



GOVERNMENT OF THE PUNJAB

# **WHITE PAPER**

**ON THE  
BUDGET  
1996-1997**

**JUNE 14, 1996**

## FOREWORD

The White Paper is a concise commentary on the documents that comprise the budget package of the Government of the Punjab. It attempts to provide an analytical insight into the financial outlays proposed in both the development and non-development spheres, and also reflects on the previous year's performance.

The year 1996-97 has to be considered as a watershed in the budget-making history of the Punjab Government. The entire budget exercise for this year was carried out within a computer-programmed framework. We are thus crossing a threshold. Budget formation should now be a less ponderous exercise and certainly more accurate and error-free, contributing through historic data analysis to more informed decision-making.

The Resources and Budget Wings have performed commendably in innovating methods to adapt to the computerisation of the budget and I expect that these early efforts will mature into an increasingly refined system providing in-depth analyses for policy options. I would like to make special mention of *Mr. Nasir Mahmood Khosa*, Additional Finance Secretary (Budget), *Mr. Asadullah Khan Sumbal*, Deputy Secretary (Resources), *Mr. Karim Bakhsh Abid*, Deputy Secretary (Budget) and their team members for their invaluable efforts in the compilation of this document. I hope that a reading of this document will facilitate better understanding of the Punjab Budget for 1996-97.

**JAVED SADIQ MALIK**  
Finance Secretary, Punjab

# CONTENTS

	PAGE #
<b>Chapter 1</b>	
CURRENT BUDGET	1
<b>Chapter 2</b>	
CURRENT REVENUE RECEIPTS	17
<b>Chapter 3</b>	
CURRENT REVENUE EXPENDITURE	41
<b>Chapter 4</b>	
CURRENT CAPITAL RECEIPTS	59
<b>Chapter 5</b>	
CURRENT CAPITAL EXPENDITURE	63
<b>Chapter 6</b>	
STATE TRADING	69
<b>Chapter 7</b>	
PUBLIC ACCOUNT TRANSACTIONS	71
<b>Chapter 8</b>	
ANALYSIS OF THE REVENUE BUDGET	73
<b>Chapter 9</b>	
FINANCING OF THE TAMEER-E-PUNJAB PROGRAMME	87
<b>Chapter 10</b>	
STRATEGY AND SECTORAL ALLOCATION PATTERN OF TAMEER-E-PUNJAB PROGRAMME 1996-97	89
APPENDIX.	93

## LIST OF TABLES

#	TITLE	PAGE
1.1	Revenue Budget.	2
1.2	Current Capital Budget.	7
1.3	Public Account	9
1.4	Allocation for Health and Education 1995-96 & 1996-97.	13
1.5	Health, Education, and Rural Water Supply/Sanitation M&R/O&M Costs 1995-96 - 1996-97.	14
1.6	M&R Allocations for Buildings, Communication & Irrigation.	14
1.7	Net Surplus/Deficit in the Current Budget.	15
2.1	Provincial Share in Federal Divisible Pool.	18
2.2	Federal Divisible Taxes. (Punjab's Share).	19
2.3	Other Federal Transfers.	21
2.4	Provincial Tax Receipts.	24
2.5	Receipts on account of Income from Property and Enterprises.	28
2.6	Receipts from Civil Administration and Other Functions.	30
2.7	Receipts from General Administration and Law and Order.	31
2.8	Receipts from Community and Social Services.	34
2.9	Receipts from Economic Services.	36
2.10	Miscellaneous Receipts.	38
3.1	Expenditure on Law and Order.	44
3.2	Expenditure on Community Services.	45
3.3	Expenditure on Social Services.	47
3.4	Expenditure on Economic Services.	48
3.5	Debt Servicing, Investible Funds and Grants.	50
3.6	Basic Indicators-International Comparison I.	54
3.7	Basic Indicators-International Comparison II.	54
3.8	Primary Education (Non-Salary Budget).	56
3.9	Primary Health Care (Non-Salary Budget).	56
4.1	Current Capital Receipts.	60
5.1	Current Capital Expenditure.	63
5.2	Breakup of Total Debt Liability.	64
5.3	Debt Servicing Since 1987-88.	65
5.4	Debt Servicing: Domestic and Foreign Components.	65
5.5	Market Loans of Punjab Government.	66

6.1	State Trading Schemes.	69
7.1	Public Account Transactions.	71
8.1	Revenue Receipts.	73
8.2	Classification of Tax Revenue.	75
8.3	Ratio of Receipts from Federal Divisible Taxes & Provincial Taxes.	75
8.4	Composition of the Punjab's Share of Federal Divisible Taxes.	76
8.5	Provincial Tax Receipts.	78
8.6	Revenue Expenditure.	84
8.7	Functional Distribution of Revenue Expenditure.	84
9.1	Financing of the Tameer-e-Punjab Programme 1995-96 and 1996-97.	87
10.1	Sectoral Allocations in Tameer-e-Punjab Programme 1996-97.	90

## LIST OF FIGURES

#	TITLE	PAGE
1.1	Current Revenue Receipts B.E. 1995-96.	1
1.2	Current Revenue Receipts B.E. 1996-97	2
1.3	Current Revenue Receipts B.E. 1995-96 vs B.E. 1996-97.	3
1.4	Punjab's Share: Divisible Pool (1995-96 vs 1996-97).	3
1.5	Current Revenue Expenditure B.E. 1995-96.	4
1.6	Current Revenue Expenditure B.E. 1996-97.	4
1.7	Current Expenditure B.E. 1995-96 vs B.E. 1996-97.	5
1.8	Current Capital Receipts B.E. 1995-96.	5
1.9	Current Capital Receipts B.E. 1996-97.	6
1.10	Current Capital Receipts B.E. 1995-96 vs B.E. 1996-97.	6
1.11	Current Capital Expenditure B.E. 1995-96.	7
1.12	Current Capital Expenditure B.E. 1996-97.	8
1.13	Current Capital Expenditure B.E. 1995-96 vs B.E. 1996-97.	8
2.1	Current Revenue Receipts: Federal Receipts vs Provincial Receipts B.E. 1995-96.	17
2.2	Current Revenue Receipts: Federal Receipts vs Provincial Receipts B.E. 1996-97.	18
2.3	Share of Provinces in the Federal Divisible Pool: NFC 1990.	19
2.4	Federal Divisible Taxes B.E. 1995-96.(Punjab's Share).	20
2.5	Federal Divisible Taxes B.E. 1996-97.(Punjab's Share).	20
2.6	Federal Divisible Taxes (Punjab's Share) B.E. 1995-96 vs B.E. 1996-97.	20
2.7	Other Federal Transfers: B.E. 1995-96.	21
2.8	Other Federal Transfers B.E. 1996-97.	22
2.9	Other Federal Transfers 1995-96 vs 1996-97.	23
2.10	Provincial Direct Taxes B.E. 1995-96.	23
2.11	Provincial Direct Taxes. B.E. 1996-97.	24
2.12	Provincial Direct Taxes 1995-96 vs 1996-97.	25
2.13	Provincial Indirect Taxes B.E. 1995-96.	25
2.14	Provincial Indirect Taxes B.E. 1996-97.	26
2.15	Provincial Indirect Taxes 1995-96 vs 1996-97.	26
2.16	Income from Property and Enterprises B.E. 1995-96.	28
2.17	Income from Property and Enterprises B.E. 1996-97.	29
2.18	Income from Property and Enterprises B.E. 1995-96 vs 1996-97.	29
2.19	Receipts from Civil Administration and Other Functions. B.E. 1995-96.	29
2.20	Receipts from Civil Administration and Other Functions B.E. 1996-97.	30

2.21	Receipts from Civil Administration and Other Functions B.E. 1995-96 vs 1996-97.	30
2.22	Receipts from General Administration and Law and Order B.E. 1995-96.	31
2.23	General Administration and Law and Order. B.E. 1996-97.	32
2.24	General Administration and Law and Order B.E. 1995-96 vs B.E. 1996-97.	32
2.25	Receipts from Community and Social Services B.E. 1995-96.	33
2.26	Receipts from Community and Social Services B.E. 1996-97.	35
2.27	Receipts from Community and Social Services B.E. 1995-96 vs B.E. 1996-97.	35
2.28	Receipts from Economic Services. B.E. 1995-96.	35
2.29	Receipts from Economic Services. B.E. 1996-97.	37
2.30	Receipts from Economic Services. B.E. 1995-96 vs 1996-97.	37
3.1	Expenditure on Law and Order. B.E. 1995-96.	44
3.2	Expenditure on Law and Order B.E. 1996-97.	45
3.3	Expenditure on Community Services B.E. 1996-97.	46
3.4	Expenditure on Community Services B.E. 1995-96 vs 1996-97.	46
3.5	Expenditure on Social Services B.E. 1995-96.	47
3.6	Expenditure on Social Services B.E. 1996-97.	47
3.7	Expenditure on Social Services 1995-96 vs 1996-97.	48
3.8	Expenditure on Economic Services B.E. 1995-96.	49
3.9	Expenditure on Economic Services B.E. 1996-97.	49
3.10	Expenditure on Economic Services B.E. 1995-96 vs 1996-97.	50
3.11	Debt Servicing (Interest) & Grants 1995-96 vs 1996-97.	51
3.12	Interest on Federal Loans 1995-96 vs 1996-97.	52
3.13	Debt Servicing, Investible Funds & Grants B.E. 1995-96.	52
3.14	Debt Servicing, Investible Funds & Grants B.E. 1996-97.	52
3.15	Debt Servicing vs Total Loan Inflow 1987-88 to 1995-97.	53
4.1	Current Capital Receipts B.E. 1995-96.	60
4.2	Current Capital Receipts B.E. 1996-97.	60
5.1	Debt Servicing of the Provincial Government 1987-88 to 1996-97.	65
8.1	Revenue Receipts B.E. 1995-96.	73
8.2	Revenue Receipts B.E. 1996-97.	74
8.3	Direct Taxes vs Indirect Taxes B.E. 1996-97.	75
8.4	Federal Divisible Taxes vs Provincial Taxes B.E. 1996-97.	76
8.5	Composition of Federal Divisible Taxes (Punjab's Share) B.E. 1995-96.	77
8.6	Composition of Federal Divisible Taxes (Punjab's Share) B.E. 1996-97.	77
8.7	Federal Divisible Taxes (Punjab's Share) 1995-96 vs 1996-97.	80
8.8	Provincial Tax Receipts B.E. 1995-96.	78
8.9	Provincial Tax Receipts B.E. 1996-97.	79
8.10	Provincial Tax Receipts 1995-96 vs 1996-97	80

8.11	Major Provincial Taxes R.E. 1992-93 to B.E. 1996-97 (Except Stamp Duty)	81
8.12	Major Provincial Taxes R.E. 1992-93 to B.E. 1996-97 (Stamp Duty)	81
8.13	Taxes in Current Revenue Receipts 1992-93 to 1996-97.	82
8.14	Revenue Expenditure B.E. 1996-97.	84
8.15	Revenue Expenditure B.E. 1996-97 (Functional Distribution).	85
8.16	Current Expenditure : Functional Distribution 1995-96 vs 1996-97.	82
8.17	Components of Current Expenditure 1992-93 to 1996-97. (Part-1).	83
8.18	Components of Current Expenditure 1992-93 to 1996-97. (Part-2).	83
10.1	Tameer-e-Punjab Programme 1995-96 Sectoral Allocations.	91
10.2	Tameer-e-Punjab Programme 1996-97 Sectoral Allocations.	91
10.3	Comparison: Sectoral Allocations T.P.P. 1995-96 vs 1996-97.	92



## LIST OF FIGURES

#	TITLE	PAGE
1.1	Current Revenue Receipts B.E. 1995-96.	1
1.2	Current Revenue Receipts B.E. 1996-97	2
1.3	Current Revenue Receipts B.E. 1995-96 vs B.E. 1996-97.	3
1.4	Punjab's Share: Divisible Pool (1995-96 vs 1996-97).	3
1.5	Current Revenue Expenditure B.E. 1995-96.	4
1.6	Current Revenue Expenditure B.E. 1996-97.	4
1.7	Current Expenditure B.E. 1995-96 vs B.E. 1996-97.	5
1.8	Current Capital Receipts B.E. 1995-96.	5
1.9	Current Capital Receipts B.E. 1996-97.	6
1.10	Current Capital Receipts B.E. 1995-96 vs B.E. 1996-97.	6
1.11	Current Capital Expenditure B.E. 1995-96.	7
1.12	Current Capital Expenditure B.E. 1996-97.	8
1.13	Current Capital Expenditure B.E. 1995-96 vs B.E. 1996-97.	8
2.1	Current Revenue Receipts: Federal Receipts vs Provincial Receipts B.E. 1995-96.	17
2.2	Current Revenue Receipts: Federal Receipts vs Provincial Receipts B.E. 1996-97.	18
2.3	Share of Provinces in the Federal Divisible Pool: NFC 1990.	19
2.4	Federal Divisible Taxes B.E. 1995-96.(Punjab's Share).	20
2.5	Federal Divisible Taxes B.E. 1996-97.(Punjab's Share).	20
2.6	Federal Divisible Taxes (Punjab's Share) B.E. 1995-96 vs B.E. 1996-97.	20
2.7	Other Federal Transfers: B.E. 1995-96.	21
2.8	Other Federal Transfers B.E. 1996-97.	22
2.9	Other Federal Transfers 1995-96 vs 1996-97.	23
2.10	Provincial Direct Taxes B.E. 1995-96.	23
2.11	Provincial Direct Taxes. B.E. 1996-97.	24
2.12	Provincial Direct Taxes 1995-96 vs 1996-97.	25
2.13	Provincial Indirect Taxes B.E. 1995-96.	25
2.14	Provincial Indirect Taxes B.E. 1996-97.	26
2.15	Provincial Indirect Taxes 1995-96 vs 1996-97.	26
2.16	Income from Property and Enterprises B.E. 1995-96.	28
2.17	Income from Property and Enterprises B.E. 1996-97.	29
2.18	Income from Property and Enterprises B.E. 1995-96 vs 1996-97.	29
2.19	Receipts from Civil Administration and Other Functions. B.E. 1995-96.	29
2.20	Receipts from Civil Administration and Other Functions B.E. 1996-97.	30

2.21	Receipts from Civil Administration and Other Functions B.E. 1995-96 vs 1996-97.	30
2.22	Receipts from General Administration and Law and Order B.E. 1995-96.	31
2.23	General Administration and Law and Order. B.E. 1996-97.	32
2.24	General Administration and Law and Order B.E. 1995-96 vs B.E. 1996-97.	32
2.25	Receipts from Community and Social Services B.E. 1995-96.	33
2.26	Receipts from Community and Social Services B.E. 1996-97.	35
2.27	Receipts from Community and Social Services B.E. 1995-96 vs B.E. 1996-97.	35
2.28	Receipts from Economic Services. B.E. 1995-96.	35
2.29	Receipts from Economic Services. B.E. 1996-97.	37
2.30	Receipts from Economic Services. B.E. 1995-96 vs 1996-97.	37
3.1	Expenditure on Law and Order. B.E. 1995-96.	44
3.2	Expenditure on Law and Order B.E. 1996-97.	45
3.3	Expenditure on Community Services B.E. 1996-97.	46
3.4	Expenditure on Community Services B.E. 1995-96 vs 1996-97.	46
3.5	Expenditure on Social Services B.E. 1995-96.	47
3.6	Expenditure on Social Services B.E. 1996-97.	47
3.7	Expenditure on Social Services 1995-96 vs 1996-97.	48
3.8	Expenditure on Economic Services B.E. 1995-96.	49
3.9	Expenditure on Economic Services B.E. 1996-97.	49
3.10	Expenditure on Economic Services B.E. 1995-96 vs 1996-97.	50
3.11	Debt Servicing (Interest) & Grants 1995-96 vs 1996-97.	51
3.12	Interest on Federal Loans 1995-96 vs 1996-97.	52
3.13	Debt Servicing, Investible Funds & Grants B.E. 1995-96.	52
3.14	Debt Servicing, Investible Funds & Grants B.E. 1996-97.	52
3.15	Debt Servicing vs Total Loan Inflow 1987-88 to 1995-97.	53
4.1	Current Capital Receipts B.E. 1995-96.	60
4.2	Current Capital Receipts B.E. 1996-97.	60
5.1	Debt Servicing of the Provincial Government 1987-88 to 1996-97.	65
8.1	Revenue Receipts B.E. 1995-96.	73
8.2	Revenue Receipts B.E. 1996-97.	74
8.3	Direct Taxes vs Indirect Taxes B.E. 1996-97.	75
8.4	Federal Divisible Taxes vs Provincial Taxes B.E. 1996-97.	76
8.5	Composition of Federal Divisible Taxes (Punjab's Share) B.E. 1995-96.	77
8.6	Composition of Federal Divisible Taxes (Punjab's Share) B.E. 1996-97.	77
8.7	Federal Divisible Taxes (Punjab's Share) 1995-96 vs 1996-97.	80
8.8	Provincial Tax Receipts B.E. 1995-96.	78
8.9	Provincial Tax Receipts B.E. 1996-97.	79
8.10	Provincial Tax Receipts 1995-96 vs 1996-97	80

8.11	Major Provincial Taxes R.E. 1992-93 to B.E. 1996-97 (Except Stamp Duty)	81
8.12	Major Provincial Taxes R.E. 1992-93 to B.E. 1996-97 (Stamp Duty)	81
8.13	Taxes in Current Revenue Receipts 1992-93 to 1996-97.	82
8.14	Revenue Expenditure B.E. 1996-97.	84
8.15	Revenue Expenditure B.E. 1996-97 (Functional Distribution).	85
8.16	Current Expenditure : Functional Distribution 1995-96 vs 1996-97.	82
8.17	Components of Current Expenditure 1992-93 to 1996-97.(Part-1).	83
8.18	Components of Current Expenditure 1992-93 to 1996-97. (Part-2).	83
10.1	Tameer-e-Punjab Programme 1995-96 Sectoral Allocations.	91
10.2	Tameer-e-Punjab Programme 1996-97 Sectoral Allocations.	91
10.3	Comparison: Sectoral Allocations T.P.P. 1995-96 vs 1996-97.	92

## BUDGET AT A GLANCE

(Rs. in million)

	BUDGET 1995-96	REVISED 1995-96	BUDGET 1996-97
<b>CURRENT BUDGET</b>			
General Revenue Receipts	- 72,072.795	75,076.625	84,058.901
Revenue Expenditure	68,484.401	70,011.142	77,004.743
Revenue Deficit (-)/Surplus (+):	(+ )3,588.394	(+ )5,065.483	(+ )7,054.158
Current Capital Receipts	12,111.905	11,317.481	13,371.668
Current Capital Expenditure	13,197.119	13,312.578	14,775.665
Net Capital Receipts:	(- )1,085.214	(- )1,995.097	(- )1,403.997
Public Account Receipts	33,735.160	25,654.598	24,963.498
Public Account Disbursements	33,728.576	25,647.558	24,956.458
Net Public Account Receipts:	(+ )06.584	(+ )7.040	(+ )7.040
Net deficit (-)/Surplus (+) in the Current Budget:	(+ )2,509.764	(+ )3,077.426	(+ )5,657.201
<b>DEVELOPMENT BUDGET</b>			
Expenditure*	14,029.300	14,264.140	16,495.950
Resources*	10,692.280	14,264.140	13,745.950
Operational Shortfall	3,337.020	-	2,750.000

\* The estimates of resources and expenditures of the Development Budget include allocations for the Population Welfare Programme.

## BUDGET IN BRIEF

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>1. REVENUE BUDGET</b>			
<b>GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	59,303.804	61,321.695	69,365.168
Other Federal Transfers	1,562.948	2,134.074	1,934.349
Provincial Tax Receipts	5,878.132	6,399.970	6,978.000
Income from property and enterprises	172.974	280.200	222.600
Receipts from Civil Administration and other functions :			
General Administration	216.717	139.017	220.354
Law and Order	497.174	504.989	560.600
Community Services	609.928	461.828	623.000
Social Services	1,015.510	1,097.793	1,089.383
Economic Services	2,176.471	2,111.382	2,387.900
Miscellaneous Receipts (including Federal Grants)	639.137	625.677	677.547
<b>Total General Revenue Receipts:</b>	<b>72,072.795</b>	<b>75,076.625</b>	<b>84,058.901</b>
<b>REVENUE EXPENDITURE</b>			
General Administration	10,497.881	13,683.893	11,806.288
Law and Order	6,025.372	6,017.916	6,088.984
Community Services	3,524.755	2,903.686	3,808.250
Social Services	26,453.139	26,068.678	31,045.775
Economic Services	7,499.940	7,236.883	8,227.064
Subsidies	1,360.000	1,185.490	1,418.413
Debt-servicing, Investible Funds and Grants	13,122.980	12,914.259	14,359.632
Miscellaneous (Unallocable)	0.334	0.337	250.337
<b>Total Revenue Expenditure :</b>	<b>68,484.401</b>	<b>70,011.142</b>	<b>77,004.743</b>
a: Revenue deficit (-)/surplus(+)	(+) <b>3,588.394</b>	(+) <b>5,065.483</b>	(+) <b>7,054.158</b>

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>2. CURRENT CAPITAL BUDGET</b>			
<b>CURRENT CAPITAL RECEIPTS</b>			
Extraordinary Receipts	128.425	338.565	345.000
Public Debt	1.116	0.798	0.900
Recoveries of Loans and Advances	747.599	169.612	737.600
Loans from Commercial Banks (Account No. II)	11,234.765	10,808.506	12,288.168
<b>Total Current Capital Receipts:</b>	<b>12,111.905</b>	<b>11,317.481</b>	<b>13,371.668</b>
<b>CURRENT CAPITAL EXPENDITURE</b>			
Debt Servicing	1,558.687	1,629.943	1,999.354
Loans and Advances	402.765	873.226	487.160
State Trading in Medical Stores and Coal	(+)0.902	(+)0.903	(+)0.983
Foodgrains (Net) (Account No. II)	(-)985.148	(+)7.802	(+)2.802
Repayment of Bank Loans (Account No. II)	12,219.913	10,800.704	12,285.366
<b>Total Current Capital Expenditure:</b>	<b>13,197.119</b>	<b>13,312.578</b>	<b>14,775.665</b>
b: Net Capital Receipts	(-)1,085.214	(-)1,995.097	(-)1,403.997
<b>3. PUBLIC ACCOUNT</b>			
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Deferred Liabilities	2,149.562	2,131.559	2,131.559
Deposits and Reserves	8,545.098	22,529.975	21,838.875
Remittances	23,040.500	993.064	993.064
<b>Total Public Account Receipts :</b>	<b>33,735.160</b>	<b>25,654.598</b>	<b>24,963.498</b>
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Unfunded Debt (Deferred Liabilities)	2,017.072	2,131.559	2,131.559
Deposits and Reserves	8,671.004	22,522.935	21,831.835
Remittances	23,040.500	993.064	993.064
<b>Total Public Account Disbursements:</b>	<b>33,728.576</b>	<b>25,647.558</b>	<b>24,956.458</b>
c: Net Public Account Receipts:	(+)06.584	(+)7.040	(+)7.040
<b>Net Deficit (-)/Surplus (+) In The Current Budget (a+b+c):</b>	<b>(+)2,509.764</b>	<b>(+)3,077.426</b>	<b>(+)5,657.201</b>

## TAMEER-E-PUNJAB PROGRAMME FOR 1996-97

(Rs. in million)

Sectors/Departments		ON-GOING SCHEMES			NEW SCHEMES			TOTAL		
		Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total
<b>(A) Production Programme</b>										
<b>1</b>	<b>Agriculture</b>									
i)	Agriculture and Agricultural Credit	27.362	224.972	252.334	12.934	59.732	72.666	40.296	284.704	325.000
ii)	Farm to Market Roads	745.900	..	745.900	354.100	..	354.100	1,100.000	..	1,100.000
iii)	Livestock and Dairy Development	4.606	65.394	70.000	..	..	..	4.606	65.394	70.000
iv)	Forestry and Wildlife	..	128.590	128.590	..	87.120	87.120	..	215.710	215.710
v)	Fisheries	1.396	4.820	6.216	6.778	7.006	13.784	8.174	11.826	20.000
vi)	Cooperative and Rural Credit	0.872	..	0.872	3.628	..	3.628	4.500	..	4.500
vii)	Food Storage	1.610	..	1.610	..	..	..	1.610	..	1.610
	<b>Total Agriculture</b>	<b>781.746</b>	<b>423.776</b>	<b>1,205.522</b>	<b>377.440</b>	<b>153.858</b>	<b>531.298</b>	<b>1,159.186</b>	<b>577.634</b>	<b>1,736.820</b>
<b>2</b>	<b>Industries &amp; Mineral Development</b>	<b>41.920</b>	<b>45.430</b>	<b>87.350</b>	<b>20.830</b>	<b>2.820</b>	<b>23.650</b>	<b>62.750</b>	<b>48.250</b>	<b>111.000</b>
	<b>Total (A) Production Programme</b>	<b>823.666</b>	<b>469.206</b>	<b>1,292.872</b>	<b>398.270</b>	<b>156.678</b>	<b>554.948</b>	<b>1,221.936</b>	<b>625.884</b>	<b>1,847.820</b>
<b>(B) Physical Infrastructure</b>										
<b>3</b>	<b>Water and Power</b>	<b>1,565.500</b>	<b>29.500</b>	<b>1,595.000</b>	<b>5.000</b>	<b>..</b>	<b>5.000</b>	<b>1,570.500</b>	<b>29.500</b>	<b>1,600.000</b>
<b>4</b>	<b>Roads and Bridges</b>	<b>860.000</b>	<b>..</b>	<b>860.000</b>	<b>75.000</b>	<b>..</b>	<b>75.000</b>	<b>935.000</b>	<b>..</b>	<b>935.000</b>
<b>5</b>	<b>Physical Planning and Housing</b>									
i)	Low Income Housing	75.000	..	75.000	27.000	..	27.000	102.000	..	102.000
ii)	Rural Water Supplies (SAP)	..	1,982.780	1,982.780	..	208.220	208.220	..	2,191.000	2,191.000
iii)	Urban Water Supplies	31.573	188.867	220.440	..	29.560	29.560	31.573	218.427	250.000
iv)	Environmental Planning	..	8.082	8.082	..	8.918	8.918	..	17.000	17.000
v)	Government Servants Housing	164.437	..	164.437	15.563	..	15.563	180.000	..	180.000
vi)	Government Offices and Buildings	174.000	0.500	174.500	25.500	..	25.500	199.500	0.500	200.000
vii)	Urban Development	459.900	..	459.900	940.100	..	940.100	1,400.000	..	1,400.000
	<b>Total Physical Planning and Housing</b>	<b>904.910</b>	<b>2,180.229</b>	<b>3,085.139</b>	<b>1,008.163</b>	<b>246.698</b>	<b>1,254.861</b>	<b>1,913.073</b>	<b>2,426.927</b>	<b>4,340.000</b>
	<b>Total (B) Physical Infrastructure</b>	<b>3,330.410</b>	<b>2,209.729</b>	<b>5,540.139</b>	<b>1,088.163</b>	<b>246.698</b>	<b>1,334.861</b>	<b>4,418.573</b>	<b>2,456.427</b>	<b>6,875.000</b>
<b>(C) Social Infrastructure</b>										
<b>6</b>	<b>Education and Training</b>	<b>1,463.407</b>	<b>164.396</b>	<b>1,627.803</b>	<b>855.296</b>	<b>241.901<sup>e</sup></b>	<b>1,097.197</b>	<b>2,318.703</b>	<b>406.297</b>	<b>2,725.000</b>
a)	NON-SAP	565.604	84.396	650.000	150.000	..	150.000	715.604	84.396	800.000
b)	SAP	897.803	80.000	977.803	705.296	241.901	947.197	1,603.099	321.901	1,925.000
<b>7</b>	<b>Information, Culture &amp; Youth Affairs</b>	<b>19.391</b>	<b>2.309</b>	<b>21.700</b>	<b>2.700</b>	<b>0.600</b>	<b>3.300</b>	<b>22.091</b>	<b>2.909</b>	<b>25.000</b>
<b>8</b>	<b>Health</b>	<b>325.876</b>	<b>612.496</b>	<b>938.372</b>	<b>150.592</b>	<b>171.036</b>	<b>321.628</b>	<b>476.468</b>	<b>783.532</b>	<b>1,260.000</b>
a)	NON-SAP	195.135	238.215	433.350	119.914	146.736	266.650	315.049	384.951	700.000
b)	SAP	130.741	374.281	505.022	30.678	24.300	54.978	161.419	398.581	560.000
<b>9</b>	<b>Tourism</b>	<b>..</b>	<b>5.500</b>	<b>5.500</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>5.500</b>	<b>5.500</b>
<b>10</b>	<b>Social Welfare</b>	<b>4.031</b>	<b>5.972</b>	<b>10.003</b>	<b>2.797</b>	<b>..</b>	<b>2.797</b>	<b>6.828</b>	<b>5.972</b>	<b>12.800</b>
<b>11</b>	<b>Manpower and Training</b>	<b>12.800</b>	<b>7.200</b>	<b>20.000</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>12.800</b>	<b>7.200</b>	<b>20.000</b>
<b>12</b>	<b>Planning and Development</b>	<b>..</b>	<b>18.625</b>	<b>18.625</b>	<b>0.625</b>	<b>6.130</b>	<b>6.755</b>	<b>0.625</b>	<b>24.755</b>	<b>25.380</b>
a)	NON-SAP	..	1.425	1.425	0.625	2.130	2.755	0.625	3.555	4.180
b)	SAP	..	17.200	17.200	..	4.000	4.000	..	21.200	21.200
	<b>Total (C) Social Infrastructure</b>	<b>1,825.505</b>	<b>816.498</b>	<b>2,642.003</b>	<b>1,012.010</b>	<b>419.667</b>	<b>1,431.677</b>	<b>2,837.515</b>	<b>1,236.165</b>	<b>4,073.680</b>

Sectors/Departments	ON-GOING SCHEMES			NEW SCHEMES			TOTAL			
	Capital	Revenue	Total	Capital	Revenue	Total	Capital	Revenue	Total	
<b>13) Regional Planning</b>										
i)	D.G.Khan Development Authority	..	44.600	44.600	..	14.100	14.100	..	58.700	58.700
ii)	Bahawalpur Development Authority	..	40.000	40.000	..	11.000	11.000	..	51.000	51.000
iii)	Murree Kuhuta Development Authority	..	17.593	17.593	..	11.707	11.707	..	29.300	29.300
iv)	Cholistan Development Authority	..	11.202	11.202	..	18.098	18.098	..	29.300	29.300
v)	Agency for Barani Area Development	0.370	9.500	9.870	0.530	..	0.530	0.900	9.500	10.400
	<b>Total Regional Planning</b>	<b>0.370</b>	<b>122.895</b>	<b>123.265</b>	<b>0.530</b>	<b>54.905</b>	<b>55.435</b>	<b>0.900</b>	<b>177.800</b>	<b>178.700</b>
<b>14) Block Allocations for :</b>										
i)	<b>Priority Programme</b>	..	..	..	334.800	550.000	884.800	334.800	550.000	884.800
	a) Non-SAP	..	..	..	257.000	400.000	657.000	257.000	400.000	657.000
	b) SAP	..	..	..	77.800	150.000	227.800	77.800	150.000	227.800
ii)	Special Programme for Local Development	..	..	..	640.000	900.000	1,540.000	640.000	900.000	1,540.000
iii)	Development Schemes of Local Councils	..	..	..	..	300.000	300.000	..	300.000	300.000
iv)	Un-funded Schemes	..	..	..	25.000	25.000	50.000	25.000	25.000	50.000
	<b>Total Block Allocations</b>	..	..	..	<b>999.800</b>	<b>1,775.000</b>	<b>2,774.800</b>	<b>999.800</b>	<b>1,775.000</b>	<b>2,774.800</b>
	<b>GROSS TOTAL</b>	<b>5,979.951</b>	<b>3,618.328</b>	<b>9,598.279</b>	<b>3,498.773</b>	<b>2,652.948</b>	<b>6,151.721</b>	<b>9,478.724</b>	<b>6,271.276</b>	<b>15,750.000</b>
	<b>Operational Shortfall</b>	..	..	..	..	..	..	..	..	<b>2,750.000</b>
	<b>NET TOTAL</b>	..	..	..	..	..	..	..	..	<b>13,000.000</b>



**TAMEER-E-PUNJAB PROGRAMME**  
**1995-96 & 1996-97**

(Rs. in million)

	Budget 1995-96		Budget 1996-97	
	Amount	%	Amount	%
Agriculture	1,629.300	12.07	1,736.820	11.03
Industries & Minerals	111.000	0.82	111.000	0.70
Water & Power	396.800	2.94	1,600.000	10.16
Roads & Bridges	850.000	6.30	935.000	5.94
Physical Planning and Housing (SAP Rs. 2,191 million)	3,427.200	25.39	4,340.000	27.56
Education & Training (SAP Rs. 1,925 million)	2,773.100	20.54	2,725.000	17.30
Information & Culture	20.400	0.15	25.000	0.16
Health (SAP Rs. 560 million)	1,250.000	9.26	1,260.000	8.00
Tourism	05.100	0.04	5.500	0.03
Social Welfare	09.000	0.07	12.800	0.08
Manpower & Training	16.800	0.12	20.000	0.13
Planning & Development (SAP Rs. 21,200 million)	65.000	0.48	25.380	0.16
Unfunded Schemes	148.000	1.09	50.000	0.32
MKDA	29.300	0.22	29.300	0.19
Cholistan Development Authority	29.300	0.22	29.300	0.19
D.G. Khan Development Authority	58.700	0.43	58.700	0.37
Bahawalpur Development Authority	51.000	0.38	51.000	0.32
ABAD		-	10.400	0.07
<b>Block allocation for :</b>				
i: Development Schemes of Local Councils	300.000	2.22	300.000	1.90
ii: Special Programme for Local Development	1,540.000	11.41	1,540.000	9.78
iii: Priority Programme (including allocation for schemes of S.A.P.sectors Rs.227.800 million)	790.000	5.85	884.800	5.62
Gross Total:	13,500.000	100	15,750.000	100
Less Operational Shortfall	3,337.020	24.72	2,750.000	17.46

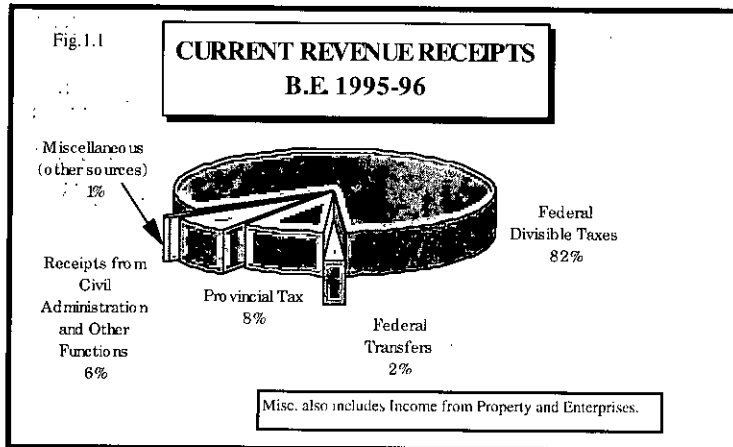
The Current Budget of Government of the Punjab comprises the revenue budget, the current capital budget and the public account of the province.

