Cash Development Loans:</b>		<b>7071.68</b>
<b>B: CASH DEVELOPMENT LOANS FOR SCARP TUBEWELL PROJECTS</b>		
1	1974-75	4.58
2	1975-76	10.19
3	1976-77	14.59
4	1977-78	14.16
5	1978-79	15.53
6	1979-80	18.26
7	1980-81	20.03
8	1981-82	23.54
9	1982-83	24.94
10	1983-84	23.12
11	1984-85	32.80
12	1985-86	41.45
13	1986-87	41.61

(Rs. in crore)

14	1987-88	52.13
15	1988-89	31.01
16	1989-90	44.44
17	1990-91	39.67
18	1991-92	41.03
19	1992-93	59.91
20	1993-94	20.85
	<b>Total loans for SCARP Tubewells:</b>	<b>573.84</b>
<b>C:</b>	<b>OTHER LOANS</b>	
1	Non-development loan for Murree Municipality 1975-76	0.02
2	Non-development interest-free loan to organize the National Horse and Cattle Show 1978-79	0.10
3	Non-development interest-free loan for Data Darbar Mosque at Lahore 1978-79	0.10
	<b>Total Other Loans:</b>	<b>0.22</b>
<b>D:</b>	<b>FOREIGN EXCHANGE LOANS</b>	
1	US Aid 391-H-055 for SCARP-II.	4.00
2	US Aid 391-H-060 for SCARP-I (Land & Water Dev. Board).	0.45
3	US Aid 391-H-069 for General Consultants (relent to WAPDA).	1.83
4	US Aid 391-H-079 for Urban Water Supplies.	1.26
5	US Aid 391-H-084 for Malaria Eradication.	3.07
6	US Aid 391-H-087 for SCARP-II.	5.73
7	US Aid 391-H-103 for Lahore Multan Road.	0.68
8	US Aid 391-H-107 for Pak. Investigation Service.	3.08
9	US Aid 391-H-128 for Malaria Eradication.	1.07
10	US Aid 391-H-135 for Malaria Eradication.	1.55
11	IDA-30-Pak for West Pak Small Industries Corporation.	1.76
12	IDA-50-Pak for Education Project.	11.26
13	IDA-54-Pak for Highways Project.	7.10
14	IDA-106-Pak for LDA, WASA.	3.20
15	IDA-106-Pak for Lahore improvement trust.	0.24
16	IDA-466-Pak for Agricultural Research Development.	20.48
17	IDA-620-Pak for Seed Corporation.	34.24
18	IDA-630-Pak for Sewerage & Drainage Project.	58.77
19	IDA-678-Pak for third Education Project.	5.19
20	IDA-683-Pak for import of Flood Protection Machinery.	36.35
21	IDA-813-Pak for Punjab Extension & Agriculture Project.	28.23
22	IDA-892-Pak for Primary Education Project.	8.18
23	IDA-1109-Pak for 5th Education vacatinal Project	21.56
24	IDA-1113-Pak for Small Industries Project.	2.61
25	IDA-1163-Pak for on Water Management Project.	50.62
26	IDA-1239-PAK for Irrigation System Rehabilitation Project.	53.64
27	IBRD-1366-Pak for Punjab Livestock & Dairy Development.	9.38

(Rs. in crore)

28	IBRD-578-Pak for Highways Project.	0.45
29	PK-4-Japanese Project loan for Replacement of Existing Flat of Craier Tractors.	45.04
30	Second Danish Credit (Highway) for Road Building.	0.76
31	ADB-438-Pak for Sahiwal District & Water Course.	3.71
32	ADB-331-Pak for Sewerage & Drainage Scheme Faisalabad.	81.18
33	ADB-495-Pak for ON Form Water Management Project.	20.70
34	ADB-433-Pak for Pak. Agriculture Development Project.	4.66
35	AFAD-48-Pak for Barani Area Dev. Project.	10.22
36	IFAD-83-Pak for Agriculture Development.	15.17
37	IFAD-18-Pak for Lahore Urban Dev. Project.	2.90
38	DDA-1348-Pak for Drainage Project (Lower Rahna).	5.43
39	IDA-1375-Pak Commercial Water Management Project.	5.43
40	IDA-1487-Pak	10.88
	<b>Total Foreign Exchange Loans:</b>	<b>582.06</b>
<b>E:</b>	<b>COUNTERPART FUNDS LOANS</b>	
1	US Aid 391-G-009 for WAPDA (Water Power).	0.81
2	US Aid 391-G-065 for Family Health Programme.	0.68
3	US Aid 391-G-120 for rural Works Programme.	7.93
4	US Aid 391-G-122 for Rural Works Programme.	4.29
5	US Aid 391-G-132 for Rural Works Programme.	6.01
6	US Aid 391-G-133 for Rural Works Programme Malaria Eradication.	0.91
7	US Aid 391-G-147 for Malaria Eradication Programme	0.19
8	German Loan 1969-70	0.01
9	German Loan 1971-72	0.20
	<b>Total Counterpart Fund Loans:</b>	<b>21.03</b>
	<b>Total (A+B+C+D+E)</b>	<b>8248.83</b>