

Government Of The Punjab

White Paper

On

The Budget 1974-75

Released at Lahore on June 10, 1974

LIST OF TABLES

Table No.	Name of Table	Pages
1.	General Revenue Receipts	3
2.	Central Tax Assignments	4—5
3.	Provincial Tax Receipts	5—6
4.	Non-Tax Receipts of the Civil Administration Departments	7
5.	Non-Tax Receipts of Social Services Departments	8
6.	Non-Tax Receipts of Economic Services Departments	9
7.	Non-Development Revenue Expenditure	11
8.	Civil Administration Departments	13
9.	Social Services	14
10.	Expenditure on Education	15
11.	Economic Services Departments	16—17
12.	Receipts of Account No. 1	19
13.	Expenditure from Account No. 1	23
14.	Market Loans	24—25
15.	Loans from Federal Government	26—27
16.	Transaction of Account No. 2	28—29
17.	Public Account Transactions	31
18.	Financing of Annual Development Programme 1973-74	33—34
19.	Non-Development Revenue Surplus/Deficit	35
20.	Resources for Financing Annual Development Programme 1974-75	35—36
21.	Annual Development Programme 1973-74	37—38
22.	Annual Development Programme 1974-75	45—46

PREFACE

This White Paper is being released simultaneously with the Budget of the Government of the Punjab for the financial year 1974-75. It reviews the implementation of the Budget for the year 1973-74 and discusses the out-line of the Budget for 1974-75. The Budget documents consists of:—

1. Annual Budget Statement.
2. Estimates of Receipts.
3. Estimates of Charged Expenditure and Demands for Grants.
4. Annual Development Programme.
5. Budget Memorandum.

The White Paper provides a commentary on these documents.

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Dated
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TARIQ SIDDIQI

Secretary to Government of the Punjab,
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CONTENTS

	Pages
I. Introduction	.. 1—2
II. General Revenue Receipts	.. 3—9
III. Non-Development Revenue Expenditure	.. 11—18
IV. General Capital Receipts	.. 19—22
V. Non-Development Capital Expenditure	.. 23—30
VI. Public Account Transactions	.. 31—32
VII. Financing of Annual Development Programme	.. 33—36
VIII. Annual Development Programme 1973-74	.. 37—43
IX. Outline of the Annual Development Programme 1974-75	.. 45—51
Budget At a Glance	.. 52—57

CHAPTER I

Introduction

The population of the Punjab by the end of 1972-73 was estimated as 38.3 million. By the end of 1973-74 this is projected, on the basis of inter census growth rate, to be 39.6 million. The rural and urban population ratio is estimated as 70:30. Assuming participation rate of one-third, the labour force distribution between the rural and urban areas by the end of 1973-74 would be respectively 9.24 million and 3.96 million. After the difficult years of 1970-71 and 1971-72, a certain measure of normalcy was restored in 1972-73. The economic activities in the Province started showing signs of revival; despite the set-back on account of unprecedented floods, the general picture has remained reasonably optimistic. On the basis of preliminary projections made by the Planning and Development Board, Government of Punjab, an overall growth rate of 6% is estimated for the Punjab, during 1973-74.

The size of the non-development revenue budget of the Province has increased from Rs. 167.62 crore as per revised estimates 1973-74 to Rs. 198.11 crore for 1974-75. There is a nominal deficit of Rs. 0.58 crore. The Development Programme which was fixed at Rs. 126 crore during 1973-74, is expected to be implemented at a level of Rs. 141.94 crore, a much higher level of performance than was initially planned. This favourable position has been achieved because of the additional tax efforts undertaken in 1973-74. The Federal Government gave recognition to these efforts and allowed the Province of the Punjab to increase the size of its ADP. The Annual Development Programme for 1974-75 has been fixed at Rs. 137 crore gross with expected operational shortfall of Rs. 17 crore giving a net figure of Rs. 120 crore. The Federal Government has taken over responsibility for fertilizer subsidy and the salinity control and reclamation projects which formed part of the Provincial Annual Development Programme 1973-74. The expenditure on these two programmes is projected at Rs. 43 crore in the Punjab during 1974-75. Thus, in fact the size of the programmes being undertaken in the Punjab would total to a gross figure of Rs. 180 crore during 1974-75, if a comparison were to be made with ADP of 1973-74.

While preparing the Budget 1974-75 a detailed inter-departmental exercise was undertaken to look into the needs of the departments. It was found that in a large number of areas inadequate funds were being provided for carrying out the normal functions of the departments. The problem

had become even more serious because of the increase in prices of labour, material, stationery and POL. In all cases an attempt was made to work out fresh yardsticks for allocation of funds and wherever justified the level of expenditure was raised. It is expected that these attempts would lead to an improvement in the performance of the departments.

A development programme has greater meaning if it is prepared in the context of a planning framework. Since the Fourth Five-Year Plan was abandoned, planning has become an annual exercise for the preparation of a portfolio of schemes. Increased costs reduced physical targets while resource constraints led to adhoc cuts and delayed the completion of schemes. A stage has now been reached where bulk of the resources are committed to on-going schemes while the completion of schemes would take longer thus contributing further to inflationary pressures. A detailed exercise was undertaken while preparing the 1974-75 Development Programme to ensure that work on on-going schemes is accelerated and new schemes are undertaken only after adequate funding of those already in hand.

A new Finance Commission has been set up to examine the distribution of taxes between the Federal Government and the Provinces. It is hoped that it will make recommendations which would improve the financial position of the Provinces.

CHAPTER II

General Revenue Receipts

The General Revenue Receipts of the Provincial Government include:—

- (i) Central Tax Assignments;
- (ii) Provincial Tax Receipts;
- (iii) Interest Receipts;
- (iv) Non-Tax Receipts of the Civil Administration Departments;
- (v) Non-Tax Receipts of the Social Services Departments;
- (vi) Non-Tax Receipts of the Economic Services Departments;
- (vii) Miscellaneous Non-Tax Receipts; and
- (viii) Contributions and Miscellaneous Adjustments between Federal and Provincial Governments.

The General Revenue Receipts of the Province were estimated at Rs. 153.86 crore as per Budget Estimates, 1973-74 and are likely to amount to Rs. 179.00 crore as per Revised Estimates, 1973-74. For 1974-75 they are estimated at Rs. 192.68 crore. The details are given in Table No. 1.

TABLE NO. 1

General Revenue Receipts

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Central Tax Assignments	51.67	50.22	71.30
Provincial Tax Receipts	37.79	53.75	56.98
Interest Receipts	3.73	4.73	2.90
Civil Administration Departments	1.96	2.12	2.55
Social Services Departments	6.97	5.79	4.77
Economic Services Departments	36.12	36.60	40.73
Miscellaneous	12.34	13.33	10.04
Contributions and Miscellaneous Adjustments	3.28	12.46	3.41
Total	153.86	179.00	192.68

Central Tax Assignments

The share of the Province in centrally collected taxes is determined under the provisions of the Distribution of Revenues Order No. 10 of 1971. The divisible pool of shared taxes includes, after deducting the costs of collection, the net proceeds from:

- (i) Taxes on Income including Corporation Tax but not including Taxes on Income consisting of remuneration paid out of the Federal Consolidated Fund;
- (ii) Sales Tax;
- (iii) Excise Duty on Tea, Tobacco and Betelnuts;
- (iv) Export Duty on Cotton; and
- (v) Excise Duty/Royalty on Natural Gas.

Out of the net proceeds of the shared taxes, 80% is assigned to the Provinces and 20% to the Federal Government. In fact, however, the Federal Government has been retaining the share of the former Province of East Pakistan, which leaves only 36.8% of the total centrally collected taxes to the share of the four Provinces in the following proportion:

Punjab	..	..	56.5%
Sind	..	..	23.5%
N.W.F.P.	..	..	15.5%
Baluchistan	..	..	4.5%

A Finance Commission has been set up by the Federal Government. It is expected that the Commission's recommendations would improve the position of Provincial Revenues by increasing the share of Provinces.

The details of the Central Tax Assignments as per the budget and revised estimates for 1973-74 and the budget estimates for 1974-75, are given in Table No. 2.

TABLE NO. 2
Central Tax Assignments

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Export Duty on Cotton	.. 11.21	1.98	21.01
Central Excise Duties	.. 10.67	13.43	14.12
Taxes on Income	.. 20.17	20.92	20.92
Sales Tax	.. 9.21	12.58	13.83

Estate Duty	0.07	0.06	0.07
Wealth Tax	0.34	0.87	0.93
Excise Duty on Natural Gas	—	0.32	0.36
Royalty on Natural Gas	—	0.06	0.06
Total	51.67	50.22	71.30

Wealth Tax, Estate Duty and the Excise Duty and Royalty on Natural Gas are collected by the Federation and 100 % of the net proceeds distributed to the Provinces on the basis of collections in each Province.

The Table shows a sharp decline during 1973-74 in the expected receipts from Export Duty on Cotton. This is on account of a poor cotton crop and a poor export performance. The decline was offset in part by increases in receipts from Excise Duty, Sales Tax, as also taxes on Income and Wealth Tax. From 1973-74 the Province has also started receiving Excise Duty and Royalty on Natural Gas on the basis of collections made within the Province as provided under the new Constitution. The decline of Rs. 1.45 crore in the centrally collected taxes, as compared to estimates will be made up by the Federal Government, in accordance with past practice, through an equivalent increase in the amount of Cash Development Loan.

The substantial increase of Rs. 21.09 crore in the next year's estimated receipts is mainly on account of expected increase in receipts from Export Duty on Cotton, based on the export forecasts of the backlog from this year and next year's cotton crop.

Provincial Tax Receipts

The details of the Provincial Tax Receipts for the budget and revised estimates 1973-74 and budget estimates 1974-75, are given in Table No. 3.

TABLE NO. 3

Provincial Tax Receipts

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Land Revenue	11.29	11.59	12.11
Taxes on Motor Vehicles	6.09	6.86	7.38
Stamps Duties	5.16	8.50	8.90
Taxes on Luxuries	4.46	4.52	4.72
Taxes on Urban Immovable Property	3.25	3.18	2.88

Cotton Fee	..	—	6.25	7.25
Electricity Duty	..	3.03	4.07	4.48
Provincial Excise Duties	..	2.96	3.55	3.62
Taxes on Agricultural Income	..	0.39	0.64	0.64
Registration Fees	..	0.29	0.55	0.60
Education Cess	..	—	2.35	2.50
Other Taxes	..	0.87	1.69	1.90
Total	..	37.79	53.75	56.98

A substantial tax effort and better collection has increased the estimated Provincial Tax Receipts in 1973-74 by 42.2% from Rs. 37.79 in 1973-74 to Rs. 53.75 crore in 1973-74 revised estimates. The reasons are discussed briefly:

(a) The rate of Cotton Fee was increased from Rs. 0.25 to Rs. 2.00 per maund and the responsibility for collection transferred from the Agriculture Department to the Excise and Taxation Department. This source is expected to yield Rs. 6.25 crore compared to Rs. 1.07 crore (including Rs. 0.40 crore arrears) which was the level prior to additional levy of Cotton Fee. In 1974-75 the estimates are Rs. 7.25 crore.

(b) The newly-levied Education Cess is expected to yield Rs. 2.35 crore. In the Budget Estimates, 1973-74 receipts from Education Cess were reflected under Non-Tax Receipts of the Education Department. The collection of the Cess has been entrusted to the Excise and Taxation Department. It is now being shown under Provincial Tax Receipt.

(c) The rates of Court Fees were enhanced during 1973-74. The expected receipts are Rs. 8.50 crore as against the budgeted figure of Rs. 5.16 crore.

(d) A Flood Relief Cess on Cinema and race course tickets was levied during the course of the year. It is expected to yield Rs. 0.67 crore.

For the next financial year, the overall figure for Provincial Tax Receipts is Rs. 56.98 crore, 6% over the Revised Estimates for 1973-74. This reflects the normal growth of Provincial Taxes.