**1.1 REVENUE BUDGET:**

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

**a: Current Revenue Receipts**

These include proceeds of taxes (including the provincial share of federal divisible taxes), charges for services rendered by Government agencies, income from commercial activities undertaken by some departments, return on investments in property, securities and enterprises, interest on loans and revenue incidental to the control functions of the Government (e.g. fines and forfeitures).



The composition of current revenue receipts for 1995-96 and 1996-97 is given in Figures 1.1 & 1.2. While the percentage of other federal transfers and miscellaneous receipts have remained the same, there is an increase in Punjab's share from the federal divisible pool of taxes. The share of provincial taxes in the current revenue receipts has remained steady at 8% despite a considerable increase in absolute terms (Table 1.1). This is mainly because of an enhanced level of receipts from the Federal Government, received under the National Finance Commission Award 1990.

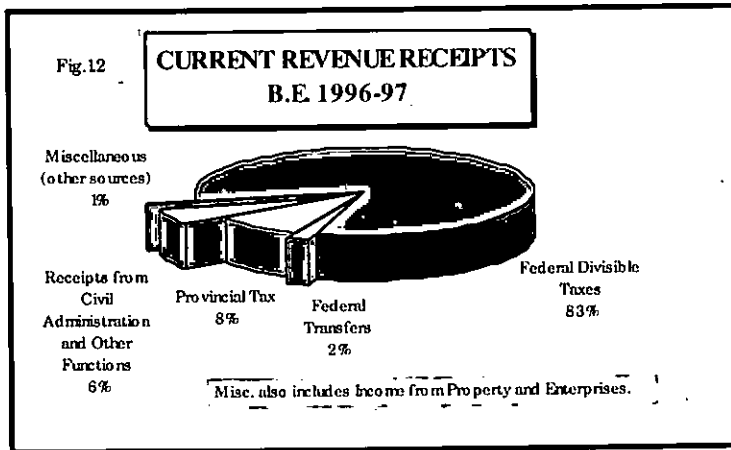
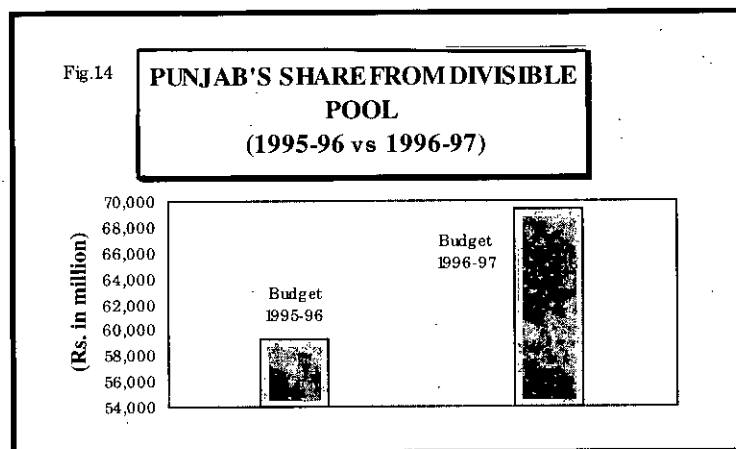
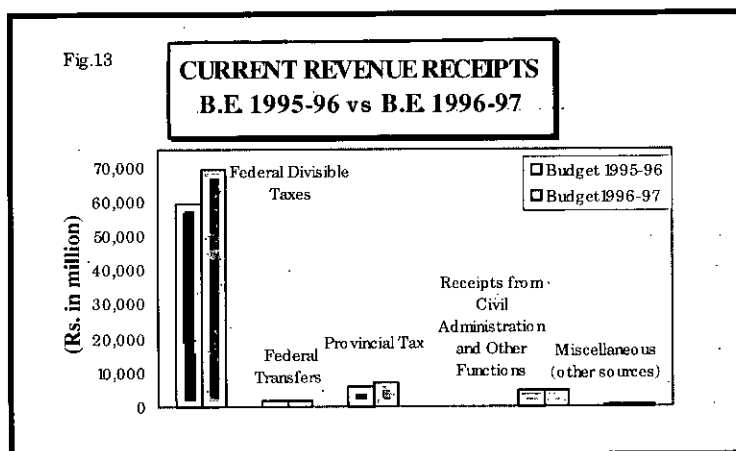


TABLE 1.1  
REVENUE BUDGET

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>A: GENERAL REVENUE RECEIPTS</b>			
Federal Divisible Taxes	59,303.804	61,321.695	69,365.168
Other Federal Transfers	1,562.948	2,134.074	1,934.349
Provincial Tax Receipts	5,878.132	6,399.970	6,978.000
Income from Property and Enterprises	172.974	280.200	222.600
Receipts from Civil Administration and other functions	4,515.800	4,315.009	4,881.237
Miscellaneous (other sources)	639.137	625.677	677.547
<b>Total General Revenue Receipts:</b>	<b>72,072.795</b>	<b>75,076.625</b>	<b>84,058.901</b>
<b>B: REVENUE EXPENDITURE</b>			
General Administration	10,497.881	13,683.893	11,806.288
Law and Order	6,025.372	6,017.916	6,088.984
Community Services	3,524.755	2,903.686	3,808.250
Social Services	26,453.139	26,068.678	31,045.775
Economic Services	7,499.940	7,236.883	8,227.064
Subsidies	1,360.000	1,185.490	1,418.413
Debt servicing, investible funds and grants	13,122.980	12,914.259	14,359.632
Miscellaneous (unallocable)	0.334	0.337	250.337
<b>Total Revenue Expenditure:</b>	<b>68,484.401</b>	<b>70,011.142</b>	<b>77,004.743</b>
<b>Revenue surplus/Deficit (A-B):</b>	<b>(+)3,588.394</b>	<b>(+)5,065.483</b>	<b>(+)7,054.158</b>

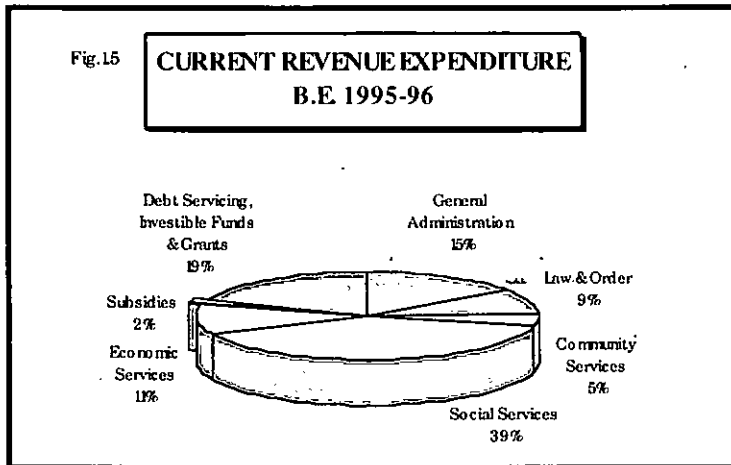


The receipts from civil administration and other functions while higher in absolute terms by Rs.365.437 million, have gone down in percentage terms from a contribution of 6.26% in 1995-96 to 5.81% in the Budget Estimates 1996-97. The decrease in percentage terms is again due, mainly, to an increase in the quantum of federal divisible taxes. This increase, represented graphically in Figure 1.4 is of Rs.10,061.364 million - about 16.97%-over the amount received during the last financial year. Federal transfers, in addition to share from the divisible pool, have also registered an increase in absolute terms of Rs.371.401 million. The details about current revenue receipts follow in Chapter 2.

**b: Revenue Expenditure**

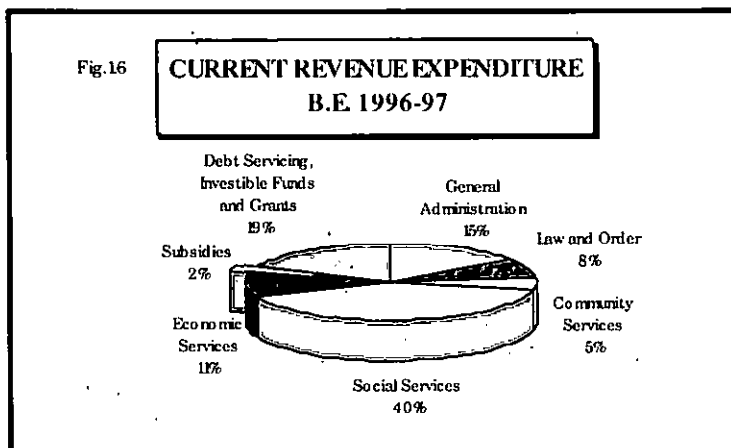
Revenue expenditure is the second major component of the revenue account. It represents current expenditure on salaries and allowances, pensions, maintenance of socio-economic infrastructure, interest payments on the public debt, disaster relief, consumption subsidies and other liabilities to be discharged in connection with the day-to-day functions of the Government such as general administration, law and order, and provision of community, social

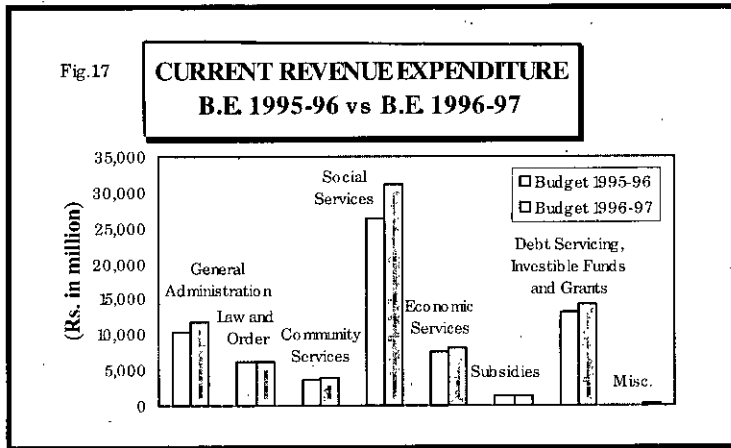
and economic services. The composition of major areas of expenditure are given in Figures 1.5 & 1.6 for the 1995-96 and 1996-97 financial years. A comparison may be seen in Figure 1.7.



The largest expenditure area, function wise, is social services. The expenditure on this is estimated to increase by 17.36% (Rs.4,592.636 million). Expenditure on law and order is estimated to register an increase of 1.06% (Rs. 63.612 million) and expenditure on general administration is estimated to increase by 12.46% (Rs.1,308.407 million) over the last financial year. Details are given in Chapter 3.

As indicated in Table 1.1, in going from the Budget Estimates to the Revised Estimates 1995-96, the original surplus of Rs.3,588.394 million gives the impression of having increased to Rs.5,065.483 million. After adjusting the net capital receipts/expenditure, only Rs.3,077.426 million would be available for actual budgetary expenditure by the Provincial Government (as explained in Table 1.7). The surplus is being used towards financing of the Tameer-e-Punjab Programme 1995-96. The policy of funding a large part of the developmental activity through a surplus in the Current Budget is set to continue in 1996-97. Infact the strategy is to foster increased self reliance from the 1995-96 financial year so that dependence on cash development loans from the Federal Government is kept to a bare minimum from this year. Details are given in the chapters that follow.



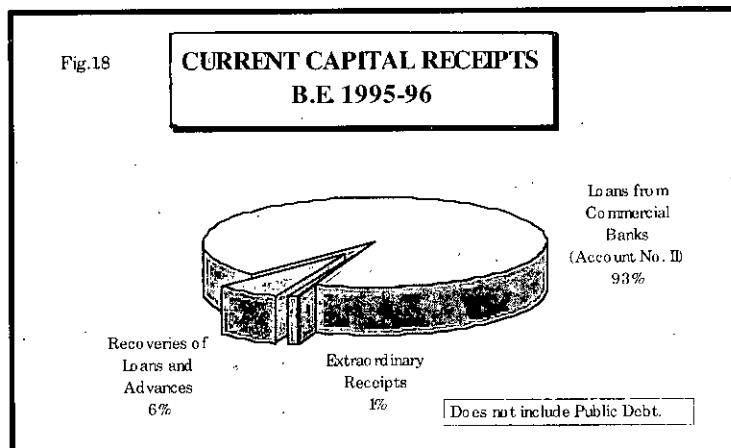


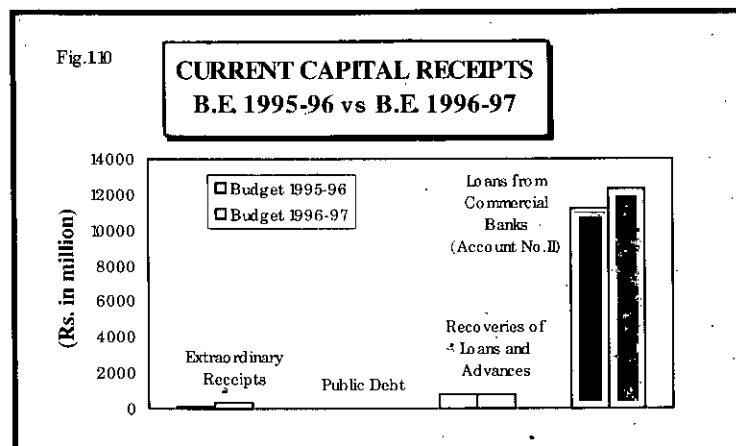
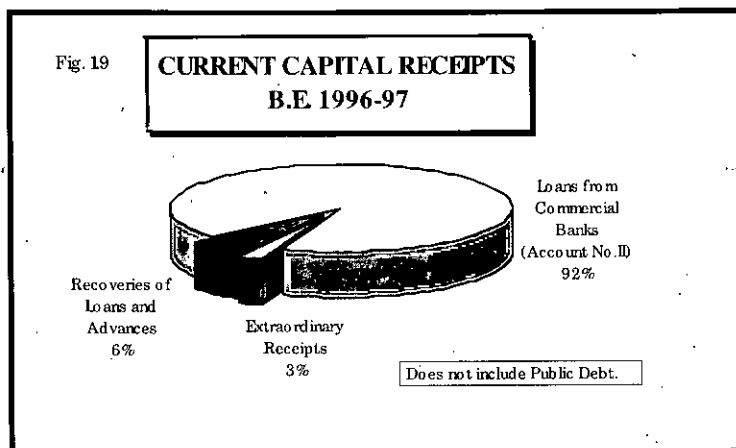
## 1.2 CURRENT CAPITAL BUDGET:

The current capital budget is the account of expenditure incurred in reducing liabilities and of receipts of a capital nature. It is composed of current capital receipts and current capital expenditure.

### a: Current Capital Receipts

These accrue partly to Account No. I (Non-Food Account) and partly to Account No. II (Food Account) of the Provincial Government. Current capital receipts consist of extraordinary receipts, proceeds of public debt, recoveries of loans and advances granted by the Provincial Government and temporary advances from commercial banks under counter-finance arrangements with the State Bank of Pakistan for financing operations of state trading in foodgrains and sugar. The transactions of both Account No. I and II are part of the provincial consolidated fund. Account No. II has been created exclusively for the account of state trading in food grains and sugar which is done through borrowings from commercial banks. Account No. II has been briefly touched upon again in Chapter 6.





In 1996-97 extraordinary receipts are cast at Rs.345.000 million, substantially higher than 1995-96, while the receipts on account of public debt are estimated to go down from Rs.1.116 million to Rs.0.900 million. Recoveries of loans and advances are estimated to decrease in absolute terms though their percentage contribution in capital receipts remains the same as in 1995-96 i.e., 6% (see Figure 1.8). Total receipts are expected to show an increase of Rs.1,259.763 million, about 10.40%, over 1995-96.

**b: Current Capital Expenditure**

Expenditure under this head pertains both to Account No.I and Account No. II. It includes repayment (amortization) of debt, loans and advances made by the Provincial Government, repayment of loans obtained from commercial banks for commodity operations, and state trading in medical stores and coal. The composition of various sub-heads of expenditure under this are shown in Figures 1.11 & 1.12.

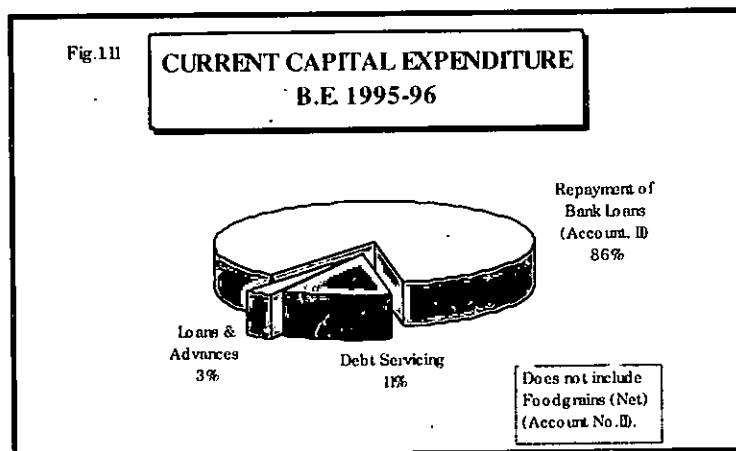
TABLE 1.2  
CURRENT CAPITAL BUDGET

(Rs. in million)

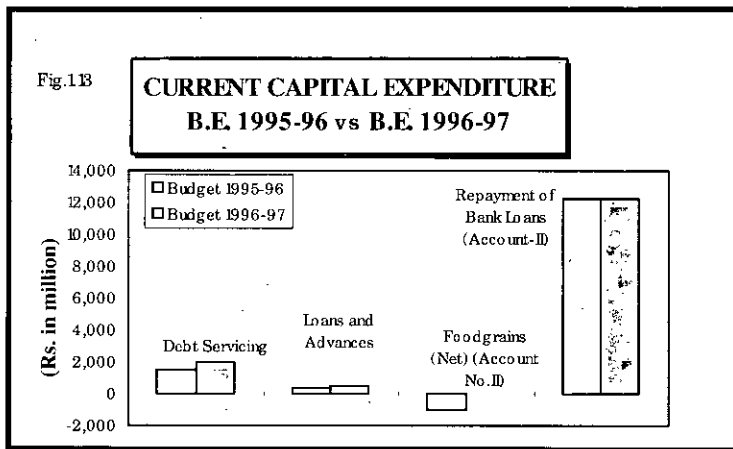
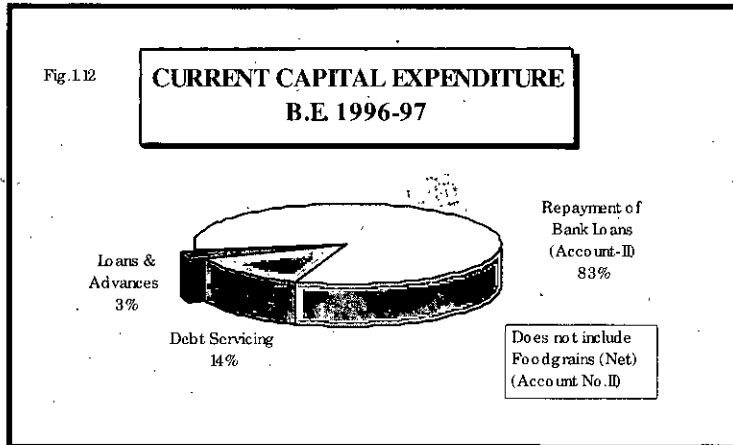
	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>CURRENT CAPITAL RECEIPTS</b>			
Extraordinary Receipts	128.425	338.565	345.000
Public Debt	1.116	0.798	0.900
Recoveries of Loans and Advances	747.599	169.612	737.600
Loans from Commercial Banks (Account No.II)	11,234.765	10,808.506	12,288.168
Total Current Capital Receipts:	12,111.905	11,317.481	13,371.668
<b>CURRENT CAPITAL EXPENDITURE</b>			
Debt Servicing	1,558.687	1,629.943	1,999.354
Loans and Advances	402.765	873.226	487.160
State Trading in Medical Stores and Coal	(+)0.902	(+)0.903	(+)0.983
Foodgrains (Net) (Account No.II)	(-)985.148	(+)7.802	(+)2.802
Repayment of Bank Loans (Account-II)	12,219.913	10,800.704	12,285.366
Total Current Capital Expenditure:	13,197.119	13,312.578	14,775.665
b: Net Capital Receipts	(-)1,085.214	(-)1,995.097	(-)1,403.997

A total increase of Rs.1578.546 million is estimated in capital expenditure in 1996-97 over that in 1995-96. Of this increase of 28.27%, the maximum is in debt servicing.

The current capital account had an excess of Rs.1,085.214 million in payments over receipts in the Budget Estimates 1995-96, which increased to Rs.1,995.097 million in the Revised Estimates. The estimated gap for 1996-97 is Rs.1,403.997 million. Details of capital receipts and expenditure are provided in Chapters 4 and 5 respectively.







### 1.3 PUBLIC ACCOUNT OF THE PROVINCE :

Public account transactions of the Provincial Government, which are accounted for separately from the transactions relating to the provincial consolidated fund both on the receipt and expenditure side, comprise unfunded debt (deferred liabilities), deposits and reserves and remittances. These transactions are merely in the nature of book keeping adjustments. In other words the Government only acts as a passive banker in the case of the public account.

TABLE 1.3  
PUBLIC ACCOUNT

	(Rs. in million)		
	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>PUBLIC ACCOUNT RECEIPTS</b>			
Deferred Liabilities	2,149.562	2131.559	2,131.559
Deposits and Reserves	8,545.098	22529.975	21,838.875
Remittances	23,040.500	993.064	993.064
Total Public Account Receipts:	33,735.160	25654.598	24,963.498
<b>PUBLIC ACCOUNT DISBURSEMENTS</b>			
Deferred Liabilities	2,017.072	2131.559	2,131.559
Deposits and Reserves	8,671.004	22522.935	21,831.835
Remittances	23,040.500	993.064	993.064
Total Public Account Disbursements:	33,728.576	25647.558	24,956.458
Net Public Account Receipts:	(+)6.584	(+)7.040	(+)7.040

Net public account receipts in the Budget Estimates 1995-96 anticipated a surplus of Rs.6.584 million. In the Revised Estimates 1995-96, net receipts have increased to Rs.(+)7.040 million and are estimated at Rs.(+)7.040 million for 1996-97. The relatively small size of the surplus on this account in the Budget and the Revised Estimates is attributable to a decision not to include the excess of receipts over disbursements in the provident fund of Government employees (unfunded debt) in the current budget surplus. The decision not to borrow funds from the unfunded debt, when the interest (including bonus) on it has risen to 20% was taken last year. As such provident fund balances shall be invested again in Government securities, thereby excluding these balances from the estimated surplus for the year 1995-96 and 1996-97.

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

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

##### a. REVISED ESTIMATES 1995-96

The 1995-96 financial year began with an estimated overall surplus of Rs.2,509.764 million. The surplus was meant to be transferred to the financing of the Tameer-e-Punjab Programme (TPP).

Despite the surplus in the budget, a lot of pressures were brought on the finances of the Province. On the one hand was the policy decision of funding most of the TPP from provincial finances. On the other were a number of unexpected expenditure items, in addition to normal expenditure growth, which had to be borne during the year. With a view to balancing out these discordant options, the following measures were resorted to by the Government.

- A cut of 5% was imposed on all approved grants (non-SAP) within the current budget.

- Supplementary grants were kept to the minimum and absolutely essential additional expenditures were allowed during the year.
- Emphasis was placed on better collection of provincial receipts. As a result additional receipts of Rs.410 million are estimated to be collected during the year.

During the 1995-96 financial year Government of the Punjab faced a number of extra budgetary financial pressures. Notable among these in the current budget were the following:

- The Federal Government allowed 7% compensatory allowance to all Government employees. This resulted in an additional liability of Rs.2 billion during the year.
- The medical allowance of non-gazetted staff was enhanced from Rs.60.00 per month to Rs.90.00 per month. This was an additional expense of Rs.300 million.
- The rates of pension were revised by the Government. This resulted in an additional expenditure of Rs.400 million.
- Rumours that the Federal Government was considering doing away with the policy of commutation of pension from a particular date scared a lot of officials to opt for an early retirement. The net impact of these retirements, alongwith the increase in pension rates, was an extra budgetary outlay of Rs.3.22 billion.
- Due to an upward revision of mark up on loans obtained for state trading in foodgrains and sugar, an extra burden of Rs.183 million was put on the provincial exchequer.
- Exchange rate fluctuations led to an increase in the estimated debt servicing of foreign loans by Rs.71 million.
- Various emergent situations necessitated an increase in loans advanced to non-financial institutions and development authorities by 549 million.
- The Federal Government pushed ahead with the policy of deductions of unreconciled presumptive (advance) bills of WAPDA on account of all Provincial Government departments, autonomous bodies, and local councils. The monthly deductions, which still continue, are estimated to aggregate to Rs.4 billion during the current financial year.

On the development side the major extra expenditures were in irrigation works, where an extra allocation of Rs.374.07 million was made and in Grant 36, where a supplementary appropriation of Rs.1.13 billion was necessitated. On the revenue side the total of revised current revenue receipts exceeds the Budget Estimates by Rs.3,003.830 million. While the Revised Estimates of provincial receipts (tax and non-tax) have gone up by about Rs.411.813 million, there is a sizeable increase in the receipts from the federal divisible taxes (revenue assignments) of Rs.2,017.891 million (3.40%), which reflects improved yields in some of the federal taxes in the divisible pool.

The main reason for an increase in provincial receipts is a rationalization in estimates of stamp duty. Receipts estimated from this were Rs.2,101.699 million, which in the Revised Estimates increased to Rs.2,358.010 million and have been pitched at Rs.2,500 million in 1996-97. The trend of estimated receipts from stamp duty in the last ten years is discussed in some detail in the next chapter.

The issue of setting higher receipts targets needs to be put into perspective as well. While the estimated targets are prepared in consultation with concerned agencies/departments, it is felt that targets, while achievable, must be challenging in magnitude. However in case of external (and/or internal) problems, some targets are, at times, not met. Setting high targets in such cases also helps in providing a cushion for low collections.

The surplus in the revenue budget (revised) of Rs.5,065.483 million, is largely an outcome of increase in revised figures of our divisible tax share. It also reflects the effect of a careful, balanced approach to expenditure management followed during the year. However despite this, the revised figure of revenue expenditure came out higher than the Budget Estimates which shows the extra budgetary pressures faced by the Government during the year. Overall, when the net position of the current budget is consolidated across the revenue budget, current capital budget and the public account, the upshot is a surplus of Rs.3,077.426 million. (Table 1.7).

#### **b. BUDGET ESTIMATES 1996-97**

In 1996-97 the government would continue the change in direction in the financing of the Tameer-e-Punjab Programme, which would again be financed almost entirely from Provincial funds in the form of a budgetary surplus cash balance and only in a minor way from grants and foreign loans (Chapter 9 may be seen for details).

