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**GOVERNMENT OF THE PUNJAB
FINANCE DEPARTMENT**



**WHITE PAPER
ON THE BUDGET
1989-90**

June, 1989.

FOREWORD

White Paper is the most commonly known and used of the large number of documents issued while presenting the Annual Budget. It defines various terms in these volumes and helps clarify and elucidate their main features. White Paper enables the reader to pick out important figures from amongst the vast data available in the thousands of pages of these documents and make out a somewhat understandable abstract of the state of the economy.

2. I would like to take this opportunity to thank Mr. Shafqat Mahmood, Additional Secretary (Budget), Mr. Nisar Ahmad, Deputy Secretary (Budget), Mr. M. Athar Tahir, Deputy Secretary (Resources) and Mr. Zulfiqar Ahmad, Under Secretary (Loans) in the Finance Department as well as Mr. Mohammad Latif Saifi, Senior Chief in the Planning and Development Department for the hard work done by them in compiling this and other documents. My thanks are also due to Mr. Kamran Rasool, Additional Secretary (Expenditure) and Ch. Muhammad Aslam, Additional Secretary (Regulations) whose sustained hard work throughout the year contributed a great deal to the finalization of the budget. I am also grateful to all other members of the Finance Department whose combined efforts made the timely completion of the Budget possible in this year of peculiar circumstances.

3. Last but not the least, I am also indebted to all the Administrative Departments for the cooperation received this year and expect the same understanding and consideration during the course of the next financial year. May Allah bless the efforts of all of us at continued fiscal restraint in the months to come.

4. Since the White Paper is an important part of the vast documentation on the Budget, Finance Department would greatly appreciate any proposal to further improve it.

JUNE 4th 1989
LAHORE

DR. MUHAMMAD ARIF
FINANCE SECRETARY

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DEFINITIONS

1. 'ACCOUNTS OR ACTUALS' of receipts or expenditure relating to a financial year are the figures of actual receipts or expenditure respectively for that financial year as recorded by the Accountant General.
2. 'ANNUAL BUDGET STATEMENT' for a financial year means the statement of the estimated receipts into, and estimated expenditure from, the Provincial Consolidated Fund for that financial year, required to be laid before the Provincial Assembly before the commencement of that year under Article 120 of the Constitution.
3. 'ANNUAL DEVELOPMENT PROGRAMME' for a financial year is a statement indicating the Capital and Revenue Expenditure proposed for the various development schemes in the financial year.
4. 'BUDGET ESTIMATES' relating to a financial year means, in relation to expenditure, the expenditure proposed for that year and in relation to receipts, the receipts expected to be realized during that year.
5. 'BUDGET YEAR' or FINANCIAL YEAR means the year commencing on the 1st July of a calendar year and ending with the 30th June of the following calendar year, for which the Annual Budget Statement is prepared.
6. 'CAPITAL ACCOUNT' is the account of expenditure incurred with the object either of increasing concrete assets of a material and permanent character or of reducing recurring liabilities. It also comprises receipts derived from borrowing or receipts and recoveries on account of Capital Expenditure.
7. 'DEMAND FOR GRANT' is a proposal made to the Provincial Assembly on the recommendation of the Governor for appropriation of certain sum out of the Provincial Consolidated Fund for expenditure. This is granted under Article 122 of the Constitution.
8. 'DEVELOPMENT EXPENDITURE' is the expenditure which is incurred to consolidate, to enlarge and to improve the physical resources and assets of the Province. This includes expenditure incurred to improve the knowledge, skill and productivity of the people.

9. 'NON-DEVELOPMENT EXPENDITURE' is the expenditure incurred by the Provincial Government on all activities other than Annual Development Programme.

10. 'GRANT' means the amount granted by the Provincial Assembly in respect of a demand for grant.

11. 'RECURRING EXPENDITURE' means expenditure which is required to be incurred on a regular and continuing basis.

12. 'NON-RECURRING EXPENDITURE' means the expenditure which is of a one-time nature and is not intended to continue from year to year.

13. 'PROVINCIAL CONSOLIDATED FUND' comprises all revenues received and all loans raised by the Provincial Government and all money received by the Provincial Government in repayment of any loan. It excludes other money received by or on behalf of the Provincial Government or Judicial Deposits.

14. 'REVENUE ACCOUNT' is the account of the current income derived from taxes and duties, fees for services rendered, land revenue from Government Estates, fines and penalties and other miscellaneous items and of the expenditure met therefrom.

15. 'REVISED ESTIMATE' is an estimate of the probable receipts or expenditure for a financial year framed in the course of that year with reference to the transactions already recorded.

16. 'REVENUE RECEIPTS' is the current income derived from taxes, fees for services rendered, land revenue from Government Estimates, fines and other miscellaneous receipts.

17. 'REVENUE EXPENDITURE' means any expenditure met from the revenue receipts.

18. 'CAPITAL EXPENDITURE' means the expenditure incurred with the object either of increasing concrete assets of a material and permanent character or of reducing recurring liabilities.

**WHITE PAPER
ON THE BUDGET
1989-90**

CHAPTER I

The main features of the Budget for 1989-90, are reflected in the table given below. This table is called Budget at a Glance because it contains the major characteristics of the Budget, such as Receipts, Expenditure, Deficit and Public Accounts Transactions:-

BUDGET AT A GLANCE

TABLE - 1

	(Rs. in crore)		
	Budget 1988-89	Revised 1988-89	Budget 1989-90
General Revenue Receipts	1521.57	1909.97	2040.15
Non-Development Revenue Expenditure	2395.42	2432.50	2675.66
Revenue Deficit	873.85	522.53	635.51
General Capital Receipts	53.04	60.40	69.09
Non-Development Capital Expenditure	118.13	118.01	104.68
Net Capital Receipts	-65.09	-57.61	-35.59
Public Accounts Receipts	2271.20	1649.49	1649.79
Public Accounts Disbursements	2233.59	1581.98	1587.49
Net Public Accounts	37.61	67.51	62.30
Deficit in the Non-Development Account	901.33	512.63	608.80
Less Deficit Grant from Federal Government	807.45	474.88	411.00
Net Deficit	93.88	37.75	197.80

In the next table, the main features of the Budget are explained in a slightly greater detail. So, you are likely to find the sources of Revenue Receipts and Capital Receipts, details of Revenue Expenditure and Capital Expenditure, and greater elaboration of Public Accounts Transactions :-

BUDGET IN BRIEF

TABLE - 2

I: NON-DEVELOPMENT ACCOUNT

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
GENERAL REVENUE RECEIPTS						
Tax Revenue:						
Federal Divisible Taxes	954.38	62.72	1312.04	68.69	1441.77	70.67
Provincial Tax Receipts	270.48	17.78	294.38	15.41	304.78	14.94
a) Total Tax Revenue	1224.86	80.50	1606.42	84.10	1746.55	85.61
Non-Tax Revenue (Receipts from Civil Administration and other functions).						
General Administration	0.60	0.04	0.62	0.04	0.67	0.03
Law and Order	24.54	1.61	25.62	1.34	26.52	1.30
Community Services	13.04	0.86	13.28	0.69	13.84	0.68
Social Services	46.27	3.04	42.91	2.25	44.24	2.17
Economic Services	144.03	9.47	147.03	7.70	157.73	7.73
b) Total Non-Tax Revenue.	228.48	15.02	229.46	12.02	243.00	11.91
Current Transfers.						
Income from Property and Enterprise.	6.35	0.42	13.07	.68	06.38	..
Fiscal Admn: Receipts-in-aid of superannuation.	5.25	0.34	6.90	0.36	6.90	0.34
Miscellaneous	56.64	3.72	54.12	2.84	37.32	1.83
c) Total Current Transfers	68.24	4.48	74.09	3.88	50.60	2.48
Total general Revenue Receipts (a+b+c)	1521.57	100.00	1909.97	100	2040.15	100

NON-DEVELOPMENT REVENUE EXPENDITURE

Non-Development Revenue Expenditure is the expenditure incurred by the provincial government on all activities other than the Annual Development Programme. This includes expenditure on Education, Health, Law & Order and Administration of Justice etc.

NON-DEVELOPMENT REVENUE EXPENDITURE

TABLE - 3

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
General Administration	249.76	10.43	273.46	11.24	318.06	11.88
Law and Order	206.33	8.61	217.61	8.95	212.92	7.96
Community Services	115.69	4.83	107.41	4.42	116.05	4.34
Social Services	945.31	39.46	883.10	36.30	959.30	35.85
Economic Services	334.80	13.98	337.05	13.86	341.21	12.75
Subsidies	100.99	..	137.15	1.48	135.02	5.05
Debt Servicing Investable Funds and Grants.	543.52	22.69	577.69	23.75	593.07	22.17
Miscellaneous (Unallocable)	0.01	..	0.02	..	0.03	..
Total Non-Development Revenue Expenditure.	2395.42	100.00	2432.50	100	2675.66	100
a) Revenue Surplus/ Deficit.	-873.85	..	-522.53	..	-635.51	..

The following table relates to Capital Receipts and Non Development Capital Expenditure. The sources of Capital Receipts are Federal Grants, Recoveries of Loans and Advances etc. Non Development Capital Expenditure relates to the maintenance of fixed assets of the Government.

TABLE-4

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
GENERAL CAPITAL RECEIPTS						
Federal Grants	8.77	16.53	0.29	0.48	5.00	7.24
Extraordinary Receipts.	10.19	19.21	12.37	20.48	11.11.	16.08
Public Debt	27.68	52.19	13.70	22.68	14.07	20.36
Recoveries of Loans and Advances.	6.40	12.07	34.04	56.36	38.91	56.32
Total General Capital Receipts	53.04	100.00	60.40	100	69.09	100
NON-DEVELOPMENT CAPITAL EXPENDITURE						
Highways, Roads and Bridges.	5.85	4.95	0.29	0.24	5.00	4.78
Debt Servicing	78.11	66.12	70.11	59.41	71.26	68.07
Loans and Advances	35.75	30.26	48.06	40.73	30.00	28.66
State Trading in Medical Stores and Coal.	-1.58	-1.33	-0.45	-0.38	-1.58	-1.51
Total Non-Development Capital Expenditure	118.13	100.00	118.01	100	104.68	100
b) Net Capital receipts (General Capital Receipts minus Non-Development Capital Expenditure.	-65.09	..	-57.61	..	-35.59	..

Public Accounts Transactions, which are in the following table, relates to the management of the State Provident Fund and other Deposits and Reserves.