Interest Receipts

The Provincial Government lends funds at varying rates of interest to its employees, to cultivators, and to various autonomous and local bodies. The interest receipts in the revised estimates for 1973-74 have increased from Rs. 3.73 crore to Rs. 4.73 crore. This is because during the current financial year, the Province had surplus balances in its Account No. 1 with the State

Bank of Pakistan and was, therefore, able to lend funds to its Food Account. This reduced the quantum of borrowings from Commercial Banks for financing State Trading in Wheat and Sugar. Advances from Account No. 1 to the Food Account bear interest at 8½%, which is the same as charged by the Commercial Banks. This source gave un-anticipated receipts of Rs. 0.76 crore. Further, the Punjab Road Transport Board did not retire a temporary advance of Rs. 1.50 crore and therefore paid interest on the amount.

The next year's estimates on this account show a decline of Rs. 1.82 crore. A decline of Rs. 1.52 crore is on account of the Federal Government's decision to transfer all incomplete SCARPs to WAPDA and deal directly with that body in so far as foreign loans, for the electrification part of completed SCARPs are concerned. Thus, interest being charged by the Provincial Government from WAPDA for loans for SCARPs is not expected and interest on foreign loans for the electrification of the completed SCARPs will now be paid by WAPDA directly to the Federal Government. The remaining decrease is because the receipts from advances to the Food Account are expected to be low.

Non-Tax Receipts of Civil Administration Departments

The non-tax receipts of Civil Administration Departments include receipt from fines imposed by criminal courts, sale of product of Jail industries and reimbursement of expenditure on agency functions performed by the Police for the Federal Government and the PWR. There is an increase from Rs. 1.96 crore to Rs. 2.12 crore in revised estimates of 1973-74 and to Rs. 2.55 crore for the 1974-75 estimates. The increases are mainly under Police, due to the increase in agency functions performed for the Federal Government. Some increase is also expected next year from the Jail industries where adequate funds have been provided for the purchase of raw material.

TABLE NO. 4

Non-Tax Receipts of the Civil Administration Departments

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Administration of Justice	0.79	0.83	0.87
Jails and Convict Settlements	0.16	0.16	0.22
Police	0.86	0.97	1.32
Miscellaneous Deptts.	0.15	0.14	0.13
Civil Defence	—	0.02	0.01
Total	1.96	2.12	2.55

Non-Tax Receipts of Social Services Departments

The non-tax receipts of the Social Services Departments include receipts from fees charged by various educational and medical institutions and the contribution realized from various local bodies for maintenance of provincialized primary schools, hospitals and dispensaries, and for payment of pensions to the retired teachers of the provincialized primary schools. The details are given in Table No. 5.

TABLE NO. 5

Non-Tax Receipts of Social Services Departments

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Education ..	4.80	3.40	2.76
Health ..	0.96	1.05	0.90
Public Health ..	0.21	0.40	0.40
Receipts in aid of Superannuation ..	1.00	0.94	0.71
Total ..	6.97	5.79	4.77

The apparent decline in the revised estimates under Education is because receipts from Education Cess originally budgeted as part of receipts of Social Services Departments have been shown in the Revised Estimates as part of Provincial Tax Receipts. As an aid to Local Government, it has been decided not to realize contributions from the local bodies for the provincialized hospitals, dispensaries and schools and to reduce the rate of contribution by the local bodies towards the payment of pension of teachers of provincialized primary school from 20% to 10% of the local rate. The decline in estimates of receipts from Rs. 5.79 crore to Rs. 4.77 crore for 1974-75 is accounted for by these factors. In addition Government has decided to make education in Classes IX and X free leading to decline in receipts from fees.

Non-Tax Receipts of Economic Services Departments

The non-tax receipts of the Economic Services Departments include income from sale of forest produce, receipts from hire of agricultural machinery, income from Government farms, abiana charges on irrigation water

and from tubewells. The details are given in Table No. 6 below.

TABLE NO. 6

Non-Tax Receipts of Economic Services Departments

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Opium	—	—	—
Forests	3.91	4.45	6.03
Irrigation Works for which Capital Accounts are kept	24.58	24.28	25.53
Irrigation Works for which no Capital Accounts are kept	0.18	0.13	0.14
Agriculture	4.01	3.59	4.47
Fisheries	0.12	0.16	0.16
Veterinary	0.29	0.61	0.54
Cooperation	0.03	0.03	0.05
Industries	0.31	0.33	0.41
Civil Works	0.32	0.36	0.37
Communications	1.40	1.45	1.47
Stationery and Printing	0.97	1.21	1.56
Total	36.12	36.60	40.73

The receipts have behaved according to expectation. The increase in the next year's receipt is primarily on account of adequate funding of the operation of the Economic Services Departments. Thus an increase of Rs. 0.88 crore is expected from Government farms, due to adequate provision for fertilizers and seed; the receipts from Forests are expected to increase by Rs. 1.58 crore because of adequate provision for raw materials at Jallo Rosin Factory as also the sale of Forest produce, which is likely to go up. The income from hiring of agricultural machinery is expected to give higher receipts due to adequate provisions for POL.

CHAPTER III

Non-Development Revenue Expenditure

The Non-Development Revenue Expenditure of the Provincial Government consists of expenditure on:—

- (i) Collection of Provincial Taxes;
- (ii) Debt Services;
- (iii) Civil Administration;
- (iv) Social Services;
- (v) Economic Services and
- (vi) Miscellaneous.

The budget estimates for Non-Development Revenue Expenditure 1973-74 was Rs. 169.40 crore; the revised estimate is Rs. 167.62 crore. For the next year the expenditure is estimated at Rs. 198.11 crore out of which Rs. 19.57 crore would be charged expenditure. The details are given in Table No. 7.

TABLE NO. 7

Non-Development Revenue Expenditure

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Collection of Provincial Taxes	3.24	3.69	4.29
Debt Services	27.61	10.15	18.59
Civil Administration	20.31	23.68	26.03
Social Services	56.76	62.14	73.75
Economic Services	48.08	49.60	60.08
Miscellaneous	13.40	18.36	15.37
Total	169.40	167.62	198.11

During the course of 1973-74 a number of factors affected Non-Development Revenue Expenditure. These are:

- (i) With effect from 1st August, 1973, Dearness Allowance at the rate of Rs. 35.00 per mensem was allowed to all employees drawing pay upto Rs. 700.00 per mensem, and similar increases were allowed in the rates of pension. Additional expenditure on this account was Rs. 11.90 crore.

(ii) The Federal Government wrote off all loans owed by the Province upto 3rd September, 1973. Total amount of loans written off was Rs. 265.34 crore, giving a relief of Rs. 21.90 crore during 1973-74. This relief has been partially off-set by the fact that the rate of interest payable on future borrowings has been raised from 6½% to 8½%.

(iii) In the wake of devastating floods, the Province had to incur substantial un-budgeted expenditure on relief operations and additional expenditure on the wheat subsidy on account of un-anticipated releases of subsidized wheat in the flood-affected areas. The expenditure on relief operations has been reimbursed by the Federal Government but additional expenditure of Rs. 1.53 crore on the wheat subsidy has been met from Provincial Revenues.

The general factors operating for increase in the Non-Development Revenue Expenditure for 1974-75 estimates are as follows:—

(i) Dearness Allowance was sanctioned with effect from 1st August, 1973, and only ten months' provision had to be made during 1973-74. Full twelve months provision is being made for 1974-75.

(ii) It has been decided to allow Rest and Recreation Allowance to the employees with effect from 1974-75. Consequently, as part of the first year's provision for a three-year cycle, one-third of the employees will draw Rest and Recreation Allowance.

(iii) The cost of POL, stationery and other supplies have gone up. Adequate increases have been made to meet the higher costs.

Collection of Provincial Taxes

The expenditure incurred on collection of Provincial Taxes amounts to about 6.86% of Provincial Tax Receipts. This percentage is reasonable in view of the fact that staff engaged on collection of Provincial Taxes also perform a number of record keeping and regulatory functions in addition to their primary function of revenue collection. This is especially true of the staff engaged in the collection of land revenue, who are also responsible for crop statistics and the maintenance of the Record of Rights.

The increase in the expenditure for the next financial year is because of provisions for Dearness and Rest and Recreation Allowances, and on salaries for the whole year for additional staff employed for the collection of Education Cess and Cotton Fee during 1973-74.

Debt Services

The expenditure incurred by the Provincial Government on the servicing of its debts has two component parts—actual payment of interest on loans and other funds obtained by the Provincial Government and Appropriation for the Reduction or Avoidance of Debt. The latter category of expenditure represents a purely technical transfer of funds from the Revenue Account of the Province to its Public Account. This transfer is necessary because, in respect of Market Loans floated in the past, the Provincial Government gave an undertaking that it will set aside certain moneys each year in a Sinking Fund for meeting the eventual liability for repayment of the loans. These Appropriation will gradually disappear over the next 7 to 8 years because in the new Market Loans floated by the Provincial Government, there is no obligation on the Province for setting up Sinking Funds to meet the liability on account of their eventual repayment.

The Federal Government during the course of the current year wrote off all loans upto 3rd September, 1973. This afforded temporary relief during 1973-74 to the tune of Rs. 21.90 crore, including Rs. 17.96 crore on account of interest. The rate of interest has now been raised to 8½%. On the basis of a loan of Rs. 87.73 crore during 1973-74 and Rs. 114.23 crore during 1974-75, the Debt Services liability on account of interest only would increase from Rs. 4.00 crore to Rs. 12.31 crore in 1974-75. At this rate the Provincial Government will get to the same level of indebtedness by the end of 1975-76 as it was at the beginning of September, 1973. It is expected that this problem would engage the attention of the National Finance Commission and a workable solution will be found.

Civil Administration Departments

The expenditure on Civil Administration include expenditure on General Administration, Administration of Justice, Jails, Police, Civil Defence and number of Miscellaneous items. Details of expenditure are enumerated in Table No. 8 below:

TABLE NO. 8
Civil Administration Departments

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
General Administration	6.41	6.38	7.03
Administration of Justice	1.30	1.49	1.56
Jails and Convict Settlements	1.57	1.99	2.26
Police	9.48	12.14	13.33
Miscellaneous Departments	1.38	1.31	1.65
Civil Defence	0.17	0.37	0.20
Total	20.31	23.68	26.03

During the current year the increase in expenditure is mainly on account of the Dearness Allowance. In case of the Police, however, the size of the Provincial Reserve police and the strength of the police force at Lyallpur were increased during the year. Additional provision was made for the security of the Prime Minister, protection of Foreign Missions, protection of National Assembly and for police force in Islamabad at a cost of Rs. 0.66 crore. This expenditure is reimbursable by the Federal Government. Apart from this, Rs. 0.30 crore was sanctioned to meet the dietary charges of prisoners and an amount of Rs. 0.18 crore was spent on purchasing 25 cars for the High Court Judges.

For the next financial year additional funds for the courts have been provided. Seven new posts of Session Judges and 19 new posts of Civil Judges have been created. The posts of Magistrates which remained vacant have also been fully provided for. This addition in the strength is expected to reduce the heavy backlog of pending cases. Provision for the full year has been made for the Provincial Reserve Police and increased police strength of Lyallpur District. Additional uniforms for police constables in accordance with the direction of the Prime Minister will cost Rs. 0.20 crore.

Social Services

The expenditure of the Provincial Government on Social Services includes expenditure on Education, Health and payment of pensions to Government servants. The details are given in Table No. 9 below.

TABLE NO. 9
Social Services

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Scientific Departments ..	0.02	0.02	0.03
Education ..	42.39	47.28	55.71
Health Services ..	7.75	7.67	10.08
Public Health ..	0.65	0.72	1.08
Superannuation Allowance ..	3.81	4.60	4.89
Commutation of Pensions financed from Ordinary Revenues ..	2.14	1.85	1.96
Total ..	56.76	62.14	73.75

The largest component of expenditure on Social Services, and the single largest item of expenditure in the Provincial Budget, is the expenditure

on Education. Revised estimates place the figure for expenditure on Education at Rs. 47.28 crore. The corresponding figure for the next financial year is Rs. 55.71 crore or 28.11% of the total Non-Development Revenue Expenditure of the Province. Details of the expenditure on Education during the current and next financial years are given in Table No. 10 below.