It was decided, in consultation with the Federal Government, to phase out CDL gradually, and replace it with funding from the budgetary surplus. With an enhanced amount received as share from the divisible pool, there is a lot of sense in limiting the CDL, which is a loan to be repaid. This has been the major shift in emphasis of which the most immediate and visible impacts are:

- With added pressure on the current budget severe economy measures have to be resorted to.

- As the Provincial means for financing the development schemes are limited, the choice of projects has become crucial.

In the long-run this would help us reduce, and eventually wipe out debt servicing which is indicating a steep increase every year (see Chapter 3). CDL in 1996-97 has been limited to a very small amount of Rs.457.427 million. In the immediate future we would be constrained to improve our choice of projects so that we concentrate on projects with high cost-benefit ratio. An inevitable outcome of this would be a rigorous public investment analysis criteria.

The general emphasis in the 1996-97 Budget is on the following areas:-

#### **Current Budget**

- Curtailment of growth in current expenditure and diversion of maximum funds to the development budget.
- Self reliance in funding of the development budget.
- Social sectors (education and health).
- Law and order.
- Community service (Rural water supply and sanitation).
- Maintenance of infrastructure.

#### **Development Budget**

- Social Action Programme.
- Communications.
- Water and power.
- Urban development.

While the sectoral allocations in the development budget are dealt with in detail in Chapter 10, a brief overview of the strategies in the current budget are as follows:

### **1.5 CURRENT BUDGET STRATEGIES 1996-97:**

#### **Curtailment of Growth In Current Expenditure:**

Due to unavoidable reasons, the expenditure growth in the current budget in 1995-96 over 1994-95 was 18.14%. In the next financial year this would only be 12.44%.

### Self Reliance in Development Budget:

The Budget Estimates 1995-96 had a surplus of Rs.2.51 billion. This increased in the Revised Estimates to Rs.3.1 billion and is estimated at Rs.5.7 billion in 1996-97. The surplus is meant to fund the TPP. This exhibits a gradual trend towards self reliance.

### Social Sectors:

The allocation in Education and Health Sectors, proposed for 1996-97 vis-à-vis 1995-96 is as follows:

TABLE 1.4  
ALLOCATION FOR HEALTH AND EDUCATION  
1995-96 - 1996-97

	Budget 1995-96	Budget 1996-97	Increase	% Increase
Education	21,381.480	24,726.425	3,344.945	15.64
Health	4,210.696	5,085.230	874.534	20.77

(Rs. in million)

The combined increase in the education and health sectors (function-wise) of Rs.4219.479 million vividly depicts the commitment of the Provincial Government in these sectors.

This expenditure reinforces the significance attached to these sectors in the 1996-97 Budget.

### Law and Order:

Law enforcing agencies of Punjab are confronted with a number of challenges. The drugs mafia, syndicated crime, robberies and dacoities and the other evil faces of the "klashnikov culture", coupled with ethnic and sectarian strife, has created a situation which has brought the importance of law and order to the fore. The allocation for police has accordingly been enhanced by Rs.65.342 million, from Rs.4,974.798 million in 1995-96 to Rs.5040.140 million in 1996-97.

Another tier of law & order are jails and detention places. This is another low priority area with the consequence that the jails in Punjab are in poor condition. With a view to improving the quality of prisons in general - including the security environment - and the circumstances of the incarcerated in particular, an additional allocation of Rs.22.020 million has been made in 1996-97 as compared to 1995-96, bringing the total allocation to Rs.443.864 million.

### Community Services:

The allocation for rural water supply and sanitation schemes has been enhanced by Rs.110 million in 1996-97 over the amount allocated in 1995-96 -- an increase of 23% -- of this

Rs.100 million have been increased in the area of operations and maintenance of these schemes which is an increase of 33.33% over 1995-96 (Table 1.5).

TABLE 1.5  
HEALTH, EDUCATION, AND RURAL WATER SUPPLY/SANITATION  
M&R/O&M COSTS  
1995-96 - 1996-97

(Rs. in million)

	Budget 1995-96	Budget 1996-97	Budget Increase	% Increase
R.W.S.S. (O&M)	300	400	100	33.33
Health(M&R)	100	120	20	20.00
Education (M&R)	290	321	31	10.69

#### Maintenance of Infrastructure.

Maintenance and repair (M&R) of health and education sectors has been enhanced by Rs.20 million (20%) and Rs.31 million (10.69%) respectively in 1996-97 over the level in 1995-96 (Table 1.5). While allocations of M&R of highways (communications) has kept constant, those for M&R buildings and irrigation have been enhanced by Rs.85.3 million (10%) and Rs.432.182 million (11.11%).

The aim of the Government is to ensure effective maintenance of the existing infrastructure.

TABLE 1.6  
M&R ALLOCATIONS  
FOR BUILDINGS, COMMUNICATIONS & IRRIGATION  
1995-96 - 1996-97

(Rs. in million)

	Budget 1995-96	Budget 1996-97	Increase	% Increase
Buildings.	853.200	938.500	85.300	10.000
Communications (Highways).	1156.115	1155.743	(-)0.372	0.03
Irrigation.	3889.213	4321.395	432.182	11.11

After total allocations, new and recurrent, are taken into account, the overall size of revenue expenditure is estimated at Rs.77,004.743 million which amounts to a 12.44% increase over the Budget Estimates 1995-96. This increase is inevitable if the Government is to continue to perform its law and order, socio-economic and welfare functions in an effective and efficient manner. (For fuller treatment of why current expenditures are a sine qua non for an effective development strategy, please see Chapter 3).

To support the estimated level of revenue expenditure during 1996-97, current revenue receipts of Rs.84,058.901 million are anticipated. At this level, they represent an increase of 16.63% over the Budget Estimates 1995-96, which, in turn, is based on an increase both in the share of federal divisible taxes (from Rs.59,303.804 million to Rs.69,365.168 million) and provincial receipts (tax and non-tax) from Rs.11,185.881 million to Rs.12,735.584 million.

It is important to point out here that the provincial receipts in the Budget Estimates 1996-97 are expected to grow by 13.85% over 1995-96. Only 8% annual growth is a requirement under the NFC Award 1990. As such our receipts are expected to perform better than estimated in the NFC Award 1990.

TABLE 1.7  
NET SURPLUS/DEFICIT IN THE CURRENT BUDGET

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Revenue deficit(-) / surplus(+)	(+)3588.394	5065.483	7054.158
Deficit in Capital Account	(-)1085.214	(-)1995.097	(-)1403.997
Net Public Account Receipts	(+)6.584	(+)7.040	(+)7.040
Total deficit(-)/surplus(+)	(+)2509.764	(+)3077.426	(+)5657.201

With a surplus of Rs.5,657.201 million in the current budget, the Province would again be in a position to provide its own contribution from the current budget to the financing of TPP.

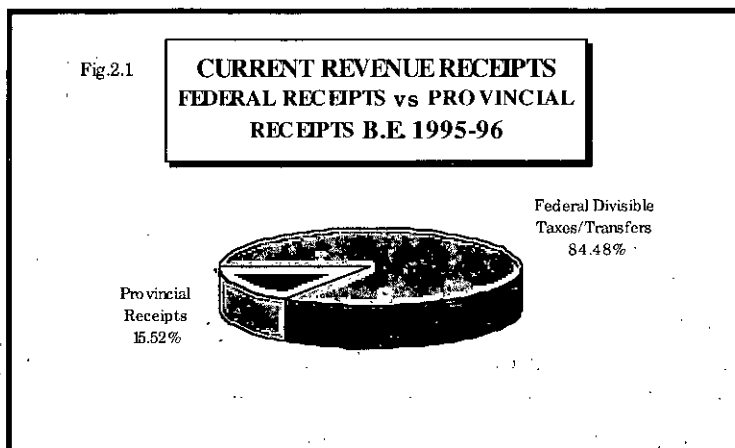


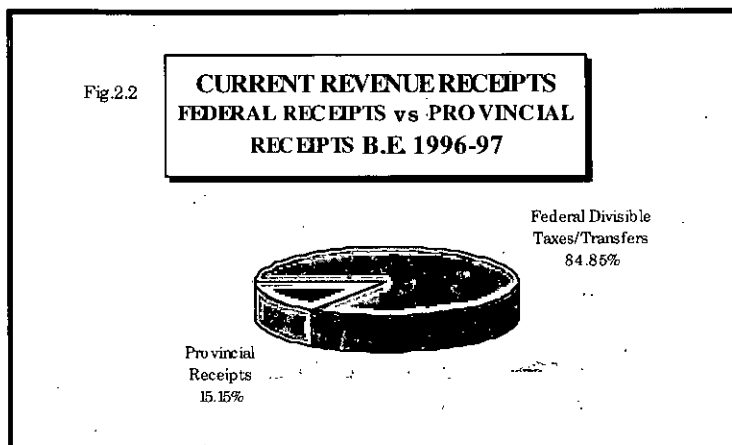
**Introduction:**

Current revenue receipts of the province comprise:

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

Originally estimated at Rs.72,072.795 million, current revenue receipts increased by Rs.3,003.830 million during the year to Rs.75,076.625 million in Revised Estimates 1995-96. These are expected to rise to Rs.84,058.901 million in the Budget Estimates 1996-97 which is an increase of Rs.11,986.106 million or 16.63 percent, over the Budget Estimates for the previous financial year. Current revenue receipts form the bulk of total budgetary receipts. At the broadest level the sources of these receipts can be divided into two categories viz. provincial receipts and receipts from the Federal Government. The largest component of current revenue receipts comprise the federal receipts (see Figures 2.1 and 2.2). A break-up of current revenue receipts has been shown in the first half of Table 1.1.





## 2.1. FEDERAL DIVISIBLE TAXES:

The receipts from the Federal Government are of two kinds i.e. federal divisible taxes and share of the Province from straight transfers.

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

- i: Export duty on cotton;
- ii: Sales tax;
- iii: Income and corporation tax, excluding taxes on income consisting of remuneration paid out of the Federal Consolidated Fund;
- iv: Excise duty on tobacco and tobacco manufactures and;
- v: Excise duty on sugar.

TABLE 2.1

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

The net distributable share of the federal divisible pool between the federation and the provinces is obtained after deduction of collection charges (5%) and adjustment for federal emoluments (1.35%). This distributable share, in turn, is to be shared by the federation and the provinces in the ratio of 20:80. It has also been decided in the National Finance Commission Award 1990 that pending the next national census, the provincial shares in the divisible pool be provided on the basis of their respective population ratios in the final figures of the 1981 Census. These ratios are shown in Table 2.1. These are graphically represented in Figure 2.3. The amount

received from the federal divisible pool is shown in Table 2.2. As the National Finance Commission 1995 has not as yet finalized its recommendations, the revenue sharing formula arrived at through NFC 1990 continues to remain in operation.

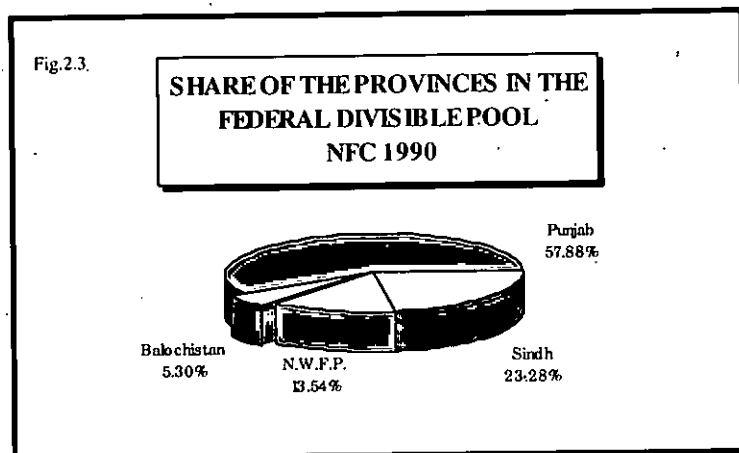


TABLE 2.2  
FEDERAL DIVISIBLE TAXES (PUNJAB'S SHARE)

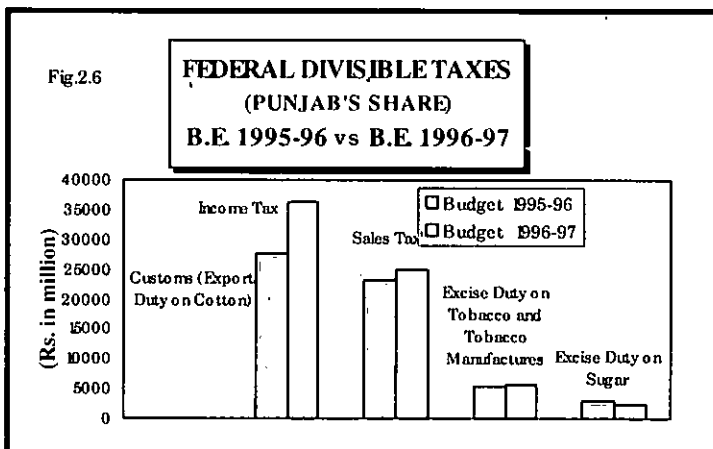
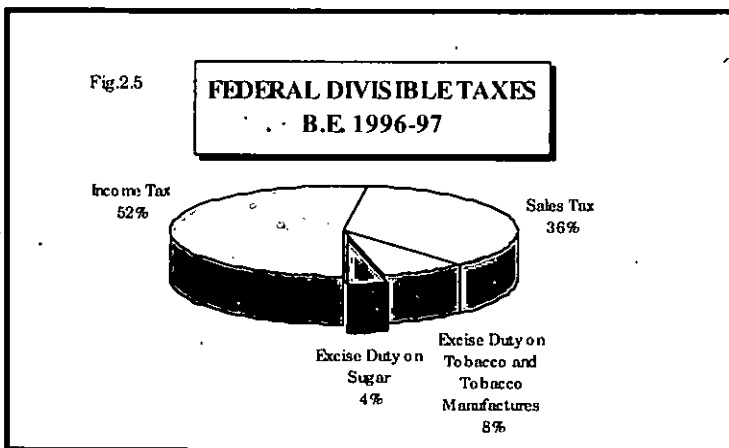
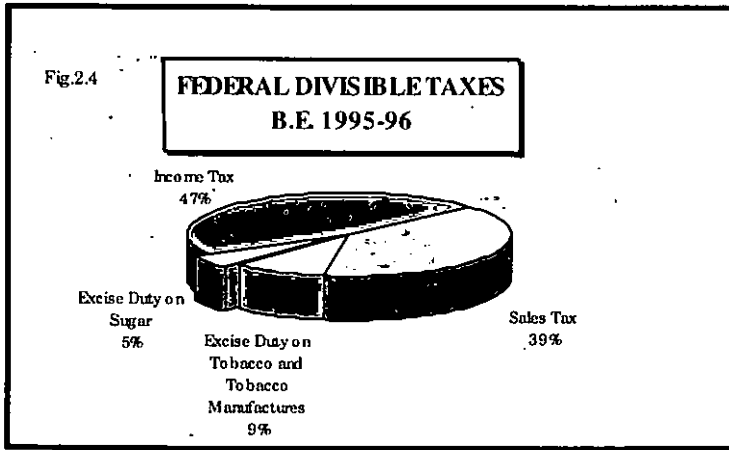
*(Rs. in million)*

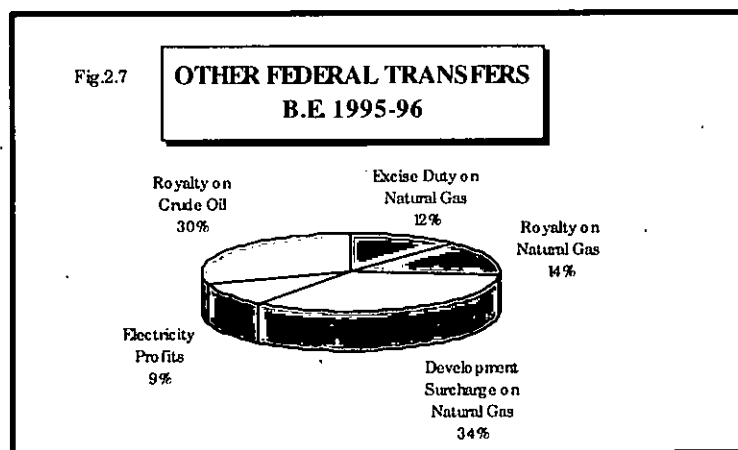
	Budget 1995-96	Revised 1995-96	Budget 1996-97
Export Duty on Cotton	-	-	-
Income Tax	27,596.677	31,616.058	36,249.079
Sales Tax	23,329.460	22,007.597	24,934.172
Excise Duty on Tobacco and Tobacco Manufactures	5,494.201	5,278.656	5,718.544
Excise Duty on Sugar	2,883.466	2,419.384	2,463.373
<b>Total:-</b>	<b>59,303.804</b>	<b>61,321.695</b>	<b>69,365.168</b>

Figures in Table 2.2 show a substantial increase in the divisible pool share of Rs.2,017.891 million (3.4%) in the Revised Estimates over the Budget Estimates. This improvement is largely attributable to an increase in share from the income tax collection. In 1996-97 the provincial share from the divisible pool is estimated at Rs.69,365.168 million, representing an increase of 16.97% over the Budget Estimates 1995-96 and 13.12% over the Revised Estimates 1995-96. The lion's share in this increase comes from the two most buoyant taxes in the divisible pool, namely income tax and sales tax. The income tax estimates are expected to rise from Rs.27,596.677 million in 1995-96 to Rs.36,249.079 million in 1996-97, registering a rise of Rs.8,652.402 million or 31% over 1995-96. Sales tax, however, performed below expectations and the share of the Province was accordingly revised downwards by Rs.1,321.863 million (5.66%). In the Budget Estimates for 1996-97 a slight increase of Rs.1,604.712 million (7%) over the Budget Estimates 1995-96, is expected.

The buoyancy in income tax, coupled with an expected increase of Rs.224.343 million (4.08%) in excise duty on tobacco and tobacco manufactures over-shadowed the impact of nil

receipt from export duty on cotton and a decrease in receipts in excise duty on sugar. (The composition of Punjab's share from the federal divisible pool, and its comparison over 1995-96 and 1996-97 are shown graphically in Figures 2.4, 2.5 and 2.6).





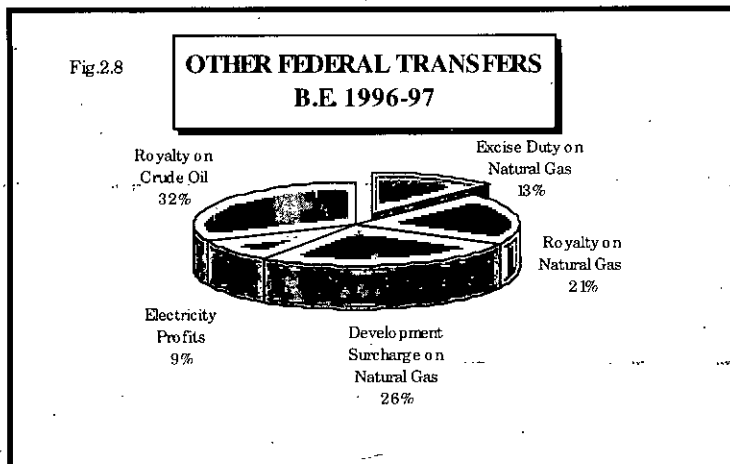
## 2.2 OTHER FEDERAL TRANSFERS:

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

TABLE 2.3  
OTHER FEDERAL TRANSFERS

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Excise Duty on Natural Gas	185.955	229.320	244.608
Royalty on Natural Gas	225.875	333.755	397.354
Development Surcharge on Natural Gas	534.996	735.805	511.000
Electricity Profits	146.995	360.000	168.521
Grant equal to Royalty on Crude Oil	469.127	475.194	612.866
<b>Total:</b>	<b>1,562.948</b>	<b>2,134.074</b>	<b>1,934.349</b>

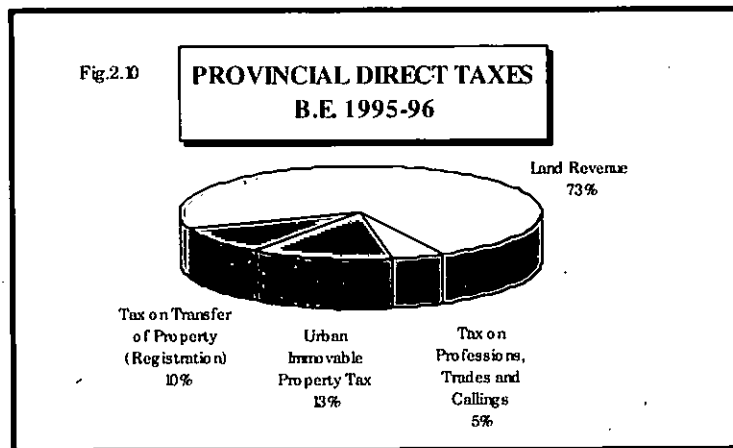
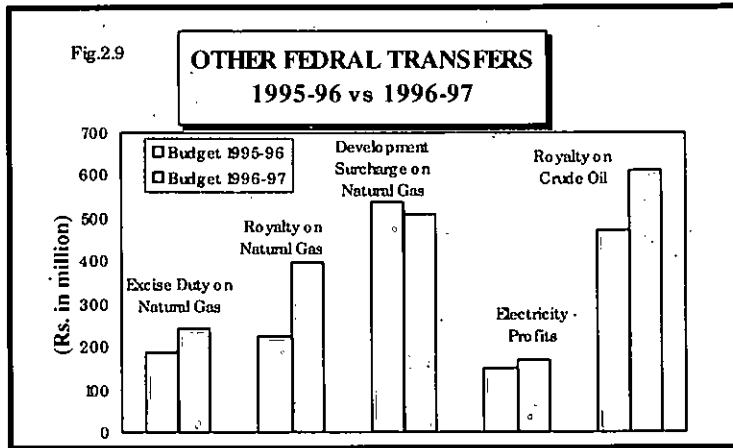


The Budget Estimates of other federal transfers in 1996-97 reflect an increase of Rs.371.401 million or 23.76% over the Budget Estimates 1995-96. The Revised Estimates 1995-96 show an increase of Rs.571.126 million (36.54%) over the Budget Estimates 1995-96.

Development surcharge on natural gas, 100% of which is transferred by the Federal Government to the provinces on the basis of production of gas during that financial year [NFC Award 1990], registered an increase of 37.53% (Rs.200.809 million) in the Revised Estimates 1995-96. In the next financial year development surcharge is estimated to decrease. Excise duty on natural gas exhibited an increase of Rs.43.365 million (23.32%). It is estimated to increase by Rs.58.653 million (31.54%) in the next financial year as compared to the Budget Estimates 1995-96. An impressive increase of Rs.107.880 million (47.76%) was seen in receipts from royalty on natural gas (47.76%) in the Revised Estimates. In the next financial year the receipts under this head are expected to increase by Rs.171.479 million (75.92%) over the Budget Estimates 1995-96.

As more and more gas fields are discovered and become operational, the shares of provinces from royalty and development surcharge from natural gas would change.

Receipts from electricity profits also appear to have taken a quantum leap. However, it is important to note that due to a difference of opinion between the Finance Division and WAPDA, electricity profits were not being paid to the Punjab in the past. The matter was taken up with the Federal Government and WAPDA to make the requisite payments. The payment reflected in the Revised Estimates is only a part payment of our total claim against the Federal Government/WAPDA. Regular annual share has been budgeted for the next financial year. (Figures 2.7 to 2.9 give composition and comparison of receipts under this head).



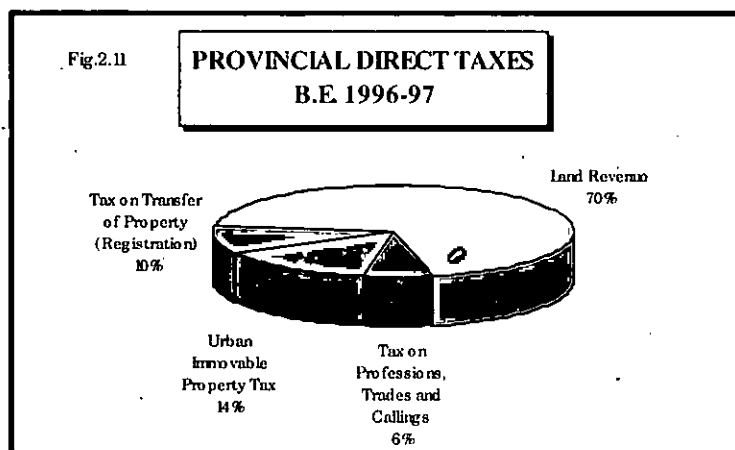
**2.3 PROVINCIAL TAX RECEIPTS:**

Revenue from provincial taxes has increased from Rs.5,878.132 million in the Budget Estimates 1995-96 to Rs.6,399.970 million in the Revised Estimates and is expected to be around Rs.6,978.000 million during the next financial year. Table 2.4 provides a breakdown of the total tax revenues by individual components:-

TABLE 2.4  
PROVINCIAL TAX RECEIPTS

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>DIRECT TAXES:</b>			
Tax from Agriculture	-	-	-
Urban Immovable Property Tax	182.678	211.892	229.000
Tax on Transfer of Property(Registration)	145.000	145.000	160.000
Land Revenue	1,061.134	1,061.134	1,100.000
Tax on Professions, Trades and Callings	69.700	85.000	100.000
<b>Total Direct Taxes:</b>	<b>1,458.512</b>	<b>1,503.026</b>	<b>1,589.000</b>
<b>INDIRECT TAXES:</b>			
Provincial Excise	257.466	278.497	300.000
Sale of Opium	8.000	7.850	8.000
Stamp Duty	2,101.699	2,358.010	2,500.000
Motor Vehicle Tax	965.400	944.000	1,060.000
Entertainment Tax	185.319	147.500	190.000
Education Cess	0.770	1.100	1.100
Cotton Fee	224.000	224.000	250.000
Tax on Hotels	46.100	60.000	63.900
Electricity Duty	609.720	713.440	812.500
Others	21.146	162.547	203.500
<b>Total Indirect Taxes:</b>	<b>4,419.620</b>	<b>4,896.944</b>	<b>5,389.000</b>
<b>Total Provincial Taxes:</b>	<b>5,878.132</b>	<b>6,399.970</b>	<b>6,978.000</b>



#### a. DIRECT TAXES

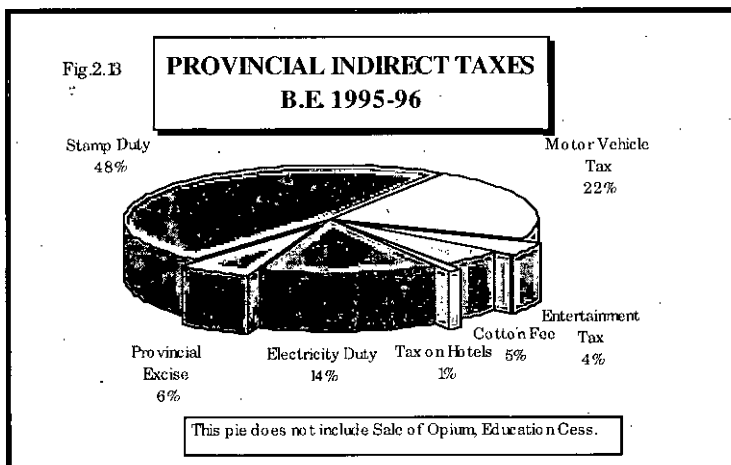
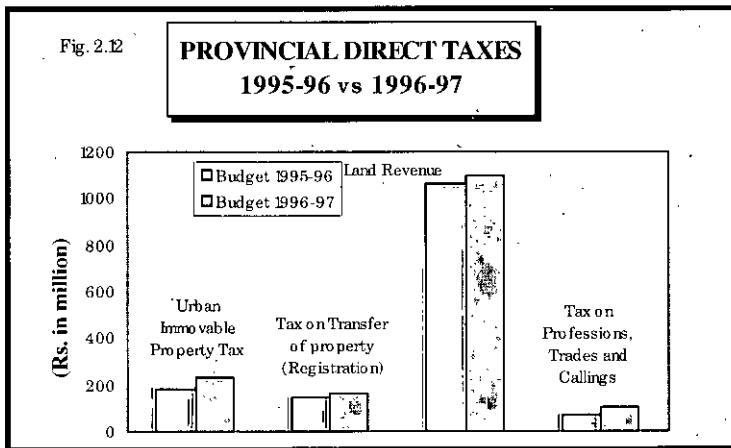
Direct taxes, include land revenue, registration fee, professional tax and urban immovable property tax. For 1995-96 and 1996-97 the composition and comparison of budgeted figures is given in Figures 2.10 and 2.12.

The estimated receipts from direct taxes show a slight increase from Rs.1,458.512 million in Budget Estimates to Rs.1,503.026 million in the Revised Estimates. The estimates for 1996-97 stand at Rs.1,589.000 million. The share of land revenue in the direct taxes is estimated to dip



from 73% in 1995-96 to 70% in 1996-97. In absolute terms, however, there is a marginal increase in receipts under this head.

Increase in receipts from urban immovable property (UIP) tax in the Revised Estimates over the Budget Estimates (16%) in 1995-96 shows the impact of upward revision in the rates of the tax in 1994. In 1996-97 UIP tax receipts are estimated to show a growth of 25.36% over the Budget Estimates 1995-96. The receipts from registration fee exhibit a stagnant pattern with only a slight growth, chiefly because of the continuing slump in the real estate market.



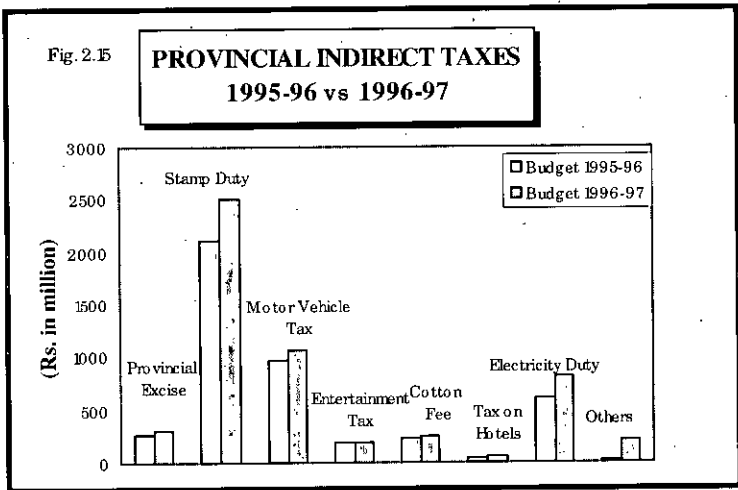
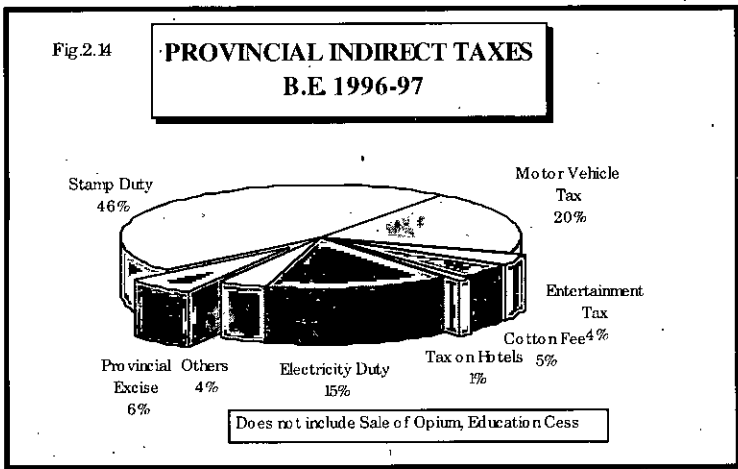
**b. INDIRECT TAXES**

The receipts from indirect taxes, which comprise stamp duty, provincial excise, motor vehicle taxes etc.(Table 2.4), increased from Rs.4,419.620 million in the Budget Estimates 1995-96 to Rs.4,896.944 million (10.8%) in the Revised Estimates 1995-96. As is evident from the figures in Table 2.4, the increase in the Revised Estimates of indirect tax receipts has come largely through better collection of stamp duty. Revival in receipts from stamp duty after a gradual decrease over

last few years is a welcome sign(see inset). This is mainly due to a revamping of rates of stamp duty in 1995.