PUBLIC ACCOUNT TRANSACTIONS

TABLE - 5

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
RECEIPTS:						
State Provident Fund.	56.50	2.49	86.50	5.25	86.50	5.24
Deposit and Reserves	597.40	26.30	598.47	36.28	598.77	36.29
Remittances	1617.30	71.21	964.52	58.47	964.52	58.47
Total	2271.20	100.00	1649.49	100	1649.79	100
DISBURSEMENTS:						
State Provident Fund.	19.00	0.85	19.10	1.21	24.31	1.53
Deposits and Reserves	597.29	26.74	598.36	37.82	598.66	37.71
Remittances	1617.30	72.41	964.52	60.97	964.52	60.76
Total	2233.59	100.00	1581.98	100	1587.49	100
NET:						
State Provident Fund.	37.50	99.71	67.40	99.84	62.19	99.82
Deposits and Reserves	0.11	0.29	0.11	0.16	0.11	0.18
Remittances	..	..	..	..	..	..
Total:-	37.61	100.00	67.51	100	62.30	100
c) Surplus/Deficit in the Non-Development Account (a+b+c)	-901.33	..	-512.63	..	-608.80	..
Less Deficit Grant	807.45		474.88		411.00	
Net Deficit	93.88		37.75		197.80	

The following table is of Account No. 2 of the Government of the Punjab i.e., the Food Account. This account relates to the state trading in food grains.

FOOD ACCOUNT - STATE TRADING IN FOODGRAINS

TABLE - 6

(Rs. in crore)

	Budget 1988-89	Revised 1988-89	Budget 1989-90
RECEIPTS			
Loans from Commercial Banks.	493.66	475.82	604.11
EXPENDITURE			
Foodgrains (Net)	-50.22	-70.32	-79.47
Repayment of Bank Loans.	543.88	546.14	683.58
Total :-	493.66	475.82	604.11

Placed below is the table of the Development Account of the Province. The Development Account is the Annual Development Programme.

II-DEVELOPMENT ACCOUNT

TABLE-7

	(Rs. in crore)	
	Budget 1988-89	Budget 1989-90
RECEIPTS		
A: PROVINCIAL CONTRIBUTION		
Transfer from Deposit Account of Town Development Schemes.	5.04	..
Sub Total	5.04	..
B: FEDERAL ASSISTANCE:		
Cash Assistance		
a) Cash grants (Revenue Accounts)		
1) Subsidy on Tubewells	0.63	0.60
2) Priority Programme of the Government.		
i) 7-Marlas Scheme.	22.03	..
ii) Kachi Abadis and Rural Housing.	24.90	..
iii) Rural Water Supply Schemes.	74.94	..
iv) Rural Roads	64.14	..
v) Education	108.96	..
vi) Health.	82.29	..
Sub Total (a) Cash Grants	377.89	0.60
b) Cash Grants (Capital Account)		
i) Japanese Grant	3.80	4.50
Sub Total (b) Cash Grants	3.80	4.50
c) Cash Development Loans	273.16	703.65
Sub Total Cash Assistance (a+b+c)	654.85	703.65

C: FOREIGN PROJECT ASSISTANCE		
a) Foreign Loans	7.28	8.15
b) Foreign Grants	0.09	..
	-----	-----
Sub Total Foreign Project Assistance	7.37	8.15
	-----	-----
D: UTILIZATION OF CASH BALANCE		
TOTAL RESOURCES (A+B+C)	667.26	716.90
	-----	-----
NET TOTAL RESOURCES	667.26	716.90
	-----	-----

TABLE-8

(Rs. in crore)

	Budget 1988-89		Budget 1989-90	
	Amount	%	Amount	%
DEVELOPMENT EXPENDITURE				
Agriculture	129.55	17.39	141.99	17.53
Rural Development	3.59	0.48	20.50	2.53
Water and Power	19.55	2.62	36.50	4.51
Industries and Mineral	2.03	0.27	3.54	0.44
Roads and Bridges	65.00	8.73	65.00	8.02
Information and Culture	1.32	0.18	1.26	0.16
Physical Planning and Housing.	174.23	23.39	155.13	19.15
Education and Training	119.50	16.05	121.78	15.03
Health	126.82	17.02	130.00	16.04
Transport	0.63	0.08	..	..
Social Welfare	0.63	0.08	0.50	0.06
Manpower and Training	2.79	0.38	2.74	0.34
Planning and Development	0.48	0.06	0.76	0.09
Tourism.	1.57	0.21	1.50	0.19

Chief Minister's Directive	15.00	2.01	..	..
MKDA	2.00	0.27	2.50	0.31
Block Allocation for Priority Programme.	15.00	2.01	18.00	2.22
Katchi Abadis and Rural Housing C.D.A.	0.63	0.09	0.72	0.09
D.G. Khan Development Authority	..	..	5.00	0.62
Bahawalpur Development Authority	..	..	2.00	0.25
Rawalpindi Development Authority	..	..	2.00	0.25
Programme for Education and Local Development.	64.68	8.68	98.58	121.17
Gross Total	745.00	100.00	810.00	100
<i>Less - Operational Shortfall.</i>	<i>77.74</i>		<i>93.10</i>	
Development Expenditure	667.26		716.90	
Total Development Expenditure (NET)	667.26		716.90	

CHAPTER - III

STATE OF PROVINCIAL FINANCES

This chapter will discuss the state of provincial finances over a period of five years. These statistics are being included in the White Paper for the following reasons:-

- a) To show the growth trend of provincial finances i.e. receipts and expenditure.
- b) To allow a comparative study of provincial finances over three years.
- c) To help in forecasting future trends of receipts and expenditure.

RECEIPTS

There are two kinds of receipts, Revenue Receipts and Capital Receipts. Revenue Receipts can be further sub-divided into receipts accruing from provincial sources and those accruing as a share of Punjab in the Federal Divisible Pool. This pool consists of taxes on income and sales tax apportioned to the provinces on the basis of a formula determined by a constitutional body known as the National Finance Commission. Both of these broad categories of receipts would be shown separately.

REVENUE RECEIPTS

Provincial Revenue Receipts comprise direct and indirect taxes which are levied by the Province and raised within its territorial jurisdiction. The trend of these receipts over the last five years is as follows :

REVENUE RECEIPTS ACCRUING FROM PROVINCIAL RESOURCES

TABLE - 9

(Rs. in crore)				
1985-86 (Actual)	1986-87 (Actual)	1987-88 (Revised)	1988-89 (Revised)	1989-90 (Budget)
433.45	514.36	596.28	561.03	578.10

Central Tax Assignments are the share received by the province of Punjab from the Federal Divisible Pool. The following taxes are included in this Pool.

- a) Taxes on income, including corporation tax (but excluding tax on remuneration paid out of the federal consolidated fund).
- b) Sales Tax;
- c) Customs duty.

The provincial share of taxes from the Federal Divisible Pool is distributed on the basis of population. Thus, Punjab receives 57.97% on the basis of 1981 Census. It may be added that this 57.97% is a part of the 80% that is distributed to the provinces by the Federation. 20% is retained by the Federal Government in addition to collection charges which are 6.34% of the total pool. Table below reflects this source of revenue to Punjab.

TRENDS IN CENTRAL TAX ASSIGNMENTS

TABLE-10

(Rs. in crore)				
1985-86 Actual	1986-87 Actual	1987-88 Actual	1988-89 Revised	1989-90 Budget
673.21	706.42	870.19	1322.21	1454.43

Besides these two sources of provincial receipts, Punjab also receives a deficit grant to cover the gap in the budget which exists because of lower receipts and higher expenditure. The following deficit grants have been received from the federation or are likely to be received in the current year and in the next financial year.

BUDGETARY GAP AND DEFICIT GRANTS

TABLE-11

(Rs. in crore)					
	1985-86 Actual	1986-87 Actual	1987-88 Actual	1988-89 Revised	1989-90 Budget
Deficit Grants	358.07	730.79	827.70	474.88	411.00

CAPITAL RECEIPTS

As mentioned earlier, the other major resource is Capital Receipts. Capital Receipts are made up of grants received from Federal Government, extraordinary receipts which are realized from the sale of state land, public borrowing and recoveries of loans and advances. The trend of Capital Receipts is given in table No. 12.

TRENDS IN CAPITAL RECEIPTS

TABLE-12

(Rs. in crore)

	Actual 1985-86	Revised 1986-87	Revised 1987-88	Revised 1988-89	Budget 1989-90
CAPITAL RECEIPTS					
Other Grants	1.89	8.46	1.22	0.29	5.00
Recoveries of loans and advances	6.14	6.26	8.33	34.04	38.91
Extra-ordinary receipts	15.54	16.13	4.08	12.37	11.11
Public Debt.	20.54	7.75	286.27	13.70	14.07
Total Capital Receipts	44.11	38.60	309.90	60.40	69.09

Expenditure incurred by Provincial Government can also be divided into two categories. The first is Revenue Expenditure and the second, Capital Expenditure.

REVENUE EXPENDITURE

Revenue Expenditure means any expenditure incurred from the Revenue Receipts i.e. from taxes, fines etc. Revenue Expenditure has shown an enormous increase since 1985-86. This can partly be attributed to increase in pay and allowances but, more than that, it also reflects the enhanced activities of the Provincial Government. Break-up of the Revenue Expenditure over the last five years is shown in table 13.

TRENDS IN NON DEVELOPMENT REVENUE EXPENDITURE

TABLE-13

(Rs. in crore)

	Actual 1985-86	Revised 1986-87	Revised 1987-88	Revised 1988-89	Budget 1989-90
General Administration	134.69	154.48	207.58	273.46	318.06
Law and Order	136.43	181.11	210.33	217.61	212.92
Community Services	83.98	111.04	109.76	107.41	116.05
Social Services	487.79	646.61	795.35	883.10	959.30
Economic Services	274.25	306.82	362.70	337.05	341.21
Subsidies	94.64	115.91	124.10	137.15	135.02
Debt Servicing: Investable Funds and Grants	390.23	481.86	549.81	577.69	593.07
Unallocable	0.79	..	0.06	0.02	0.03
Total Non-Development Revenue Expenditure	1602.80	1997.83	2359.69	2432.50	2675.66

CAPITAL EXPENDITURE

Capital Expenditure is the expenditure incurred to either increase concrete assets of a material nature such a roads, bridges etc., or to reduce recurring expenditure. Table below gives a picture of Capital expenditure over the years.

TRENDS IN CAPITAL EXPENDITURE (NON DEVELOPMENT)

TABLE-14

(Rs. in crore)

	Actual 1985-86	Revised 1986-87	Revised 1987-88	Revised 1988-89	Budget 1989-90
Highway, Roads and Bridges.	3.78	8.46	0.56	0.29	5.00
*Debt Servicing	688.95	38.33	324.90	70.11	71.26
Loans and Advances	114.85	57.80	48.96	48.06	30.00
State Trading in Medical Store and Coal	-3.99	-1.48	-1.57	-0.45	-1.58
Total:-	803.59	103.11	372.85	118.01	104.68

* Reflects repayment of principal only.

DEBT

There are two kind of debt which the government incurs to finance its projects, permanent debt and floating debt. Permanent debt includes market loans and Land Commission compensation bonds. Table No. 15 shows the details of receipts, payments, balance and interest paid on account of permanent debt for the last five years.