TABLE NO. 10
Expenditure on Education

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Universities	2.36	2.67	2.78
Colleges	9.64	6.40	7.07
Secondary Schools	5.83	9.23	11.69
Primary Schools	21.83	26.23	30.42
Technical Education	1.16	1.06	1.61
Special Education	0.40	0.43	0.49
Miscellaneous	1.17	1.26	1.65
Total	42.39	47.28	55.71

There was an increase in the expenditure of Rs. 4.89 crore as compared to the budgeted estimates. Out of this, Rs. 2.70 crore were on account of Dearness Allowance. For the effective implementation of the New Education Policy it was considered necessary to re-organize the Department, which cost Rs. 0.48 crore. Additional expenditure of Rs. 1.60 crore was incurred on the Nationalized Colleges and Schools to bring their staff strength and contingency grants on a level closer to that of Government Colleges and Schools. During the current year 100 new Primary Schools have been opened, 1500 existing schools have been consolidated and improved, 250 Primary and 150 Middle Schools have been upgraded to Middle and High Schools respectively, 6 Inter Colleges have been upgraded and 8 new Inter Colleges have been created.

During 1974-75 there would be a further increase of Rs. 8.43 crore or 17.8% in the Education Budget. The increase is due to the spillover effect of Dearness Allowance (Rs. 0.54 crore) provided for 10 months only during 1973-74 and provision of Rest and Recreation Allowance (Rs. 1.04 crore). The provision under Contingencies for purchase of chemicals and other laboratory consumable and miscellaneous items has been enhanced to provide adequate funds for effective teaching in the schools and colleges. An additional amount of Rs. 0.41 crore is being provided for the Universities

bringing the total of such grant-in-aid to the Universities to Rs. 2.78 crore. The 'New' expenditure allowed to the Education Department for the next financial year accounts for Rs. 1.47 crore. The overall allocation of such 'New' expenditure includes a provision of Rs. 33.94 lakh for creation of additional posts in the Nationalized Colleges and Schools, Rs. 13.12 lakh for creating new posts and re-organizing the Vocational Institutes in line with the New Education Policy to lay more emphasis on such institutes, Rs. 11.50 lakh for adding 41 Science Units to the Degree Colleges at the Intermediate level and Rs. 12.00 lakh for the inservice training of 3000 Primary, 1000 Middle/High and 200 College teachers.

The Health budget has increased by Rs. 2.41 crore to a figure of Rs. 10.08 crore, for 1974-75. Apart from Dearness Allowance, an additional amount of Rs. 50 lakh had been provided for medicine, Rs. 9 lakh for diet to patients in the hospitals and Rs. 6 lakh for X-Ray material. New items of expenditure total Rs. 28 lakh.

Economic Services

The expenditure of the Provincial Government on Economic Services includes expenditure on the Irrigation system and public sector tubewells, maintenance of roads and bridges, maintenance of Government buildings, Agriculture Department's fleet of bulldozers and other earthmoving equipment, Forests, Veterinary, Fisheries, Cooperation and Industry including salaries of the extension staff of the Agriculture Department, subsidies for the promotional schemes of the Punjab Small Industries Corporation etc. Table No. 11 gives the details.

TABLE NO. 11

Economic Services Departments

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Opium	0.16	0.26	0.29
Forests	2.81	3.41	4.46
Working Expenses on Irrigation etc. including Charges on Irrigation Establish- ment	24.21	23.82	28.48
Other Irrigation Expenditure financed from Ordinary Revenues	..		
Agriculture	6.42	6.69	8.07
Fisheries	0.10	0.13	0.14

Veterinary	1.51	1.67	2.22
Cooperation	0.72	0.77	0.87
Industries	1.25	1.28	1.50
Civil Works excluding Establishment Charges	4.02	4.10	4.78
Civil Works Establishment Charges			
Communications excluding Establishment Charges	5.53	5.69	6.65
Communications—Establishment Charges			
Housing and Physical Planning	—	—	0.56
Stationery and Printing	1.35	1.78	2.06
Total	48.08	49.60	60.08

During 1973-74 additional funds were provided to the extent of Rs. 0.58 crore to the Forest Department for purchasing evacuee land, Rs. 0.35 crore for creating new Circles in the Communication and Works Department for implementing the Annual Development Programme, Rs. 0.17 crore for additional provision for POL of Agriculture Department machinery and inputs for the government-farms. There is also an increase of Rs. 0.43 crore for the Printing and Stationery Department mainly on account of increase in provision of paper and materials. The increases were offset to a certain extent by an overall decline of Rs. 0.48 crore in the expenditure of the Irrigation Department. Further, on account of non-operation of some public sector tubewells, there has been an unexpected saving of Rs. 1.86 crore, while there was an increase of Rs. 0.54 crore in the expenditure on maintenance and repair of canals due to higher rates of labour and material.

During the next financial year the expenditure on maintenance of canals and operation of tubewells is likely to rise to Rs. 11.99 crore against the current year's provision of Rs. 7.60 crore (purely for maintenance and repairs) implying an increase of Rs. 4.39 crore. The increase is on account of increase in labour rates and cost of material which is reflected in the new yardstick for provision of funds.

The Work Charged establishment of all the Departments has been regularized to enable such employees to draw benefits admissible to a Government servant. The maintenance costs now reflect expenditure purely on labour of contractors and on material.

In view of rising prices the yardstick for maintenance of buildings and roads have been revised and additional amounts of Rs. 0.71 crore and Rs. 0.52 crore allowed to the Buildings and Highways Departments for repairs of government buildings and roads respectively.

An additional amount of Rs. 0.84 crore has been provided to the Forest Department for purchase of sufficient resin to run its Rosin Factory at Jallo throughout the year.

An additional allocation of Rs. 0.20 crore has been made for Veterinary to purchase medicines and for staff for new hospitals and dispensaries.

There is also an increase of Rs. 0.28 crore in Stationery and Printing for purchase of paper by the Government Press for various Government departments mainly on account of increase in price of paper.

In Agriculture, adequate funds have been provided for purchase of seeds and fertilizer on Government farms and for POL.

Miscellaneous

The largest component of Miscellaneous expenditure is the expenditure on the wheat subsidy. During the current financial year the expenditure increased from Rs. 10.82 crore to Rs. 12.35 crore due to increase in offtake from 7.50 lakh tons to 8.50 lakh tons to meet the needs in the flood affected areas. The rate of incidentals also increased from Rs. 5.30 per maund to Rs. 5.80 per maund mainly on account of increase in interest rates. The other Miscellaneous expenditures increased by Rs. 1.67 crore mainly on account of an expenditure of Rs. 1.44 crore on the Islamic Summit, which is reimburseable from the Federal Government. A loan of Rs. 0.25 crore to the Municipal Committee Rawalpindi was converted into a grant during the year thus increasing the expenditure under this head.

For 1974-75 the internal offtake of wheat within the Punjab is estimated at 8.50 lakh tons. Incidental charges on the procurement, handling, storage distribution of wheat are estimated at Rs. 6.00 per maund. The expenditure on wheat subsidy has been accordingly worked out at Rs. 13.88 crore. It may be mentioned here that the Government procures wheat at Rs. 25.50 per maund, and spends another Rs. 6.00 per maund on incidental charges, thus bringing the cost per maund to Rs. 31.50 per maund. The issue price is, however, Rs. 21.50 per maund. As per decision of the Federal Government last year, the Province picks up the bill for the incidentals charges and the Federal Government pays the difference between the procurement and issue price.

CHAPTER IV

General Capital Receipts

The General Capital Receipts of the Provincial Government accrue partly to Account No. 1 and partly to Account No. 2 with the State Bank of Pakistan. Those receipts that accrue to Account No. 1 include:—

- (i) Extraordinary Receipts;
- (ii) Permanent Debt (Incurred);
- (iii) Floating Debt;
- (iv) Debt Raised Abroad;
- (v) Loans from the Central Government; and
- (vi) Recoveries of Loans and Advances.

The receipts that accrue to Account No. II consist of the temporary advances from the Commercial Banks under the counter-finance arrangements with the State Bank for financing the purchase, storage, handling and distribution of Food-grains and sugar. The quantum of such temporary advances is estimated at Rs. 190.00 crore for 1973-74 and Rs. 215.00 crore for 1974-75.

Details of the Account No. 1 receipts as per budget and revised estimates, 1973-74 and as per budget estimates, 1974-75 are given in Table No. 12.

TABLE NO. 12
Receipts of Account No. 1

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Extraordinary receipts ..	4.54	8.43	5.66
Permanent Debt ..	9.75	9.75	0.79
Floating Debt ..	20.00	6.20	10.00
Debt Raised Abroad ..	0.25	0.24	—
Loans from the Central Government ..	0.14	0.65	0.25
Recovery of loans and advances ..	3.43	3.63	3.14
Total ..	38.11	28.90	19.84

Extraordinary Receipts

The Extraordinary Receipts of the Province constitute sale proceeds of the capital assets of the government in the form of land, and buildings etc. During the current year the revised estimates have gone up by Rs. 3.89 crore. The government had purchased tractors to help flood-affected farmers plough their lands for the Rabi crop. Afterwards it was decided to sell the tractors and the sale proceeds of Rs. 1.75 crore on this account were credited under this head. Similarly Rs. 0.11 crore was received from sale of wheat threshers by the Agriculture Department.

The Board of Revenue made all out efforts during the year to recover arrears, resulting in additional receipts of Rs. 2.41 crore from recovery of arrears of instalments due under the various schemes of sale of land.

For the next year no receipt is expected from sale of tractors and less receipts on account of arrears. However, an additional amount of Rs. 0.60 crore is anticipated from sale of flats built in Rivaz Garden Lahore by the Housing and Physical Planning Department under the low cost housing schemes.

Permanent Debt

In accordance with the provisions of President's Order No. 2 of 1971 regarding the apportionment of the rights, properties, assets and liabilities of the former Province of West Pakistan between the four new Provinces and as per decisions taken by the One Unit (Re-organization) Committee, subsequently approved by the Federal Government, the Punjab Province has inherited 53.77% of the outstanding liability of the former Government of West Pakistan in respect of the Market Loans floated by that Government. During the current financial year, the Provincial Government paid Rs. 9.72 crore out of its Cash Balance towards the liability on account of repayment of 5½% West Pakistan Loan, 1973. The Provincial Government will recoup this amount through floatation of a new loan at the end of the current financial year.

During 1974-75, no liability in respect of Market Loans floated by the former Government of West Pakistan is to be discharged by the Provincial Government and no new Market Loan on this account will be floated. It is, however, proposed to float a Market Loan of Rs. 77 lakh to defray liability of the Province on account of matured A.D.C. debentures, which were floated by the former Government of West Pakistan.

Floating Debt

Normally, during the course of each financial year, the Provincial Government has to resort to temporary borrowings from the State Bank of

Pakistan, because the flow of receipts into the Provincial Exchequer does not match the flow of expenditure. During the current financial year, due to a favourable Ways and Means position, the Provincial Government did not have recourse to such borrowings. The decline in receipts from Floating Debt is, therefore, a welcome development.

For the next financial year also it is hoped that it will not be necessary to resort to temporary borrowings from the State Bank of Pakistan to any great extent. A provision has, however, been made for borrowing to the extent of Rs. 10 crore, just in case it becomes necessary.

Debt Raised Abroad

Debt Raised Abroad consists of all Foreign Loans/Suppliers Credits borrowed directly by the Provincial Government on the guarantee of the Federal Government. During the current year the Agriculture Department is expected to utilize Rs. 0.24 crore from a Russian Suppliers Credit to purchase spare parts for agricultural machinery. No Suppliers Credit is, however, expected in the next financial year.

Loan from the Central Government

The Central Loans that form part of the General Revenue Receipts are loans earmarked for financing various non-development expenditure. Normally the Federal Government does not give any loans for financing non-development expenditure, nor does the Province seek such loans. During the course of the current financial year, however, the Federal Government advanced a loan of Rs. 0.26 crore to enable the Provincial Government to meet the burden of accelerated withdrawals of moneys from the three Funds of the PWR with the Provincial Government. This accelerated withdrawal over and above the agreed rate of withdrawals of Rs. 1.94 crore per annum was made necessary by PWR's urgent requirement of liquid funds to meet losses sustained by it during 1973-74. The Federal Government also advanced a loan of Rs. 0.25 crore to the Municipal Committee, Rawalpindi, for its various emergent projects. This loan has since been written off along with other loans to the Province as of 3rd September, 1973, and the Provincial Government has converted it into a grant to the Municipal Committee, Rawalpindi.