Indirect taxes comprising provincial excise, tax on hotels and electricity duty have all performed well during 1995-96. These are expected to show good growth over the next financial year as well.

Substantial increase in receipts in the head "others" is mainly due to the levy of "the education and infrastructure development cess" by the Provincial Government in 1995-96. This cess, collected @5% of octroi (in urban local councils) and export tax (in case of zilla/district councils) has shown good potential in the first year of imposition. It is meant to fund the provincial contribution to the Development Budget. (See composition in Figures 2.13 and 2.14 and a comparative analysis of Budget Estimates for the two years in Figure 2.15).

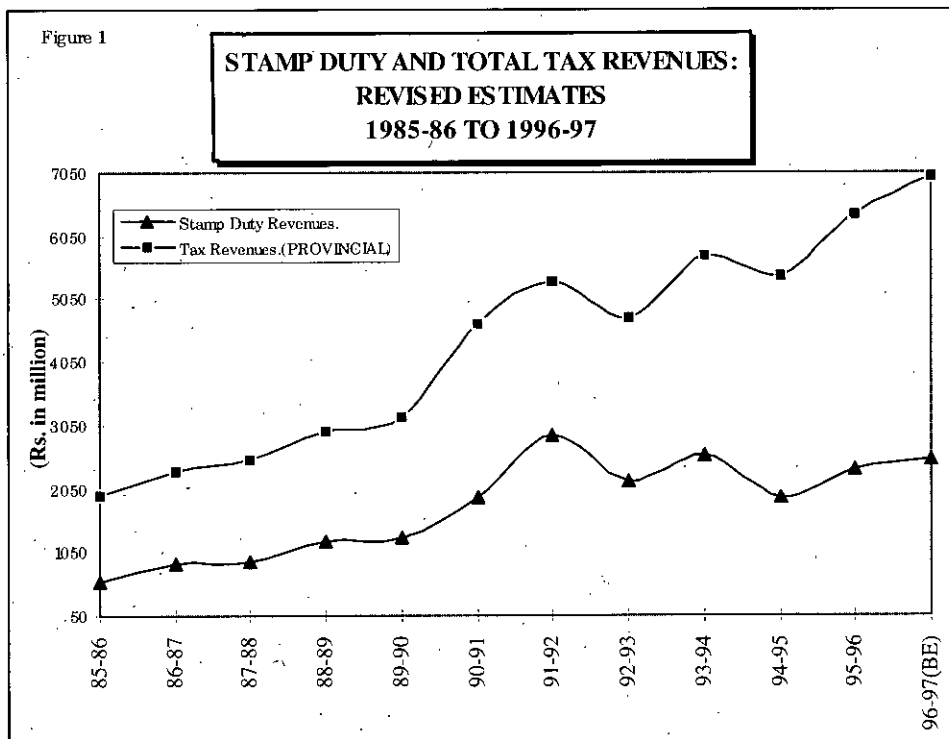


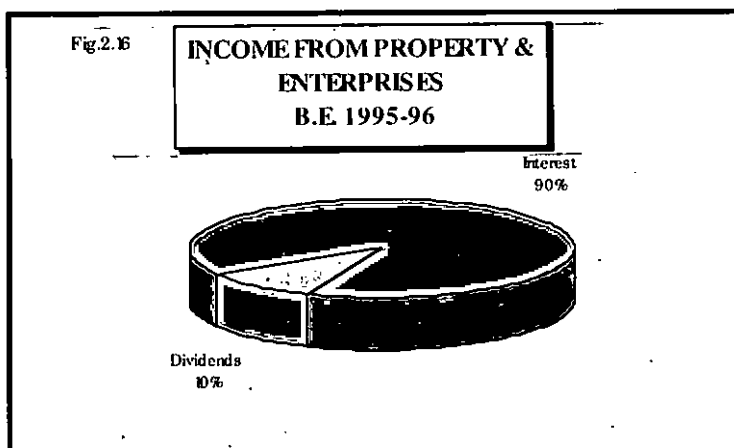
## STAMP DUTY

In the last White Paper, a comprehensive analysis of the trends in stamp duty revenues was provided (pages 23 & 24). It was shown that after exhibiting great promise for growth till 1992-93, there had been a gradual decline in receipts from stamp duty. The main reasons for this included a slump in the real estate trade, Federal encroachments on the tax base of stamp duty thereby making the rates in urban areas prohibitively high, and as a consequence of this, a trend to evade stamp duty.

In 1995-96 -- through the Finance Act 1995 -- major revisions were made by the Government in Schedule I to the Stamp Act 1899. Rates of stamp duty were rationalized with a tendency to making most of these ad valorem. The receipts from stamp duty have consequently shown an increase in 1995-96, a trend which is expected to continue into the coming years.

It is important to note that as the receipts of stamp duty make up the bulk of the provincial tax revenue, the changes in the former affect the latter in a significant manner. (See Figure 1). The Revised Estimates 1995-96 of stamp duty increased by Rs.256.311 million (12.20%) from the Budget Estimates 1995-96 (Rs.2,101.699 million). In 1996-97, the stamp duty collections are estimated at Rs.2,500 million, an increase of 18.95% over the Budget Estimates 1995-96.





Total provincial tax receipts during 1996-97 are estimated to be around Rs.6,978.000 million which is an increase of Rs.1,099.868 million, or about 18.71 percent, over the Budget Estimates 1995-96. This increase would come, by and large, through normal incremental growth, improvement in recoveries, and due to additional resource mobilization efforts in 1995-96.

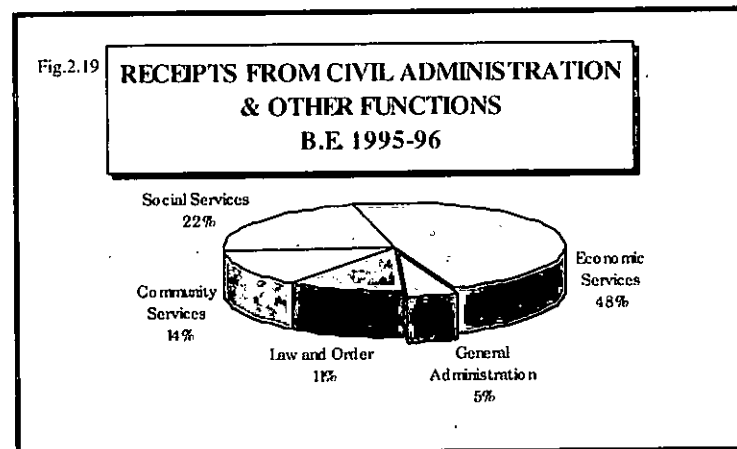
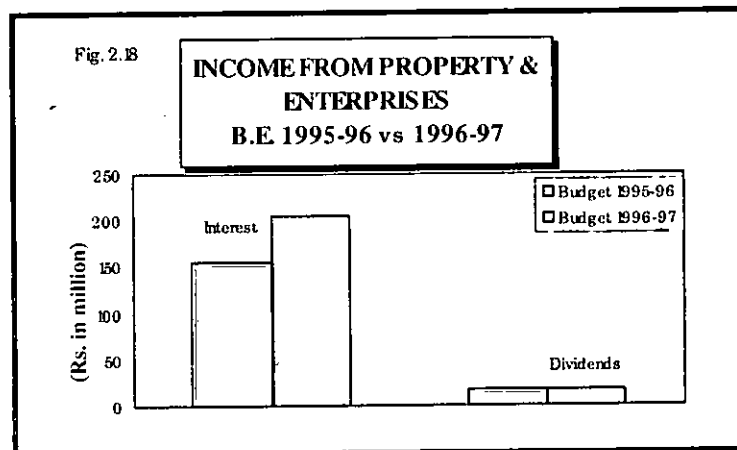
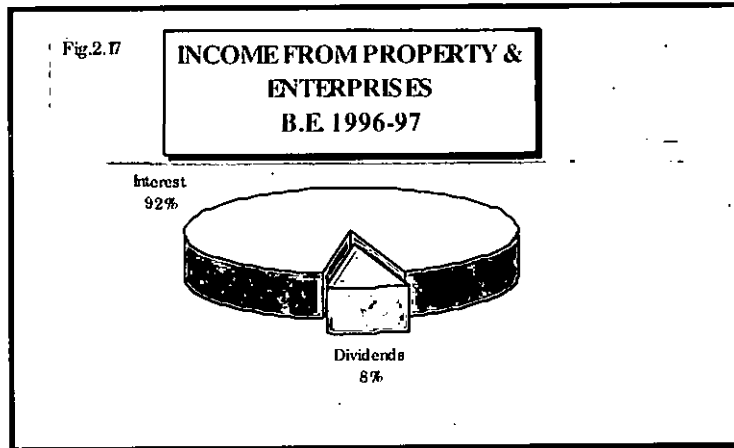
#### 2.4 INCOME FROM PROPERTY AND ENTERPRISES:

Income from property and enterprises represents mark-up on soft loans advanced by the Provincial Government to its employees for construction of houses and purchase of conveyance, to farmers for purchase of agricultural inputs and sinking of tubewells etc., and to local councils and provincial autonomous bodies for financing of their development programmes. It also includes dividends on Provincial Government's investment in government securities. Receipts from this source are expected to aggregate at Rs.222.600 million during 1996-97 against Rs.172.974 million in the Budget Estimates 1995-96. The rise in receipts in the Revised Estimates is due to recovery of arrears of interest on loans to local councils and autonomous bodies. Broad details of income from property and enterprises are given in table 2.5. The comparative position and composition of receipts under this head is given in Figures 2.16, 2.17 and 2.18. The percentage increase in 1996-97, over the Budget Estimates 1995-96 in interest is Rs.49.628 million (32.02%) while revenue from dividends is expected to remain at the same level.

TABLE 2.5  
RECEIPTS ON ACCOUNT OF INCOME FROM PROPERTY  
AND ENTERPRISES

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Interest	154.972	267.200	204.600
Dividends	18.002	13.000	18.000
Total	172.974	280.200	222.600



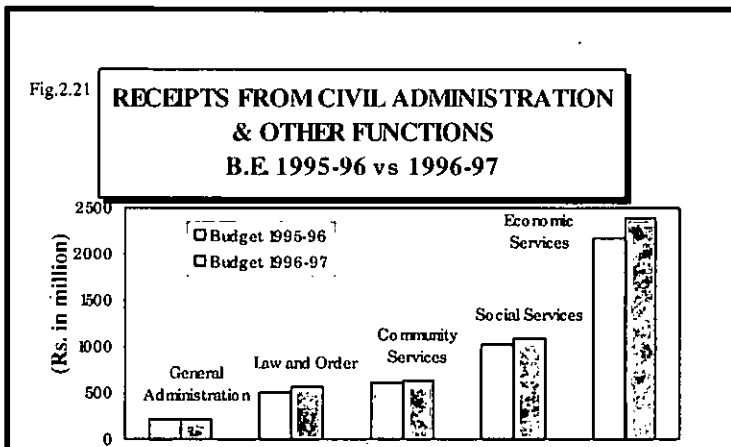
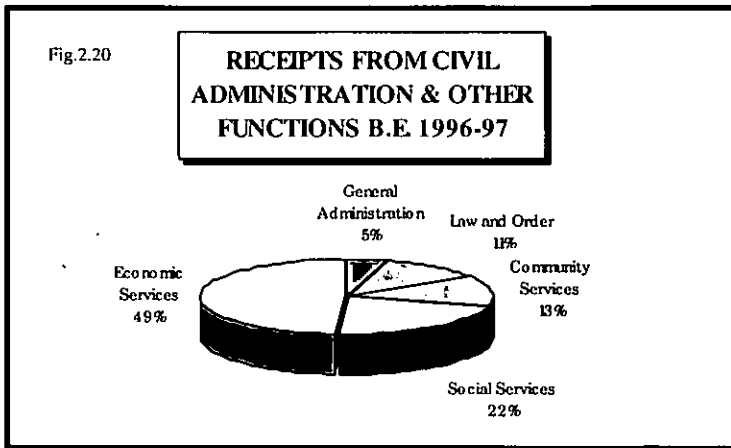
**2.5 RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS:**

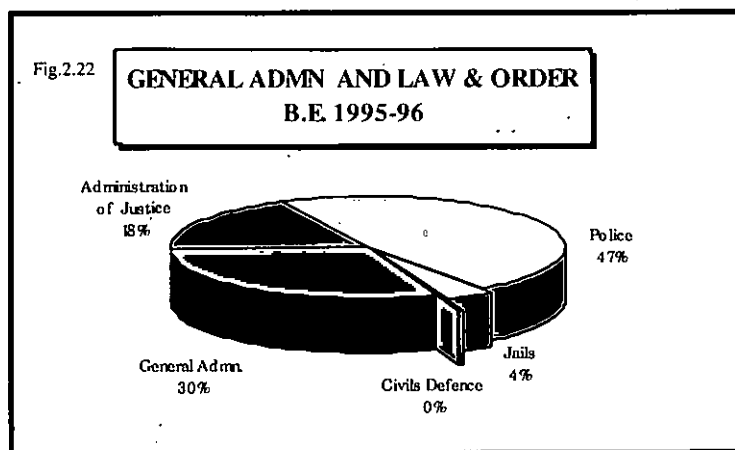
Table 2.6 contains the broad details of receipts incidental to law enforcement and other control functions of the government and charges on account of services rendered by government agencies.

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

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
General Administration	216.717	139.017	220.354
Law and Order	497.174	504.989	560.600
Community Services	609.928	461.828	623.000
Social Services	1,015.510	1,097.793	1,089.383
Economic Services	2,176.471	2,111.382	2,387.900
<b>Total:-</b>	<b>4,515.800</b>	<b>4,315.009</b>	<b>4,881.237</b>





Receipts of civil administration and other functions include income from fines imposed by courts, driving licence fee, fees charged by various educational institutions, hospital receipts, sale proceeds of forest produce, water rate (*abiana*), hire charges of agricultural machinery, income from tolls, sale of tender forms and stationery, and printing charges recovered by the Government Printing Press. The composition (percentage-wise) of receipts from this function for 1995-96 and 1996-97 is shown in figures 2.19 and 2.20. A comparative analysis of the Budget Estimates is available in figure 2.21. These receipt heads are discussed briefly in the following pages. The receipts under this function are estimated to increase by Rs.365.437 million (8.09%) in 1996-97 over 1995-96(BE).

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

Details of receipts on account of general administration and law and order are given in Table 2.7. These receipts accrue from general administration, administration of justice, police, jails and civil defence. The composition of these components are given in figures 2.22 and 2.23. Comparison of the Budget Estimates for 1995-96 and 1996-97 is given in figure 2.24.

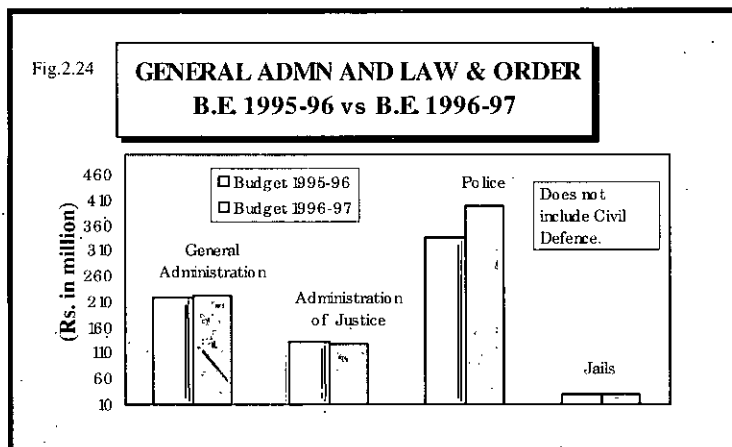
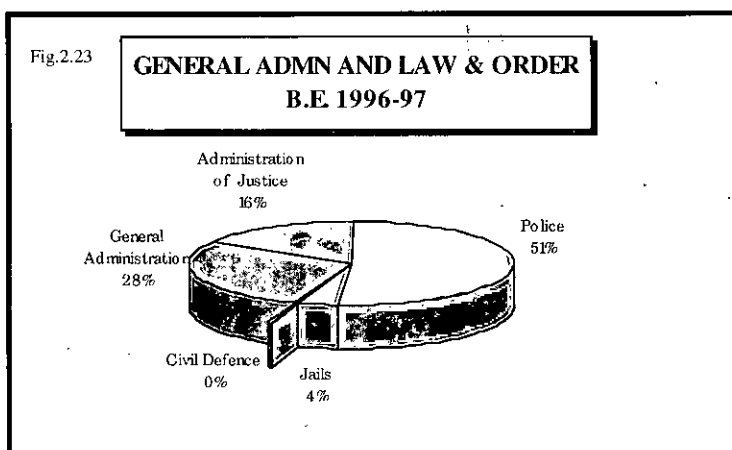
**TABLE 2.7**  
**RECEIPTS FROM GENERAL ADMINISTRATION AND LAW AND ORDER**

(Rs. in million)

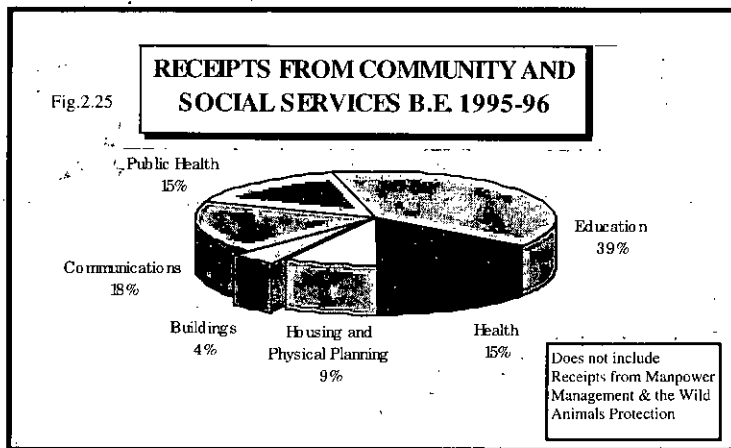
	Budget 1995-96	Revised 1995-96	Budget 1996-97
General Administration	216.717	139.017	220.354
Administration of Justice	128.968	123.066	128.000
Police	336.302	350.000	400.000
Jails	30.581	30.581	31.000
Civil Defence	1.323	1.342	1.600
<b>Total:-</b>	<b>713.891</b>	<b>644.006</b>	<b>780.954</b>

Receipts from general administration include examination fees, receipts-in-aid of superannuation (pension contribution) and receipts under the Weights and Measures and Trade Employees Act 1975. These are estimated to increase marginally by Rs.3.637 million (1.68%) in 1996-97 over 1995-96. Receipts under administration of justice mainly comprise current fees,

finances and forfeitures, receipts from record rooms and collection of payments for services rendered. These show a minor decrease in 1996-97 over 1995-96. Consequently their share has gone down in 1996-97. Receipts from police include charges for force supplied to the Federal and Provincial Government departments, fees, fines and forfeitures. Comprising 51.22% of the total, these receipts in 1996-97 are expected to increase by Rs.63,698 million (18.94%) over 1995-96. Receipts from jails mainly accrue from sale of manufactured goods. In the case of civil defence, the receipts include reimbursements from the Federal Government and realization of fines. Receipts from jails comprise a mere 4% of the total and are estimated at Rs.31,000 million in 1996-97, up 1.37% from Rs.30,581 million in 1995-96. Estimates for 1996-97 show an increase of Rs.67,063 million (9.39%) over the Budget Estimates 1995-96.







### b: COMMUNITY AND SOCIAL SERVICES

The components of receipts from community and social services are as follows:

#### I: Community Services

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

#### II: Social Services

- Education
- Health
- Manpower management
- Housing and physical planning
- Receipts under the Wild Birds and Wild Animals Protection Act, 1933.

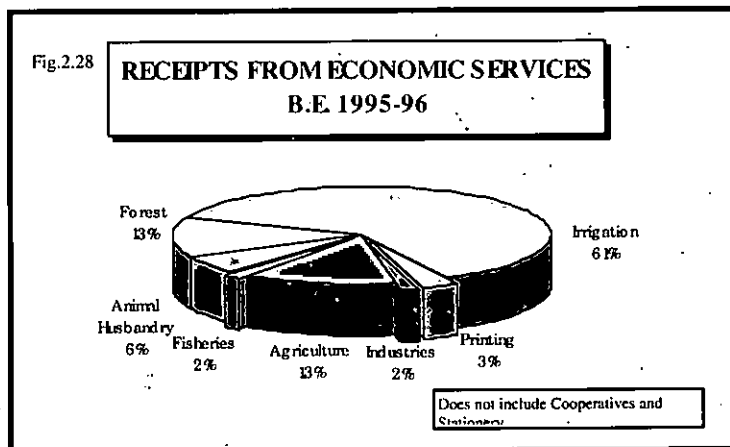
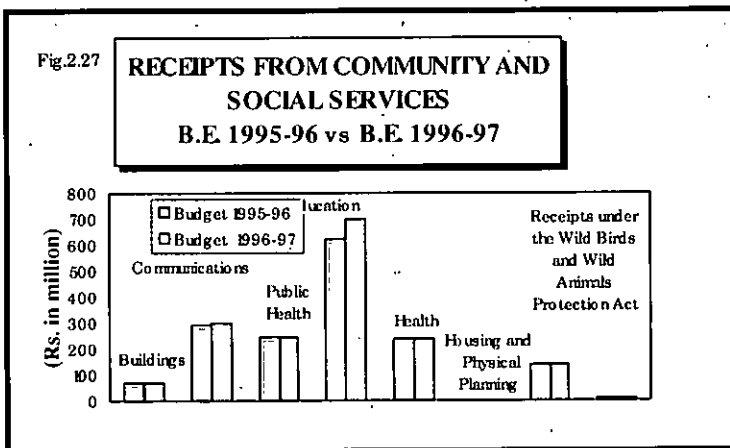
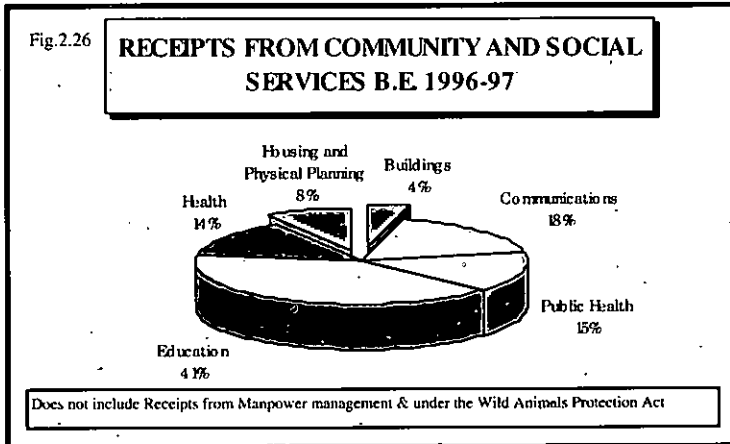
**TABLE 2.8**  
**RECEIPTS FROM COMMUNITY**  
**AND SOCIAL SERVICES**

(Rs. in million)

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Buildings	65.600	67.500	73.000
Communications	294.328	294.328	300.000
Public Health	250.000	100.000	250.000
Education	626.214	800.063	700.063
Health	240.281	150.000	240.000
Manpower Management	2.355	2.380	2.570
Housing and Physical Planning	139.100	139.100	140.000
Receipts under the Wild Birds and Wild Animals Protection Act, 1933	7.560	6.250	6.750
<b>Total:-</b>	<b>1,625.438</b>	<b>1,559.621</b>	<b>1,712.383</b>

Receipts from buildings and communications accrue from tolls on roads and bridges, sale of tender forms, registration fee of contractors and confiscation of earnest money. These are estimated to increase slightly in 1996-97 by Rs.13.072 million (3.63%). Receipts from public health include collection of payments for services rendered and recovery of departmental charges. Due to unsatisfactory recovery in these heads, the Revised Estimates have dipped sharply. In 1996-97 the receipts are estimated to remain at the level of 1995-96. The main source of revenues from education are fees in educational institutions. These receipts increased by Rs.173.849 million (27.76%) in the Revised Estimates 1995-96. This increase was due to a revision of the rates of fees in education institutions and reimbursements received for the Primary Education Project (PEP)III. This foreign funded project is winding up now and the Budget Estimates 1996-97 have been fixed accordingly. However, there is a growth of Rs.73.849 million (11.79%) in 1996-97 over 1995-96. Receipts from health include hospital receipts and fees charged by medical colleges. During 1995-96, the receipts under this function were Rs.90.281 million (37.5%) less than the Budget Estimates 1995-96. For 1996-97, these have been budgeted at Rs.240 million. Manpower management receipts include receipts from employment organizations and the West Pakistan Shops and Establishments Ordinance, 1969. Housing and Physical Planning receipts are from the sale of plots and buildings, income from satellite town schemes and collection of payments for services rendered. Receipts under the Wild Birds and Wild Animals Protection Act, 1933 include fines and licence fees. These receipts exhibit a stagnant pattern in 1996-97 over 1995-96. For composition and comparison of these receipts, see figures 2.26, 2.27 and, 2.28.

Overall, the receipts from community and social services decreased by Rs.65.817 million in the Revised Estimates over the Budget Estimates of Rs.1,625.438 million in 1995-96. An increase of Rs.86.945 million (5.35%) is expected during 1996-97 over 1995-96.



c: **ECONOMIC SERVICES**

Receipts from economic services accrue from agriculture, fisheries, animal husbandry, forests, cooperatives, irrigation, printing, stationery and industries. Details are given in Table 2.9. The composition and comparison of receipts from economic services are given in figures 2.28, 2.29 and 2.30.

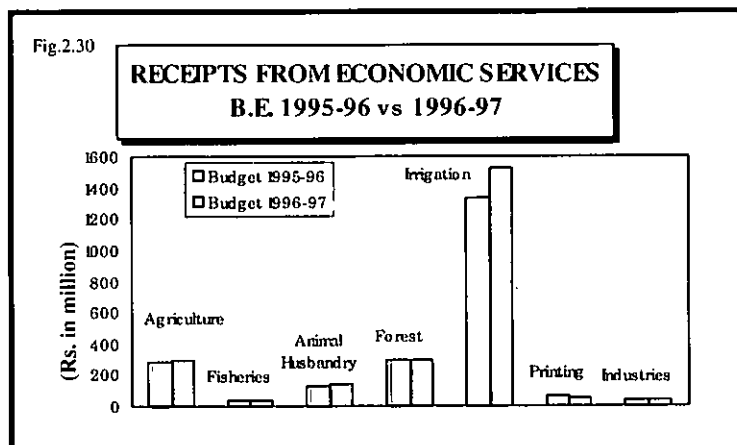
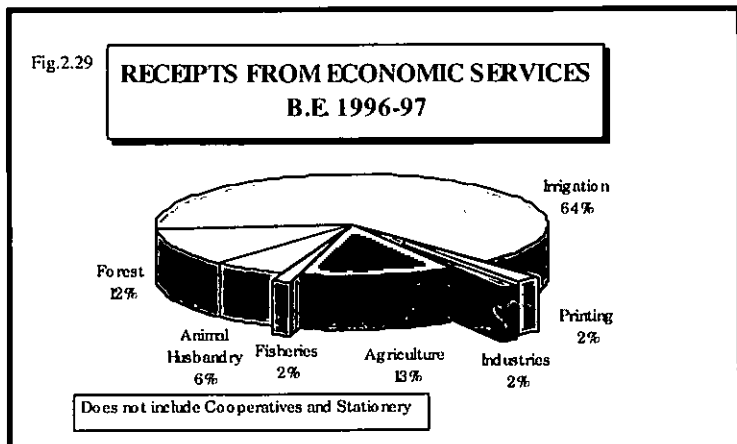
The agriculture receipts comprise income from experimental and seed farms, hire charges of bulldozers, boring operations, research stations and soil conservation. There is a slight increase in agriculture receipts in 1996-97 over 1995-96 (Rs.15.240 million, 5.35%). Animal husbandry receipts include receipts from livestock and broiler farms, insemination fees and income from research institutes. Receipts under this head are estimated to increase by Rs.7.529 million (5.68%) in 1996-97 over 1995-96. Forest income includes sale proceeds of timber and other produce and income from Jallo Rosin Factory.

TABLE 2.9  
RECEIPTS FROM ECONOMIC SERVICES

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Agriculture	284.760	294.760	300.000
Fisheries	35.600	35.600	36.000
Animal Husbandry	132.471	137.419	140.000
Forest	291.454	291.000	291.000
Cooperatives	3.039	3.056	4.200
Irrigation	1325.073	1268.313	1528.300
Printing	70.200	47.700	51.500
Stationery	0.340	-	-
Industries	33.534	33.534	36.900
<b>Total:-</b>	<b>2176.471</b>	<b>2111.382</b>	<b>2387.900</b>

Forest receipts are estimated to go down marginally by Rs.0.454 million (0.16%) in 1996-97. Receipts from cooperatives are mainly on account of income from demonstration farms and training institutes. Irrigation receipts are derived from water rates, direct receipts from canals, land reclamation and irrigation research institutes. Set to increase by Rs.203.227 million (15.33%) in 1996-97 over 1995-96, Irrigation receipts are getting a boost from the decision of the Government to increase *abiana* rates by 10% each year till 1998, in accordance with commitments with foreign donor organizations. However the Provincial Cabinet decided to enhance *abiana* by 25% during 1995-96. Receipts under printing and stationery include printing charges, sale of government publications, forms, registers and stationery while receipts from industries comprise proceeds of finished goods, store purchases and fees, etc. Stationery receipts are estimated to be nil while there is an increase in receipts from industries of Rs.3.366 million (10.04%) in 1996-97 over 1995-96.

Overall the receipts from economic services are estimated to increase by Rs.211.429 million (9.72%) over the Budget Estimates for 1995-96. The increase is driven mainly by enhancement in rate -- and consequently in collection -- of *abiana*.