PERMANENT DEBT

TABLE-15

(Rs. in crore)

	Actual 1985-86	Revised 1986-87	Revised 1987-88	Revised 1988-89	Budget 1989-90
PERMANENT DEBT					
Balance at the start of year	38.74	38.87	38.87	42.73	42.36
Receipts during the year	0.18	2.75	5.16	7.58	7.95
Payments during the year	0.05	2.75	5.16	7.58	7.95
Balance at the end of the year	38.87	38.87	38.87	42.73	42.36
Interest paid during the year	5.31	5.36	5.39	5.32	5.38

FLOATING DEBT.

Floating Debt represents temporary borrowing from the State Bank of Pakistan and is generally known as Ways and Means Advances. The amount received since 1985-86 (actual) to 1989-90 (budgeted) is given below:

Year -----	Amount -----
1985-86 (Actual)	Rs. 20.36 crore
1986-87 (Revised)	Rs. 5.00 crore
1987-88 (Revised)	Rs. 10.00 crore
1988-89 (Revised)	Rs. 6.12 crore
1989-90 (Budget)	Rs. 6.12 crore

An attempt has been made in this chapter to highlight major aspects of provincial finances. It is quite obvious that the low receipts pose a major hindrance to higher expenditure in vitally necessary sectors such as education and health. The attempt to balance the budget through Federal grants and loans makes the exercise of budget making difficult to say the least.

CHAPTER-IV
NON-DEVELOPMENT BUDGET

The Non-development or the current budget of the Government of the Punjab comprises of:-

- i) Non-Development Revenue Accounts.
- ii) Non-Development Capital Account.
- iii) Public Account of the Province.

1. NON-DEVELOPMENT REVENUE ACCOUNT.

The Non-Development Revenue Account of the Provincial Government consists of:-

- A) General Revenue Receipts;
- B) Non-development Revenue Expenditure

A) GENERAL REVENUE RECEIPTS

The General Revenue Receipts of the Province include the following:-

- a) Proceeds from taxes (including the provincial share of the federal divisible taxes);
- b) Charges for services rendered by government agencies;
- c) Income accruing from commercial activities undertaken by some departments;
- d) Return on investment in properties, securities and enterprises;
- e) Interest on loans advanced to public corporations/local bodies/government servants;
- f) Revenue incidental to the control functions of the government (fines and forfeitures);
- g) Miscellaneous receipts.

Originally estimated at Rs. 1521.57 crore in the budget estimates 1988-89, the General Revenue Receipts have increased by Rs. 388.40 crore during the year and stood at Rs. 1909.97 crore in the Revised Estimates 1988-89. These are expected to rise to Rs. 2040.15 crore for the Budget Estimates 1989-90 implying an increase of Rs. 518.58 crore over the budget estimates from the previous financial year.

The composition of the General Revenue Receipts for Revised Estimates 1988-89 and Budget Estimates 1989-90 are given in table 16 :-

GENERAL REVENUE RECEIPTS

TABLE-16

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
GENERAL REVENUE RECEIPTS						
Tax Revenue:						
Federal Divisible Taxes	954.38	62.72	1312.04	68.69	1441.77	70.67
Provincial Tax Receipts	270.48	17.78	294.38	15.41	304.78	14.94
(a) Total Tax Revenue	1224.86	80.50	1606.42	84.10	1746.55	85.61
Non-Tax Revenue						
General Administration	0.60	0.04	0.62	0.04	0.67	0.03
Law and Order	24.54	1.61	25.62	1.34	26.52	1.30
Community Services	13.04	0.86	13.28	0.69	13.84	0.68
Social Services	46.27	3.04	42.91	2.25	44.24	2.17
Economic Services	144.03	9.47	147.03	7.70	157.73	7.73
b) Total Non-Tax Revenue	228.48	15.02	229.46	12.02	243.00	11.91
Current Transfer.						
Income from Property and Enterprise	6.35	0.42	13.07	0.68	6.38	0.31
Fiscal Admn. Receipts-in-aid of superannuation	5.25	0.35	6.90	0.36	6.90	0.34
Miscellaneous (including Federal adhoc Grants)	56.64	3.72	54.12	2.84	37.32	1.83
c) Total Current Transfers	68.24	4.49	74.09	3.88	50.60	2.48
Total General Revenue Receipts (a+b+c)	1521.57	100.00	1909.97	100.00	2040.15	100.00

The Tax Revenue of the Provincial Government include Federal Divisible Taxes plus Provincial Taxes (both direct and indirect). The Non Tax Revenue include receipts from Civil administration and other functions minus Receipts in-aid of Superannuation whereas the Current Transfer include interest receipts on account of income from Property and Enterprise plus Federal Adhoc Grants and Receipt in-aid of Superannuation.

Each Head of account under the General Revenue Receipts mentioned above is discussed below:

A) TAX REVENUE

As already stated the tax revenue of the provincial government consists of:-

- i) Federal Divisible Taxes;
- ii) Provincial Tax Receipts.

Against the budget provision of Rs. 1224.86 crore which is 80.50% of the General Revenue Receipts, a sum of Rs. 1606.42 crore has been projected in the Revised Estimates 1988-89. In the Budget estimates 1989-90 these are expected to rise to Rs. 1746.55 crore i.e., 85.61% of the General Revenue Receipts.

The components of the Tax Revenue, No-Tax Revenue and Current Transfer are discussed hereunder in detail:-

I. FEDERAL DIVISIBLE TAXES

According to 1973 Constitution of the Islamic Republic of Pakistan, a Divisible Pool of federal taxes has been established. Formula for percentage share of the provincial Government based on Distribution of Revenue and Grant-in-Aid Order, 1985 lays down that all the provinces of Pakistan shall be allocated 80% of the net proceeds of the shareable federal taxes including:-

- i) Taxes on income, including corporation tax (but excluding taxes on remuneration paid out of the Federal Consolidated Fund);

- ii) Sales Tax;
- iii) Customs Duty.

The percentage share of the provinces in the Divisible pool is on population based on Census of 1981 i.e:-

Punjab	57.97
Sind	23.34
N.W.F.P.	13.39
Baluchistan	5.30

The detail of receipts from the Federal Divisible Taxes as intimated by the Federal Government is indicated in table 17.

FEDERAL DIVISIBLE TAXES

TABLE-17

	(Rs. in crore)		
	Budget 1988-89	Revised 1988-89	Budget 1989-90
i) Income Tax	542.89	591.71	651.47
ii) Sales Tax	411.49	616.80	678.48
iii) Customs	..	103.53	111.82
TOTAL:-	954.38	1312.04	1441.77

II-PROVINCIAL TAX RECEIPTS

The Provincial Governments are authorized to levy direct and indirect taxes to supplement their resource base. For this purpose the Government of Punjab has been levying taxes (direct and indirect) from time to time. Table 18 shows the break-up of direct and indirect taxes imposed and the revenue generated therefrom:

PROVINCIAL TAX RECEIPTS

TABLE-18

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
DIRECT TAXES:						
Agriculture Income Tax	0.05	..	0.04	..	0.04	..
Urban Immovable Property Tax	8.04	3	8.07	3	8.07	3
Taxes on Transfer of Property	12.29	5	11.25	4	12.22	5
Land Revenue	31.76	12	34.96	12	35.95	10
Tax on Professions, Trades and Callings.	3.00	1	3.25	1	3.50	1
Total Direct Taxes	55.14	21	57.57	20	59.78	19
INDIRECT TAXES:						
Excise Duty on Natural Gas	5.95	2	6.42	2	6.87	2
Provincial Excise	3.95	1	3.26	2	3.53	1
Sale of Opium	0.46	..	0.46	..	0.46	..
Stamp Duties	99.25	37	120.59	37	120.63	39
Motor Vehicle Tax	47.96	18	47.83	17	50.18	17
Entertainment Tax	16.22	6	16.30	6	18.32	6
Education Cess	0.07	..	0.07	..	0.07	..
Cotton Fee	17.60	..	17.60	..	18.05	8
Tax on Hotels	1.00	..	1.10	..	1.10	..
Electricity Duty	21.17	8	21.72	8	24.32	7
Others:	1.71	1	1.45	1	1.47	1
Total Indirect Taxes	215.34	79	236.80	80	245.00	81
Total Provincial Taxes	270.48	100	294.37	100	304.78	100

It would be observed from the above table that Income from the Provincial Taxes has increased from Rs. 270.48 crore to Rs. 294.37 crore in the Revised Estimates 1988-89. This is expected to increase further to Rs. 304.78 crore in the Budget Estimates 1989-90 implying an increase of Rs. 34.30 over Budget Estimates 1989-90.

Increase in the revenue from Provincial Taxes is because of improvement in collection of taxes particularly in the following heads:-

- i) Excise Duty on Natural Gas;
- ii) Stamps Duties;
- iii) Motor Vehicles Tax;
- iv) Entertainment Tax; and
- v) Electricity Duty.

The income from direct taxes shows an increase of 4.41% in the Revised Estimates. This is likely to increase further by 8.41% in the next financial year. The income from indirect taxes also show an increase of Rs. 21.46 crore in the Revised Estimates 1988-89 because of improved collection. In the Budget 1989-90 a sum of Rs. 245.00 crore has been anticipated showing an increase of Rs. 13.77% in the Budget Estimates 1989-90.

NON-TAX REVENUE

Non Tax Revenue consists of revenue generated from various organs of the State including:

- i) Income from General Administration;
- ii) Law & Order;
- iii) Community Services;
- iv) Social Services;
- v) Economic Services.

Against the Budget provision of 228.48 crore, a sum of Rs. 229.46 crore has been anticipated in the Revised Estimate 1988-89 showing an increase of Rs. 0.98 crore. Similarly for the next financial year, a sum of Rs. 243.00 crore has been projected in the Budget Estimate 1989-90 showing an increase of 5.90% over the Revised Estimates 198889.

A brief review of all the Heads included in the Non Tax Revenue (receipts from civil administration and other functions) is discussed below:

RECEIPTS FROM GENERAL ADMINISTRATION

The receipts from General Administration include examination fee and income under the Weights and Measures and Trade Employees Act. A break up of the such receipts is given below:-

RECEIPTS FROM GENERAL ADMINISTRATION

TABLE-19

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Organs of State/ Examination Fees.	0.20	33	0.21	33.87	0.27	40.30
Economic Regulation Receipts under the Weights and Measures and Trade Employees Act.	0.40	67	0.41	66.13	0.40	59.70
Total General Administration	0.60	100	0.62	100	0.67	100

LAW AND ORDER

Table 20 shows a break up of receipts realized from Law and Order enforcing Agencies:-

RECEIPTS FROM LAW AND ORDER

TABLE-20

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Justice	5.67	23.11	6.71	26.19	6.81	25.67
Police	16.68	67.97	16.73	65.30	17.49	65.93
Jails	2.16	0.80	2.16	8.43	2.20	8.29
Civil Defence	0.04	0.12	0.02	0.08	0.03	.11
Total Law and Order:	24.54	100	25.62	100	26.53	100

COMMUNITY SERVICES

Receipts from Community Services mainly accrue from:-

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

Break up of this is given in table No. 21.