For the next year a loan of Rs. 0.25 crore only is expected for the Municipal Committee, Rawalpindi, as the second instalment of the Rs. 0.50 crore loan committed by the Federal Government.

Recovery of Loans and Advances

The Provincial Government has advanced loans to a large number of organizations and individuals for various specific purposes. The list of

debtors of the Provincial Government includes cultivator, government servants, Municipal Committees, Improvement Trusts and various other autonomous and local bodies. For the current year, recovery of loans and advances from these debtors of the Provincial Government was estimated at Rs. 3.43 crore. The revised estimates are, however, Rs. 3.63 crore. The increase is on account of unanticipated receipts to the tune of Rs. 1.29 crore from the defunct Thal Development Authority. The liability of the defunct Thal Development Authority towards the Government is being liquidated as and when the Fixed Deposits of that body mature. In addition there is an increase in receipts of Rs. 0.28 crore from the Industrial Estates under the Directorate of Industries. Decreases have been offset largely by a default in repayment of a term loan of Rs. 1.50 crore by the Punjab Road Transport Board.

For the next year, the decrease of Rs. 0.49 crore in receipts is because no funds are now expected from the Thal Development Authority. In the current year's receipts, Rs. 2.30 crore were received on account of T.D.A. This decrease is made up by additional receipts of Rs. 1.90 crore expected from the recovery of the Special Interest Free Taccavi Loan of Rs. 5.40 crore, disbursed in the flood affected areas.

CHAPTER V

Non-Development Capital Expenditure

The Non-Development Capital Expenditure of the Provincial Government pertains partly to its Account No. 1 and partly to its Account No. 2 with the State Bank of Pakistan. The expenditure that pertains to Account No. 1 include:—

- (i) Economic Services;
- (ii) Permanent Debt (Discharged);
- (iii) Floating Debt;
- (iv) Debt Raised Abroad;
- (v) Re-payment of Central Government Loans;
- (vi) Loans and Advances; and
- (vii) State Trading in Coal and Medical Stores (Net).

The expenditure that pertain to Account No. 2, more commonly known as the Food Account, include:—

- (i) State Trading in Foodgrains (Net);
- (ii) State Trading in Sugar (Net); and
- (iii) Re-payment of Commercial Bank Loans.

Details of the Account No. 1 expenditures of the Provincial Government, as per budget and revised estimates 1973-74, and as per budget estimates 1974-75 are given in Table No. 13

TABLE NO. 13

Expenditure from Account No. 1

(Rupees in crore)

	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Economic Services	1.41	0.29	2.55
Permanent Debt	9.75	9.75	0.79
Floating Debt	20.00	6.20	10.00
Debt Raised Abroad	1.29	2.34	1.70
Repayment of Central Loans	3.67	0.90	1.25
Loans and Advances	0.91	6.34	1.22
State Trading in Coal and Medical Stores (Net)	-0.35	-0.35	-0.47
Total	36.68	25.47	17.04

Economic Services

The expenditure booked under this group is of a nature which creates assets, but which has been kept out of the development programme of the Province. The decrease in expenditure as per revised estimates is mainly because of slow pace of expenditure by the Highways Department on the priority Road Schemes, because of time lost due to floods in the Province and because of Contractors strike during the year. The decrease is also on account of larger draw down by the Public Works Department on their stocks from the Stores Suspense. For the next year the anticipated expenditure is higher, because it is expected that the receipts from sale of stocks from the stores of the Public Works Department will match the expenditure on replenishing such stores. The expenditure and receipts having offset each other, there is no provision on account of stores suspense next year. The expenditure of Rs. 2.55 crore would be wholly on Priority Road Schemes.

Permanent Debt

As already indicated in the preceding Chapters, the Province had to discharge its liability to the tune of Rs. 9.72 crore in respect of 5½% West Pakistan Loan 1973 which matured during the course of the year. Next year no liability in respect of Market Loans floated by the former West Pakistan Government is to be discharged by the Province, so no provision is being made on this account. However, a provision of Rs. 0.77 crore to discharge liability on account of Agriculture Development Corporation debentures, which are maturing next year, is being made and a provision of Rs. 0.02 crore is being made on account of repayment of Land Commission Compensation Bonds. This expenditure is reimbursed in full by the Punjab Land Commission. The reimbursements are taken as part of receipts under Permanent Debt (Incurred).

At the end of the current financial year, the outstanding liability of the Provincial Government in respect of Market Loans will amount to Rs. 48.64 crore as per details at Table No. 14.

TABLE NO. 14

Market Loans

(Rupees in crore)

Name of Loan	Year of issue	Date of maturity	Amount
5½% West Pakistan Loan 1976	1966	14-9-76	2.36
5½% West Pakistan Loan 1977	1968	28-8-77	4.59
5½% West Pakistan Loan 1978	1969	12-9-78	7.58
5½% Punjab Loan 1979	1970	17-9-79	7.82

5 1/2% Punjab Loan 1981	1971	28-8-81	7.52
5 1/2% Punjab Loan 1982	1972	12-8-82	9.05
Punjab Loan 1984 (Nomenclature to be decided)	1974	22-6-84	9.72
Total			48.64

Floating Debt

As already indicated in the preceding Chapter, the Provincial Government has to resort to temporary borrowing from the State Bank of Pakistan to cover temporary overdrafts in its Account No. 1 with the Bank. Although it is planned to restrict such borrowings to the minimum, provision is being made in the budget for repayment, in case borrowing becomes necessary.

Debt Raised Abroad

The various departments of the Provincial Government borrow from foreign agencies on the guarantee of the Federal Government. Presently four Russian Suppliers' Credit, two Italian Suppliers' Credit and one foreign loan viz., US Development Loan Fund are in the process of being repaid. During the course of the year, we had to repay an unanticipated amount of Rs. 0.48 crore to the Russians for the arrears of Suppliers' Credits utilized by the defunct West Pakistan Agriculture Development Corporation. In addition Rs. 0.32 crore was paid to clear another Russian Supplier's Credit used by the Agriculture Department. An advance instalment of Rs. 0.25 crore was paid to the WAPDA to enable them to pay the instalment of the US Development Loan Fund falling due on 1st July, 1974. In the next year the amount of repayments will decrease, as no arrears are anticipated to be cleared.

Repayment of Federal Government Loans

The Province finances its Development Programme through borrowings of rupees loans from the Federal Government and from Foreign Agencies, who are allowed to maintain Counterpart Funds in the country. Part of the Development Programme is also financed through foreign exchange loan. The rupee loans obtained from the Federal Government have to be repaid in instalment over a period of 20 years with an initial grace period of 5 years. In the case of foreign exchange loans, the terms and conditions are the same as those between the Federal Government and the Foreign Lending Agencies. In case of U.S. Aid Counterpart Fund Loans, the money has generally to be retired in 61 equal half-yearly instalments with a grace period of 10 years, while in case of German Counterpart Fund Loans, the terms and conditions are the same as those of Cash Development Loans obtained from the Federal Government.

The Provincial Government had inherited a sizeable part of the outstanding debt liability of the former West Pakistan Government on the date of dissolution of One Unit. In addition, since June, 1970, the Provincial Government had been borrowing extensively from the Federal Government for financing its development programme. In order to give relief to the Province, the Federal Government remitted all rupee loans to the Province as on 3rd September, 1973. The total loans remitted was Rs. 265.34 crore, giving a total relief of Rs. 21.90 crore including Rs. 2.91 crore for the principal to be repaid in the current year (in addition saving of Rs. 1.02 crore on this account is for non-repayment of Loan for adjustment of Food Advances). Thus repayment of Federal Government Loans declined from Rs. 3.67 crore to Rs. 0.90 crores during the year. Next year's increase in liability is because the grace period of three foreign exchange loans is coming to an end and payment for two instalments of two of the foreign exchange loans would become due.

At the end of the current financial year, the indebtedness of the Province to the Federal Government would amount to Rs. 144.92 crore including Rs. 76.15 crore on account of rupee loans, Rs. 23.03 crore on account of Counterpart Fund Rupee Loans, (Foreign Rupee Grants) and Rs. 45.74 crore on account of foreign exchange loans. Details are given in Table No. 15.

TABLE NO. 15

Loans from Federal Government

A. Rupee Loans		(Rupees in crore)
1973-74	Cash Development Loan	75.88
	Loan for meeting Railway Losses	0.27
	Total Rupee Loan	76.15
B. Counterpart Fund Rupee Loans		
(1)	US AID 391-G-009	0.30
(2)	US AID 391-G-065	2.12
(3)	US AID 391-G-120	7.09
(4)	US AID 391-G-122	3.17
(5)	US AID 391-G-132	5.15
(6)	US AID 391-G-133	0.76
(7)	US AID 391-G-147	0.31
(8)	German Loan 1964-65	0.09
(9)	German Loan 1965-66	0.46
(10)	German Loan 1966-67	0.48
(11)	German Loan 1967-68	0.59
(12)	German Loan 1968-69	1.18
(13)	German Loan 1969-70	1.33
	Total Counterpart Fund Rupee Loans	23.03

C—Foreign Exchange Loans

(1) Foreign Loans received upto 1960-61, in the form of equipment, etc.	3.00
(2) Foreign Loan received during 1962-63 in the form of equipment etc.	0.01
(3) US AID-391-H-060	0.57
(4) US AID-391-H-055	5.88
(5) US AID-391-H-087	5.38
(6) US AID-391-H-069	2.54
(7) US AID-391-H-107	2.70
(8) US AID-391-H-142	0.36
(9) US AID-391-H-079	0.85
(10) US AID-391-H-103	0.55
(11) US AID-391-H-084	3.26
(12) US AID-391-H-128	0.45
(13) US AID-391-H-135	1.41
(14) IDA-106-Pak	1.64
(15) IDA-30-Pak	1.41
(16) IDA-50-Pak	6.42
(17) IDA-54-Pak	4.29
(18) IDA-S-I-Pak	0.27
(19) Swedish 106-Pak	1.87
(20) 5th U.K. Credit	0.62
(21) German AL-182	1.63
(22) IBRD-578-Pak	0.63
Total Foreign Exchange Loans	45.74
Grand Total	144.92

Loans and Advances

For 1973-74 the expenditure on disbursement of non-development loan was originally estimated at Rs. 0.91 crore including Rs. 0.42 crore for taccavi, Rs. 0.14 crore for Gujranwala overhead bridge and Rs. 0.35 crore for loans to Government servants. The actual disbursement increased mainly on account of a special taccavi loan of Rs. 5.40 crore disbursed in the flood affected areas during the year, which was received by the Province from the Prime Minister's Relief Fund.

For the next year it is proposed to advance Rs. 0.42 crore as taccavi to farmers under the Land Improvement Loans Act, 1883, and the Agriculture

Loan Acts, 1958, and Rs. 0.25 crore to Municipal Committee, Rawalpindi, for its various emergent project like shifting of bus/truck stand, and construction of markets etc. A provision of Rs. 0.55 crore has been made next year for house building and conveyance advances to Government servants as against Rs. 0.39 crore in the current year.

State Trading in Coal and Medical Stores (Net)

The Provincial Government purchases coal and coke from abroad in bulk through the Trading Corporation of Pakistan and sells the same to industries and other private consumers in the Punjab. State Trading Operations in coal and coke were expected to throw up a surplus of Rs. 35 lakh as per budget estimates, 1973-74. Revised Estimates place this figure at the same level. For the next financial year, State Trading in coal and coke, involving import of 50,000 tons of hard coke and 10,000 tons of steam coal, is expected to throw up a trading surplus of Rs. 47 lakh.

The Medical Stores Depot at Lahore purchases medicines and other medical stores from both Pakistani and foreign manufacturers in bulk, and supplies them to hospitals and dispensaries of the provincial Government, local councils in the Punjab Province, Pakistan Western Railways, Government of Pakistan and the Government of the North-West Frontier Province. In the case of the hospitals and dispensaries of the Provincial Government 75% to 85% of their purchases have to be routed through the Medical Stores Depot at Lahore. The State Trading Operation in medical stores are conducted on a no-profit no-loss basis. Expenditures incurred in any one year are matched by equivalent receipts. The net effect of these operations on Provincial Revenues is, therefore, nil.