## 2.6 MISCELLANEOUS:

Traditionally, miscellaneous receipts included grants from the Federal Government for meeting the budgetary deficit, increase in salaries, allowances and pensions and reimbursements for performance of agency functions and any other matching grants to the provincial government. However, with the advent of the National Finance Commission Award 1990, the earlier practice of the Federation meeting budgetary deficits and picking up surpluses of the provinces has been discontinued. Instead a special annual grant of Rs.100.00 million was provided to the Punjab for three years from 1st July 1991. 1993-94 was the last year of this grant. A grant of Rs.23.800 million from the Federal Government for agency functions is however expected in 1996-97. The other receipts in Table 2.10 include such items as unclaimed deposits, sale of stores and materials, collection charges of sugarcane development cess, fees for registration of societies, under the Societies Registration Act, 1860, Citizenship (Domicile) Fees.

The total miscellaneous receipts decreased from Rs.639.137 million in Budget Estimates to Rs.625.677 million in the Revised Estimates 1995-96. In 1996-97, these are estimated at Rs.677.547 million.

TABLE 2.10  
MISCELLANEOUS RECEIPTS

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Other Grants from Federal Government.	20.162	23.162	23.800
Others	618.975	602.515	653.747
<b>Total Miscellaneous Receipts:-</b>	<b>639.137</b>	<b>625.677</b>	<b>677.547</b>

(Rs. in million)

### NEW RESOURCE MOBILIZATION

In order to enhance provincial tax and non-tax receipts, the Provincial Government has endeavoured to find new ways to mobilize resources. The declared strategy of the Government is to reduce reliance on cash development loans - the traditional and very expensive source for development - and to fund development more and more from provincial resources. The Government is also required under the NFC Award 1990 to enhance its receipts by 8% each year.

With a view to enhancing provincial resources, the Government brings in new resource mobilization proposals in the form of a Finance Bill which is presented with the Budget. After passage (approval) from the Provincial Assembly, this becomes the Finance Act for that year. The following is a resume of the Finance Act 1995.

#### PUNJAB FINANCE ACT, 1995.

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

- a) Minimum rate of stamp duty fixed at Re. 1/-.
- b) Various specific rates changed to *ad valorem*.
- c) Stamp duty on gift to legal heirs in urban areas reduced from 6% to 3%.
- d) Rate of duty on power of attorney of all kinds fixed at Rs.100/-, up from Rs.10/- & Rs.50/-.
- e) Rate for affidavit enhanced from Rs.5/- to Rs.10/-.

- f) Stamp duty on letter of credit, memorandum of association and articles of association fixed at *ad valorem* rates.
  - g) Contracts executed by contractors with any agency or organization set up and controlled by Federal and Provincial Government brought under the net of stamp duty.
  - h) Rationalization of rates of stamp duty on many of the instruments shown in the Schedule to Stamp Act, 1899.
  - i) Exemption from stamp duty already granted on mortgage deed in the form of trust deed of redeemable capital of a company executed in favour of banking companies/Banker's Equity & PSIC withdrawn.
  - j) Exemption from payment of registration fee on mortgage deed executed in favour of PSIC withdrawn.
2. **Cotton Fee** raised from Rs.2/- to Rs.3/- per maund (or Ps.8/kg.).
  3. **Paddy Husking Tax** raised from Ps.1.5 per kg. to Rs.0.75 per maund (or Ps.2/kg.).
  4. **Tax on Professions, Trades & Callings** increased by 100%.
  5. **Tax on Bank Cheques** levied at the rate of Rs.0.25 per cheque.
  6. **Tax on Advertisements** through electronic and print media imposed at 5% of the actual cost of advertisements, payable by the sponsors.
  7. **Punjab Education and Infrastructure Development Fund.**  
A cess @5% on octroi collected by local bodies and cantonment boards and on export tax collected by zilla/district councils.

**Introduction:**

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

- general administration;
- law and order;
- social services;
- community services;
- economic services;
- subsidies;
- debt servicing, investible funds and grants; and
- miscellaneous (unallocable) items.

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

There is a perception, though a wholly misleading one, that all current expenditure on the day-to-day business of the government is unproductive. Nothing could be farther from the truth. In fact current expenditure has a strong socio-economic bias as it is necessary not only to maintain assets created by investment in the development programme of the Government but also to provide essential services necessary for progress. No meaningful development can take place without expenditure on maintenance of law and order, administration of justice and the maintenance of existing socio-economic infrastructure. A school or a hospital building would be useless without teachers, doctors or equipment. Such services are provided from the current expenditure. Communication and irrigation networks would become a liability rather than an asset if these were not properly maintained.

Furthermore the impression that current expenditure is mostly incurred on administration and, therefore, is wasteful is somewhat erroneous. A major portion of the current expenditure is incurred on social, economic and community services. In the Budget Estimates 1996-97, the share of these sectors comes to 55.95% of the budget. While the expenditure on expansion of the physical infrastructure is met from the development budget, the expenditure on its maintenance as well as expenditure on the social infrastructure is met from the current (non-development) budget. Enhanced expenditure on development thus adds to current expenditure when completed projects are transferred to the current side for operation and maintenance.



### 3.2 PRIORITIES:

Traditionally the Government tries to make the current budget complementary to the development effort of the province. To meet this objective, the following guiding principles have been adopted in formulating the Budget Estimates 1996-97:

- curtailment of growth in current expenditure with increasing allocations to be transferred to the development budget;
- self reliance in financing of the development budget;
- enhanced funding of social sectors (education and health);
- enhanced allocations for community services, including public health;
- enhanced allocations for maintenance and upkeep of the capital assets of the Government.
- effective allocations for improved maintenance of law and order and strengthening of the administration of justice system.
- provision of better working and service conditions for Government officials.

Keeping these guidelines in view an effort has been made to make good the deficiencies in these areas. Efforts of previous years have been augmented. Sizeable allocations have been made for all these sectors and sub-sectors in the coming year.

Current expenditure was estimated at Rs.68,484.401 million in the Budget Estimates 1995-96. It increased in the Revised Estimates to Rs.70,011.142 million, an increase of Rs.1,526.741 million (2.23%). During 1996-97 it is estimated at Rs.77,004.743 million, an increase of 12.44% over the Budget Estimates 1995-96 and 10% over the Revised Estimates. This increase partly reflects the recurrent component --- mainly the transfer of development schemes from the development budget to the current budget for operation and maintenance --- and partly the necessary growth in expenditure required for maintenance and consolidation of assets of the government. In 1995-96, current expenditure grew by 18.14% over 1994-95. Increase of only 12.44% this year reflects the priority of the Government to restrain non-development expenditure to the essential minimum. The surplus generated through this check on expenditure growth is meant to fund the Tameer-e-Punjab Programme (TPP); another priority of the Government.

The increase in expenditure is predicated essentially on an increase in the federal divisible taxes from Rs.61,321.695 million in the Revised Estimates to Rs.69,365.168 million in the Budget Estimates 1996-97 - an increase of Rs.8,043.473 million (13.2%). Receipts from Federal Divisible Taxes were estimated at Rs.59,303.804 million in the Budget Estimates 1995-96. The increase anticipated in 1996-97 is Rs.10,061.364 million (16.97%) in excess of the Budget Estimates 1995-96. Federal transfers also increased by Rs.358.121 million (25.29%) in the Revised Estimates

(Rs.1,774.074 million) over the Budget Estimates 1995-96 (1,415.953 million). In 1996-97 federal transfers are anticipated to be around Rs.1,765.828 million, 24.71% above the Budget Estimates 1995-96. Expenditure growth would also be made possible by an increase of 13.85% in the provincial receipts in 1996-97 over the Budget Estimates 1995-96. The provincial receipts (both tax and non-tax), budgeted at Rs.11,185.881 million in 1995-96, increased to Rs.11,597.694 million and are anticipated to increase in the Budget Estimates 1996-97 to Rs.12,735.584 million, an increase of 9.81% over the Revised Estimates 1995-96.

The main additional expenditure areas in the current budget in 1996-97 (grant-wise) over the level of 1995-96 are:-

- An additional allocation of Rs.3.25 billion (an increase of 15.70%) has been made for expenditure in the education sector - the bulk of it at the primary level.
- Health sector has been given an additionality of Rs.959 million which is an increase of 20% over 1995-96.
- Irrigation budget has been enhanced by Rs.432.18 million (11.11%).
- General administration has been allocated a total of Rs. 5.16 billion (which is less by Rs.41 million as compared to 1995-96).
- Police has been allocated Rs.5.15 billion. Expenditure allocation-wise, this makes it one of the top departments/heads in the budget.
- Public health has been given an additional outlay of Rs.110 million, out of which Rs.100 million is for operation and maintenance costs of Water Suply Schemes.
- An increase of Rs.85 million has been made in the budget for maintenance and repairs of government buildings.
- An additional allocation of Rs.1.31 billion (26%) has been made for meeting the pensionary liability of the retired government servants.
- An allocation of Rs.80 million has been made for restoring the policy of giving house building/car/motorcycle purchase advances to Government officials. This policy is being restored after six years.

It needs to be noted that under the NFC Award 1990, current expenditure is projected to grow by 14% each year. An increase of 12.44% exhibits a conscious decision to economise and to curtail current expenditure.

### 3.3 FUNCTIONAL DISTRIBUTION:

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

### 3.4 GENERAL ADMINISTRATION:

Expenditure on the function of general administration increased from Rs.10,497.881 million in the Budget Estimates to Rs.13,683.893 million in the Revised Estimates 1995-96. It has

been estimated at Rs.11,806.288 million during 1996-97. The increase in this head of expenditure in 1996-97 over 1995-96 is of Rs.1,308.407 million (12.46%).

### 3.5 LAW AND ORDER :

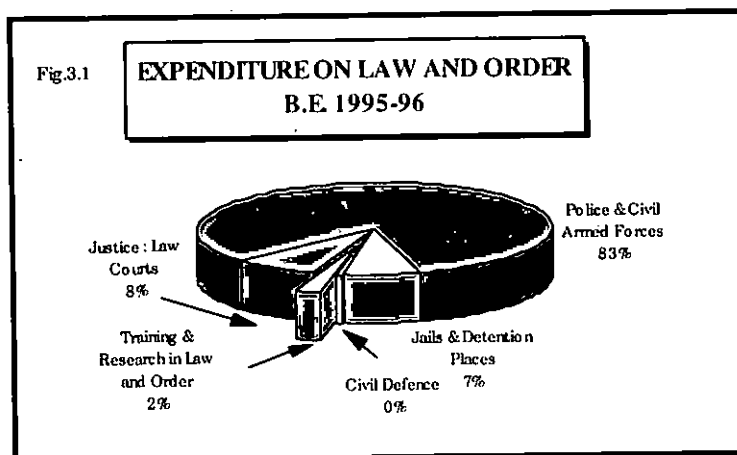
Expenditure on law and order involves disbursements related to administration of justice, police and civil armed forces, jails, civil defence etc., as detailed in Table 3.1.

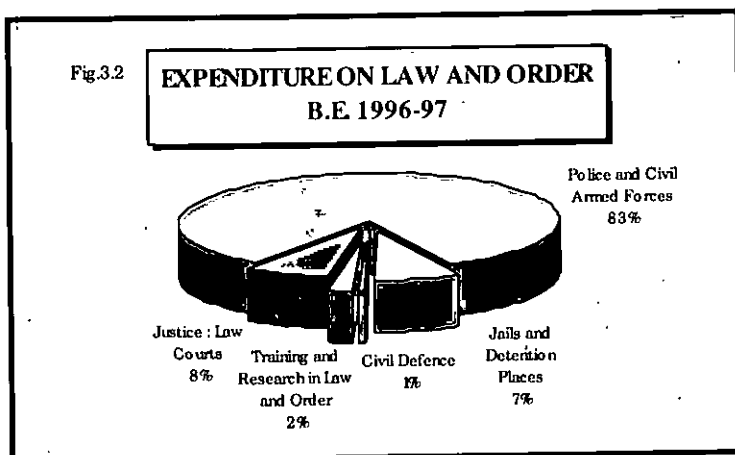
TABLE 3.1  
EXPENDITURE ON LAW AND ORDER

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Justice : Law Courts	466.635	444.774	459.550
Police and Civil Armed Forces	4,974.798	4,987.464	5,040.140
Jails and Detention Places	421.844	447.222	443.864
Civil Defence	29.645	29.600	33.000
Training and Research in Law and Order	132.450	108.856	112.430
<b>Total :</b>	<b>6,025.372</b>	<b>6,017.916</b>	<b>6,088.984</b>

The Revised Estimates 1995-96 exhibit a decrease of Rs.7.456 million (0.12%) over the Budget Estimates. In 1996-97 the expenditure is estimated to increase to Rs.6,088.984 million. The percentage composition and comparison of expenditure under these heads may be seen in Figures 3.1 and 3.2.





### 3.6 COMMUNITY SERVICES :

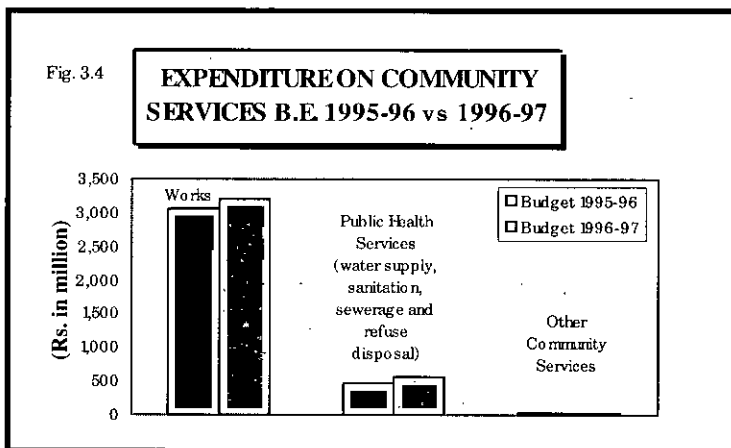
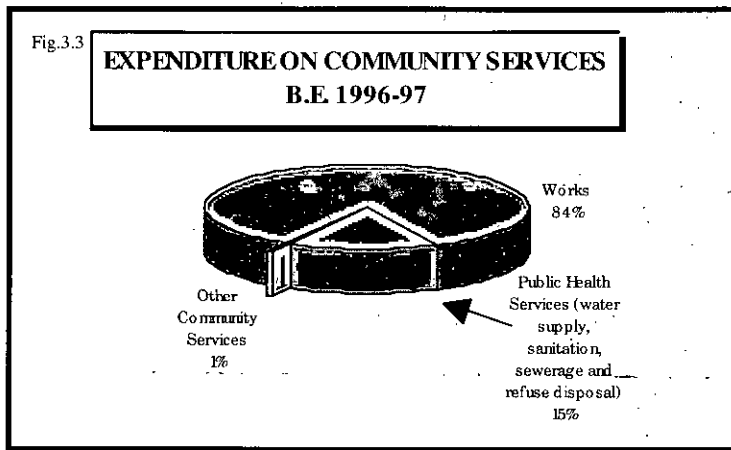
Community services include expenditure on the road communication network, government buildings, water supply and sanitation and sewerage arrangements. Details of expenditure on community services are given in Table 3.2. The responsibility for providing community services vests solely in the Government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

The expenditure during the year went down with the Revised Estimates 1995-96 being lower than the Budget Estimates 1995-96 by Rs.621.069 million (17.62%). The Budget Estimates 1996-97 have been anticipated at Rs.3,808.250 million. Expenditure on works is set to increase by Rs.168.610 million (5.54%) in 1996-97 over 1995-96 (BE). In public health an additional outlay of Rs.110 million (24.37%) has been made over 1995-96. Outlay on other services is to increase only marginally. Composition and comparison of expenditure are given in Figures 3.3 and 3.4.

**TABLE 3.2  
EXPENDITURE ON COMMUNITY SERVICES**

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Works	3,044.970	2,479.350	3,213.580
Public Health Services (water- supply, sanitation, sewerage and refuse disposal)	460.007	402.415	572.131
Other Community Services	19.778	21.921	22.539
<b>Total :</b>	<b>3,524.755</b>	<b>2,903.686</b>	<b>3,808.250</b>



**3.7 SOCIAL SERVICES :**

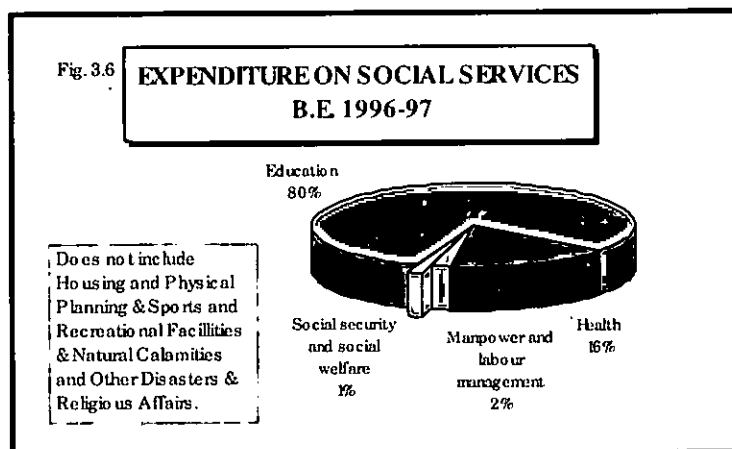
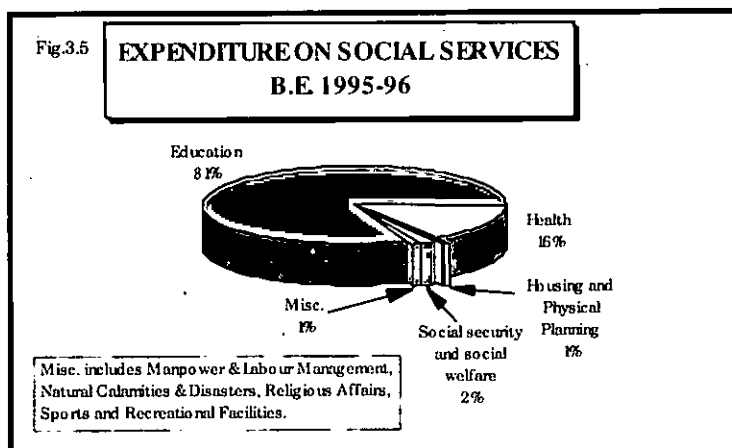
The details of expenditure on social services are indicated in Table 3.3.

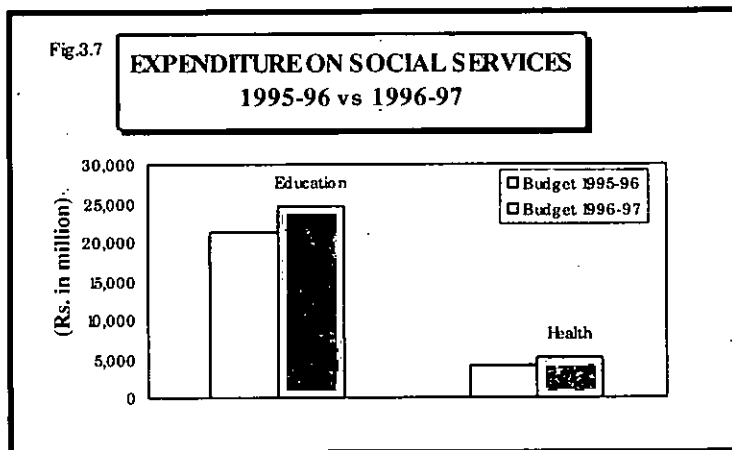
The Revised Estimates of expenditure on social services have decreased by Rs.384.461 million to Rs.26,068.678 million from the Budget Estimates of Rs.26,453.139 million in 1995-96. In 1996-97, the expenditure is to go up by Rs.4,592.636 million - an increase of 17.36%. Major increase would be in education with the expenditure going up over Rs.3 billion. Enhanced allocation for education reflects to a very large degree the special emphasis of the Provincial Government on elementary education.

**TABLE 3.3  
EXPENDITURE ON SOCIAL SERVICES**

(Rs. in million)

	<b>Budget 1995-96</b>	<b>Revised 1995-96</b>	<b>Budget 1996-97</b>
Education	21,381.480	21,351.238	24,726.425
Health	4,210.696	4,097.335	5,085.230
Manpower and Labour Management	111.281	104.999	601.886
Housing and Physical Planning	205.425	143.832	115.107
Sports and Recreational Facilities	75.883	76.484	79.059
Social Security and Social Welfare	437.761	255.076	407.666
Natural Calamities and Other Disasters	15.873	25.605	16.669
Religious Affairs	14.740	14.109	13.733
<b>Total :</b>	<b>26,453.139</b>	<b>26,068.678</b>	<b>31,045.775</b>





The expenditure on health is estimated to go up by Rs.874.534 million (20.77%) in 1996-97 as compared to the Budget Estimates 1995-96. The composition of receipts and comparison of increases in health and education are in Figures 3.5 to 3.7.

It needs to be noted that Government provides massive amounts of subsidy in education. The latest figures of subsidy per student, at various levels of education are given in Appendix-A. With free education, at the primary level, there is total subsidy. At the middle level the ratio of cost recovery and subsidy is 5:115 (Rs); at the secondary level it is 10:110, at the F.A. level it is 35:441; at the F.Sc. level it is 30:446. The percentage subsidies (calculated by the Education Department on the basis of latest figures) are also given in Appendix-A. These numbers provide poignant information on issues of cost recovery, and responsibility of the Government to provide subsidized education.

### 3.8 ECONOMIC SERVICES :

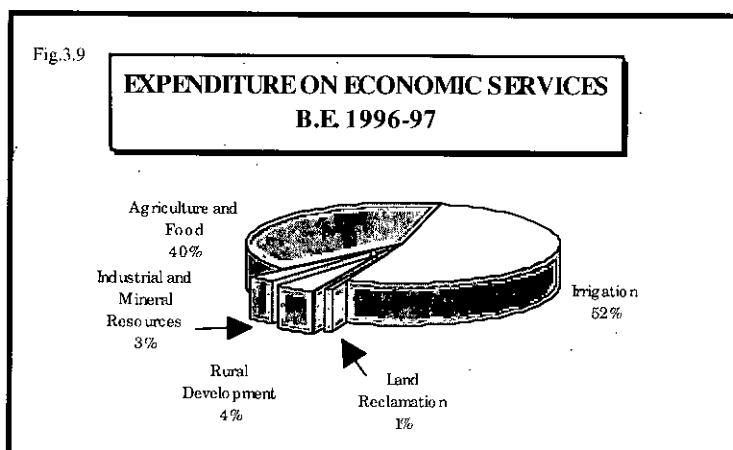
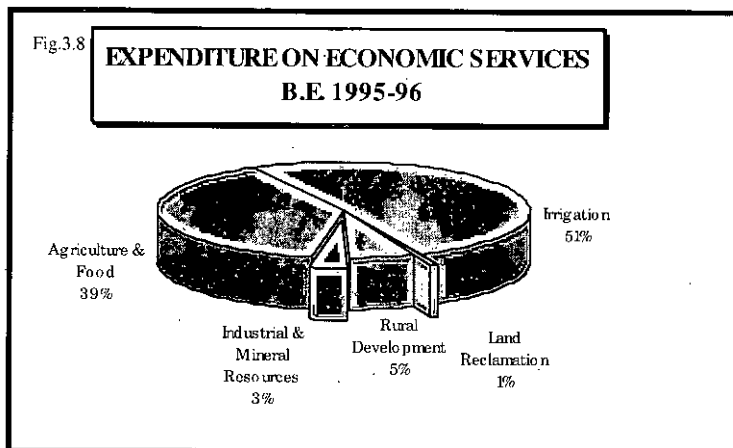
Details of expenditure incurred on economic services is indicated in Table 3.4.

TABLE 3.4  
EXPENDITURE ON ECONOMIC SERVICES

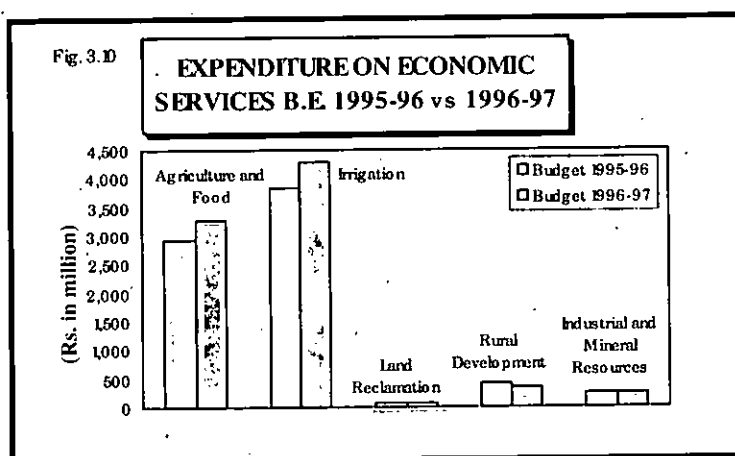
*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Agriculture and Food	2,931.280	2,995.022	3,294.532
Irrigation	3,848.808	3,613.304	4,279.441
Land Reclamation	53.313	54.983	55.817
Rural Development	406.760	325.132	336.988
Industrial and Mineral Resources	259.779	248.442	260.286
<b>Total :</b>	<b>7,499.940</b>	<b>7,236.883</b>	<b>8,227.064</b>

The Budget Estimates 1996-97 are estimated to increase by Rs.727.124 million (9.7%) over the Budget Estimates 1995-96, mainly due to additional expenditure in the irrigation sector. Expenditure on this head is set to increase by Rs.430.633 million (11.19%) in 1996-97 as compared to 1995-96 (BE). The allocation for agriculture and food has also been enhanced by Rs.363.252 million (12.39%) from Rs.2,931.280 million in the Budget Estimates 1995-96 to Rs.3,294.532 million in the Budget Estimates 1996-97. While the other increases reflect normal recurrent liabilities, the major impetus is from enhanced allocation for maintaining the irrigation network - one of the major priority areas of the Government, as brought forth in Chapter 1. The following inset also describes the Government's commitment in this regard. Composition and comparison of expenditure is given in Figures 3.8, 3.9 and, 3.10.







### 3.9 SUBSIDIES:

Revised Estimates 1995-96 show a decrease of Rs.174.510 million over Budget Estimates of Rs.1,360.000 million. This decrease reflects reduced expenditure on subsidies provided on wheat imported during the year. Estimates for 1996-97 have been anticipated at Rs.1,418.413 million. The subsidy is meant to meet the difference between the procurement costs and the issue price of wheat.

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

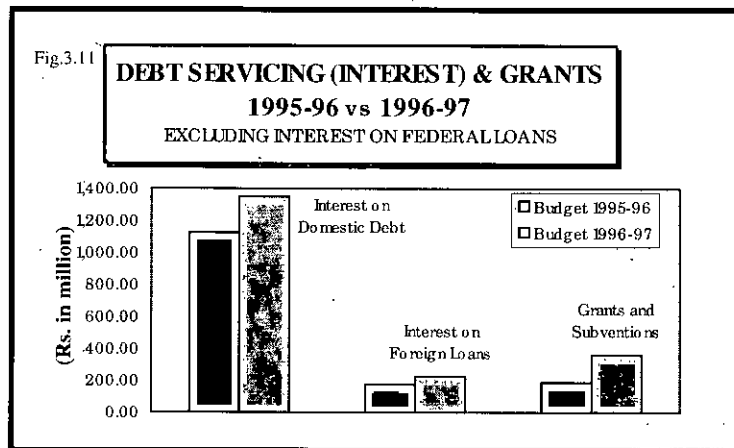
Expenditure under this head is mainly incurred as payment of mark-up on provincial debt. It also includes grants made by the Provincial Government to autonomous bodies and other institutions like the Punjab Economic Research Institute, Cholistan Development Authority, Punjab Engineering Academy and the Punjab Land Utilisation Authority. Details are given in Table 3.5. As apparent, bulk of the expenditure is on payment of interest on loans (98.57% in 1995-96 and 97.51% in 1996-97).

TABLE 3.5  
DEBT SERVICING, INVESTIBLE FUNDS AND GRANTS

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Interest on Domestic Debt	1,125.467	1,144.631	1,353.932
Interest on Federal Loans	11,630.742	11,433.345	12,423.800
Interest on Foreign Loans	179.669	190.337	223.883
Sub-total	12,935.878	12,768.313	14,001.615
Grants and Subventions	187.102	145.946	358.017
<b>Total</b>	<b>13,122.980</b>	<b>12,914.259</b>	<b>14,359.632</b>

Interest on domestic debt is set to increase by Rs.228.465 million (20.30%) in 1996-97, while interest on foreign loans is to go up by Rs.44.214 million (24.61%) in 1996-97. The largest increase in absolute terms (Rs.793.058 million) is in interest on federal loans. This increase is 6.82% over the 1995-96 level.



Debt servicing liability of the province was projected at Rs.12,935.878 million in the Budget Estimates 1995-96. It decreased to Rs.12,768.313 million in the Revised Estimates due to a saving in the provision made for payment of interest on overdraft taken from the State Bank of Pakistan during the year. During 1996-97, debt servicing liability is estimated at Rs.14,001.615 million. The increase is due to the expansion in the quantum of cash development loans obtained from the Federal Government for financing the development budget of the Province over the years.

Grants and subventions decreased from Rs.187.102 million in the Budget Estimates 1995-96 to Rs.145.946 million in the Revised Estimates and have been estimated at Rs.358.017 million during 1996-97. Composition of this expenditure head and a comparison of expenditure allocations may be seen in Figures 3.11 to 3.14.