RECEIPTS FROM COMMUNITY SERVICES

TABLE-21

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Works	10.90	83.59	11.14	83.89	11.59	83.74
Public Health	2.14	16.41	2.14	16.11	2.25	16.26
Total Community Services	13.04	100.00	13.28	100	13.84	100

Against the Budget provision of Rs. 13.04 crore, an amount of Rs. 13.28 crore is expected showing an increase of 1.84%. In the Budget Estimate 1989-90 Rs. 13.84 crore is anticipated which is 4.22% increase over Revised Estimates 1988-89.

SOCIAL SERVICES

Receipts from Social Services accrue from:

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

The detail of receipts from Social Services is indicated in the table given on next page.

RECEIPTS FROM SOCIAL SERVICES

TABLE-22

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Education	21.25	45.93	21.31	49.66	21.83	49.34
Health	7.25	15.67	7.25	16.90	8.00	18.08
Manpower Management	0.15	0.32	0.15	0.35	0.16	0.36
Housing and Physical Planning	16.76	36.22	13.50	31.46	13.50	30.52
Receipts under the Wild Birds and Wild Animals Protection Act.	0.86	1.86	0.70	1.63	0.75	1.70
Total Social Services:	46.27	100	42.91	100	44.24	100.00

The main sources of receipts from Education are fees from Schools, Colleges, Universities and other Education Institutions. Receipts from Health include hospitals receipts and fees charged by Medical Colleges whereas Manpower Management receipts include receipts from employment organizations and receipts under the West Pakistan Shops and Establishment Ordinance, 1969.

It would be observed from above table that Receipts from Education and Housing Physical and Environmental Planning Departments are the main contributor of income under Social Services.

ECONOMIC SERVICES

Receipts from Economic Services accrue from:

- i) Agriculture;
- ii) Fisheries;
- iii) Animal Husbandry;

- iv) Forests;
- v) Cooperation;
- vi) Irrigation;
- vii) Printing and Stationery; and
- viii) Industries.

The detail of such receipts is given below:-

RECEIPTS FROM ECONOMIC SERVICES

TABLE-23

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Agriculture	18.37	12.76	18.37	12.50	19.64	12.45
Fisheries	1.64	1.14	1.75	1.19	1.85	1.17
Animal Husbandry	5.91	4.10	6.40	4.35	6.75	4.28
Forest	21.39	14.85	21.38	14.54	20.69	13.12
Cooperation	0.14	0.09	0.14	0.10	0.15	0.10
Irrigation	86.88	60.32	89.28	60.72	98.52	62.46
Printing and Stationery	7.57	5.26	7.50	5.10	7.86	4.98
Industries	2.13	1.48	2.21	1.50	2.27	1.44
Total Economic Services:	144.03	100.00	147.03	100.00	157.73	100.00

The Agriculture receipts are receipts from experimental and seed farms, hire charges of bulldozers, boring operations, research stations and soil conservation. Animal husbandry includes receipts realized from livestock and broiler insemination fees and income from Research Institutes. The Forest income includes sale of timber and other produce and from the Jallo Rosin Factory. Cooperation Receipts are mainly on account of income from demonstration farms and training institutes. The Irrigation Receipts are

derived from water rates, direct receipts from canals, land reclamations and Irrigation Research Institutes. The receipts under Printing and Stationery include printing charges, sale of government publications, forms, registers and stationery while the receipts from Industries come from sale proceeds of finished goods, store purchase and fees etc. The main reason for increase in Budget Estimate 1989-90 over Budget estimates 1988-89 is mainly due to enhanced receipts from Irrigation and Agriculture.

CURRENT TRANSFERS

The Current Transfers include:-

- i) Interest Receipts;
- ii) Federal Grants;
- iii) Receipts in aid of superannuation; and
- iv) Proceeds of Dividend.

The classification Current Transfers is given in the following Table:-

CLASSIFICATION OF CURRENT TRANSFERS

TABLE-24

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Income from property and Enterprise	6.35	9.31	13.07	17.65	6.38	12.61
Miscellaneous Receipts	56.64	83.00	54.12	73.04	37.32	73.75
Fiscal Administration						
Receipts in aid of Superannuation	5.25	7.69	6.90	9.31	6.90	13.64
Total Current Transfers:	68.24	100.00	74.09	100.00	50.60	100.00

The increase in Current Transfers from 68.24 crore in the Budget Estimates 198889 to Rs. 74.09 crore in the Revised Estimates 1988-89 is mainly due to increase in income from Property and Enterprise.

INCOME FROM PROPERTY AND ENTERPRISE

The income from Property and Enterprise represents:-

- i) Interest on loan advanced to Government Servants for the Construction/Purchase of Houses and Conveyance etc;
- ii) Interest from the farmers against loan granted for the purchase of agricultural inputs and sinking of tubewells; and
- iii) Interest on Loans to Local bodies and Provincial Public Corporations for financing their development programmes.

It also includes dividends on investment of cash balances of the Provincial Government in Government securities. The detail of income from Property and Enterprise is appended below:-

INCOME FROM PROPERTY AND ENTERPRISE

TABLE-25

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Interest	6.03	94.96	12.75	97.55	6.04	94.67
Dividends	0.32	5.04	0.32	2.45	0.34	5.33
Total income from Property & Enterprise:	6.35	100.00	13.07	100.00	6.38	100.00

The total income from Property and Enterprise is expected to aggregate Rs. 13.07 crore in the Revised Estimates 1988-89 against Rs. 6.35 crore in the Budget Estimates 1988-89. The increase in the Revised Estimates 1987-88 is due to enhanced mark up payable by autonomous bodies and other institutions. During 1989-90, the income under this head is expected to decrease by Rs. 6.69 crore leaving a net return of Rs. 6.38 crore. This decrease is a result of repayment of loan by Autonomous Bodies and other Institutions.

MISCELLANEOUS RECEIPTS

Miscellaneous Receipts include federal grants, arms licence fees and other receipts. Against Rs. 56.64 crore in the Budget Estimates 1988-89, the Revised Estimates 1988-89 has been fixed at Rs. 54.12 crore. The decrease is primarily due to decrease in grants from the federal government during 1988-89. For the year 1989-90 a sum of Rs. 37.32 has been anticipated. The details are as follow:-

MISCELLANEOUS RECEIPTS

TABLE-26

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Other grants from the Federal Government	28.26	49.89	26.73	49.39	7.62	20.42
Others	28.38	50.11	27.39	50.61	29.70	79.58
Total Miscellaneous:	56.64	100.00	54.12	100.00	37.32	100.00

NON-DEVELOPMENT REVENUE EXPENDITURE

The Non-Development Revenue Expenditure of the Provincial Government represents current expenditure on:-

- i) General Administration;
- ii) Law and Order;
- iii) Community Services;
- iv) Social Services;
- v) Economic Services;
- vi) Subsidies;
- vii) Debt Servicing; and
- viii) Misc. (Unallocable)

Non-Development Revenue expenditure has a strong socio-economic impact because it is not only necessary to maintain assets created by investment in the development programme of the government but also to provide essential services necessary for development. No meaningful progress can take place without expenditure on maintenance of Law and Order, Administration of Justice and the maintenance of existing Socio-Economic Infrastructure. For example, the establishment of a school or hospital building would be meaningless without the provision of teacher, doctors or equipment. These are catered for through non-development expenditure. As such the general impression that Non-Development Expenditure is wasteful expenditure has really no basis.

Given below is a summary indicating the details of Non-Development Revenue Expenditure:-

SUMMARY
NON-DEVELOPMENT REVENUE EXPENDITURE

TABLE-27

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
General Administration	249.76	10.43	273.46	11.24	318.06	11.88
Law and Order	206.33	8.61	217.61	8.95	212.92	7.96
Community Services	115.69	4.83	107.41	4.42	116.05	4.34
Social Services	945.31	39.46	883.10	36.30	959.30	35.85
Economic Services	334.80	13.98	337.05	13.86	341.21	12.75
Subsidies	100.99	..	137.15	1.48	135.02	5.05
Debt Servicing Investable, Funds and Grants.	543.52	22.69	577.69	23.75	593.07	22.17
Miscellaneous (Unallocable)	0.01	..	0.01	..	0.01	..
Indexation of Pay and pension	..	..	..	..	..	..
Total Non-Development Revenue expenditure	2395.42	100.00	2432.50	100.00	2675.66	100.00

It would be seen from the table No. 27 that the Non-Development Revenue Expenditure of the Provincial Government has increased from Rs. 2395.42 crore in Budget Estimates 1988-89 to Rs. 2432.50 crore in the Revised Estimates 1988-89. This is likely to increase further to Rs. 2675.66 crore in the Budget Estimate 1989-90.

In percentage terms the Expenditure (Revised) has incurred at the rate of 1.55% over Budget Estimates 1988-89. Compared with Revised Estimates 1989-90 the increase in the Budget Estimate 1989-90 comes to 9.9%.

The increase in the Revised Estimates 1988-89 is mainly due to increased expenditure on debt servicing. The increase of Rs. 243.16 crore over Revised Estimates 1989-90 reflects Governments commitment to improving the Social Infrastructure in the Budget Estimate 1989-90. The break up of Expenditure on General Administration is given in the following table:-

EXPENDITURE ON GENERAL ADMINISTRATION

TABLE-28

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Organs of State	44.84	17.95	50.86	18.60	50.98	16.03
Fiscal Administration	194.33	77.81	211.88	77.48	256.05	80.50
Economic regulation	2.98	1.19	3.00	1.10	3.17	1.00
Statistics	3.99	1.60	3.98	1.45	4.11	1.29
Publicity and Information	3.62	1.45	3.74	1.37	3.75	1.18
Total	249.76	100.00	273.46	100.00	318.06	100.00

Compared to Budget Estimate 1988-89 the above table shows an increase of Rs. 23.70 crore in the Revised Estimate and Rs. 68.30 crore in the Budget Estimate

1989-90. This is mainly due to enhanced activities of the Provincial Government during the year under review.

LAW AND ORDER

This includes expenditure on:

- i) Administration of Justice;
- ii) Police and Civil Armed Forces;
- iii) Jails; and
- iv) Civil Defence etc.

Against the Budget provision of Rs. 206.33 crore, Rs. 217.61 crore has been estimated in the Revised Estimate 1988-89.

For Budget Estimate 1989-90, an amount of Rs. 212.92 crore has been anticipated depicting a decrease of Rs. 4.69 crore over the Revised Estimate 1988-89.