State Trading in Foodgrains and Sugar

As already indicated earlier in this Chapter, expenditure pertaining to State Trading in Foodgrains and Sugar is incurred from the Food Account. Similarly, all receipts derived from these State Trading Operations are credited to the Food Account. Details of the receipts and expenditures of the Provincial Government in respect of State Trading in Foodgrains and sugar as per budget and revised estimates, 1973-74 and as per budget estimates 1974-75 are given in Table No. 16.

TABLE NO. 16

Transaction of Account No. 2	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
A. State Trading in Foodgrains			
Gross Expenditure	84.08	121.73	155.49
Deduct Receipts	—78.53	—99.96	—150.26
Net Expenditure	5.55	21.77	5.23

B. State Trading in Sugar

Gross Expenditure	56.13	83.38	99.44
Deduct Receipts	53.91	69.05	99.45
Net Expenditure	2.22	14.33	0.01
Total Net Expenditure	7.77	36.10	5.22

Expenditure on purchase, handling and storage of foodgrains during 1973-74 is expected to increase from the budgeted level of Rs. 84.08 crore to Rs. 121.73 crore. This is because the procurement price of wheat has increased from Rs. 22.50 to 25.50 per maund for purchases to be made from the 1974 crop and the procurement target has been raised from 10.00 lakh tons to 13.48 lakh tons. Incidental charges on handling and storage of wheat have also increased due to higher railway freight charges and higher interest rates on borrowing from Commercial Banks. Receipts from sale of wheat within the Punjab Province and to outside Governments are now estimated at Rs. 78.53 crore against the budgeted figure of Rs. 53.08 crore. The total quantity involved is 12.50 lakh tons including internal off-take of 8.50 lakh tons. The excess of expenditure over receipts represents the stocks that will be carried over into the next financial year. The expenditure is met through borrowings from the Commercial Banks.

Expenditure on purchase, handling and storage of sugar is expected to increase from Rs. 56.13 crore to 83.38 crore. This is because the purchase price has gone up from Rs. 90 per maund to Rs. 110.20 per maund on account of flood surcharge levied by the Federal Government and because purchases are now estimated at 2.57 lakh tons as against the original target of 2.00 lakh tons. Incidentals have also increased for the reasons indicated in case of wheat. Receipts from sale of sugar are now estimated at Rs. 69.05 crore as against budgeted figure of Rs. 53.91 crore. The total quantity involved is 2.10 lakh tons. The excess of expenditure over receipts represents the sugar stocks that will be carried over into the next financial year and, as in the case of wheat, will be met through borrowings from the Commercial Banks. A provision of Rs. 155.49 crore has been made in the 1974-75 budget for procuring 18 lakh tons of wheat partly from Rabi 1974 and partly from next years crop. Out of this quantity 9 lakh tons is for supply to other Provinces, Azad Kashmir and to Army etc. while balance would be for internal consumption in the Province. It is proposed to release 8.50 lakh tons for internal consumption, and balance of 0.50 lakh tons will be carried into 1975-76.

It is proposed to procure 2.56 lakh tons basmati rice and 0.50 lakh tons coarse rice for the Federal Government, and 5,000 tons basmati rice on Provincial Government Account.

A provision of Rs. 99.44 crore has been made for handling, storage and distribution of 2.90 lakh tons of sugar. A profit of Rs. 7.25 crore from this source is expected to be transferred to the Non-Food Account.

The initial outlay on purchase, handling etc., of stocks of wheat, rice and sugar is financed through borrowings from Commercial Banks under counter finance arrangements with the State Bank of Pakistan. An effort is made to keep borrowings to a minimum by giving temporary loans to the Food Account from the balance available in the Account No. 1.

CHAPTER VI
Public Account Transactions

The Public Account Transactions of the Provincial Government can broadly be categorized as under:—

- (i) Unfunded Debt;
- (ii) Deposits and Advances; and
- (iii) Remittances.

The net receipts from these transactions as per budget and revised estimates, 1973-74, and as per budget estimates, 1974-75 are given in Table No. 17.

TABLE NO. 17
Public Accounts Transactions

	(Rupees in crore)		
	Budget Estimates 1973-74	Revised Estimates 1973-74	Budget Estimates 1974-75
Unfunded Debt	2.98	2.92	3.37
Deposits and Advances	-2.34	-1.99	-1.32
	0.64	0.93	2.05

Unfunded Debt

The Unfunded Debt of the Province relate to its liability in respect of the balances in the various Provident Funds of its employees. The indebtedness of the Province on this account increases from year to year because, with the continuous expansion in the number of persons employed by the Government, the payments into the General Provident Funds exceed withdrawals. During 1973-74, gross receipts to the Provident Funds are likely to amount to Rs. 5.28 crore and total withdrawals to Rs. 2.36 crore, giving net receipts of Rs. 2.92 crore. For the next financial year, the corresponding figures are estimated to be Rs. 6.07 crore, Rs. 2.70 crore and Rs. 3.37 crore. The increase in the net figure from Rs. 2.91 crore in the current year to Rs. 3.37 crore next year is mainly because the number of government servants has increased on account of Nationalization of Schools and Colleges.

Deposits and Advances

The grouping "Deposits and Advances" cover a very large number of miscellaneous receipts and expenditure. Most of these receipts and

expenditure do not follow any fixed pattern. This is true, for example, of the receipts and expenditure pertaining to the Personal Ledger Accounts of the autonomous and local bodies of the Provincial Government kept with various Government Treasuries. This is also true of the receipts and expenditures pertaining to the various Suspense Accounts. Whether net receipts from Suspense Accounts will be positive or negative depends entirely on whether the misclassification of receipts has been greater than that in respect of expenditures, or vice versa. For purposes of budgeting, therefore, the net effect of most of these receipts and expenditure is assumed to be nil. The only significant exceptions to the general rule are the receipts on account of transfer of Appropriations for the Reduction or Avoidance of Debt from the Revenue Account to the Public Account, and the expenditures connected with the draw-down of the balances in the three Funds of the Pakistan Western Railways.

The receipts on account of transfer of certain Appropriations from the Revenue Account to the Public Account have already been explained in the preceding Chapters. As regards the three Funds of the Pakistan Western Railways, the factual position is that prior to the dissolution of One Unit, the former Government of West Pakistan acted as a banker to the Railways in respect of the latter's Reserve Funds. On the dissolution of One Unit, the four Provinces in West Pakistan inherited the liability of the former Government of West Pakistan in respect of the balance in these Funds as on 1st July, 1970. Punjab's share of this liability has been determined at 55.41%. The four Provincial Governments had reached an agreement with Pakistan Western Railways whereby the latter is to be permitted to withdraw moneys from its Reserve Funds at the rate of Rs. 3.50 crore per annum. On the basis of the above decisions, provision was made in the budget estimates, 1973-74, for withdrawal of Rs. 1.94 crore from P.W.R.'s Reserve Funds. Actual withdrawals have been Rs. 0.26 crore higher because of P.W.R.'s urgent requirement of funds to meet the losses sustained by it during 1973-74. This heavier rate of withdrawal has not, however, placed any additional strain on Provincial finances because the Federal Government has given to the Province a non-development loan equal to the withdrawal over and above the agreed figure of Rs. 1.94 crore.

Remittances

As already indicated earlier in this Chapter, the net effect of the transactions pertaining to the various remittance heads including the Inter-Provincial Suspense Account and the Adjusting Account between the Federal and the Provincial Government is likely to be, and has been assumed to be nil both for the current year as also for 1974-75.



CHAPTER VII

Financing of the Annual Development Programme

The resources available for the financing of the Annual Development Programme come from three sources:—

- (a) Provincial Contribution.
- (b) Federal Assistance.
- (c) Foreign Aid.

In 1973-74 a gross Annual Development Programme of Rs. 126.00 crore was prepared and resources were estimated at Rs. 115 crore, taking into account a nil Provincial Contribution. The shortfall in resources was to be expected to be taken care of by an operational shortfall. The revised estimates indicate a resource availability of Rs. 120.91 crore for financing the current year's revised Annual Development Programme of Rs. 141.94 crore. The details of the resources originally anticipated and those available as under the revised estimates for 1973-74 are given in Table No. 18.

TABLE NO. 18
Financing of Annual Development Programme
1973-74

	(Rupees in crore)	
	Budget Estimates 1973-74	Revised Estimates 1973-74
A. Provincial Contribution		
Revenue Surplus	.. (—)15.54	11.38
Net Capital Receipts	.. 1.43	3.43
Net Public Accounts Receipts	.. 0.64	0.93
Total Provincial Contribution	.. —13.47*	15.74
B. Federal Assistance		
Grant for Fertilizer Subsidy	.. 10.00	6.28
Tubewell Grant	.. 1.00	0.12
Road Development	.. 0.31	0.16
Grant for High Court	.. —	0.20
Grant from Prime Minister's Relief Fund	.. —	3.30
Cash Development Loan	.. 98.40	87.73
Total Federal Assistance	.. 110.21	97.79

C. Foreign Aid

Foreign Rupee Loan	3.10	3.10
Foreign Exchange Loan	1.62	1.65
Guaranteed Loan	—	0.06
Foreign Grant	0.07	0.07
Supplier's Credit	—	2.48
Total Foreign Aid	4.79	7.38
Grand Total	115.00	120.91

*The deficit of Rs. 13.47 crore was not to be taken as negative contribution and was to be met out of additional taxation and draw-down on cash balance etc.

Provincial contribution has gone up from a negative figure of Rs. 13.47 crore in the budget estimates for 1973-74 to a positive contribution of Rs. 15.74 crore in the revised estimates. This improvement was made possible, as mentioned earlier, on account of a very substantial tax effort, higher yield from the taxes than anticipated and the debt relief provided by the Federal Government through remission of Loans to the Province. Whereas the negative provincial contribution at the beginning of the year was not taken into consideration and the Province was expected to make it good by additional taxation and draw down on Cash Balances, the positive contribution is taken as financing source. The Federal Government has commended the taxation effort of the Punjab and allowed it to enhance its approved Annual Development Programme to the extent of the additional receipts without a commensurate decrease in the Cash Development Loan from the Federal Government as had been the usual practice. A revised Annual Development Programme was accordingly prepared for Rs. 141.94 crore.

As for the Federal Assistance, the fertilizer subsidy is estimated at Rs. 22.48 crore. Federal Governments' 50% share works out Rs. 11.24 crore. In addition Centre has reimbursed us Rs. 0.87 crore for last year's expenditure. Revised estimates, therefore, should be Rs. 12.11 crore. However, there is some problem of reconciliation with the Federal Agriculture Ministry who feel that the fertilizer subsidy expenditure should not exceed Rs. 11.16 crore. The grant for 1973-74 exclusive of last year's reimbursement was therefore reduced to Rs. 5.58 crore. In resource terms, this did not make a difference because the Federal Ministry of Finance have enhanced the Cash Development Loan by an equivalent amount, and have promised that the enhanced loan amount will subsequently be converted into grant if our contention is proved correct.

The revised estimates for development grant for Tubewells and Road Development have gone down because of slow utilization by the Province. The decrease, is however, made up by a corresponding increase in the Cash Development Loan.

Under a decision taken by the Finance Secretaries Conference, expenditure financed from Prime Minister's Flood Relief Fund, other than direct relief expenditure and Taccavi Loan is to be treated as development expenditure. As such an amount of Rs. 3.30 crore on purchase of Cinvarama Block-making Machines, purchase of hand pumps for installation in flood affected areas etc. has been included in the revised Annual Development Programme financing.

As for Foreign Aid, the significant increase in resource availability is Rs. 2.48 crore Italian Suppliers' Credit, made available during the course of the year, for the import of bulldozers for the Agriculture Department. This amount is likely to be utilized during 1973-74.

The estimates for 1974-75 show a revenue deficit of Rs. 0.58 crore and as such no contribution is expected in the financing of the development programme. Details of working out the deficit, can be seen in the 'Budget At a Glance' and is summarised in Table No. 19.

TABLE NO. 19
Non-Development Revenue Surplus/Deficit

	(Rupees in crore)
Revenue Surplus	(—)5.43
Net Capital Receipts	2.80
Net Public Accounts Receipts	2.05
	<u>(—)0.58</u>

The negative contribution on account of the deficit will, however, be met by either a levy of additional taxation or by a draw down of the Cash Balance, and will not effect the financing of ADP 1974-75.