Fig. 3.2

**INTEREST ON FEDERAL LOANS  
1995-96 vs 1996-97**

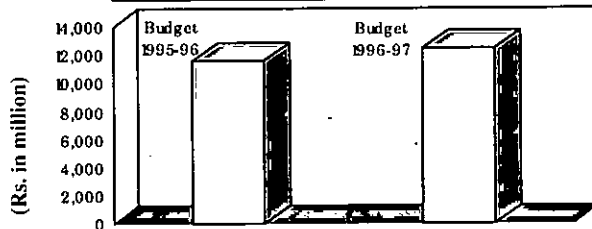


Fig.3.13

**DEBT SERVICING, INVESTIBLE FUNDS  
AND GRANTS B.E 1995-96**

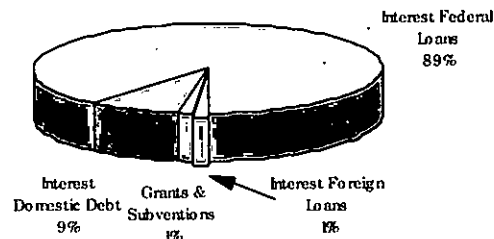
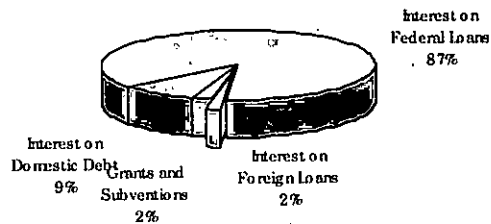


Fig.3.14

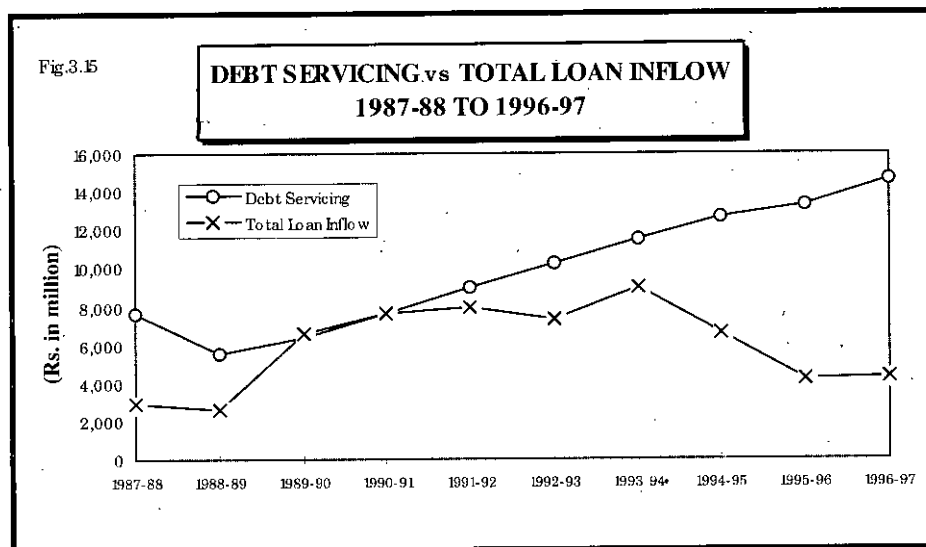
**DEBT SERVICING, INVESTIBLE FUNDS  
AND GRANTS B.E 1996-97**



### 3.11 ECONOMICS OF DEBT SERVICING:

It has been stated earlier that there is a conscious effort from 1995-96 to fund developmental activities more and more from the surplus in the current budget. This would be a departure from the time-honoured practice of funding the TPP mainly through cash development loans obtained from the Federal Government - and a small part through foreign loans. While attractive in the short-term, the policy of reliance on loans is now causing severe cash flow problems for the Province.

The situation of net outflow of resources on account of debt servicing of CDL and foreign loans (mainly interest, including small amounts of principal) vis-à-vis net inflow of funds on account of CDL and foreign loans is given in Figure 3.15. The position of net outflow in form of debt servicing and net inflow in terms of CDL is so obvious that the Figure needs no explaining. As such the Government is trying to rectify a warped situation. Though the throw forward of years of living on loans would continue for some years, a consistent policy of moving away from CDL would eventually mean a reduction and eventual wiping off of the loan liability.



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

In the Budget Estimates 1995-96 an amount of Rs.0.334 million was reflected under this head. The Revised Estimates have been fixed at Rs.0.337 million. The Budget Estimates 1996-97 have been estimated at Rs.250.337 million. This amount includes expenditure for reconstruction and repair of boundary pillars along the Indo-Pak border.

### 3.13 SOCIAL ACTION PROGRAMME (SAP)

Social Action Programme is a multi-sectoral programme involving primary education, basic health, population planning and rural water supply & sanitation. The programme focuses on enhancing coverage level

in these areas and on improving the quality of delivery of services, through sustained increases in SAP sector expenditure. The Programme was conceived in 1992-93, at a time when there was a wide disparity between the GDP growth and social indicators - Pakistan had been consistently recording GDP growth rates higher than the average of low income countries, whereas social indicators were dismally below the averages for the same categories of countries. This is evident from Tables 3.6 and 3.7.

TABLE 3.6  
BASIC INDICATORS - INTERNATIONAL COMPARISON I

Countries	Population (millions)	Population annual growth rate (%)	GNP per capita (dollars)	Life expectancy at birth (years)	Infant mortality rate (per 1000 live births)	Total fertility rate
Pakistan	136.7	3.0	430	62	88	6.0
India	918.6	2.0	300	61	80	3.7
Bangladesh	117.8	2.1	220	56	106	4.2
China	118.1	1.5	600	72	17	2.4
Sri Lanka	1208.8	1.4	490	69	30	2.0
Indonesia	194.6	1.7	740	63	56	2.8
Malaysia	19.7	2.5	3,140	71	13	3.5

Sources: World Bank (1995). World Development Report.  
UNICEF (1996). The State of the World's Children.

TABLE 3.7  
BASIC INDICATORS - INTERNATIONAL COMPARISON II

Countries	Adult literacy rate		Education females per 100 males (primary)	% of population with access to safe water	% of population with access to adequate sanitation
	Male	Female			
Pakistan	46	21	52	50	33
India	62	34	74	75	29
Bangladesh	47	23	81	78	34
Sri Lanka	93	85	93	60	61
China	87	68	87	71	24
Indonesia	88	75	94	42	51
Malaysia	87	74	95	78	94

Sources: World Bank, (1995). World Development Report.  
UNICEF (1996). The State of the World's Children.

The donors entered the programme in 1993-94 with a three year programme-SAP-I. The project sought to realize the joint output of integrated provision of basic services by improving access to these services particularly for women and children of rural areas. The major innovations were, juxtaposition of

development and recurring budgets, community participation as a principal implementation arrangement and shift of planning and decision-making from Provincial to District and eventually to the local level.

### **3.14 ACHIEVEMENTS UNDER SAP-I**

An evaluation of SAP-I indicates that while the overall quality of service delivery in social sectors continues to remain less than satisfactory, SAP has succeeded in arresting further decline in the service delivery level. Some improvements have been noticed in staff attendance, localization of facility staff and availability of non-salary items. There has been a general improvement in the attendance of doctors, teachers and family welfare workers during the last two years. The District Officers have also reported improvement in allocation and timely supply of non-salary inputs like education material at schools and supply of contraceptives at Family Welfare Centres (FWCs). However, at the facility level the mechanism of supplies needs to be more efficient.

Community participation in provision of social service is important since there is nothing more cost-effective than the involvement of community in design, construction, operation & maintenance, and supervision of services. There has been limited success in eliciting community participation in the delivery of social services.

### **3.15 PROGRAMME FOR FINANCIAL YEAR 1996-97**

On the request of the Government the SAP donors have agreed to extend the SAP upto the year 2000. In this respect an appraisal mission will be visiting the Province in July/August, 1996. Financial year 1996-97 is the first year of SAP-II. The emphasis would continue to be on completion of the un-finished agenda of SAP-I. Special attention would be given to governance issues, developing awareness among politicians and the bureaucracy, institutional reforms, and improving the existing lot of services-delivery personnel through in-service training. An additional focus will be on improvement of quality by enhancing non-salary allocations. The non-salary budget for 1996-97 has been increased overall by 22.53% over 1995-96. For ensuring timely supply of non-salary items at facility level, the department will undertake up-front planning for utilization of the non-salary items including repair and maintenance of facilities. It will be ensured that these budgetary provision are released to the operational level not later than the end of the first quarter of the financial year. A comparison of development and non-development budget allocations for 1995-96 and 1996-97 is given in Appendix-C.

### **3.16 SECTORAL STRATEGIES/INITIATIVES DURING 1996-97**

#### **Primary/Elementary Education Sector.**

A major breakthrough during 1995-96 was involvement of communities in pilot projects run in 11 districts of the province for bringing quality improvement in 5000 schools. The Schools Management Committees (SMCs), were provided with grants for procurement of furniture/jute mats, educational material and for minor maintenance & repair. The experiment is being closely monitored during the first quarter of 1996-97 and if found successful would be replicated on a larger scale. Similarly in order to improve the quality of construction, the experiment of engaging management consultants would also be tried initially on a limited scale under the Punjab Middle Schooling Project. Education management information system (EMIS) has become fully functional and has also generated a school survey report for

1995-96. Efforts are in hand to fully utilize this data during financial year 1996-97 for better planning, monitoring and ensuring quality inputs in the Education Sector. Another major initiative by the Education Department is provision of education through non-formal elementary education schools to be organized by the NGOs. During the current financial year Education Department would establish 550 schools with an allocation of Rs.10.00 million through NGOs. The enhancement of non-salary budget over the previous year has been substantial and its comparative allocation is given in Table 3.8:

TABLE 3.8  
PRIMARY EDUCATION  
(Non-Salary Budget)

*(Rs. in million)*

1995-96	1996-97	% Increase
476.275	545.662	14.56

#### Primary Health Care Sector.

The focus in the Health Sector during the financial year 1996-97 would be towards preventive cure with special attention towards reducing maternal and infant mortality rate. Emphasis would continue on the Enhanced Programme for Immunization (EPI) and the Communicable Disease Control Programme (CDC). As in the previous year efforts were made to curtail construction of BHUs/RHCs, and attention was devoted to making these units fully functional and operational. The Health Department is making a comprehensive action plan for Maternity and Child Health, in order to ensure optimal utilization of all available resources. A similar effort is being made to design a Health Education & Nutrition Programme, as this segment of Health Care remained neglected in the previous years. In the first phase of SAP, emphasis remained on developing BHUs/RHCs as first level referral system. During SAP-II Tehsil Headquarter Hospitals have been included in the Package for better care facilities at the tertiary level. The Health Department is also making efforts to prepare a plan to train the remaining staff of BHUs/RHCs in family planning services. During financial year 1996-97 it is expected that all basic health facilities of the Health Department would start providing family planning services. Efforts would continue for decentralization of administrative and financial powers, to check absenteeism in basic health facilities and to reduce the vacancy position of paramedics at the BHUs/RHCs level. Non-salary allocation for 1996-97 has been considerably enhanced over 1995-96 as shown in Table 3.9.

TABLE 3.9  
PRIMARY HEALTH CARE  
(Non-Salary Budget)

*(Rs. in million)*

1995-96	1996-97	% increase
664.377	825.407	24.23

#### Population Welfare Sector.

To increase staff accountability and efficiency administrative reforms at all levels, especially those relating to the provision of additional powers to the field level officers would be carried out during 1996-97. The Population Welfare Department will concentrate on coordination with the Health Department for

the training of health workers in family planning and the use of BHUs to deliver contraceptives. The supervision and monitoring system will be strengthened in order to improve service quality and to increase coverage, especially in rural areas. Awareness about family planning within the community will be created through village based women workers.

### **Rural Water Supply & Sanitation Sector.**

The Rural Water Supply & Sanitation Sector continues to receive maximum attention from public representatives probably because of pressures generated by the people. Incidentally this particular sector has not performed as well as it was anticipated to do through direct community participation. In spite of clear policy directions that no new schemes would be operated or maintained by the PHED the O&M expenditure has continued to rise over the years. One of the reasons for this is the lack of expertise which the executing department faces in eliciting community participation. During financial year 1996-97 a Community Development Unit (CDU) will be made fully functional to act as a bridge between the community and the PHED in order to involve the community at the planning, designing, construction and maintenance stages. A concerted effort is also being launched by the department to rehabilitate the existing schemes and for transferring them to the community.

The SAP is a large and complex programme. Much has been achieved which the Province is proud of. The purpose of SAP is to reverse the past under-investment in social sectors in order to improve and expand basic social services. The most important element, and the greatest achievement of the SAP effort, has been to increase expenditure on the basic social services. In the current budget, the annual budget allocations have risen well above the rate of inflation and population growth, implying significant increase in per capita allocations. Comparative allocations are given in Table 3.6.



### **Introduction:**

Current capital receipts accrue partly to the Provincial Government's Account No. 1 (Non-Food Account) and partly to Account No. II (Food Account), maintained with the State Bank of Pakistan. Capital receipts which accrue to Account No. 1, comprise:

- grants from the Federal Government;
- extraordinary receipts;
- public debt, and
- recoveries of loans and advances extended by the Provincial Government.

The receipts forming part of Account No. II consist of temporary advances from commercial banks for financing operations of state trading in foodgrains. The cash credit limit for food advances is fixed by the Federal Government and these advances are secured against food stocks which constitute the primary security for the commercial banks. Government of the Punjab, Finance Department provides a continuing guarantee i.e. second security to repay, in case of a default by the Food Department. This ensures smooth operation even in cases of fluctuation in value of hypothecated stocks. Account No. II is maintained with the State Bank of Pakistan exclusively for transactions relating to receipts and expenditures of the Food Department. The quantum of such temporary advances estimated at Rs.11,234.765 million in the Budget Estimates 1995-96 decreased to Rs.10,808.506 million in the Revised Estimates 1995-96 due to the decrease in the target. The target for procurement of wheat went down from 2.700 million metric tons to 2.600 million metric tons. The budget on this account for 1996-97 has been fixed at Rs.12,288.168 million keeping in view the anticipated procurement of 2.700 million metric tons. The interest on advances has been increased from 10.5% in 1995-96 to 16.5% in 1996-97 by the State Bank of Pakistan. This is the main reason for an increase in advances (i.e. the Budget Estimates) with the procurement target remaining the same as in 1995-96.

Details of capital receipts accruing to Account No. I and Account No. II are given in Table 4.1. These show decrease of Rs.794.424 million in the Revised Estimates over the Budget Estimates 1995-96 and are expected to be Rs.13,371.668 million in 1996-97. In what follows, an effort has been made to explain the individual items which comprise current capital receipts.

#### **4.1 EXTRAORDINARY RECEIPTS:**

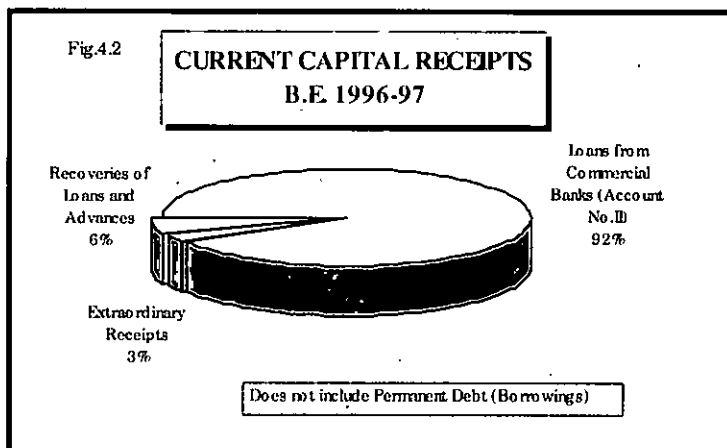
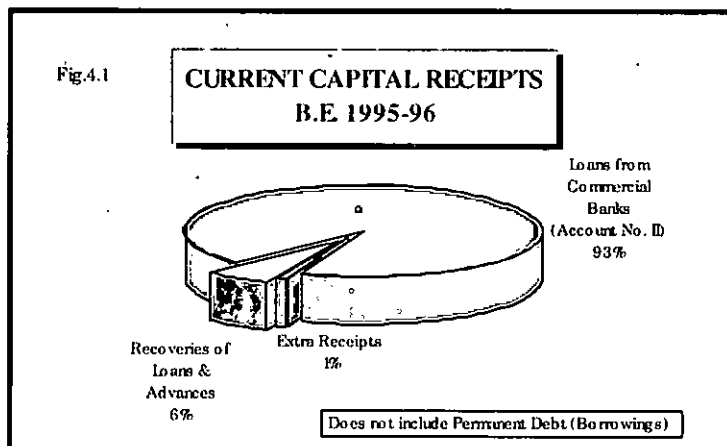
Extraordinary receipts accrue mainly from the sale of Government land, interest on deferred payments of land sold in colony districts and proceeds from sale of plots in industrial

estates. The Revised Estimates of Rs.338.565 million show an increase of Rs.210.140 million over the Budget Estimates of Rs.128.425 million for 1995-96. The 163.63% increase during the year was due to an unprecedented increase in receipts from sale of lands. The extraordinary receipts are estimated at Rs.345.000 million for 1996-97, an increase of Rs.216.575 million (168.64%) over the Budget Estimates 1995-96. The share of extraordinary receipts, within the current capital receipts is estimated at about 2.58% in 1996-97, 1.5% up from 1% in the Budget Estimates 1995-96 (Figures 4.1 and 4.2).

TABLE 4.1  
CURRENT CAPITAL RECEIPTS

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
Extraordinary Receipts	128.425	338.565	345.000
Permanent Debt (Borrowing)	01.116	0.798	0.900
Floating Debt (Ways & Means Advance)	-	-	-
Recoveries of Loans and Advances	747.599	169.612	737.600
Loans from Commercial Banks (Account No.II)	11,234.765	10808.506	12,288.168
<b>Total :</b>	<b>12,111.905</b>	<b>11,317.481</b>	<b>13,371.668</b>



#### 4.2 PERMANENT DEBT:

Public debt of the province includes floating debt and permanent domestic debt which, in turn, includes direct debt and debt received from the Federal Government. The Provincial Government's permanent domestic debt, or direct debt, represents market loans and land commission compensation bonds. Market loans are long-term loans obtained by the Provincial Government from the general public and financial institutions. In the past, on maturing, the liabilities of the maturing loan were transferred to a new loan floated for the purpose. However, in view of the improved financial position of the Government, the 10.75% Punjab Loan 1996, floated in 1986 for the amount of Rs.27.315 million, maturing in 1996-97 would be paid in cash and as such a nil provision has been reflected in the Budget Estimates 1996-97.

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

Ways and means advances represent temporary borrowings from the State Bank of Pakistan which are resorted to as and when the Provincial Government's cash balance with the State Bank of Pakistan falls below the minimum required to be maintained there. A fall in the cash balance can occur due to the uneven flow of receipts into government account or because of a delay in the release of funds due from the Federal Government. The concept of floating debt in the original sense of the term ended in 1994. On 1-7-1994, the State Bank of Pakistan, agreeing to Government of the Punjab's longstanding demand, allowed an overdraft limit of Rs.1,530.000 million to the Government at 14% markup, in lieu of the earlier floating debt limit of Rs.61.200 million. In case the overdraft goes over Rs.1530.00 million, interest at market rate (19%) would be charged. For a province the size of Punjab, the former limit was unrealistic (and was fixed about 20 years ago). The new OD limit makes for better financial management. Provision for an OD is not required. As such, there is a nil allocation for 1996-97. In July 1995, Account No.1 of Government of the Punjab went into debit for four days, accumulating an interest of Rs.0.495 million.

#### 4.4 RECOVERY OF LOANS AND ADVANCES:

Receipts under this head accrue from recovery of principal amount of loans, which include short-term and medium-term loans given to the cultivators for purchase of agricultural implements and inputs, loans to government employees for purchase, repair and construction of houses and for purchase of motor cars, motor cycles and bicycles<sup>1</sup>, loans to local bodies for financing their water supply, sewerage and drainage schemes and loans to autonomous bodies for financing specific development projects. Receipts on account of recoveries of loans and advances have decreased from Rs.747.599 million in the Budget Estimates to Rs.169.612 million in the Revised Estimates 1995-96. A provision of Rs.737.600 million has been made for 1996-97. The shortfall in actual recoveries against the budgeted estimates is largely on account of non-performance of loans made to various autonomous bodies/corporations of the Provincial

<sup>1</sup> No new loans were sanctioned during the year as the grant of these loans had been discontinued w.e.f. 1-7-1990 and recoveries are being made against loans advanced in the past.

Government. The major defaulters are the Punjab Road Transport Corporation (P.R.T.C.), the Tourism Development Corporation of Punjab (T.D.C.P.), W.A.S.A. (L.D.A.), W.A.S.A. (F.D.A.) and the Auqaf Department, amongst others.

Chapter Five  
**CURRENT CAPITAL EXPENDITURE**

**Introduction:**

Current capital expenditure, like the current capital receipts, figures in both Account No. I and Account No. II of the Provincial Government which are maintained with the State Bank of Pakistan. The expenditure in Account No. I under this head consists of repayment of debt, loans and advances by the Provincial Government, and state trading in medicines and coal.

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

Details of the current capital expenditure are given in Table 5.1.

TABLE 5.1  
**CURRENT CAPITAL EXPENDITURE**

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<i>(Rs. in million)</i>			
<b>ACCOUNT NO. I</b>			
Debt Servicing (Principal repayment)	1,558.687	1,629.943	1,999.354
Loans and Advances	402.765	873.226	487.160
State Trading in Medicines and Coal	00.902	0.903	0.983
<b>Total Account No. I:</b>	<b>1,962.354</b>	<b>2,504.072</b>	<b>2,487.497</b>
<b>ACCOUNT NO. II</b>			
State Trading in Foodgrains (Net)	(-)985.148	(+)7.802	(+)2.802
Debt Servicing	12,219.913	10,800.704	12,285.366
<b>Total Account No. II:</b>	<b>11,234.765</b>	<b>10,808.506</b>	<b>12,288.168</b>
<b>Grand Total Accounts I &amp; II:</b>	<b>13,197.119</b>	<b>13,312.578</b>	<b>14,775.665</b>

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

Debt servicing (amortisation) in Account No. I consists of payment of principal instalments on market loans, Federal Government loans and foreign debt.

The expenditure has increased from Rs.1,558.687 million in the Budget Estimates 1995-96 to Rs.1,629.943 million in the Revised Estimates. Budget Estimates 1996-97 have been fixed at Rs.1,999.354 million. The details of debt servicing in Account No. I are as follows :

**5.2 REPAYMENT OF FEDERAL LOANS**

The Annual Development Programme (Tameer-e-Punjab Programme) has traditionally been financed mostly through borrowings from the Federal Government and

foreign agencies. Rupee loans received from the Federal Government are repaid in equal instalments over a period of 20 years after an initial grace period of five years. The terms and conditions of repayment of foreign exchange loans by the Province are the same as those between the Federal Government and lending agencies. Repayment in case of U.S. AID Counterpart Fund loans is made in 61 half-yearly instalments with an initial grace period of ten years. For the repayment of German counterpart fund loans, the terms and conditions are the same as those for repayment of cash development loans obtained from the Federal Government.

At the end of the financial year 1995-96, the total debt liability of the Punjab Government will be Rs.85,572.077 million. The details are as follows:

Table 5.2  
BREAKUP OF TOTAL DEBT LIABILITY

		<i>(Rs. in million)</i>
a:	on account of rupee loans received from federal government	76,115.829
b:	on account of counterpart fund rupee loans	200.040
c:	on account of foreign exchange loans	9,256.208
<b>Total:</b>		<b>85,572.077</b>

Rupee loans are utilized for financing the development programme, for installation of Scarp tubewells and for other emergent projects on the basis of need. Details of the loans outstanding against the Provincial Government on 30-6-1996 are given in Appendix-B. Of the total liability of Rs. 85,572.077 million, about 88.95 per cent is on account of rupee loans which are owed to the federal government.

Current capital expenditure is concerned chiefly with repayment of principal of loans outstanding against the Government, with interest being taken care of in current revenue expenditure. Table 5.3 provides a 10 year analysis of the total debt servicing by Government of the Punjab. It is interesting to note that total debt servicing has increased by Rs. 6,935.837 million in 10 years - a jump of about 90.28% over the amount in 1987-88. As explained in Chapter 3, the quantum leap in the amount of debt servicing has mainly been due to repayment of interest and part of principal on cash development loan, taken liberally in the past to finance the development activity in the Province. With a policy of increasing reliance on local funds for development --- being followed now -- it is expected that debt servicing would decrease in the coming years.

TABLE 5.3  
DEBT SERVICING SINCE 1987-88

*(Rs. in million)*

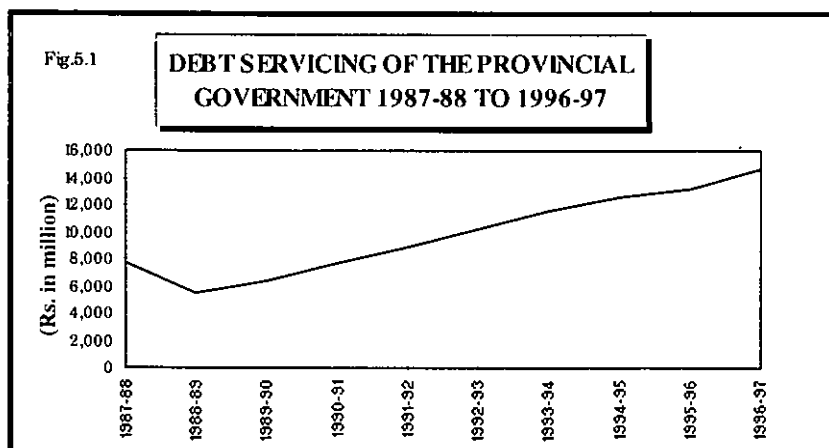
Year	Principal (1) <sup>1</sup>	Interest (2)	Total (1+2)
1987-88	3098.400	4,584.600	7,683.000
1988-89	564.100	4,990.300	5,554.400
1989-90	632.500	5,773.500	6,406.000
1990-91	771.400	6,894.200	7,665.600
1991-92	843.600	8,099.800	8,943.400
1992-93	1,001.000	9,259.000	10,260.000
1993-94	1,157.700	10,336.500	11,494.200
1994-95	1,342.500	11,263.700	12,606.200
1995-96	1,629.145	11,623.682	13,252.827
1996-97	1,971.154	12,647.683	14,618.837

Table 5.4 shows the total debt servicing in two components, foreign loan and domestic loan.

TABLE 5.4  
DEBT SERVICING: DOMESTIC AND FOREIGN COMPONENTS

*(Rs. in million)*

Year	Foreign (1)	Domestic (2)	Total (1+2)
1987-88	155.300	7,527.700	7,683.000
1988-89	206.800	5,347.600	5,554.400
1989-90	253.700	6,152.300	6,406.000
1990-91	220.200	7,445.400	7,665.600
1991-92	308.100	8,635.300	8,943.400
1992-93	361.600	9,898.400	10,260.000
1993-94	378.700	11,115.500	11,494.200
1994-95	445.300	12,160.900	12,606.200
1995-96	560.314	12,692.513	13,252.827
1996-97	705.457	13,913.380	14,618.837



<sup>1</sup> Figures in Tables 5.3 and 5.4 relate to the Revised Estimates, which are finalized after reconciliation with the Federal Government.

### 5.3 MARKET LOANS

Market loans are a tool of fiscal management. Government of the Punjab is allowed, with the prior permission of the Federal Government, to float market loans. These are floated for a fixed amount of public subscription at a guaranteed rate of return. Government usually floats new loans to retire the existing market loans---which are mostly a legacy of the one-unit era. The details of market loans outstanding at the end of the financial year 1995-96 are given in Table 5.5. It is important to note that 10.75% Punjab Loan 1996, maturing in September 1996 is proposed to be retired through cash payment.

TABLE 5.5  
MARKET LOANS OF PUNJAB GOVERNMENT

<i>(Rs. in million)</i>				
	Name of the loan	Year of issue	Date of maturity	Amount
1.	10.75% Punjab Loan 1996	1986	13.9.1996	27.315
2.	10.75% Punjab Loan 1997	1987	27.8.1997	50.578
3.	10.50% Punjab Loan 1998	1988	12.10.1998	75.747
4.	10.50% Punjab Loan 1999	1989	17.9.1999	78.516
5.	15% Punjab Loan 2001	1991	27.8.2001	75.227
6.	16% Punjab Loan 2004	1994	19.6.2004	106.000
	<b>Total:</b>			413.383

### 5.4 WAYS AND MEANS ADVANCES

The Punjab Government was earlier allowed to draw ways and means advances from the State Bank of Pakistan upto a total amount of Rs.61.200 million at a time. These advances were resorted to when the Provincial Government experienced shortfalls in its cash balance and temporary loans became necessary to run the day-to-day business of the Government. As of 1-7-1994, the State Bank of Pakistan has allowed the Punjab Government an overdraft facility of Rs.1,530.000 million at 14% rate of interest. Penal interest @19% would be charged in case the OD extends beyond this limit. As such ways and means advances in the original sense, are no longer a part of debt servicing.

### 5.5 LOANS AND ADVANCES:

The Provincial Government advances loans to cultivators and local/autonomous bodies for specific purposes. Against a provision of Rs.402.765 million in the Budget Estimates, loans of Rs.873.226 million were advanced in 1995-96. In addition to the normal growth in loans, the increase was necessitated due to additional loans to the Punjab Road Transport Corporation (P.R.T.C.), Multan Development Authority and the Tourism Development Corporation of the Punjab (T.D.C.P.) for payment of salaries and to the Punjab Cooperatives Board for Liquidation (P.C.B.L.) for implementation of the Prime Minister's Relief Package for the affectees of Cooperatives scam. The Budget Estimates for 1996-97 have been pitched at Rs.487.160 million, a large part of which would finance salary expenditure of P.R.T.C.



## 5.6 STATE TRADING IN MEDICINES AND COAL:

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

**INTRODUCTION:**

State trading operations of the Provincial Government relate to procurement and sale of foodgrains, sugar, medical stores, and coal. Transactions pertaining to state trading in foodgrains are kept separate and their receipts and expenditures are credited and debited to the provincial government's Food Account with the State Bank of Pakistan. It is carried on with borrowings from nationalised and other commercial banks, as per cash credit accommodation facilities by the State Bank of Pakistan. The details of receipts and expenditures resulting from state trading operations of the Provincial Government are given in Table 6.1.

**TABLE 6.1  
STATE TRADING SCHEMES**

*(Rs. in million)*

	<b>Budget 1995-96</b>	<b>Revised 1995-96</b>	<b>Budget 1996-97</b>
<b>A: FOODGRAINS</b>			
Gross Expenditure on Purchase of Foodgrains	13,059.852	12,973.292	14,536.215
Deduct recoveries	(-)14,045.000	12,965.490	14,533.413
Net Expenditure:	(-)985.148	(+ )7.802	(+ )2.802
<b>B: STATE TRADING IN MEDICAL STORES:</b>			
Expenditure	158.157	159.050	188.417
Deduct Recoveries	(-)158.157	(-)159.050	(-)188.417
Net Expenditure:	-	-	-
<b>C: STATE TRADING IN COAL:</b>			
Expenditure	0.902	0.903	0.983
Deduct Recoveries	-	-	-
Net Expenditure:	(+ )0.902	(+ )0.903	(+ )0.983

**6.1 FOODGRAINS:**

State trading in foodgrains relates mainly to the purchase of wheat by the Government. The role of private sector in this area is minimal because of its financial and logistics constraints. The bulk of the wheat crop available for sale is procured simultaneously by the Punjab Food Department and Pakistan Agricultural Services and Storage Corporation (PASSCO). If there is any shortfall between the supply and demand of wheat, Government of the Punjab buys indigenous as well as imported wheat from PASSCO and the Federal Government. The wheat is provided to flour mills by the Food Department. The procurement price and the sale price of wheat is fixed by the Government.

The expenditure on purchase, handling and storage of wheat during 1995-96 decreased from the estimated amount of Rs.13,059.852 million to Rs.12,973.292 million in the

Revised Estimates as a consequence of decrease in procurement target of wheat. Consequently the budgeted receipts from the sale of foodgrains, estimated at Rs.14,045.000 million, decreased to Rs.12965.490 million in the Revised Estimates 1995-96.