COMMUNITY SERVICES

For obvious reasons development of Sanitation, Sewerage, Water Supply, Roads and other Communication Net-Work, can only be undertaken by the Government. An amount of Rs. 107.48 crore has been provided in the Revised Estimate 1988-89 against the Budget provision of Rs. 115.69 crore for Community Services.

Similarly for the next financial year, an amount of Rs. 116.05 crore has been anticipated for the provision of above facilities. A brief review of expenditure for these facilities is appended in table No. 29.

EXPENDITURE ON COMMUNITY SERVICES

TABLE-29

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Works	106.93	92.43	98.68	91.87	107.47	92.61
Public Health Services	7.87	6.80	7.68	7.15	7.50	6.46
Other Community Services	0.89	0.77	1.05	0.98	1.08	0.93
Total:	115.69	100.00	107.41	100.00	116.05	100.00

SOCIAL SERVICES

The details of Expenditure on Social Services are indicated below:-

EXPENDITURE ON SOCIAL SERVICES

TABLE-30

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Education	718.00	75.95	654.55	74.12	734.68	76.59
Health	165.40	17.50	162.60	18.41	184.70	19.25
Manpower and Labour management	4.53	0.48	4.41	0.50	4.81	0.50
Housing and Physical Planning	14.95	1.58	7.10	0.80	4.63	0.48
Sports and Recreational Facilities	4.93	0.52	4.88	0.55	5.05	0.52
Social Security and Social Welfare	30.62	3.24	40.96	4.65	21.77	2.27
Natural Calamities and other Disasters	4.26	0.45	5.87	0.66	1.01	0.11
Religious Affairs.	2.62	0.28	2.73	0.31	2.64	0.28
Total:	945.31	100.00	833.10	100.00	959.30	100.00

The table 30 shows that against the Budget provision of Rs. 945.31 crore, Rs. 833.10 crore has been fixed for Revised Estimate 1988-89. However, the anticipated expenditure during 1989-90 has been estimated at Rs. 959.30 crore. Factors responsible for abnormal increase in Budget Estimate 1989-90 include, enhanced expenditure on:-

- i) Education;
- ii) Health.

Since there is an increase of Rs. 16.68 crore in Budgeted Expenditure for 1989-90 it would be appropriate to elaborate it in some more detail.

A-EXPENDITURE ON EDUCATION

In order to achieve the desired level of education the expenditure on Education has been increased from Rs. 718.00 crore in the Budget estimate 1988-89 to Rs. 734.68 crore in the Budget Estimate 1989-90

EXPENDITURE ON EDUCATION

TABLE-31

(Rs. in crore)

	Budget 1988-89	Revised 1988-89	Budget 1989-90
Colleges	87.69	73.13	92.12
Secondary Education	182.30	167.18	189.73
Primary Education	344.84	329.34	360.01
Technical Education	28.16	25.47	29.68
Special Education (Schools for Handicapped)	7.09	5.54	7.19

It would be observed that Primary Education continues to be the highest priority of the Government within the Education sector. This is in line with the national objective of improving literacy at a faster rate.

It is also mentioned here for facility of readers that during the course of Financial year 1988-89, the Government decided to initiate the following two projects namely:-

- i) Science Education Project;
- ii) Primary Education Project.

The scheme at (i) above aims at providing additional science facilities in the Education field whereas the Primary Education Project would improve the institutional capacity to plan, manage, and implement the investment programme of the Government in educational field.

EXPENDITURE ON HEALTH SERVICES

Expenditure on Health Services shows a decline of 2.80 crore in the Revised Estimate 1988-89. However, it is expected to increase to Rs. 184.70 crore in the Budget Estimate 1989-90 showing an increase of 13.59% over Revised Estimate 1988-89. This increase is mainly on account of the provision of additional posts in Medical Colleges and Hospitals.

ECONOMIC SERVICES

The table given below shows the expenditure on Economic Services:-

EXPENDITURE ON ECONOMIC SERVICES

TABLE-32

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Agriculture and Food	137.92	41.19	141.18	41.89	143.33	42.00
Irrigation	160.23	47.86	160.20	47.53	161.99	47.48
Land Reclamation	2.65	0.79	2.56	.76	2.70	.79
Rural Development	15.42	4.61	14.88	4.41	15.24	4.47
Industrial & Mineral Resources	18.58	5.55	18.23	5.41	17.95	5.26
Miscellaneous:	..	..	..	..	..	..
Total:	334.80	100.00	337.05	100.00	341.21	100.00

The Expenditure on Economic Services shows a nominal increase of 2.25 crore in the Revised Estimates compared to Budget estimate 1988-89. Similarly in the Budget Estimate 1989-90, the Expenditure on Economic Services register an increase of Rs. 4.16 crore over Revised Estimate 1989-90. The main reasons for increase in the Revised Estimates and Budget Estimates are enhanced allocation:-

- i) On the maintenance of Buildings and Bridges etc;
- ii) Additional provision for M&R of Canal/Drains;
- iii) Replacement of Machinery and Equipments;

SUBSIDIES

Against the Budget provision of Rs. 100.99 crore, an amount of Rs. 137.15 crore has been fixed in the Revised Estimates 1988-89 showing an increase of Rs. 36.16 crore and for Budget Estimates 1989-90 an amount of Rs. 135.02 crore has been anticipated. The decrease in subsidy is due to continued de-rationing policy of the Government.

DEBT SERVICING, INVESTABLE FUNDS & GRANTS

Expenditure under this Head is mainly incurred in connection with payment of mark-up of provincial debt to Federal Government. It also includes grants made by the Provincial Government to the autonomous bodies and other institutions. It was projected at Rs. 543.52 crore in the Budget Estimate 1988-89 which is likely to increase to Rs. 577.69 crore in the Revised Estimates 1988-89. In the Budget Estimate 1989-90, it will go up further to 593.07 crore. The increase in the Revised Estimate 1988-89 and Budget Estimate 1989-90 over Revised Estimate 1988-89 is due to the following reasons:-

- i) WAPDA has handed over certain SCARP Tubewell Projects to the Provincial Government.
- ii) Mark-up paid on G.P.Fund accumulation to the subscribers.

CHAPTER-V
NON-DEVELOPMENT CAPITAL ACCOUNT

This account is composed of General Capital Receipts and Non-Development Capital Expenditure. The General Capital Receipts consist of Grants from the Federal Government, Extraordinary Receipts, Public Debt and Recoveries of Loans and Advances granted by the Provincial Government.

The Non-Development Capital Expenditure includes Expenditure on Highways, Roads and Bridges, Repayment of Debt, Loans and Advances by the Provincial Government and State Trading in Medical Stores and Coal.

The Non-Development Account shows an excess of payments over receipts amounting to Rs. 57.61 crore in the Revised Estimates 1988-89 over Budget Estimate 1988-89. In the Budget estimate 1989-90 this is being expected to remain at Rs. 35.59 crore.

Table given below gives summary detail of the General Capital Receipts:-

GENERAL CAPITAL RECEIPTS

SUMMARY

TABLE-33

	(Rs. in crore)					
	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Grants from the Federal Government	8.77	16.5	0.29	0.48	5.00	7.24
Extraordinary receipts	10.19	1.92	12.37	20.48	11.11	16.08
Public Debt (Borrowing)	27.68	52.2	13.70	22.68	14.07	20.36
Recoveries of Loans and Advances	6.40	12.1	34.04	56.36	38.91	56.32
Total:	53.04	100.00	60.40	100.00	69.09	100.00

Against the budget provision of Rs. 53.04 crore, Rs. 60.40 crore has been estimated in the Revised Estimates 1989-90. A sum of Rs. 69.09 crore has been anticipated implying an increase of Rs. 8.69 crore which is due to the following reasons:-

- i) More Grants are expected from Federal Government for the construction of Highways;
- ii) Better recovery prospectus of Provincial Loans.

I-FEDERAL GRANTS

Federal Government has been re-imbursing the expenditure incurred on the improvement of National Highways and the construction of certain other Roads and Bridges of national importance.

For the Budget Estimates 1988-89 a sum of Rs. 8.77 crore was anticipated under this head. Since an amount of Rs. 29 lac only has been received, Rs. 0.29 crore has been fixed in the Revised Estimate 1988-89. However, for next financial year an amount of Rs. 5.00 crore is being anticipated for new schemes.

II-EXTRAORDINARY RECEIPTS

Extraordinary receipts mainly accrue from the sale of government land. Since few years, sale of Government land has been banned, receipts under this Head are accruing on account of instalments in respect of already sold land. In the Budget Estimates 1988-89 a sum of Rs. 10.19 crore was anticipated. The Revised Estimates has changed and now it is expected to go up to Rs. 12.37 crore. However, the position is expected to decrease to Rs. 11.11 crore in the Budget estimates 1989-90.

III-PUBLIC DEBT

The Public Debt includes domestic and floating debts. The domestic permanent debt of the Provincial Government represents market loans and Land Commission

compensation bonds. The floating debt represents temporary borrowing from the State Bank of Pakistan commonly known as Ways and Means Advances. Market Loans are long term loans obtained by the Provincial Government from the general public and the financial institutions. The Ways and Means Advances are resorted to as and when the Provincial Government cash balance (with the State Bank of Pakistan) falls below the minimum required to be maintained as a result of un-even flow receipts into the Government account or delay in the release of funds due from the Federal Government.

IV-RECOVERIES OF LOANS AND ADVANCES

The Provincial Government advances loans to its employees, cultivators and to various local and autonomous bodies for specific purposes. Loans are advanced to Government Servants for the purchase of residential plots, purchase, repair and construction of houses and for the purchase of transport.

The Provincial Government also provides short term and medium term loans to the cultivators for the purchase of agricultural implements and inputs. Loans to the Local Bodies are advanced mostly to finance their water supply, sewerage and drainage schemes. Similarly, autonomous bodies of the Provincial Government receive loans for financing their specific development projects.

Recoveries of such loans are reflected in the Budget under this Head. These receipts have increased from Rs.6.40 crore in the Budget Estimates to Rs.34.04 crore in the Revised Estimates 1988-89. This is due to improved recoveries of loans from the Municipal Committees/Autonomous Bodies. A provision of Rs. 38.91 crore has been made in anticipation of these receipts during 1989,90.

NON-DEVELOPMENT CAPITAL EXPENDITURE

SUMMARY

TABLE-34

(Rs. in crore)

	Budget 1988-89		Revised 1988-89		Budget 1989-90	
	Amount	%	Amount	%	Amount	%
Highways Roads and Bridges	5.85	5.0	.29	.25	5.00	4.78
Debt Servicing	78.11	66.00	70.11	59.40	71.26	68.06
Loans and Advances	35.75	30.0	48.06	40.73	30.00	28.66
State Trading in Medical Stores and Coal	-1.58	-1.0	-.45	-.38	01.57	-1.50
Total	118.13	100.0	118.01	100.00	104.69	100.0

The expenditure under this Head relate to Account No.1 (Non-Food Account).