The resource availability for financing the gross development programme of the order of Rs. 137.00 crore for next year has been estimated at Rs. 120.00 crore on the assumption of a nil contribution from the Revenue budget. The details of resources available are given in Table No. 20.

TABLE NO. 20
Resources for Financing Annual Development Programme
1974-75

A. Federal Assistance

	(Rupees in crore)
Tubewell Subsidy	0.75
Road Development Grant	1.30
Cash Development Loan	114.20
Total Federal Assistance	<u>116.25</u>

B. Foreign Aid

Foreign Rupee Grant	..	3.03
Foreign Exchange Loan	..	0.72
		<hr/>
Total Foreign Aid	...	3.75
		<hr/>
Grand Total	..	120.00

It has now been decided to keep expenditure on fertilizer subsidy outside the development programme. The Federal Government will make payments for fertilizer subsidy directly to the concerned agencies.

CHAPTER VIII

Annual Development Programme 1973-74

The gross size of the Annual Development Programme for the current financial year was originally fixed at Rs. 126.00 crore. Immediately after the floods, the programme was reduced by Rs. 20.00 crore to accommodate the requirement of Rs. 22.32 crore for the post-flood repair-cum-restoration programme. Subsequently, as the financial position of the Province improved, extra-budgetary allocations were allowed in a number of sectors in order to accelerate the progress of on-going schemes. Some new schemes were also taken up and the total size of the Development Programme raised to Rs. 141.94 crore. Sector and sub-sectorwise details of the modified programme of Rs. 128.32 crore and the final revised programme of Rs. 141.94 crore are given in Table No. 21.

TABLE NO. 21
Annual Development Programme 1973-74

	(Rupees in crore)	
	First Revised 1973-74	Final Revised 1973-74
I. AGRICULTURE ..	35.95	38.67
Agriculture proper ..	31.90	35.05
Animal Husbandry ..	1.64	1.50
Forestry ..	0.94	0.95
Fisheries ..	0.20	0.20
Co-operatives ..	0.25	0.23
Food Storage ..	0.50	0.20
Land Consolidation ..	0.52	0.54
II. PEOPLE WORKS PROGRAMME ..	8.50	8.21
III. INDUSTRIES ..	4.00	13.36
IV. WATER ..	19.92	23.75
Irrigation ..	12.50	16.33
Wapda ..	7.42	7.42
V. TRANSPORT AND COMMUNICATIONS ..	23.50	23.18
VI. PHYSICAL PLANNING AND HOUSING ..	14.95	14.83
Town Planning and Research ..	0.20	0.15
Low Income Housing ..	6.35	6.85
Rural Water Supplies ..	2.25	2.20

	Urban Water Supplies	3.95	3.73
	Government Buildings	2.20	1.90
VII.	EDUCATION AND TRAINING	11.50	11.36
VIII.	HEALTH	9.00	7.58
IX.	SOCIAL WELFARE	0.55	0.55
X.	MANPOWER	0.45	0.45
	Total	51.67	128.32
			141.94

AGRICULTURE

Out of the revised allocation of Rs. 35.05 crore for Agriculture proper, an amount of Rs. 22.48 crores has been spent on subsidizing sale of 2.80 lakh nutrient tons of fertilizer to the farmers. During the course of the current financial year, in response to persistent complaints from cultivators about shortages and black-marketing of fertilizer, the Provincial Government removed the bulk of fertilizer distribution from the hands of the private sector and established the Punjab Agricultural Development and Supply Corporation to tackle this problem. The Corporation has set up over 500 sale points. It has taken fertilizer virtually to the door-step of the farmers. Ever since the establishment of this Corporation, there has been virtually no complaint about the shortage of fertilizer in any part of the Province. The Corporation is expected to carry-over fertilizer stocks equal to 1.40 lakh nutrient tons into the next financial year.

During the course of the current financial year the Provincial Government also arranged substantial credit facilities for the farmers.

An amount of Rs. 5.40 crores was disbursed as interest free taccavi loans in the flood-affected areas. In addition, over Rs. 20.00 crores were disbursed by the Agriculture Development Bank of Pakistan and other Commercial Banks. The combination of easy availability of fertilizer plus credit contributed towards achievement of the record wheat crop for 1974. However, the target for fertilizer sales has not been achieved largely because of the two increases in prices in August, 1973 and April, 1974. This highlights the need for arranging credit in even greater volume during the next financial year.

During the course of the current financial year the Province has spent Rs. 4.90 crores on the purchase of pesticides and plant protection equipment for spraying of 10.30 lakh acres. This compares favourably with the original target of 8.28 lakh acres. Another 15.12 lakh acres have been sprayed aerially by the Central Plant Protection Agency. In addition a sum of Rs. 20.00 lakh has been spent on subsidising sale of 4000 hand-sprayers to the farmers.

During the course of the year a plan was prepared for replacing the obsolete fleet of bulldozers maintained by the Agricultural Engineering Department. Through the good offices of the Federal Government, a credit of dollars 2.5 million was negotiated with Messrs Fiat-Allis of Italy and orders for the purchase of 100 bulldozers have been placed under this credit. It is expected that these bulldozers will be shipped to Pakistan within the next few months.

During the course of the current year, the Provincial Government established the Punjab Livestock, Dairy and Poultry Development Board with the objective of stepping up the production of meat, poultry and dairy products. The Board is in the process of establishing a number of Livestock Farms in various parts of the Province. The progress has been somewhat slow due to a number of administrative difficulties. However, these are in the process of being resolved and it is expected that the Board will be able to make substantial headway with the projects during the next financial year.

In the case of Forestry, progress in both physical and financial terms has been satisfactory. 11 million trees have been planted against the original target of 10 million. In addition 21 miles of road have been constructed in the hilly areas of the Province.

In the case of land consolidation, the target was consolidation of 4.42 lakh acres of land. The latest indications are that 4.20 acres of land will be consolidated during the current year. In the food storage sub-sector the progress has been less satisfactory because of administrative delays in the preparation and approval of schemes. However, substantial storage capacity is being added in the public sector through the purchase of 42,000 ton capacity steel silos at Multan.

People's Works Programme

People's Works Programme continues to suffer from a number of administrative and other difficulties. The element of people's participation in this programme has not materialized to the extent originally envisaged. The shortcomings of this programme have recently been reviewed at a meeting of the Provincial People's Works Council and it has been decided that from the next financial years, a substantial part of the allocation for this programme should be taken down to the village level. It is expected that this change will generate much greater public enthusiasm for this programme because the money will be spent on small schemes to be prepared and executed by the village communities themselves. Towards the end of the current financial year, extra budgetary allocation of Rs. 1.85 crore has been made

for this programme for the purchase of 15000 hand-pumps and 5000 Cinvarama block-making machines. The former are for the flood-affected areas and the latter for enabling cheaper construction of houses and other buildings in the rural areas.

Industries

During the course of the current year, the Punjab Small Industries Corporation established 35 Carpet Development Centres in various parts of the Province. These Centres have proved to be extremely useful and popular and it is proposed to establish another 25 Centres in the next financial year. A sum of Rs. 12.00 crore has been given to the Punjab Industrial Development Board for setting up three Textile Mills, four Sugar Mills and five Rice Sheller Units in the public sector. Orders for two of the four Sugar Mills have already been placed with the Heavy Mechanical Complex, Texila. Cash Foreign exchange for import of machinery for the five Rice Sheller Units has been arranged and it is expected they will be established by the end of 1974-75. Lines of credit for the import of machinery for the other two Sugar Mills and three Textile Mills are being arranged through the good offices of the Federal Government.

The Punjab Industrial Development Board has also been entrusted with the responsibility of operating the 14 Vegetable Ghee Units. The performance of these Units in the last few months has been substantially better than in the months preceding their take over by Government. In recent weeks shortages of Vegetable Ghee again appeared here and there. This was because distribution of Vegetable Ghee remained with the private sector. The situation eased as soon as the District Administrations were entrusted with the task of distribution.

Water

The Irrigation system of the Province was badly damaged by unprecedented floods in the months of July, August and September, 1973. The Provincial Government rose to this challenge and diverted resources in terms of men, material and money to make good the damage caused by floods. The original allocation of the irrigation sector was Rs. 6.50 crore. This was raised first to Rs. 12.50 crore and then again to Rs. 16.33 crore. The extent of effort put into this sector can be gauged from the fact that repair work executed upto 30th June, 1974 will involve 79.80 million cubic feet of earth-work. The canal system in the Province is now functioning normally.

During the course of the current year, a sum of Rs. 7.42 crore was released to WAPDA for completion of various work in SCARPs II, III and IV and for continuing the work on Khanpur Dam. During the floods 850

tubewells were damaged in the SCARP areas. All of them have since been repaired. Eighty link water courses have been constructed in SCARP III and another 11 in SCARP IV.

Transport and Communications

In this sector initial progress was very slow, first, because of the floods and then because of the Contractors' strike. During the third and fourth quarters implementation in financial terms has been satisfactory but physical achievements have fallen short of targets largely because of the rise in the prices of labour and materials. The original target was for the construction of 332 miles of new roads. Actual achievement will be around 100 miles. The original target was widening and improvement of 280 miles of existing roads. Actual achievement will be around 250 miles. The road network in the Province was also badly damaged by floods. Funds amounting to Rs. 4.50 crore were diverted through intra and inter sectoral adjustments for undertaking extraordinary repairs of the damaged roads. It is anticipated that by the end of this year substantial part of the damage will have been repaired.

Physical Planning and Housing

In the field of town planning and research, Outline Development Plans for Bahawalpur and Burewala have been completed. Aerial photography and mapping of Bahawalpur, Khanewal, Jhang and Chiniot has also reached an advanced stage of completion.

In the case of Low-Income Housing, 9,000 residential plots have been developed in 15 low-income housing schemes in various parts of the Province. Simultaneously, the Federal Government has arranged for substantially larger loaning by the House Building Finance Corporation. This should give a significant fillip to investment in housing in the next financial year. Construction of 380 two-room flats in Rivaz Gardens has been brought to near-completion. These flats will be available for sale to low-income families during 1974-75.

During the current year, 34 rural water supply schemes have been completed. Work on another 98 is in progress. The Provincial Government continues to attach very high priority to this sector. Government's desire to spend more in this area is limited only by the capacity of local communities to maintain the completed schemes. Measures to enhance such capacity are under consideration of Government.

Education

In this sector, priority attaches to the Primary Education Programme. During the current year, 170 primary school buildings have been constructed

including 84 in the economically deprived areas. 224 primary schools have been consolidated and improved. Equipment has been provided to another 655 nationalized primary schools in order to bring them on par with regular government schools.

In the Secondary Education sub-sector, equipment has been provided and buildings constructed for up-grading 170 primary schools to the middle level and 65 middle schools to the high school level. 419 agro-technical courses have been introduced in various middle and high schools. Libraries of 80 high schools have been improved and student hostels completed for another 3.

In the field of Technical Education, work has been taken in hand for preparation of plans and construction of buildings for enabling conversion into Technical Colleges of the existing Polytechnics at Rasul, Lahore, Rawalpindi, Multan, Lyallpur, Bahawalpur and Sialkot. In the case of College Education, equipment has been purchased for establishment of 25 Science Units. Construction of buildings for up-gradation of 4 inter colleges to degree level has also made fair progress.

Health

During the course of the year, the Malaria Eradication Programme was allowed another Rs. 25 lakh for spray work in the flood affected areas. There are indications of an increase in the incidence of malaria and as such, this programme is being subjected to intense review. The surplus staff is being weeded out and allocations for insecticides are being increased. Eradication may perhaps be beyond our reach but malaria control will be ensured.

31.42 million persons were vaccinated against small-pox during 1973-74. There have been no reports of any epidemic in any area during the current year. 1.00 million persons were inoculated under the B.C.G. during this year. It is proposed to intensify efforts in this field in the year to come. 5 T.B. Wards are under construction in various district headquarter hospitals and plans are being prepared for construction of a new T.B. hospital at Sargodha.

During the current year, admissions have been made to both the Lyallpur and Rawalpindi Medical Colleges. For various administrative considerations, the Pindi College has its temporary location at Lyallpur. It will be shifted to Pindi within the near future. Equipment has been purchased for both Colleges for the 1st year classes. Plans for the construction of buildings for these Colleges are under preparation.