The procurement price of wheat for 1996-97 has been fixed at Rs.4,325 per metric ton for indigenous and Rs.5,487.99 per metric ton for imported wheat, while incidental charges<sup>1</sup> have been fixed at Rs.895.29 per metric ton for indigenous wheat and Rs.569.56 per metric ton for imported wheat. The purchase target for 1996-97 is 2.700 million metric tons of wheat (2.200 million metric tons of indigenous wheat and 0.500 million metric tons of imported wheat). To meet this target an amount of Rs.14,536.215 million has been made available in 1996-97. Receipts during the year from the sale of foodgrains are estimated at Rs.14,533.413 million.

## 6.2 STATE TRADING IN COAL AND MEDICINES:

The expenditure on state trading in medical stores is completely counter balanced by receipts and recoveries.

The Provincial Government procures coal and then sells it for use in the public and private sectors. During 1995-96, no sale proceeds of coal from the stocks are expected against an expenditure of Rs.0.902 million (BE) and Rs.0.903 million (RE). In 1996-97, the situation would be similar with no sales expected from stocks against an expenditure provision of Rs.0.983 million. The expenditure pertains to normal expenses of the coal control organization working under Industries & Mineral Development Department.

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<sup>1</sup> Incidental charges are expenses on purchase of gunny bags, delivery expenses, bank commission, taxes and duties, transportation charges, handling charges, godown expenses, shortage and unforeseen expenditure, storage surcharge, departmental charges and interest on loans from banks.

**INTRODUCTION:**

Public Account has been briefly touched upon in Chapter 1. The transactions which comprise the Public Account of the Provincial Government are outside the Provincial Consolidated Fund, both on the receipt and the expenditure side. These are categorised broadly as unfunded debt (deferred liabilities), deposits and reserves, and remittances.

Table 7.1 shows receipts and disbursements from the Public Account transactions and their net effect in 1995-96 and in the Budget Estimates 1996-97.

**TABLE 7.1  
PUBLIC ACCOUNT TRANSACTIONS**

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>RECEIPTS</b>			
<b>Deferred Liabilities:-</b>			
State Provident Fund.	1,562.660	2,131.559	2,131.559
Benevolent Fund.	586.902	-	-
Deposits and Reserves	8,545.098	22,529.975	21,838.875
Remittances	23,040.500	993.064	993.064
<b>Total :</b>	<b>33,735.160</b>	<b>25,654.598</b>	<b>24,963.498</b>
<b>DISBURSEMENTS</b>			
<b>Deferred Liabilities:-</b>			
Disbursement (State Provident Fund)	717.576	1,822.659	1,822.659
Investment (State Provident Fund)	845.100	308.900	308.900
Benevolent Fund.	454.396	-	-
Deposits and Reserves	8,671.004	22,522.935	21,831.835
Remittances	23,040.500	993.064	993.064
<b>Total:</b>	<b>33,728.576</b>	<b>25,647.558</b>	<b>24,956.458</b>
<b>NET</b>			
Deferred Liabilities	(+) <b>132.490</b>	-	-
Deposits and Reserves	(-) <b>125.906</b>	(+) <b>7.040</b>	(+) <b>7.040</b>
Remittances	-	-	-
<b>Total:</b>	<b>(+)6.584</b>	<b>(+)7.040</b>	<b>(+)7.040</b>

**7.1 DEFERRED LIABILITIES:**

Unfunded debt is the deferred liability of the Provincial Government on account of balances in provident funds of government employees. As the number of government employees increases from year to year, their contributions to provident funds also increase. As the payments into such funds usually exceed withdrawals therefrom, the net result is an increase in government's liability. Receipts in the Revised Estimates 1995-96 increased to

Rs.2,131.559 million from the Budget Estimate of Rs.1,562.660 million. Budget Estimates for 1996-97 have been fixed at Rs.2,131.559 million. Accounts of unfunded debt, both receipts and disbursements, are maintained by the office of the Accountant General, Punjab.

## **7.2 DEPOSITS AND RESERVES:**

Deposits and reserves cover a large number of items of miscellaneous receipts and expenditure, most of which do not follow any fixed pattern. This is especially true of receipts and expenditures pertaining to personal ledger accounts of autonomous and local bodies of the Provincial Government which are kept with government treasuries. This also applies to receipts and expenditures pertaining to various suspense accounts. Whether net receipts from suspense accounts will be positive or negative depends entirely on whether misclassification in respect of receipts has been greater than that in respect of expenditure and vice versa. Therefore, for purposes of budgeting, the net effect of such receipts and expenditure is assumed to be nil as receipts and disbursement of equal size are shown on both sides of the account.

## **7.3 REMITTANCES:**

The net effect of the transactions pertaining to the remittance heads, including the inter-provincial suspense accounts and the adjusting account between the Federal Government and the Provincial Government, has also been assumed to be nil during 1996-97 as was done for 1995-96.

## **7.4 INVESTMENT OF PROVIDENT FUND (UNFUNDED DEBT) BALANCES**

Punjab Government, in the past, had been utilising net public account receipts either to finance the deficit in the current budget or to finance development expenditures. This amounted to internal borrowing which is more expensive than cash development loans. The size of the surplus in recent years included excess of receipts in the provident fund of government employees (unfunded debt) over disbursements. Such internal borrowing was feasible when the rate of return paid to government employees on their provident fund balances was much lower than the market rate. With the passage of time, however, the rate of return, inclusive of bonus, on provident fund balances has increased to 20 percent and, therefore, the use of these funds to finance development expenditures is much more expensive than CDL. It is anticipated that as the liability of disbursement of provident fund increases following large scale retirement of government servants who were inducted into service following the nationalization policy of the early seventies, the government will be left with no alternative but to borrow money from the State Bank of Pakistan thereby increasing the deficit in the cash balance.

As Government of the Punjab is presently enjoying a surplus cash balance, it was decided to invest the surplus provident fund balances in government securities and to exclude these from the estimated surplus. As such an amount of Rs.845.100 million was invested in Federal Government securities in 1994-95. In the current financial year an amount of Rs.1 billion, including a provident fund surplus of Rs.308.900 million, has been earmarked for similar investment. An equivalent amount is estimated for investment in 1996-97.

## Chapter Eight

### ANALYSIS OF THE REVENUE BUDGET

#### INTRODUCTION:

The revenue budget includes tax receipts from the federal divisible taxes and provincial taxes, revenue emanating from economic services, civil administration and other functions of the government. It also includes receipts on account of transfers, those derived from income from property and enterprises, receipts-in-aid of superannuation and federal grants.

#### 8.1 REVENUE RECEIPTS:

Budget Estimates 1996-97 show the Provincial Government's current revenue receipts at Rs.84,058.901 million. A major part of these receipts, amounting to Rs.76,343.168 million and constituting almost 90.82% of total revenue income will accrue from taxes. The rest of the Provincial Government's revenue receipts will accrue on account of non-tax revenues and from transfers. The composition of the revenue receipts for 1995-96 and 1996-97 is given in Table 8.1 and is represented graphically in Figures 8.1 and 8.2.

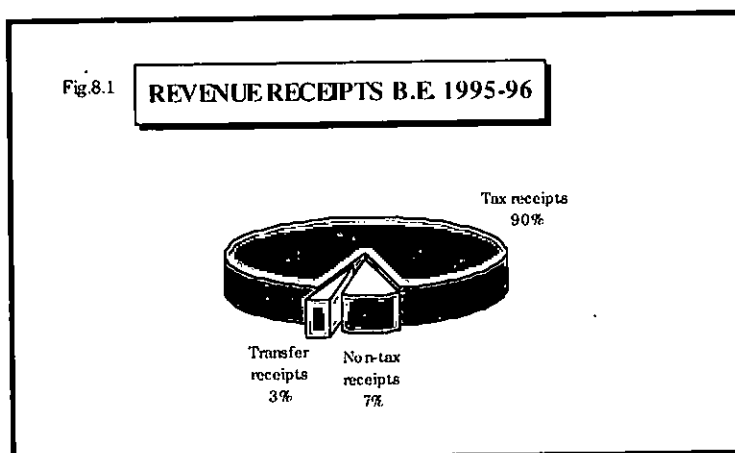
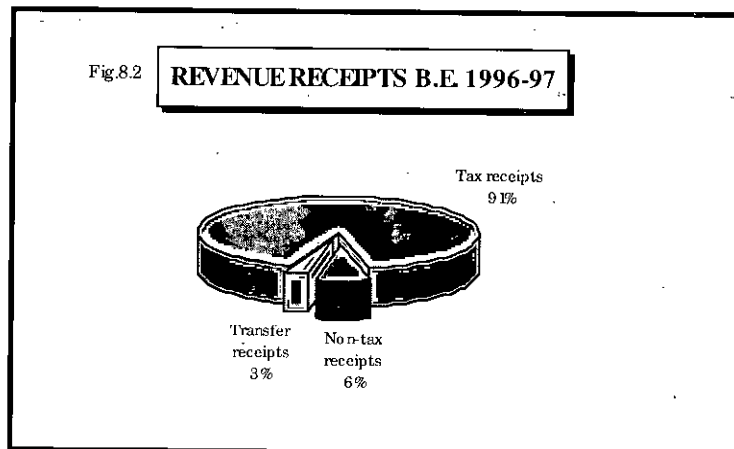


TABLE 8.1  
REVENUE RECEIPTS

*(Rs. in million)*

	Tax receipts	%	Non-tax receipts	%	Transfer receipts	%	Total
Budget 1995-96	65,181.936	90.44	4,942.481	6.86	1,948.378	2.70	72,072.795
Revised 1995-96	67,721.665	90.20	4,804.510	6.40	2,550.450	3.40	75,076.625
Budget 1996-97	76,343.168	90.82	5,342.684	6.36	2,373.049	2.82	84,058.901

The share of transfer receipts holds ground at 2.8% in 1996-97, while the percentage share of non-tax receipts has decreased slightly (despite an increase in absolute terms). The tax receipts share has gone up a little from 90.44% to 90.82% in 1996-97 over 1995-96.



## 8.2 TAX RECEIPTS:

Tax receipts include the Provincial Government's share in the federal divisible taxes and its own tax revenues. These will constitute 90.82% of the total current revenue receipts in the Budget Estimates 1996-97 against 90.44% in the Budget Estimates 1995-96 and 90.20% in the Revised Estimates 1995-96. The slight fall in the percentage share of tax receipts in the Revised Estimates was due to an overall increase in quantum of the receipts. The absolute amount has in fact increased by Rs.61.77 million.

## 8.3 NON-TAX RECEIPTS:

Non-tax receipts of the Provincial Government comprise revenues generated by Government departments (civil administration and other functions) excluding receipts-in-aid of superannuation, plus miscellaneous receipts, excluding federal grants and federal transfers which are transfer payments received from the Federal Government. Table 8.1 shows that non-tax receipts, other than transfers, accounted for 6.40% of total revenue receipts in the Revised Estimates as compared to 6.86% in the Budget Estimates 1995-96. These are estimated to be 6.36% of the total revenue receipts during 1996-97. Tables 2.5 to 2.9 in Chapter 2 give details of non-tax receipts of the Provincial Government.

## 8.4 TRANSFER RECEIPTS:

Transfer receipts include interest receipts, federal grants, receipts-in-aid of superannuation (pension contribution) and federal transfers. Transfer receipts constitute 2.82% of the Budget Estimates of revenue receipts for 1996-97. Transfer receipts increased in the Revised Estimates because of increased level of receipts of federal grants, other federal transfers and improvement in interest receipts on provincial loans and advances. There is also a rise in the Budget Estimates 1996-97 of transfer receipts, mainly due to an increase in receipts-in-aid of

superannuation, interest on provincial loans and other federal transfers. For a fuller detail of estimated receipts of federal transfers, Tables 2.1 and 2.2 may be referred to.

### 8.5 CLASSIFICATION OF TAX REVENUE:

The distribution of tax revenue between receipts from direct and indirect taxes is given in Table 8.2. The ratio between direct (income tax plus the direct provincial taxes) and indirect taxes (export duty on cotton, sales tax, excise duty on tobacco and sugar and indirect provincial taxes) works out at roughly 50:50 in the Budget Estimates 1996-97 as compared to 45:55 in the Budget Estimates 1995-96. A major part of the tax receipts of the province is drawn from federally collected divisible taxes. Table 8.3 indicates the ratio such taxes bear to the receipts of Provincial Government from other taxes.

TABLE 8.2  
CLASSIFICATION OF TAX REVENUE

*(Rs. in million)*

	DIRECT TAXES		INDIRECT TAXES		Total
	Amount	%	Amount	%	
Budget 1995-96	29,055.189	44.58	36,126.747	55.42	65,181.936
Revised 1995-96	33,119.084	48.90	34,602.581	51.10	67,721.665
Budget 1996-97	37,838.079	49.56	38,505.089	50.44	76,343.168

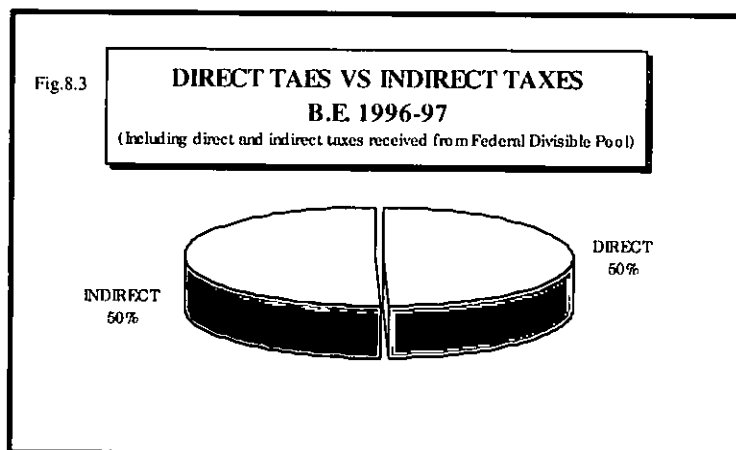


TABLE 8.3  
RATIO OF RECEIPTS FROM FEDERAL DIVISIBLE TAXES  
AND PROVINCIAL TAXES

*(Rs. in million)*

	Federal Divisible Taxes		Provincial Taxes		Total
	Amount	%	Amount	%	
Budget 1995-96	59,303.804	91	5,878.132	9	65,181.936
Revised 1995-96	61,321.695	91	6,399.970	9	67,721.665
Budget 1996-97	69,365.168	91	6,978.000	9	76,343.168



The percentage of the federal divisible taxes in the total tax receipts of the Provincial Government remained constant in the Revised Estimates 1995-96 and Budget Estimates 1996-97. The large proportion of federal taxes in the total tax receipts of the province is explained by the fact that most of the important direct and indirect taxes are, constitutionally, within the jurisdiction of the Federal Government. Table 8.4 shows details of federal divisible taxes which are passed on to this province. Income tax and sales tax, two of the largest taxes of the country are with the Federal Government as are customs and central excise (Figures 8.4, 8.5).

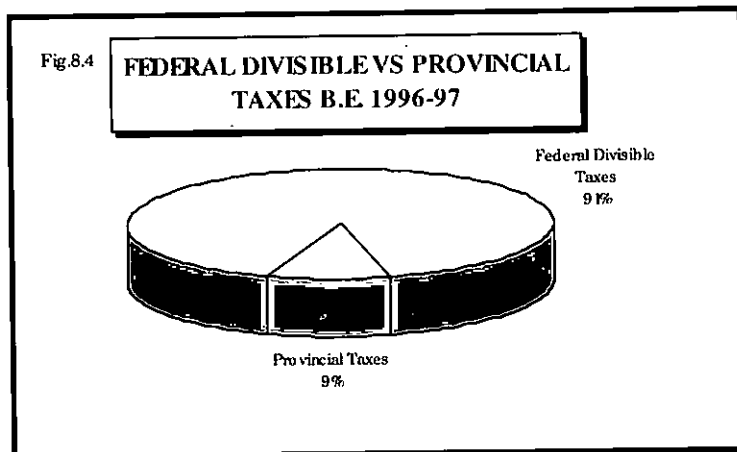
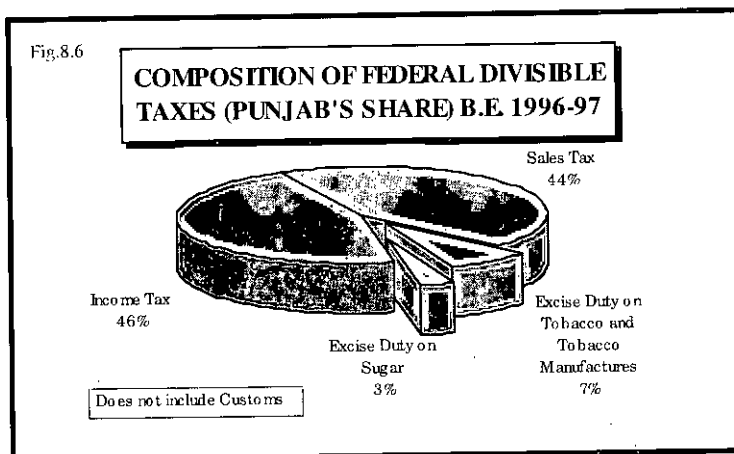
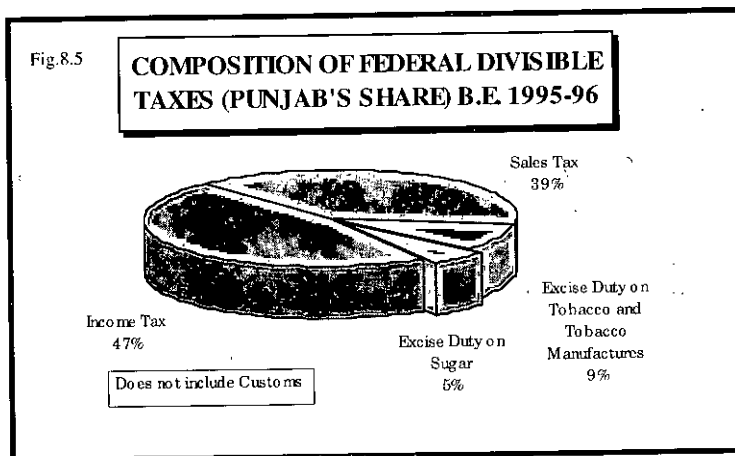


TABLE 8.4  
COMPOSITION OF THE PUNJAB'S SHARE OF  
FEDERAL DIVISIBLE TAXES

*(Rs. in million)*

	Budget 1995-96		Revised 1995-96		Budget 1996-97	
	Amount	%	Amount	%	Amount	%
Income Tax	27,596.677	47	31,616.058	51	36,249.079	52
Sales Tax	23,329.460	39	22,007.597	36	24,934.172	36
Customs	-	-	-	-	-	-
Excise Duty on Tobacco and Tobacco Manufactures	5,494.201	9	5,278.656	9	5,718.544	8
Excise Duty on Sugar	2,883.466	5	2,419.384	4	2,463.373	4
Total:	59,303.804	100	61,321.695	100	69,365.168	100

A comparison of the receipts from different taxes levied and collected by the Provincial Government is given in Table 8.5 (Figure 8.7). Stamp duty, despite the adverse impact on its collection from the capital value tax, continues to be the largest contributor to provincial tax receipts with a share of 36% in the total tax receipts for 1996-97. Land revenue and motor vehicles tax follow with a contribution of 16% and 15% respectively in the total tax revenue in 1996-97. Other important sources of provincial tax receipts are electricity duty, provincial excise and cotton fee, which will contribute 12% and the latter two would contribute 4% each to the provincial tax receipts in 1996-97.



The Revised Estimates of stamp duty receipts increased by Rs.256.311 million from the Budget Estimates of Rs.2,101.699 million. The main reason for this is the diversification of the tax base of stamp duty. Through the Finance Bill 1995, the rates of stamp duty were revised radically. Most of the rates were made *ad valorem*. This increase, coupled with a slight augmentation in the real estate business has resulted in an increase in stamp duty estimates, which is a welcome sign for the provincial exchequer. A comparison of the provincial taxes in 1995-96 and 1996-97 is shown in Figure 8.10. An analysis of the performance of the major provincial taxes in the last five years is given in figures 8.11 and 8.12. In figure 8.13, the relative size of Punjab's share from the divisible pool is given along with the size of indirect and direct taxes in the past five years.

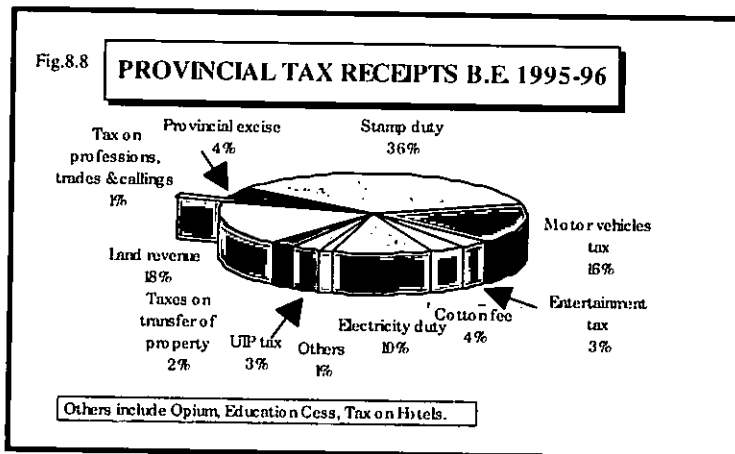
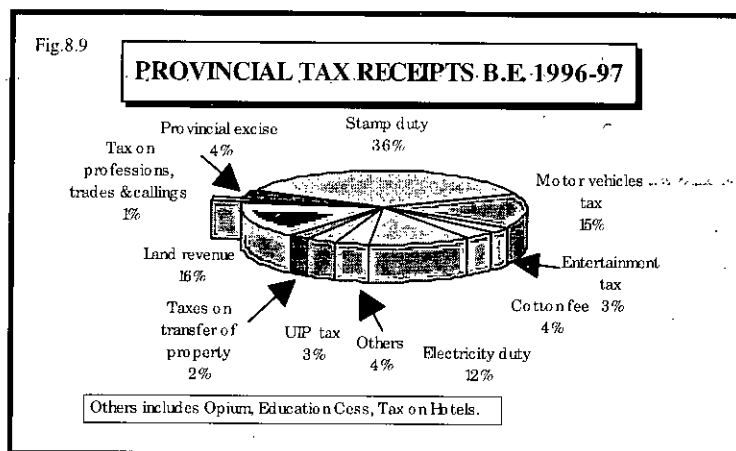


TABLE 8.5  
PROVINCIAL TAX RECEIPTS

(Rs. in million)

	Budget 1995-96		Revised 1995-96		Budget 1996-97	
	Amount	%	Amount	%	Amount	%
Tax from agriculture	-	-	-	-	-	-
Urban immovable property tax	182.678	3	211.892	3	229.000	3
Taxes on transfer of property	145.000	3	145.000	2	160.000	2
Land revenue	1061.134	18	1061.134	17	1100.000	16
Tax on professions, trades and callings	69.700	1	85.000	1	100.000	1
Provincial excise	257.466	4	278.497	4	300.000	4
Sale of opium	8.000	-	7.850	-	8.000	-
Stamp duty	2101.699	36	2358.010	37	2500.000	36
Motor vehicles tax	965.400	17	944.000	15	1060.000	15
Entertainment tax	185.319	3	147.500	2	190.000	3
Education cess	0.770	-	1.100	-	1.100	-
Cotton fee	224.000	4	224.000	4	250.000	4
Tax on hotels	46.100	1	60.000	1	63.900	1
Electricity duty	609.720	10	713.440	11	812.500	12
Others	21.146	-	162.547	3	203.500	3
<b>Total:</b>	<b>5878.132</b>	<b>100</b>	<b>6399.970</b>	<b>100</b>	<b>6978.000</b>	<b>100</b>



## 8.6 REVENUE EXPENDITURE:

The revenue expenditure of the Provincial Government comprises :

- a: consumption expenditure (payments on account of wages, and salaries, goods and services) and
- b: transfer payments (interest on the provincial debt, subsidies, pensions, grants, etc.).

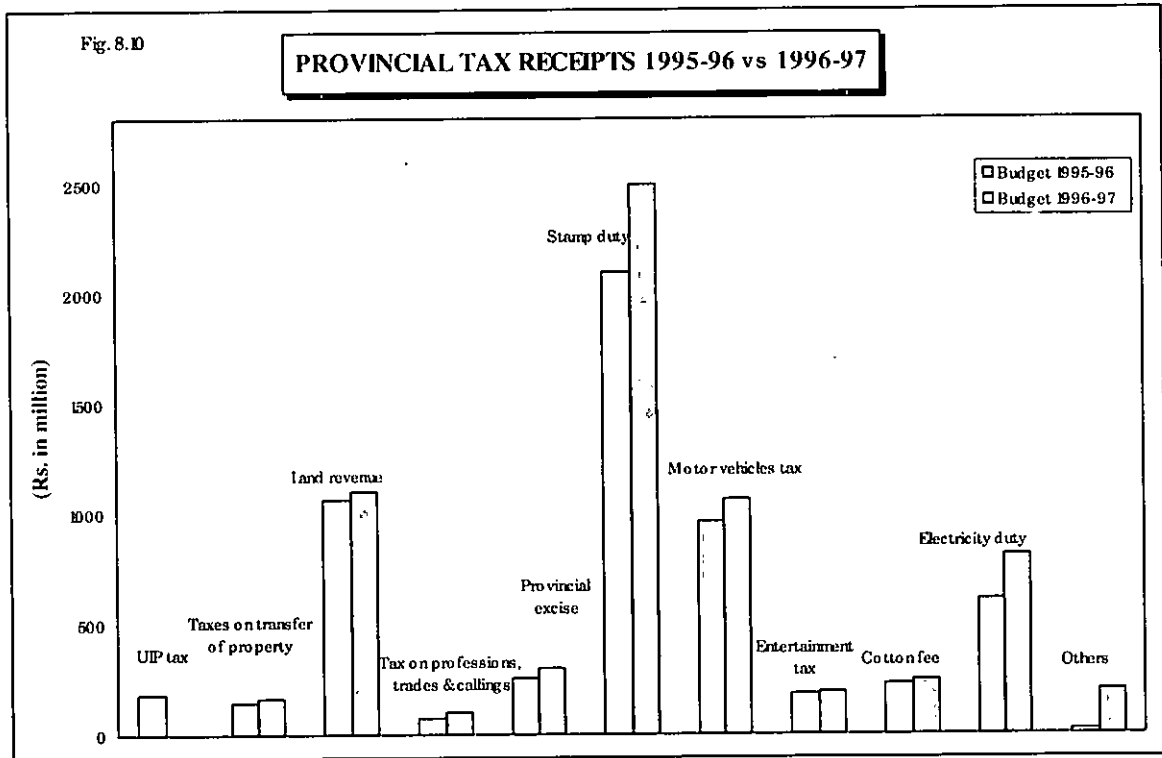
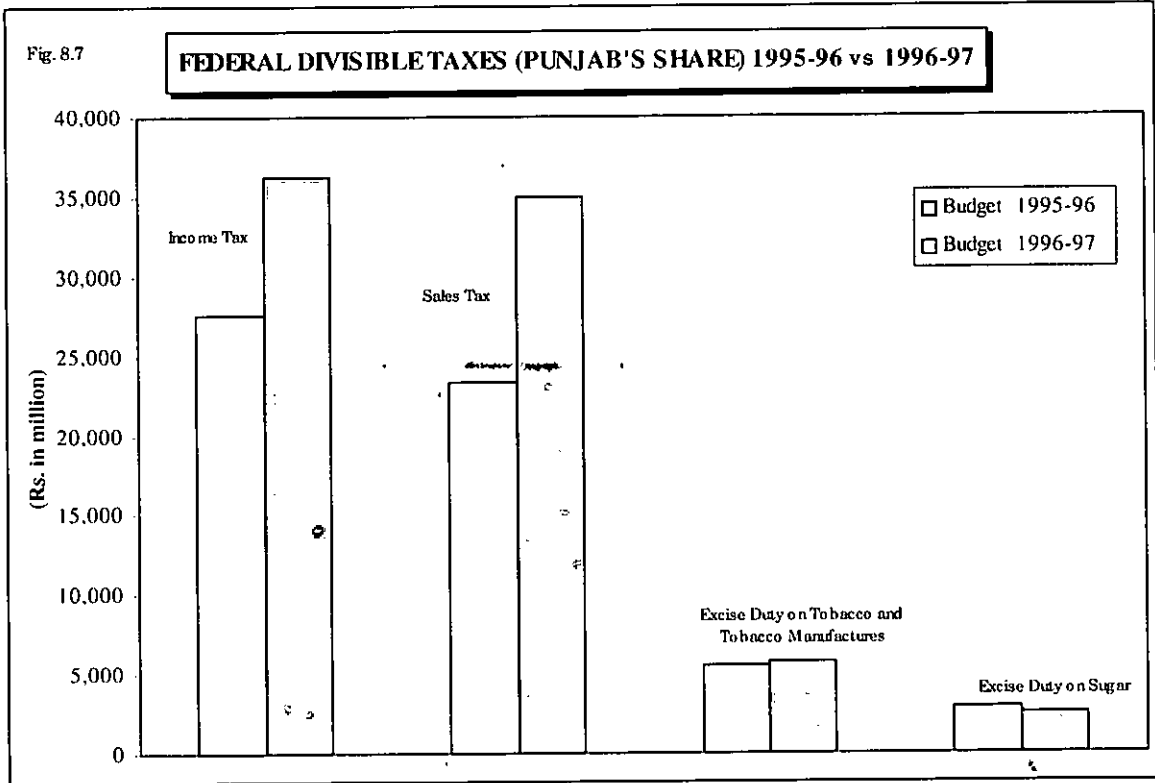