The main items of expenditure are:-

- a) Highways, Roads and Bridges;
- b) Payment of Debt;
- c) Loans and Advances by the Provincial Government; and
- d) State Trading in Medicines and Coal.

Against the Budget provision of Rs.118.13 crore, an amount of Rs.118.01 crore has been estimated in the Revised Estimates 1988-89. In the next Budget 1989-90 this amount will register a decrease of Rs.13.32. crore over Revised Estimate 1988-89 thereby fixing the target for next year to Rs.104.69 crore. For the facility of readers each of the item given in the summary is discussed hereunder:-

I-HIGHWAYS, ROADS AND BRIDGES

The work relating to the construction of national highways and certain roads and bridges of national importance is executed by the Provincial Highways Department. This is done on behalf of the Federal Government. The expenditure on these works is, therefore, exhibited in the Provincial Budget as Capital Expenditure outside the Annual Development Programme. The allocation for such works has decreased from Rs.5.85 crore in the Budget Estimate 1988-89 to Rs.0.29 crore in the Revised Estimate. Against this for the next financial year 1989-90 a sum of Rs.5.00 crore has been anticipated.

II-DEBT SERVICING

The main items under this Head consist of:-

- i) Repayment of Domestic Debt (Market Loans);
- ii) Ways and Means Advances;
- iii) Federal Government Loans;
- iv) Debt Raised abroad and Foreign Loans.

The Budget Estimate for 1988-89 which was fixed at Rs.78.11 crore has decreased to Rs.70.11 crore in the Revised Estimates 1988-89. For the next financial year, an amount of Rs.71.26 crore has been anticipated showing an increase of Rs.1.15 crore only.

In the following paragraph the main components of Debt Servicing of loans are discussed hereunder in some more detail:-

Table 35 gives a brief account of market loans raised by Provincial Government.

A-MARKET LOANS OF THE PUNJAB GOVERNMENT

TABLE-35

(Rs. in crore)

Name of Loan	year of Issue	Date of maturing	Amount
10.50% Punjab Loans 1989	1979	12-9-1989	7.85
10.75% Punjab Loans 1991	1981	27-8-1991	7.52
10.75% Punjab Loans 1992	1982	13-9-1992	9.05
10.75% Punjab Loans 1994	1984	21-6-1994	10.52
10.75% Punjab Loans 1996	1986	13-9-1996	2.73
10.75% Punjab Loans 1997	1987	27-8-1997	5.06
10.50% Punjab Loans 1998	1988	12-10-1998	7.58
		Total:	50.31

B - REPAYMENT OF FEDERAL GOVERNMENT LOANS

Since 1970, the Annual Development Programme has been financed mostly through borrowing from:-

- i) the Federal Government;
- ii) Foreign Agencies.

Rupee loans received from the Federal Government are repaid in equal instalments over a period of 20 years after an initial grace period of five years. The terms and conditions for repayment of foreign exchange loans are the same as those between the Federal Government and the lending agencies. In case of USAID Counterpart Fund Loans, these are generally repaid in 61 half-yearly instalments with an initial grace period of ten years. However, for the repayment of the German Counterpart Fund Loans, the terms and conditions are the same as those for repayment of Cash Development Loans obtained from the Federal Government.

At the end of financial year 1988-89 the total debt liability of the Punjab Government to the Federal Government will be Rs.4055.41 crore, the detail of which is given in the following table:-

**FEDERAL GOVERNMENT LOANS OUTSTANDING
AGAINST PUNJAB**

	(Rs. in crore)*
i) Cash Development Loans (1972-74 to 30-6-1987)	3198.15
ii) Cash Development Loans for SCARP tubewells Project (1974-75 to 1984-85)	252.50
iii) Others (since 1974-75)	1.67
iv) Counterpart Fund Rupee Loans	28.70
v) Foreign Exchange Loans	574.39
TOTAL	4055.41

C - WAYS AND MEANS ADVANCES

The Punjab Government can obtain advances from the State Bank of Pakistan at a mark-up rate of 9% upto Rs.0.54 crore and at 10% on the funds exceeding Rs.0.54 crore upto a limit of Rs.5.58 crore. Thus a total advance of Rs.6.12 crore can be drawn at a time.

Table given on next page below indicates the detail of Ways and Means Advances drawn by the Provincial Government during the year 1982-83 to 1988-89. Interest paid on such advances is also shown at the foot of the table.

WAYS AND MEANS ADVANCES

TABLE-36

(Rs. in crore)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
July	..	..	..	6.12	..	6.12	..
August	..	..	..	6.12	..	12.24	..
September	..	..	..	..	..	..	..
October	..	0.61	..	2.00	..	..	..
November	..	..	..	6.12	..	..	..
December	6.12	..	..	..	..	..	..
January	..	..	..	..	..	..	..
February	..	..	..	..	0.09	6.12	..
March	..	..	..	..	6.12	..	..
April	6.12	..	..	..	..	6.12	..
May	..	..	..	..	..	12.24	..
June	..	..	..	..	..	7.91	..
Total	12.24	0.61	..	20.36	6.21	50.75	..
Interest paid	8,91,000	3,000	..	60,17,000	28,000	30,93,000	..

III - LOANS AND ADVANCES

As explained earlier, the Provincial Government advances loans to Government Servants, Cultivators, Municipal Committees, and Autonomous Bodies etc. for specific purposes. Against the Budget provision of Rs.35.75 crore a sum of Rs.48.06 crore has been estimated in the Revised Estimate 1988-89. Similarly in the Budget Estimate 1989-90 a sum of Rs.30.00 crore has been fixed. The abnormal increase in Revised Estimate 1988-89

is attributed to the following reasons:-

- i) Expenditure on loan granted to Tourism Development Corporation.
- ii) Loans granted to Auqaf for the construction of Data Darbar Complex;
- iii) Loans to P.R.T.C.;
- iv) Taccavi Loans granted to the small farmers;
- v) Loans to farmers for sprayers and pesticides for rice protection and cotton crop.

STATE TRADING IN MEDICINES AND COAL

This component of the Non-development Capital Expenditure has been dealt with in Chapter on State Trading in both the Accounts I and II.

CHAPTER-VI
PUBLIC ACCOUNT TRANSACTIONS

The Public Account Transactions of the Provincial Government, which are outside the Provincial Consolidated Fund both on Receipts and Expenditure side, comprise the State Provident Fund, Deposits and Reserves and Remittances. Table given below shows the Receipts and Disbursements from the Public account Transactions and their net effect as per Budget, Revised Estimates 1988-89 and the Budget estimates for 1989-90.

PUBLIC ACCOUNT TRANSACTIONS

TABLE-37

(Rs. in crore)

	Budget 1988-89	Revised 1988-89	Budget 1989-90
RECEIPTS			
State Provident Fund	56.50	86.50	86.50
Deposits and Reserves	597.40	598.47	598.76
Remittances	1617.30	964.52	964.52
TOTAL	2271.20	1649.49	1649.71
DISBURSEMENTS			
State Provident Fund	19.00	19.10	24.31
Deposits and Reserves	597.29	598.36	598.66
Remittances	1617.30	964.52	964.52
REMITTANCES	2233.59	1581.99	1587.49
NET			
State Provident Fund	37.50	67.40	62.25
Deposits and Reserves	0.11	0.11	0.10
Remittances	..	..	..
TOTAL:	37.61	67.51	62.35

The net receipts of Public Account Transactions have increased from Rs. 37.61 crore in the Budget Estimate 1988-89 to Rs. 67.51 crore in the Revised Estimates 1988-89 and for Budget Estimates 1989-90, an amount of Rs. 62.35 is being estimated.

STATE PROVIDENT FUND

State Provident Fund consists of the Provincial Government liability on account of balances in the various provident funds of government employees. Since the number of government employees increases from year to year, their contribution to the provident fund also increases. This results in an increased liability, as the payments into such funds usually exceed withdrawal therefrom. The net receipts in the Revised Estimates 1988-89 are estimated at Rs. 86.50 crore, against Budget provision of Rs. 56.50 crore. For Budget Estimates 1989-90, these have fixed at Rs. 86.50 crore.

DEPOSITS AND RESERVES

Deposits and Reserves cover a large number of items (miscellaneous receipts and expenditure), most of which do not follow any fixed pattern. This is specially true of the receipts and expenditures pertaining to the personal ledger accounts of the autonomous and local bodies of the provincial government kept with government treasuries.. This also applies to the receipts and expenditure pertaining to the various suspense accounts. Whether the receipts from suspense accounts will be positive or negative depends entirely on whether misclassification in respect of receipts has been greater than that in respect of expenditure and vice versa. Therefore, for purposes of budgeting, the net effect of such receipts and expenditure is almost assumed to be nil.

REMITTANCES

The net effect of the transactions pertaining to the remittances Head, including the inter-provincial suspense accounts and the adjusting account between the Federal and Provincial Governments, has also been assumed to be nil during 1989-90 as was done for the year 1988-89.

CHAPTER-VII

FOOD ACCOUNT-STATE TRADING IN FOOD GRAINS ETC.

State Trading operations of the Provincial Government confine to foodgrains, medical stores, coal and coke. Transactions pertaining to state trading operations concerning foodgrains are kept separate and their receipts and expenditure are credited and debited to the Food Account of the Provincial Government with the State Bank of Pakistan. The expenditure on State Trading in foodgrains is being met from borrowing from the commercial banks.

The details of Receipts and Expenditure of different State Trading schemes of the Provincial Government are given below:-

STATE TRADING SCHEMES

TABLE-38

	Budget 1988-89	Revised 1988-89	Budget 1989-90
(Rs. in crore)			
A-FOODGRAINS AND SUGAR			
Gross Expenditure on Purchase of Foodgrains	550.87	742.19	761.02
Deduct recoveries	601.09	812.51	840.49
Total Net Expenditure	-50.22	-70.32	-79.47
Gross Expenditure on Purchase of Sugar	..	0.30	0.10
Deduct Recoveries	..	..	..
Net Expenditure	..	0.30	0.10
Total Net Expenditure	-50.22	-70.02	-79.37

B-STATE TRADING IN MEDICAL STORE:

Expenditure	61.65	61.65	61.68
Deduct	61.65	61.65	61.68
Net Expenditure	..	..	..

C-STATE TRADING IN COAL:

Expenditure	0.11	0.05	0.10
Deduct Recoveries	1.68	- 0.50	-1.68
Net Expenditure	-1.57	-0.45	-1.58
Total Net expenditure	-51.79	-70.47	-80.95

The items given above are discussed in the coming paragraphs under the respective Heads:

A-FOOD GRAINS

From the year 1983 the main activity of the Government is in the field of procurement of wheat only. However, there was an amount of Rs. 0.30 crore outstanding against Government on account of sugar which has been fixed as Revised Estimates 1988-89. For next financial year an amount of Rs. 0.10 crore only is being anticipated. Since there is no sale of sugar during the current financial year at Government level nil provision is being made in respect of receipts.