High priority is being given to the establishment of rural health centres in various parts of the Province. Centres at Ghakkar, Kallar Sayyadan, Sohawa, Dunyapur, Dajal and Jallah Jeem have been completed. Work on

other Centres has progressed. A constraint is being faced on account of rising costs of construction. A study is being made to determine whether it would be possible to construct the buildings of these Centres through the Cinvarama block-making technique.

Social Welfare

15 Community Development Projects have been established during 1973-74 against target of equal number. Another 10 Social Work Projects have also been established. A number of the completed schemes have been transferred to the non-development budget in order to free development funds for more adequate funding of the remaining on-going schemes. Some of the less successful schemes, for example, Beggars' Home at Lahore, are being discontinued.

Manpower Training

Construction of additional buildings for Technical Training Centre, Gulberg, has started. Water Supply and Sewerage Scheme for the Apprenticeship Training Centre, Lyallpur, has been completed. 3 Rural Employment Promotion Projects and 2 Industrial Relation Projects have shown fair progress.

CHAPTER IX

Outline of the Annual Development Programme 1974-75

At the meeting of the National Economic Council held in May, 1974, the size of the Annual Development Programme, 1974-75 for the Punjab Province was fixed at Rs. 120.00 crore. The Provincial Government has decided to treat this figure as the net size of the Programme for the next financial year, and to authorise expenditure on the basis of a gross size of Rs. 137.00 crore with an anticipated operational shortfall of Rs. 17.00 crore.

The Federal Government has taken over responsibility for fertilizer and for Salinity Control and Reclamation Projects. The amount allocated for these two items for Punjab in the Federal Programme is Rs. 43 crore. Thus the A.D.P. figure of Rs. 141.94 crore for 1973-74 should be compared with Rs. 137+43 = Rs. 180 crore for 1974-75, an increase of 27%. The details of the sectoral allocations for A.D.P. 1974-75 are given in Table No. 22

TABLE NO. 22

Annual Development Programme 1974-75

(Rupees in crore)

			% of total
AGRICULTURE	23.70		17.3%
Agriculture and Agricultural Credit	16.00	11.8%	
Animal Husbandry	3.00	2.3%	
Forestry	1.50	1.1%	
Fisheries	0.80	0.6%	
Cooperatives and Rural Credits	0.33	0.3%	
Food Storage	1.50	1.1%	
Land Consolidation	0.57	0.1%	
PEOPLES WORKS PROGRAMME	6.00		4.4%
INDUSTRIES AND MINERALS	8.05		5.9%
WATER	17.20		12.6%
Irrigation Department	15.50	11.3%	
Water and Power Development Authority	1.70	1.3%	

TRANSPORT AND COMMUNICATIONS	28.00		20.4%
PHYSICAL PLANNING AND HOUSING	25.65		18.7%
Town Planning and Research	0.30	0.2%	
Low Income Housing	10.85	7.9%	
Agrovilles	0.15	0.1%	
Rural Water Supply	3.25	2.4%	
Urban Water Supply	6.10	4.5%	
Government Buildings	5.00	3.6%	
EDUCATION AND TRAINING	16.00		11.7%
HEALTH	11.20		8.2%
SOCIAL WELFARE	0.60		0.4%
MANPOWER TRAINING	0.60		0.4%
Total	137.00		100.0%

The sectoral composition of the Annual Development Programme 1974-75 has been determined in the light of the following objectives of State Policy:—

- (i) to accelerate the completion of on-going schemes. There had been a tendency to start new schemes which left on-going schemes inadequately funded, leading to increase in costs, inflationary pressures on the economy in the absence of immediate benefits of the scheme. Over 80% of the funds in the ADP have been allocated to the on-going schemes as against 52% in ADP 1973-74.
- (ii) to make adequate provision for implementing the new programmes in the social sectors specially Education and Health. In Education sector, the allocation has been increased by 41% and special shift in priorities is towards more expenditure on technical education. The allocation of Health sector has been increased by 49% and the shift is towards more facilities in the rural areas by opening more Rural Health Centres and providing services of specialists upto the Tehsil hospital level.
- (iii) to complete Road construction projects which are also labour intensive. In the next year, the largest chunk of the ADP, Rs. 28 crore or 20.4% of the Programme, is to be spent on road building. This will create job opportunities for hundreds of people throughout the year.

(iv) to provide shelter for the poor. 7.91% of the total Annual Development Programme will be spent on the low Income Housing Schemes. The sector has been allowed an acceleration of 58.39% as compared to the provision of 1973-74. More attention is being paid to development of plots and 18000 of them will be ready for allotment at the end of 1974-75.

(v) to provide more drinking water to both the rural and the urban populations. The allocation for Rural Water Supply Schemes has been increased by 48% as compared to 1973-74 and now stands at Rs. 3.25 crore. Similarly the allocation for Urban Water Supply Schemes has been increased by 64% and now stands at Rs. 6.10 crore. It is expected that 60 Water Supply and Drainage Schemes in the rural area and 12 in the Urban areas will be completed during 1974-75.

Agriculture

Agriculture and Agricultural Credit has been allocated Rs. 16.00 crore as compared to a figure of Rs.35.05 crore for 1973-74. The allocation for 1973-74 included Rs. 22.48 crore for fertilizer subsidy, which has now been taken over by the Federal Government. Thus in fact, the allocation in the sector has increased from 12.57 crore in 1973-74 (i.e without the fertilizer subsidy) to Rs. 16.00 crore, an increase of 27.28%. The allocation of Rs. 16.00 crore includes Rs.10.40 crore for procurement of pesticides and equipment and subsidies on this account, Rs. 1.50 crore for diesel tubewell subsidy, 2.05 crore for Agriculture Research, Rs. 1.00 crore for import of bulldozers and Rs. 0.50 crore for acquisition of drilling rigs and vehicles. As for physical targets, sprayers of the value of Rs. 0.20 crore will be procured, 59.50 lakh acres will be sprayed with pesticides, 9.45 lakh maund of various kinds of seed including 5.00 lakh maund of cotton and 3.00 lakh maunds of improved wheat seed will be procured, and 3000 diesel tubewells will be installed in the non-perennial, sailaba and barani areas under the Tubewell Subsidy Scheme.

Livestock and Dairy Development

The allocation for Livestock and poultry for 1974-75 has been increased by 100% compared to 1973-74 and stands at Rs. 3.00 crore. This includes Rs. 1.03 crore for livestock production, Rs. 0.46 crore for poultry production, Rs. 1.09 crore for the newly established Livestock and Dairy Development Board and Rs. 0.26 crore for Animal Health Schemes. In terms of physical target, it is proposed to artificially inseminate 1 lakh animals, add six Livestock Farms, produce 400 lakh doses of Sera, produce 11 lakh layers, 25 lakh broilers and 1.5 lakh breeding stock

Forest

The allocation for Forests has been increased by 57%. An allocation of Rs. 1.50 crore has been made compared to Rs. 0.95 crore in 1973-74. The allocation includes Rs. 0.60 crore for raising of trees, 0.40 crore for Management and Improvement of Forests and Rs. 0.11 crore for Range Management. In physical terms, the targets include planting of 1.50 crore trees including 5 lakh mulberry trees, spraying of 15000 acres of forests and 1.00 crore cft of wood for protection against insect pests.

Fisheries

The allocation for the Fisheries sub-sector has been quadrupled to Rs. 0.80 crore. The physical targets are a production of 115 lakh maunds of fish and 1 lakh fingerlings.

Peoples Works Programme

A provision of Rs. 6.00 crore has been made as compared to revised allocation of Rs. 8.21 crore in the 1973-74. The smaller allocation has been made because of difficulties experienced in implementation during 1973-74. It is proposed during 1974-75 to make substantial allocations directly at the village level and if this approach proves successful additional allocations would be provided during the course of the year.

Industries and Minerals

The allocation of Rs. 8.05 crore includes Rs. 6.00 crore for the Punjab Industrial Development Board, Rs. 1.31 crore for the Punjab Small Industries Corporation, Rs. 0.56 crore for the Directorate of Industries and Rs. 0.06 crore for setting up of the Punjab Mineral Development Corporation.

The Punjab Industrial Development Board has prepared plans for setting up, 3 Textile Mills, 5 Rice Shelling Plants and 4 Sugar Mills one each at Kot Adu, Kamalia, Pasrur and Pattoki. With an investment of Rs. 12.00 crore in the current year, the requirement of funds by the Punjab Industrial Development Board in 1974-75 have been assessed at Rs. 6.00 crore, which would be supplemented with additional finances from the Commercial Banks and through floatation of debentures.

The Punjab Small Industries Corporation is concerned with plans of setting up 25 additional Carpet Centres at a cost of Rs. 0.60 crore, one Namda and one Drugget Centre at Murree, Leather Splitting Centre at Sialkot, and a Carpet Washing Centre at Lahore.

Water

The allocation of Rs. 15.50 crore for the Water Sector schemes of the Irrigation Department includes Rs. 8.88 crore for Flood Restoration works.

Rs. 2.45 crore for drainage and reclamation schemes, Rs. 1.85 crore for irrigation schemes, Rs. 0.56 crore for flood regulation and Rs. 0.50 crore for Small Dams. In terms of physical targets this, would consist of remodelling of 6 miles of existing channels, construction of 9 miles of new channels, 10 miles of new drains and 6 Small Dams and the procurement of new machinery tools and plants worth Rs. 1.00 crore.

The allocation of Rs. 1.70 crore for WAPDA includes Rs. 1.00 crore for the Khanpur Dam and Rs. 0.67 crore for Irrigation.

Transport and Communications

Transport and Communication has been provided an allocation of Rs. 28.00 crore constituting 20.43% of the total Annual Development Programme. The allocation includes Rs. 10.18 crore for construction of 200 miles of new roads, Rs. 5.79 crore for widening 180 miles of roads, Rs. 3.72 crore for completion of bridges over Chenab, Chablat Nullah and Bhimber Nullah and completion of Vehooa bridge and overhead bridge of Gujranwala. A block allocation of Rs. 2.00 crore has been made for schemes to be taken up during the year.

As for equipment, it is proposed to purchase 50 Road Rollers, 6 Scrapers, 8 Bulldozers, 2 Crushing Plants and 1 Carpeting Plant.

Amongst the schemes, Rs. 0.80 crore has been allocated for construction of by-pass road at Gujranwala, Rs. 1 crore for bridge over River Chenab at Wazirabad, Rs. 0.40 crore for Lahore-Sheikhupura Road, Rs. 0.30 crore for Sargodha-Mianwali Road, and Rs. 0.30 crore for the improvement of link road from Mall Road Bridge to Shalimar Gardens. While selecting the schemes, care has been taken to fund the on-going schemes fully so as not to linger them on. It will, therefore, be seen that out of the total funds, 68.89% has been allocated to on-going schemes while 20.04% is allocated for the very essential new schemes; the remaining 11.07% is for flood repairs and reconstruction.

Physical Planning and Housing

A total allocation of Rs. 25.65 crore has been made showing an increase of 72.96% over 1973-74. A sum of Rs. 0.30 crore has been allocated for Town Planning and Research for completing the Regional Development Plan for Lahore and Outline Development Plans for Sahiwal, Burewala and Khanewal. Low-Income Housing gets Rs. 10.85 crore as against Rs. 6.85 crore in 1973-74, showing an increase of 58.39%. It is proposed to develop 18000 plots including 5000 at Kacha Multan Road and Lahore Township Schemes, 2200 at Lyallpur, 2000 at Gujranwala, 2000 at Multan, 1600 at Jhelum, 1600 at Jhang, 1600 at Bahawalnagar, 960 at Muzaffargarh, 800 at Rahimyar Khan and 750 at Bahawalpur.

The allocation for Rural Water Supply and Drainage Schemes has been increased by 47.72% to a figure of Rs. 3.25 crore of which Rs. 2.03 crore is on 105 on-going schemes and Rs. 0.22 for 20 new schemes. A block allocation of Rs. 1.00 crore has been made to execute new schemes during the course of the year. It is expected that 60 of the on-going schemes will be completed during 1974-75.