As stated above the main activity of the Government in State Trading remained in the field of wheat only. The expenditure on purchase, handling and storage of wheat during 1988-89 has increased from the estimated amount of Rs. 550.87 crore to Rs. 742.19 crore in the Revised Estimate 1988-89. The main reason of this increase in expenditure is due to the fact the Government have to procure additional quantity of 6.00 lac metric tons of imported wheat in addition to procurement target of 20.00 lac metric tons of indigenous wheat. For the next financial year, an amount of Rs. 761.02 crore has been fixed because of fact that a target of 28.00 lac metric ton of wheat is expected to be procured during the next financial year.

In the Budget Estimate 1988-89 the receipts from the sale of foodgrains were estimated at Rs. 601.09 crore. In the Revised Estimate 1988-89, the receipts are estimated to the tune of Rs. 812.51 crore showing an increase of Rs. 211.42 crore. The increase in receipts is on account of higher off-take of wheat i.e. 29.60 lac metric tons against the original target of 25.00 lac metric tons of wheat:

The procurement price of wheat for 1989-90 has been fixed at Rs. 2125 per metric ton whereas the incidental charges have been fixed at Rs. 318.18 and Rs. 357.33 per metric ton for indigenous and imported wheat respectively. In order to purchase, handle and store 20.00 lac metric ton of indigenous wheat and 8.00 lac metric tons of imported wheat, an amount of Rs. 761.02 crore has been provided in the Budget Estimates 1989-90. The receipts from the sale of foodgrains are estimated to the tune of Rs. 840.49 crore which will accrue from the sale of 31.12 lac metric tons of wheat.

B-STATE TRADING IN COAL, COKE AND MEDICINES

The expenditure on State Trading in medical stores is completely counter-balanced by receipts and recoveries.

The Provincial Government procures coal and coke through the Trading Corporation of Pakistan and then sells it for use in the public and private sectors. In the Budget Estimates 1988-89, sale proceeds of coke from the stocks were estimated at Rs. 1.68 crore as against an expenditure of Rs. 0.10 crore, thereby showing a surplus of Rs. 1.58 crore. In the Revised Estimates 1988-89 the sale proceeds decreased to Rs.0.50 crore only giving a surplus of Rs. 0.45 crore which is due to decrease in sale of coke/coal. During 1989-90 against an expenditure of Rs. 0.10 crore, recoveries are likely to be made to the extent of Rs. 1.68 crore due to sale of coal and coke giving a surplus of Rs. 1.57 crore.

CHAPTER-VIII
SUMMARY OF DEVELOPMENT EXPENDITURE

TABLE 39

	(Rs. in crore)			
	Budget 1988-89		Budget 1989-90	
	Amount	%	Amount	%
1. Agriculture	129.55	17.39	141.99	17.53
2. Rural Development	3.59	0.48	20.50	2.53
3. Industries	2.03	0.27	3.54	0.44
4. Water & Power	19.55	2.62	36.50	4.51
5. Roads and Bridges	65.00	8.73	65.00	8.02
6. Physical Planning & Housing	174.23	23.39	155.13	19.15
7. Education & Training	119.50	16.05	121.78	15.03
8. Information & Culture	1.32	0.18	1.26	0.16
9. Health	126.82	17.02	130.00	16.04
10. Transport	0.63	0.08	..	..
11. Tourism	1.57	0.21	1.50	0.19
12. Social Welfare	0.63	0.08	0.50	0.06
13. Manpower Training	2.79	0.38	2.74	0.34
14. Planning & Development	0.48	0.06	0.76	0.09
15. Chief Minister Directive	15.00	2.02	..	..
16. Priority Programme	15.00	2.01	18.00	2.22
17. MKDA	2.00	0.27	2.50	0.31
18. Cholistan Development Authority	0.63	0.08	0.72	0.09
19. Dera Ghazi Khan Development Authority.	..	..	5.00	0.62
20. Bahawalpur Development Authority.	..	..	2.00	0.25
21. Rawalpindi Development Authority.	..	..	2.00	0.25
22. Special Programme for Education and Local Development	64.68	8.68	98.58	12.17
Total	745.00	100.00	810.00	100

CHAPTER-IX
ADP FINANCING

TABLE-40

(Rs. in crore)

	Budget 1988-89	Budget 1989-90
A: PROVINCIAL CONTRIBUTION:		
i) Transfer to Deposits Account for Area Development Schemes	5.04	..
Total:-	5.04	..
B: FEDERAL ASSISTANCE:		
i) Cash Grants	377.89	0.60
ii) Cash Development Loans	273.16	703.65
Total:-	651.05	704.25
C: FOREIGN ASSISTANCE		
i) Japanese Grant	3.80	4.50
ii) Foreign Loans	7.28	8.15
iii) Foreign Grants	0.09	..
Total	11.17	12.65
Grant Total	667.26	716.90

SECTORAL ALLOCATION

TABLE-41

(Rs. in crore)

	Budget 1988-89		Budget 1989-90	
	Amount	%	Amount	%
DEVELOPMENT EXPENDITURE				
Agriculture (including FMR)	129.56	17.39	141.99	17.53
Rural Development	3.59	0.48	20.50	2.53
Water & Power	19.55	2.62	36.50	4.51
Industries & Mineral	2.03	0.27	3.54	.44
Roads and Bridges	65.00	8.73	65.00	8.02
Information & Culture	1.32	0.18	1.26	0.16
Physical Planning and Housing	174.23	23.39	155.13	19.15
Education & Training	119.50	16.05	121.78	15.03
Health	126.82	17.02	130.00	16.04
Transport	0.63	0.08	..	..
Social Welfare	0.63	0.08	0.50	0.06
Manpower & Training	2.79	0.38	2.74	0.34
Planning & Development	0.48	0.06	0.76	0.09
Tourism	1.57	0.21	1.50	0.19
Chief Minister Directive	15.00	2.02	..	..
Priority Programme	15.00	2.01	18.00	2.22
MKDA	2.00	0.27	2.50	0.31
Cholistan Development Authority	0.63	0.08	0.72	0.09
Dera Ghazi Khan Development Authority.	..	..	5.00	0.62
Bahawalpur Development Authority.	..	..	2.00	0.25

Rawalpindi Development Authority.			2.00	0.25
Special Programme for Education and Local Development	64.68	8.68	98.58	12.17
GROSS TOTAL:	745.00	100	810.00	100
Less Operation Shortfall	77.74		93.10	
Development Expenditure	667.26		716.90	
Total Development Expenditure (Net)	667.26		716.90	

FINANCING OF ANNUAL DEVELOPMENT PROGRAMME

I- ANNUAL DEVELOPMENT PROGRAMME 1988-89

The gross size of the Annual Development Programme for 1988-89 was fixed at Rs. 900.00 crore against an estimated resource availability of Rs. 792.64 crore. This included Rs. 8.00 crore as Provincial Contribution for the Area Development Schemes. Due to unilateral cut by Federal Government, the size was scaled down to Rs. 745.00 crore against resource availability of Rs. 667.26 crore which included Rs. 5.04 crore for the Area Development Scheme showing an operational shortfall of Rs. 77.74 crore.

II- ANNUAL DEVELOPMENT PROGRAMME 1989-90

In the next financial year, due to tight financial position, the provincial government will not be in a position to contribute from the transfer of the Area Development Scheme. However, after including federal assistance amounting to Rs.704.25 crore (Rs. 703.65 crore in the shape of CDL plus Rs. 60 lac as cash grant), and foreign assistance to the extent of Rs.12.65 crore the total resource availability for the Annual Development Programme 1989-90 is estimated to be Rs.716.90 crore.

In addition to the above allocations, a sum of Rs. 356.60 crore is expected to flow in the form of foreign assistance. This is treated over and above the normal programme. The spread of this additional amount is given below:-

In addition to the above allocations, a sum of Rs. 356.60 crore is expected to flow in the form of foreign assistance. This is treated over and above the normal programme. The spread of this additional amount is given below:-

TABLE-42

		(Rs. in crore)
Name of Sector		Amount
i)	Agriculture	23.04
ii)	Livestock Development	7.72
iii)	Fisheries	4.24
iv)	Water & Power	126.60
v)	F.M.R.	14.34
vi)	Urban Development	64.05
vii)	Education	56.62
viii)	Health	59.99
Total		356.60

Some Provincial Corporations/Development Authorities are also expected to carry out various development programmes on self-financing basis. The break-down of which is as under:-

		(Rs. in crore.)
i)	Punjab Industrial Development Board.	54.30
ii)	Lahore Development Authority	25.00
iii)	Faisalabad Development Authority	6.00
iv)	Multan Development Authority	9.00
Total:-		----- 94.30 -----

If we add up the above two amounts (i.e. foreign assistance and contributions of public corporations/development agencies) the total investments would be of the order of Rs. 1260.90 crore.

The gross size of the A.D.P. 1989-90 has been fixed at 810.00 crore against an estimated resource availability of Rs.716.90 crore compared to ADP 1988-89 which was fixed at Rs. 745.00 crore with resource availability of Rs. 667.26 crore. The gap between the available resources and the gross size of the ADP is expected to be met by an operational short fall of Rs.93.10 crore in the implementation of the programme.

It would be seen that the size of ADP 1989-90 has been increased by Rs.65.00 crore compared to the year 1988-89 which stands at Rs. 745.00 crore. The percentage increase is about 8.72 over the year 1988-89.

ADP 1989-90 - STRATEGY AND PRIORITIES

In formulating the ADP 1989-90 the following considerations have been kept in view:-

(A)-EMPHASIS ON COMPLETION OF SCHEMES

Notwithstanding the resources constraint, the on-going programme has been fully protected. A special effort has also been made to complete a large number of schemes within the current year by allocating Rs. 461.00 crore or 56.9% of ADP size.

**(B)-SPECIAL DEVELOPMENT PROGRAMME FOR
EDUCATION & LOCAL DEVELOPMENT.**

In addition to the allocation of Rs. 18.00 crore provided for the priority programme of the Government, a big chunk of resources amounting to Rs. 98.58 crore is being proposed during the year 1989-90 to be utilized essentially for providing grants to Local Councils for development projects.

(C)-VILLAGE ELECTRIFICATION

An allocation of Rs. 2.06 crore has been proposed for electrifying the left over abadis. This is in addition to the programme reflected in the Federal Annual Development Programme to the extent of Rs. 400 crore. The Provincial Government is likely to get an adequate share in Rs. 400 crore.

(D)-EMPHASIS ON RURAL AREAS

In order to upgrade the quality of life in rural areas, the Provincial Government has been consciously transferring more and more resources to the rural sectors. The constant trend of increase in investment in rural areas is evident from the fact that allocations for this purpose were raised from a mere 44.6% during 1978-79 to 75.33% in 1988-89. This strategy is being reinforced with 80.65% of resources proposed to be invested in these sectors during 1989-90.

(E)-FOCUS ON THE LESS DEVELOPED AREAS

Special emphasis has been laid on development of less developed areas. This is over and above the normal development activity undertaken throughout the province. For this purpose, an allocation of Rs. 2.50 crore has been proposed for MKDA during 1989-90 against Rs. 2.00 crore provided during 1988-89. Similarly, an amount of Rs. 0.72 crore has been allocated to Cholistan Development Authority. In addition to this Rawalpindi Development Authority, Dera Ghazi Khan Development Authority and Bahawalpur

Development Authority would become functional during the course of next financial year with an allocation of Rs. 2.00, Rs. 5.00 and Rs. 2.00 crore respectively.

(F)-AGRICULTURE

Agriculture is the main-stay of our economy. As such a very high priority has been given to this sector by allocating an amount of Rs. 141.99 crore (including Livestock, Forestry & Wildlife, Fisheries & Cooperatives etc.) or 17.53% of the total ADP.

(G)-DEVELOPMENT OF BARANI AREAS

Due importance is being given to the barani areas in order to tap their full potential. For this purpose, an amount of Rs. 121.25 crore is being provided for various projects in different sectors. A major focus here is on the availability of water both for irrigation and drinking purposes.

(H)-ADEQUATE FUNDING OF FOREIGN AIDED PROJECTS

In order to fulfil commitments made with the donor agencies, the foreign aided projects have been adequately protected during 1989-90. An efforts has been made to make available allocations to foreign aided schemes in accordance with the approved phasing of the PCs-I to derive full benefits from this assistance.

(I)-FARM TO MARKET ROADS

Farm to Market Roads Programme is an important programme in the rural areas. It has been proposed to allocate Rs. 95.00 crore during 1989-90 for providing basic infrastructure. In physical terms 2400 kilometers of new roads are likely to be constructed in the province during 1989-90.

PROFILE OF SECTORAL ALLOCATION

The detailed sectorwise/sub-sectorwise profile of the programme is explained in coming paragraphs.

I-AGRICULTURE

In view of the pivotal position of Agriculture to the economic prosperity of the province, agriculture and its related sectors e.g. Livestock, Forestry, Fisheries, Cooperatives, FMR and Food Storage taken together have been provided an allocation of Rs. 142.00 crore. This is 17.53% of the total development outlay of the Province during 1989-90. If the proposed allocation of Rs. 36.50 crore of Water Sector which is a key input for agricultural development, is also added, the share of agriculture and its related sectors adds upto 20% of the total investment during 1989-90.

An allocation of Rs. 125.27 crore has been proposed for Agriculture Sector during 1989-90. The major emphasis has been, as before, on physical infrastructure with FMR programme accounting for 75.84% of the total outlay of the Sector. Apart from this, the areas of main attention have been water management and agricultural research. The sub-sectoral position of this distribution is shown in the table below:-

TABLE-43

Sub-sector	(Rs. in crore)
Sub-sector	Proposed allocation during 1988-89
Farm to Market Roads	95.00
Tubewell Electrification by PLUA	1.07
Water Management	12.56
Agriculture (Extension)	5.89
Agriculture Mech. Water Resources Development	1.44
Agriculture Research	6.82
Soil Conservation	0.50
Agriculture Education	1.34
Agriculture Economics and Marketing	0.05
Regional Planning	0.60
Total:	----- 125.27

II-LIVESTOCK AND DAIRY DEVELOPMENT

This sector has been allocated an amount of Rs. 5.00 crore as is shown by following table:-

TABLE - 44

(Rs. in crore)

Sub-sector	Proposed allocation
Livestock Production	3.68
Animal Health	0.66
Poultry Production	0.35
Science and Research	0.28
Regional Planning	0.03

Total	5.00

The main focus in this sector is on research, breed improvement, livestock management programme, health coverage and increase in the supply of fodder.

III-FORESTRY, WILDLIFE AND FISHERIES

The allocation under this sector for ADP 1989-90 has been made at 11.18 crore or 1.38% of total. The main emphasis in the Forestry Sector would be on raising compact plantation in the irrigated, riverain and bela areas. The Watershed Management, Range Management, Forestry Research and Training would be given due priority. Effort will be made to consolidate the development work initiated in the past by ensuring better management, effective monitoring and updating the Working Plans for existing areas. Preservation of wildlife has also been given due attention. Programme wise details are given in table 45.

TABLE-45

(Rs. in crore)

Sub-sector	Proposed allocation during 1988-89
a) FORESTRY	
1. Afforestation	3.38
2. Social Forestry	0.97
3. Manage Building	0.60
4. Watershed Management & Soil Conservation	0.43
5. Range Management	0.58
6. Parks & Recreation	0.18
7. Research & Education	0.36
8. Sericulture	0.16
B) WILDLIFE	3.11
C) FISHERIES	1.41

TOTAL:-	11.18

An allocation of Rs. 1.41 crore has been provided for Fisheries during 1989-90. Efforts will be made on the improvement and identification of fish culture activities in the private sector and development of natural and other feasible resources in the public sector. The public sector activities have mainly been confined to the creation of infrastructure for the establishment of hatcheries and nurseries in addition to providing research, training and extension services.

IV-INDUSTRIES AND MINERAL DEVELOPMENT

An allocation of Rs. 3.54 crore has been proposed for this sector during 1989-90. The break-up is given in table 46.

TABLE-46**(Rs. in crore)**

Sub-sector	Proposed allocation during 1988-89
Directorate of Industries	0.58
Punjab Small Industries Corporation	2.14
Punjab Mineral Development Corporation	0.82

TOTAL:	3.54

As may be seen from the table No. 46 major emphasis in this area has been on small industries. This is due to the fact that it has tremendous potential for growth and employment.

V-WATER AND POWER

An allocation of Rs. 36.50 crore has been earmarked for Water and Power Programme against an allocation of Rs. 19.55 crore in 1988-89. In addition, an amount of Rs. 37.00 crore will flow to the Water Sector from the following foreign aided projects:-

1. Command Water Management;
2. Scarp Transition Pilot Project;
3. Irrigation System Rehabilitation Phase-II;
4. Small Dams in the Barani Areas.

The accelerated water-logging and salinity programme will further contribute Rs. 89.60 crore to the drainage activities in the Province during the course of the year. As in the previous year, an amount of Rs. 2.06 crore has been kept for electrifying the left-over Abadis. Besides this, the Province will also get an adequate funding from Federal ADP where an amount of Rs. 400.00 crore has been earmarked.

VI-ROADS AND BRIDGES

An allocation of Rs. 65.00 crore has been provided during 1989-90 for this sector. Major allocation of Rs. 52.65 crore under this sector has been allocated to complete the on-going schemes. Programme-wise details are given in table 48.

TABLE-47

(Rs. in crore)

Sub-sector	Proposed allocation during 1989-90
A) PROGRAMME OF C& W DEPARTMENT:	
1. Widening/Improvement	47.83
2. New Roads	5.26
3. Bridges	10.94
4. Miscellaneous	0.97

TOTAL:	65.00

It will be seen that a major point of emphasis is on the widening and improvement of the deteriorating roads network. This programme will get Rs. 47.83 crore which is 73.58% of the total allocation for the Sector.

VII-RURAL WATER SUPPLIES

Keeping in view the policy to provide clean and hygienic water and drainage facilities to rural population, an allocation of Rs. 94.00 crore has been proposed for Rural Water Supply Sector during 1989-90. About 682 on-going schemes are expected to be completed during 1989-90. These will provide an additional population of 11 lac with potable water and 13 lac persons with sanitation facilities.

VIII-URBAN DEVELOPMENT

An amount of Rs. 30.63 crore has been provided for Urban Development Sector during 1989-90 with the following details:-

TABLE-48

(Rs. in crore)

Name of Agency	Proposed allocation during 1989-90
1. Lahore Development Authority	8.43
2. Faisalabad Development Authority	13.50
3. Multan Development Authority	8.70
Total:	30.63

IX-EDUCATION AND TRAINING

Table appended below gives the details of allocation for various sub-sectors of education:-

TABLE-49

(Rs. in crore)

Sub sector	Proposed allocation during 1989-90
1. Primary Education	23.88
2. Secondary Education	68.84
3. Teacher Education	2.27
4. Technical Education	3.60
5. College Education	11.84
6. Special Education	1.28
7. Scholarship	5.43
8. Regional Planning	0.25
9. Miscellaneous	4.39
Total:	121.78

A sum of Rs. 121.78 crore has been provided for Education Sector during 1989-90 against an allocation of Rs. 119.50 crore during 1988-89. It would be seen from table No. 49 that major part of the allocation relates to the achievement of targets laid down under accelerated programme for rural education. In the primary education sub-sector, it is proposed to construct 1900 new Girls Primary Schools, provide buildings to 1400 shelterless primary schools. One additional class room will also be added in 170 single room primary schools.

In the Secondary Education which gets the highest share within the Education Sector, the main schemes are:-

1. Upgradation of 336 Girls Primary Schools to Middle level.
2. Upgradation of 100 Boys Primary Schools to Middle level.
3. Upgradation of 335 Boys Middle Schools to High level.
4. Upgradation of 100 Girls Middle Schools to High level.
5. Upgradation of 80 High Schools to Higher Secondary Schools.

X-HEALTH

An amount of Rs. 130.00 crore has been proposed for Health Sector during 1989-90 with the following break down:

TABLE-50

(Rs. in crore)

Sub sector	Proposed allocation during 1989-90
1. Teaching Hospitals	18.40
2. District Hospitals	6.50
3. Tehsil Hospitals	3.81
4. Medical Education	23.60
5. Stipends & Scholarships	6.27
6. Miscellaneous	3.16
7. Rural Health Programme	68.26

Total	130.00

Highest priority has been given to the Rural Health Programme by earmarking 52.51% of the total allocation for the Sector. This is followed by 18.16% allocation for medical education and 14.63% for teaching hospitals. The major targets for the sector for 1989-90 are given sub-sector-wise as follows:-

1)	<u>Rural Health Programme</u>	
	a) Rural Health Centers to be completed	18
	b) Rural Health Centers to be upgraded	148
	c) Basic Health Units to be completed.	350
	d) Basic Health Units to be upgraded.	860
2)	<u>Tehsil Hospitals.</u>	
	a) Hospitals to be completed	6
	b) Work to start on upgradation of Tehsil hospitals	6
	c) Beds to be added	310
3)	<u>DHQ Hospitals</u>	
	a) Hospital to be completed	1
	b) Works to start on upgradation of DHQ hospitals	3