The allocation for Urban Water Supply has been increased from Rs. 3.73 crore to Rs. 6.10 crore, an increase of 63-53% of which Rs. 3.50 crore are for the scheme to be executed by the Public Health Engineering Department and Rs. 2.60 crore for Lahore Improvement Trust's Greater Lahore Water Supply, Sewerage and Drainage Scheme. The allocation for Public Health Engineering Department Schemes includes Rs. 3.30 crore for 66 on-going schemes and Rs. 0.20 crore for 4 new schemes. It is expected to complete 12 of the on-going schemes during 1974-75.

A provision of Rs. 5.00 crore has been made for Government Building as compared to Rs. 1.90 crore during 1973-74. Of this amount, Rs. 2.20 crore is for Government Servant Housing and Rs. 2.80 crore for Government Offices and Buildings.

It is proposed to provide much needed office and residential accommodation in newly created sub-divisions and add quarters for low paid Government Servants in Lahore. It is also proposed to add court rooms where needed, construct a Record Room/Library in the Secretariat and to provide additional accommodation at Pipal's House for MPAs.

Education

The allocation in this sector has been increased from Rs. 11.36 crore to Rs. 16.00 crore in the 1974-75 Programme, an increase of 40.8%. The allocation includes Rs. 3.00 crore for Primary Education, Rs. 3.00 crore for Secondary Education, Rs. 1.98 crore for College Education, Rs. 2.25 crore for University Education, Rs. 1.00 crore for Teachers' Training, Rs. 1.50 crore for Technical Education and Rs. 2.00 crore for Scholarships. To complete the maximum number of projects in hand, 83.1% of the total allocation is being spent on on-going schemes and 16.9% on new schemes. In terms of physical targets, it is proposed to construct 50 new Primary Schools in the economically deprived districts, consolidate and improve 600 primary schools upgrade 64 Primary Schools to Middle standard; upgrade 11 Middle Schools to High Schools; introduce 120 industrial 500 agriculture and 500 home economics courses in Class-VI of Government Middle and High Schools; construct buildings of 4 upgraded Inter-Colleges; construct 5 Inter-Colleges; construct buildings for conversion of 7 Polytechnics into Technical Colléges and to improve 400 High Schools Libraries. In the allocation of Rs. 2.25 crore for the Universities, an amount

of Rs. 1.00 crore has been allocated for the Agriculture University to utilize completely the balance amount of IDA-50-Pak Loan, the validity of which is due to expire in June, 1975.

Health

The allocation under the sector has increased from Rs. 7.58 crore to Rs. 11.20 crore in the 1974-75 Programme indicating an increase of 48%. The provision of Rs. 11.20 crore includes Rs. 2.50 crore for Malaria Eradication Programme, Rs. 1.93 crore for the improvement and construction of District and Tehsil Headquarter Hospitals Rs. 2.00 crore for the construction of Rural Health Centres, Rs. 1.75 crore for medical education and Rs. 0.46 crore for stipends and scholarships. Out of the total allocation of Rs. 11.20 crore, 87.67% is for on-going schemes and Rs. 1.37 crore or 12.23% is for new schemes. Major schemes in the next years' programme are improvement of Mayo Hospital Rs. 0.35 crore, construction of Nishtar Hospital buildings Rs. 1.00 crore, construction of Quaid-e-Azam Medical College Bahawalpur Rs. 1.00 crore, construction of 59 Rural Health Centres of which 15 will be completed during 1974-75, Rs. 0.48 crore, construction of additional 38 Rural Health Centres Rs. 1.52 crore.

Social Welfare

The allocation of this sector stands at Rs. 0.60 crore, which includes Rs. 0.14 crore for establishment of Community Development Project, Rs. 0.09 crore for Industrial Centres of Excellence and Rs. 0.11 crore for five Mother and Children Houses at the five divisional headquarters. The programme includes fifteen new Community Development Projects, establishment of a new Rescue House at Lahore, conversion of the existing Beggar's Home at Lahore into a Home for Destitutes and Under-privileged and the establishment of new Socio-economic Centres at Multan.

Manpower Training

A provision of Rs. 0.60 crore has been made which includes Rs.0.25 crore for Technical Training Centres at Gujar Khan and Gulberg, Lahore, and Rs.0.10 crore for the Apprenticeship Training Centre Lyallpur. Physical targets include, completion of Schemes for Technical Training Centre, Rahimyarkhan for which a provision of Rs. 0.30 crore has been made and the completion of the Apprenticeship Training Centre Lyallpur. It is also planned to increase the capacity of Labour Department's Training Centres from 1100 to 1280 trainees and from 400 to 1000 Apprentices.

BUDGET AT

Budget Estimates 1974-75 Revised Estimates 1973-74 Budget Estimates 1973-74

(Rupees in crore)

GENERAL REVENUE RECEIPTS

	Budget Estimates 1974-75	Revised Estimates 1973-74	Budget Estimates 1973-74
Central Tax Assignments	71.30	50.22	51.67
Provincial Tax Receipts	56.98	53.75	37.79
Interest Receipts	2.90	4.73	3.73
Civil Administration Departments	2.55	2.12	1.96
Social Services Departments	4.77	5.79	6.97
Economic Services Departments	40.73	36.60	36.12
Miscellaneous Contributions and Miscellaneous Adjustments between the Central and Provincial Governments	10.04	13.33	12.34
	3.41	12.46	3.28
Total General Revenue Receipts	1,92.68	1,79.00	1,53.86

A GLANCE

Budget Revised Budget
 Estimates Estimates Estimates
 1974-75 1973-74 1973-74

(Rupees in crore)

NON-DEVELOPMENT REVENUE EXPENDITURE

Tax Collecting Departments	.. 4.29	3.69	3.24
Debt Services	.. 18.59	10.15	27.61
Civil Administration Departments	.. 26.03	23.68	20.31
Social Services Departments	.. 73.75	62.14	56.76
Economic Services Departments	.. 60.08	49.60	48.08
Miscellaneous	.. 15.37	18.36	13.40
Total Non-Development Revenue Expenditure	.. <u>1,98.11</u>	<u>1,67.62</u>	<u>1,69.40</u>
A.—Revenue Surplus/Deficit	.. (-)5.43	11.38	(-)-15.54
<i>(General Revenue Receipts minus Non-Development Revenue Expenditure)</i>			

Budget Estimates 1974-75	Revised Estimates 1973-74	Budget Estimates 1973-74
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(Rupees in crore)

GENERAL CAPITAL RECEIPTS

Extraordinary Receipts ..	5.66	8.43	4.54
Permanent Debt ..	0.79	9.75	9.75
Floating Debt ..	10.00	6.20	20.00
Debt Raised Abroad ..	—	0.24	0.25
Loans from the Central Government ..	0.25	0.65	0.14
Recoveries of Loans and Advances ..	3.14	3.63	3.43

Total General Capital Receipts ..	19.84	28.90	38.11
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PUBLIC ACCOUNT RECEIPTS

Unfunded Debt ..	6.07	5.28	5.59
Deposits and Advances ..	1,70.80	1,84.47	1,26.75
Remittances ..	91.11	91.11	71.50
Total Public Account Receipts ..	2,67.98	2,80.86	2,03.84

	Budget	Revised	Budget
	Estimates	Estimates	Estimates
	1974-75	1973-74	1973-74

(Rupees in crore)

NON-DEVELOPMENT CAPITAL EXPENDITURE

Economic Services Departments	2.55	0.29	1.41
Permanent Debt	0.79	9.75	9.75
Floating Debt	10.00	6.20	20.00
Debt Raised Abroad	1.70	2.34	1.29
Loans from the Central Government	1.25	0.90	3.67
Loans and Advances	1.22	6.34	0.91
State Trading in Coal and Medical Stores (Net)	(—)0.47	(—)0.35	(—)0.35
Total Non-Development Capital Expenditure	17.04	25.47	36.68
B—Net Capital Receipts	2.80	3.43	1.43

(General Capital Receipts minus Non-Development Expenditure)

PUBLIC ACCOUNT DISBURSEMENTS

Unfunded Debt	2.70	2.36	2.61
Deposits and Advances	1,72.12	1,86.46	1,29.09
Remittances	91.11	91.11	71.50
Total Public Account Disbursements	2,65.93	2,79.93	2,03.20
C—Net Public Account Receipts	2.05	0.93	0.64

(Public Account Receipts minus Public Account Disbursements)

Net Deficit/Surplus in the Non-Development Budget (A + B + C) .. (—)0.58 15.74 (—)13.47

	Budget Estimates 1974-75	Revised Estimates 1973-74	Budget Estimates 1973-74
A.D.P. Resources			
(Rupees in crore)			
A—PROVINCIAL CONTRIBUTION	(—)0.58*	15.74	(—)13.47*
B—FEDERAL ASSISTANCE			
Rupee Assistance			
Grant for Fertilizer Subsidy	—	6.28	10.00
Grant for Tubewell Subsidy	0.75	0.12	1.00
Grant for Road Development	1.30	0.16	0.81
Grant from Prime Minister's Flood Relief Fund	—	3.30	—
Grant for Renovation and Repairs to Lahore High Court	—	0.20	—
Cash Development Loan	114.20	87.73	98.40
Total Federal Assistance	116.25	97.79	110.21
C—FOREIGN AID			
Foreign Exchange Loans	0.72	1.65	1.62
Foreign Rupee Grant	3.03	3.12	3.10
Foreign Aid Grant	—	0.07	0.07
Suppliers Credits	—	2.48	—
Direct Borrowing	—	0.06	—
Total Foreign Aid	3.75	7.38	4.79
Total A+B+C	119.42	120.91	101.53
Cash Balance Utilization (Account No.1)	0.58	21.03	13.47
Total A.D.P. Resources	120.00	141.94	115.00

*Not taken into account, as it is to be made up through additional taxation or draw down on cash balances.

Budget Estimates 1974-75	Revised Estimates 1973-74	Budget Estimates 1973-74
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Development Expenditure

(Rupees in crore)

I. AGRICULTURE			
Agriculture and Agricultural Credit ..	16.00	35.05	29.45
Animal Husbandry ..	3.00	1.50	1.64
Forestry ..	1.50	0.95	1.10
Fisheries ..	0.80	0.20	0.20
Co-operative and Rural Credit ..	0.33	0.23	0.25
Food Storage ..	1.50	0.20	0.50
Land Consolidation ..	0.57	0.54	0.52
Total Agriculture ..	23.70	38.67	33.66
II. PEOPLES WORKS PROGRAMME .. 6.00 8.21 12.00			
III. INDUSTRIES AND MINERALS.. 8.05 13.36 5.00			
IV. WATER			
Irrigation Department ..	15.50	16.33	6.50
Water and Power Development Authority ..	1.70	7.42	7.42
Total Water ..	17.20	23.75	13.92
V. TRANSPORT AND COMMUNICA- TION .. 28.00 23.18 21.50			
VI. PHYSICAL PLANNING AND HOUSING			
Town Planning and Research ..	0.30	0.15	0.20
Low Income Housing ..	10.85	6.85	7.25
Agrovilles ..	0.15	—	0.15
Rural Water Supplies ..	3.25	2.21	3.00
Urban Water Supplies ..	6.10	3.72	4.00
Government Buildings ..	5.00	1.90	2.40
Total Physical Planning and Housing ..	25.65	14.83	17.00
VII. EDUCATION AND TRAINING .. 16.00 11.36 12.50			
VIII. HEALTH .. 11.20 7.58 9.42			
IX. SOCIAL WELFARE .. 0.60 0.55 0.50			
X. MANPOWER TRAINING .. 0.60 0.45 0.50			
Gross Total ..	137.00	141.94	126.00
Less Operational Shortfall ..	(—)17.00	—	(—)11.00
Net Total Development Expenditure ..	1,20.00	1,41.94	1,15.00

POST SCRIPT

As announced by the Federal Finance Minister the Provincial Government would give all its employees and those in Autonomous Bodies a further Dearness Allowance at the rate of 10% of their pay subject to a minimum of Rs. 50/- p.m. and a maximum of Rs. 150/- p.m. The Pensioners will be given Dearness Allowance at the rate of 15% of the pension subject to a maximum of Rs. 100/- p.m. The additional expenditure on this account is estimated to be about Rs. 26 crore during 1974-75. Part of this expenditure will be met from additional profits generated through increase of 50 paise per seer in retail price of sugar. The balance will be met from expected Federal assistance.