Fig.8.11

**MAJOR PROVINCIAL TAXES: 1992-93 TO 1996-97 (Except Stamp Duty)  
REVISED ESTIMATES**

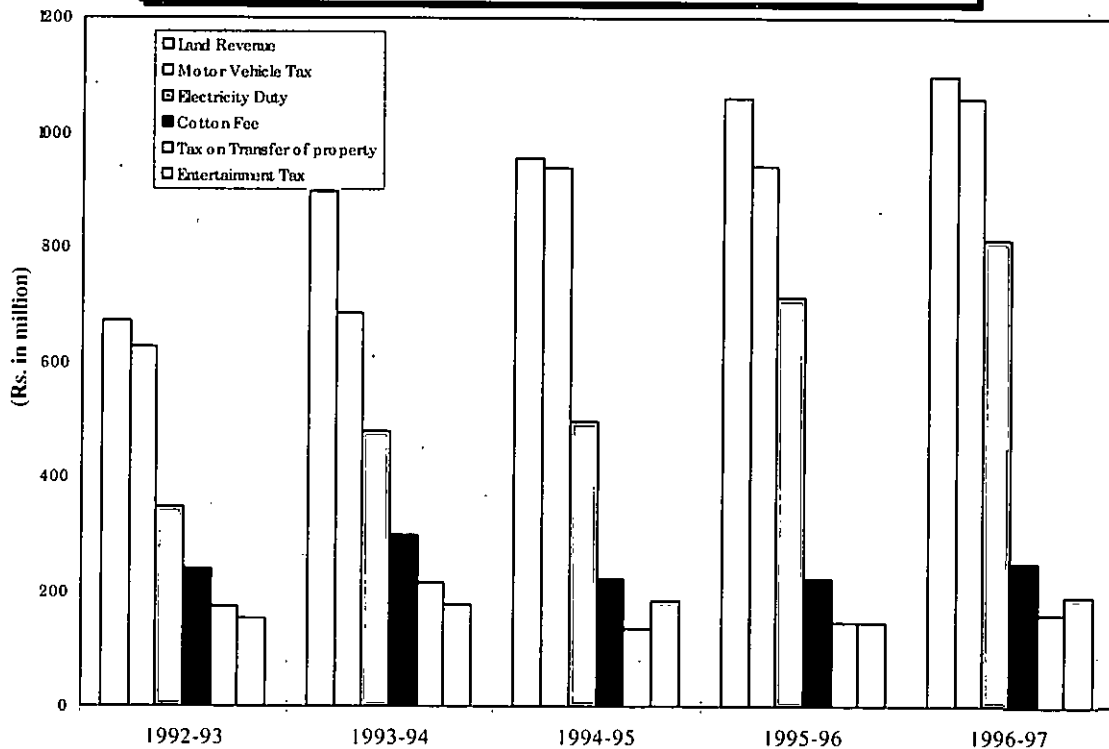
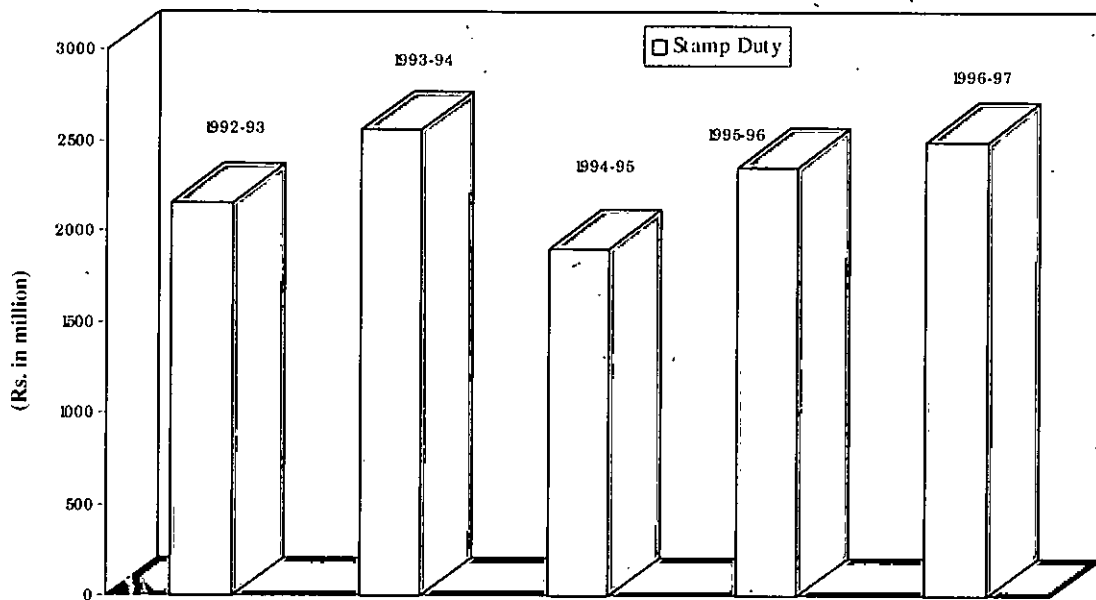
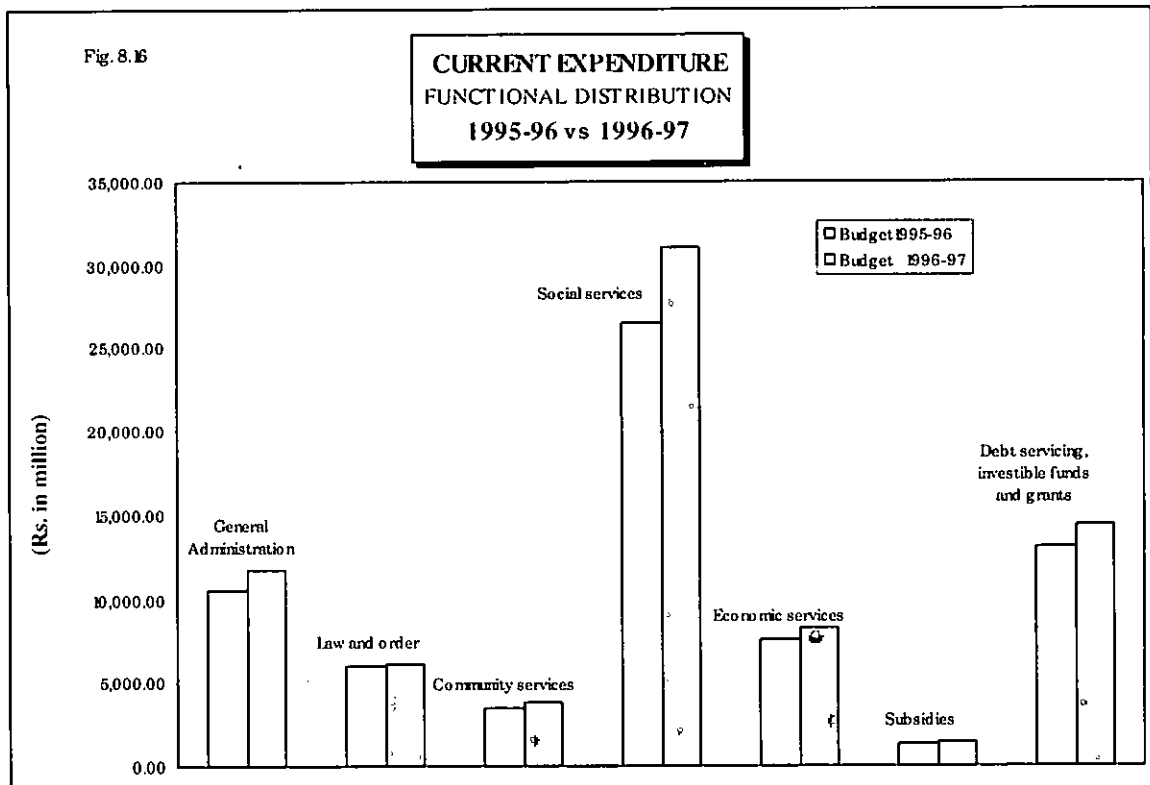
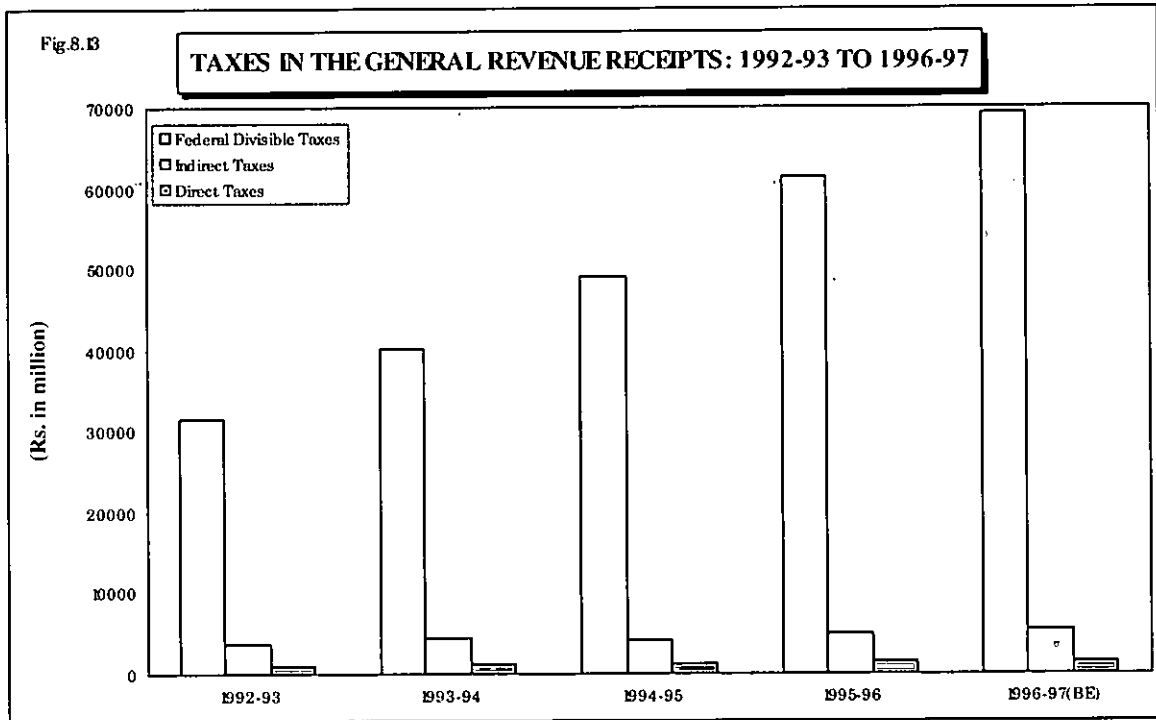


Fig. 8.12

**MAJOR PROVINCIAL TAXES: 1992-93 TO 1996-97  
REVISED ESTIMATES**





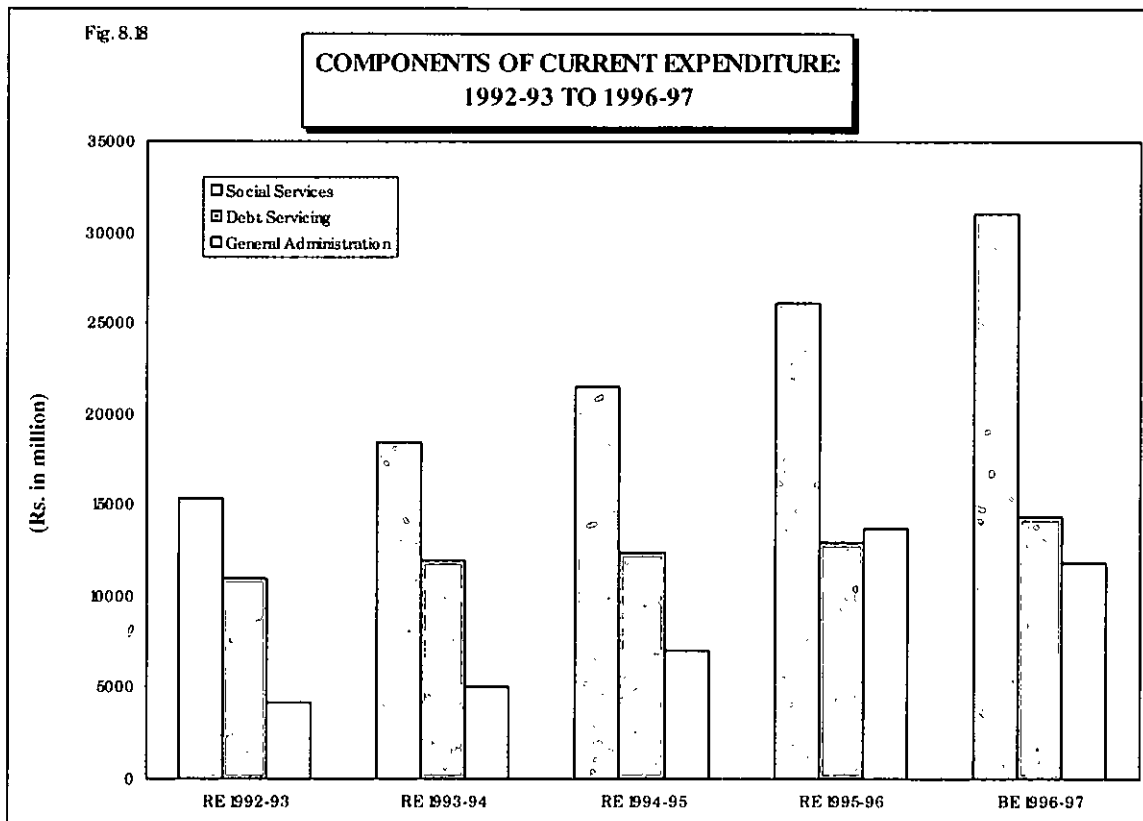
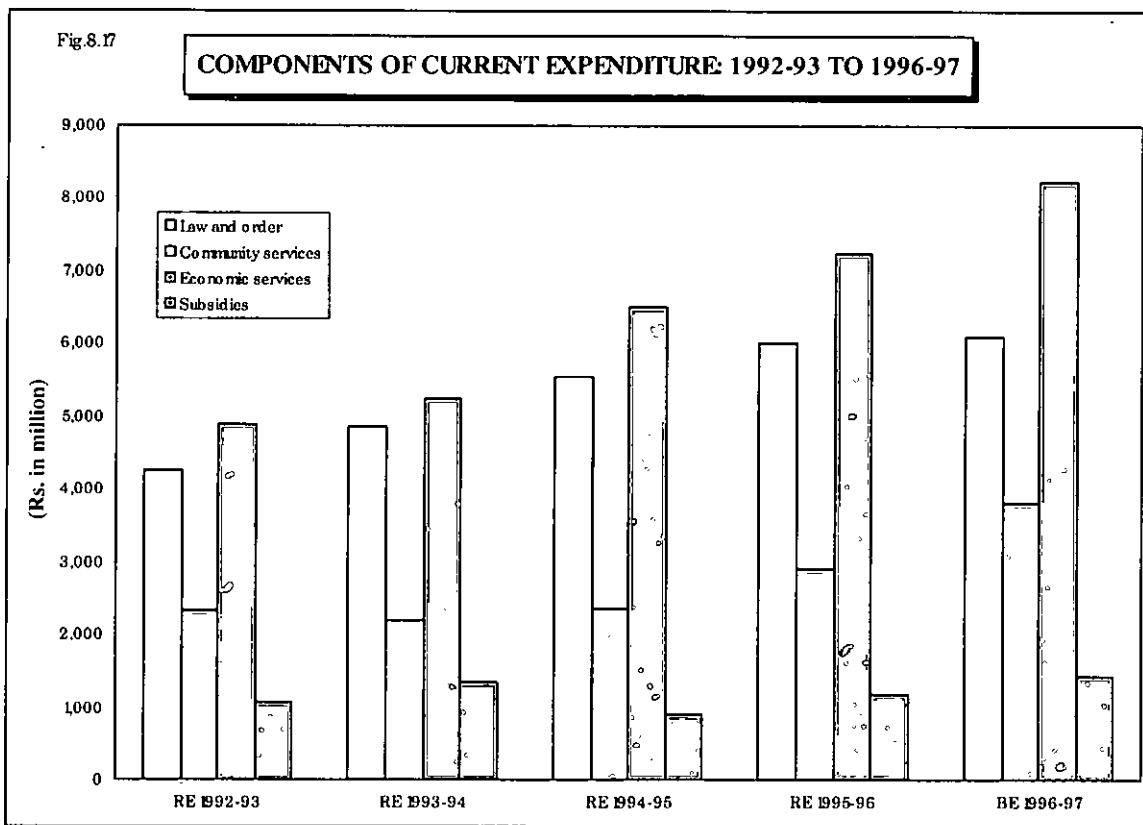


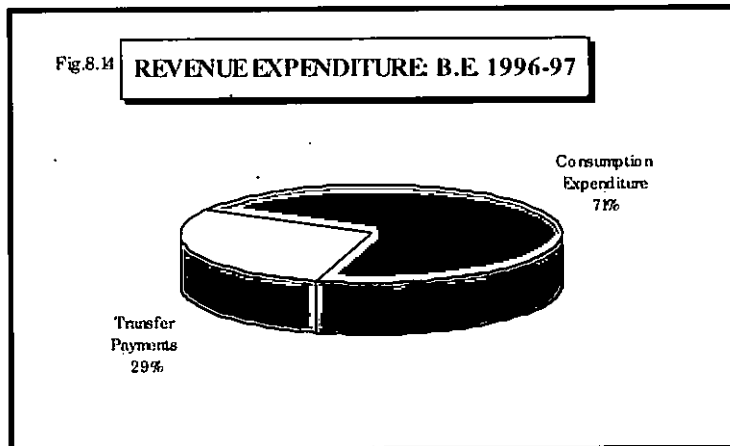


Table 8.6 indicates the trend of revenue expenditure, showing an increase of Rs.6,207.262 million in the consumption expenditure and of Rs.2,313.080 million in the transfer payments in the Budget Estimates 1996-97 as compared to the Revised Estimates 1995-96.

TABLE 8.6  
REVENUE EXPENDITURE

(Rs. in million)

	CONSUMPTION EXPENDITURE		TRANSFER PAYMENTS		Total
	Amount	%	Amount	%	
Budget 1995-96	48,703.000	71	19,781.401	29	68,484.401
Revised 1995-96	47,424.583	68	22,586.559	32	70,011.142
Budget 1996-97	54,910.262	71	22,094.481	29	77,004.743



### 8.7 FUNCTIONAL DISTRIBUTION OF REVENUE EXPENDITURE

The functional distribution of revenue expenditure of the Provincial Government is shown in Table 8.7.

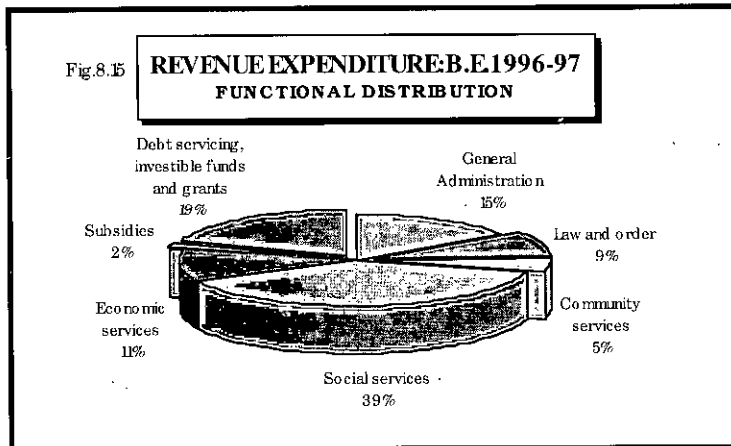
TABLE 8.7  
FUNCTIONAL DISTRIBUTION OF REVENUE EXPENDITURE

(Rs. in million)

	Budget 1995-96		Revised 1995-96		Budget 1996-97	
	Amount	%	Amount	%	Amount	%
General Administration	10,497.881	15	13,683.893	20	11,806.288	15
Law and Order	6,025.372	9	6,017.916	9	6,088.984	8
Community Services	3,524.755	5	2,903.686	4	3,808.200	5
Social Services	26,453.139	39	26,068.678	37	31,045.775	40
Economic Services	7,499.940	11	7,236.883	10	8,227.064	11
Subsidies	1,360.000	2	1,185.490	2	1,418.413	2
Debt Servicing, Investible Funds and Grants	13,122.980	19	12,914.259	18	14,359.632	19
Unallocable	0.334	-	0.337	-	250.337	-
<b>Total:</b>	<b>68,484.401</b>	<b>100</b>	<b>70,011.142</b>	<b>100</b>	<b>77,004.743</b>	<b>100</b>

Social services continue to account for the largest proportion of revenue expenditure with a share of about 40% in 1996-97. Out of the total allocation of Rs.31,045.775 million for social services, Rs.24,726.425 million (79.65%) have been set aside for education while Rs.5,085.230 million (16.38%) have been earmarked for health services. The overall pattern of distribution is, by and large, the same for the budgetary year 1996-97 as in the revised estimates 1995-96.

Figure 8.16 provides a comparative analysis of expenditure in 1996-97 vis-a-vis 1995-96. Figures 8.17 & 8.18 give the major components of expenditure in the total current expenditure in the last five years. As indicated in Chapters 1 & 3, Government is concentrating on certain priority areas, viz. social sectors, maintenance of law and order, community services and maintenance of infrastructure. Allocation for these areas have been enhanced within larger functions.



**Introduction:**

The gross size of the development budget, the Tameer-e-Punjab Programme (TPP) for 1995-96 was fixed at Rs.13,500 million against an estimated resource availability of Rs.10,162.980 million and an operational shortfall of Rs.3,337.020 million, or of 24.72%. In the Revised Estimates 1995-96, TPP is expected to close at Rs.13,787.982 million. The details of financing for the TPP 1995-96 & 1996-97 are given in Table 9.1.

TABLE 9.1  
**FINANCING OF THE TAMEER-E-PUNJAB PROGRAMME 1995-96 & 1996-97**

*(Rs. in million)*

	Budget 1995-96	Revised 1995-96	Budget 1996-97
<b>A: PROVINCIAL CONTRIBUTION</b>			
Transfer from the Current Budget	2,509.764	3,077.426	5,657.201
Additional Resource Mobilization.	750.000	-	560.474
Savings from 5% cut on Current Budget.	1,688.786	-	-
Cash Balance Utilization	-	3,242.163	2,500.000
Sub-Total (A):	4,948.550	6,319.589	8,717.675
<b>B: FEDERAL ASSISTANCE :</b>			
Cash Development Loans (Normal)	-	-	457.427
Cash Development Loans (SAP tied)	994.659	994.659	-
Federal Grants (SAP)	2,604.500	2,604.500	-
Federal Grants (Normal)	-	292.334	-
Sub-total (B):	3,599.159	3,891.493	457.427
<b>C: FOREIGN ASSISTANCE :</b>			
Loans	1,520.271	3,146.671	3,779.898
Grants	95.000	430.229	45.000
Sub-total (C):	1,615.271	3,576.900	3,824.898
Total Resources	10,162.980	13,787.982	13,000.00

Since 1992-93, a federally sponsored initiative focused on the development of primary education, basic health, preventive health and water supply and sanitation facilities is underway in the rural areas. This Social Action Programme (SAP) was initially conceived as a three years rolling plan from 1992 to 1995. This has now been extended. Under SAP II, Punjab Government shall receive Rs.2,955.615 million in 1996-97 in the shape of foreign loans.

The resources available for financing of the TPP 1996-97, are made up of federal assistance of Rs.457.427 million in the shape of cash development loan (normal), foreign project assistance of Rs.3,824.898 million and provincial contribution of Rs.8,717.675 million. As the size of the TPP has been fixed at Rs.15,750 million, an operational shortfall of Rs.2,750 million is expected.

As would be obvious from at Table 9.1, the financing of T.P.P. in 1996-97 has undergone a major change. This change, started from 1995-96, is going to transform the provincial finances and planning and development as far as the development budget, and its linkage to the current budget is

concerned. Cash development loans, which were traditionally used to fund the development in the Province are being replaced by provincial financing of the development budget. In the next financial year, only a small component of CDL of Rs.457.427 million is part of the financing. This has placed the responsibility for development squarely on the shoulders of the Province. It has been pointed out at various places in this document that the policy of reliance on CDL for financing development has had negative consequences for the provincial finances, with debt servicing now approaching 20% of revenue expenditure.

Two inevitable outcomes (amongst others) of this decision to finance development through Provincial means would be:

- limited expansion of the current budget with selective increments in high priority areas;
- rigorous public investment criteria for evaluating and selecting the most beneficial projects for funding through the development programme.

The significance of development activity cannot be over-emphasized for Punjab. A lot of good work has been done in the past; an effort that needs to be sustained and supplemented. The pace of work must be kept up.

It needs to be mentioned here that in the long-run the province would benefit immensely through a decrease (albeit gradual) in the quantum of debt servicing which would result from a decreasing share of CDL in financing of the TPP.

The provincial contribution in the financing of T.P.P. 1996-97 comprises:

- surplus in current budget of Rs.5,657.201 million.
- Rs.560.474 million from additional resource mobilization.
- cash balance of Rs.2,500 million.

Inter-sectoral and intra-sectoral priorities for the Programme 1996-97 have been determined in consultation with the administrative departments of the provincial government. While determining inter-se priorities, due consideration has been given to the contribution of each sector to the gross domestic product, employment generation impact, their backward and forward linkages and throw forward effect of on-going programmes in various sectors.

## STRATEGY AND SECTORAL ALLOCATION PATTERN OF TAMEER-E-PUNJAB PROGRAMME 1996-97<sup>1</sup>

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### Introduction:

Sectorwise allocation of Tameer-e-Punjab Programme 1996-97 has been provided in Table 10.1. Graphic representation and comparison with TPP 1995-96 is presented in Figures 10.1, 10.2 and 10.3. The allocative strategy constitutes a major departure from the past and reflects the desire to put the provincial economy on a firm and sustainable path. Major elements of the strategy being proposed are:

- a) A massive thrust in irrigation and agricultural sectors which are central to the provincial economy through new initiatives in conservation and improvement of one of the biggest canal irrigation networks in the world that the province possesses, moving rapidly towards sustained productivity gains in the agriculture sector through better availability of irrigation water and a proper drainage, better cropping patterns, and access to market. Rs.3,336.820 million (or 21.18 percent of the TPP) have been provided to these sectors to achieve a retrieval from past neglect.
- b) Rural focus continues with about 73.48 percent of resources for schemes of rural areas bringing about quantitative and qualitative improvements in rural physical and social infrastructure that benefit the people.
- c) There is a sustained emphasis in the social sectors particularly in education, health, water supply and sewerage schemes sectors. Delivery of services forms the basic thrust in these sectors. An allocation of Rs.2,725 million has been earmarked for the education sector inclusive of Rs.1,925 million under SAP. Similarly the health sector receives Rs.1,260 million. Water supply and sewerage schemes have been provided Rs.2,441 million on popular demand.
- d) In order to complete maximum number of schemes so that fruits of development are passed on to the people mid-course corrections were made in 1995-96, resulting in likely completion of 3,022 schemes inclusive of SAP schemes. The process of completion has been given high priority in 1996-97 and it is estimated that 1,960 schemes will be completed by June, 1997.
- e) Gains made in SAP in the past years are being consolidated with emphasis on quality and delivery of services. An allocation of Rs.4,925 million has been provided in 1996-97 for this purpose.
- f) Larger urban centres, specifically Lahore, Faisalabad, Gujranwala, Rawalpindi and Multan have faced shortages of resources in the past and are suffering from severe and worsening problems, which if allowed to continue will go beyond retrieval. In order to maintain a rural urban balance and to promote urban markets for rural goods and to cater for the rural migration to these big cities, a

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

TABLE 10.1  
SECTORAL ALLOCATIONS IN  
TAMEER-E-PUNJAB PROGRAMME

(Rs. in million)

	Budget 1995-96		Budget 1996-97	
	Amount	%	Amount	%
Agriculture	1,629.300	12.07	1,736.820	11.03
Industries & Minerals	111.000	0.82	111.000	0.70
Water & Power	396.800	2.94	1,600.000	10.16
Roads & Bridges	850.000	6.30	935.000	5.94
Physical Planning and Housing (SAP Rs. 2,191 million)	3,427.200	25.39	4,340.000	27.56
Education & Training (SAP Rs. 1,925 million)	2,773.100	20.54	2,725.000	17.30
Information & Culture	20.400	0.15	25.000	0.16
Health (SAP Rs. 560 million)	1,250.000	9.26	1,260.000	8.00
Tourism	05.100	0.04	5.500	0.03
Social Welfare	09.000	0.07	12.800	0.08
Manpower & Training	16.800	0.12	20.000	0.13
Planning & Development (SAP Rs. 21,200 million)	65.000	0.48	25.380	0.16
Unfunded Schemes	148.000	1.09	50.000	0.32
MKDA	29.300	0.22	29.300	0.19
Cholistan Development Authority	29.300	0.22	29.300	0.19
D.G. Khan Development Authority	58.700	0.43	58.700	0.37
Bahawalpur Development Authority	51.000	0.38	51.000	0.32
ABAD	-	-	10.400	0.07
<b>Block allocation for :</b>				
i: Development Schemes of Local Councils	300.000	2.22	300.000	1.90
ii: Special Programme for Local Development	1,540.000	11.41	1,540.000	9.78
iii: Priority Programme (including allocation for schemes of S.A.P.sectors Rs.227.800 million)	790.000	5.85	884.800	5.62
Gross Total:	13,500.000	100	15,750.000	100.000
Less Operational Shortfall	3,337.020	-	2,750.000	17.46
<b>Total Expenditure (Net)</b>	<b>-10,162.980</b>	<b>-</b>	<b>-13,000.000</b>	<b>-82.54</b>

Fig. D.1

**TAMEER-E-PUNJAB PROGRAMME 1995-96 SECTORAL ALLOCATIONS**

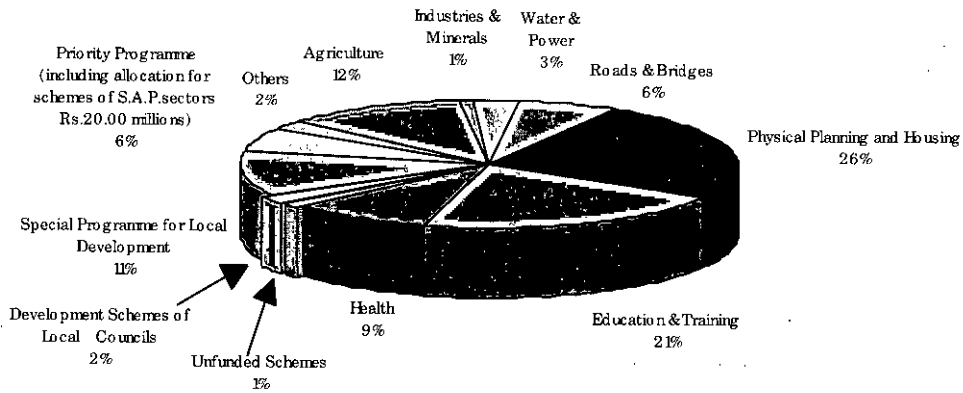
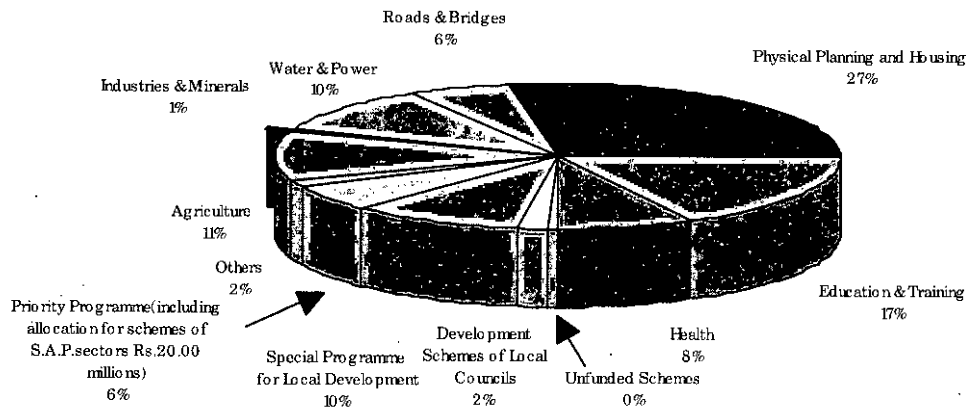


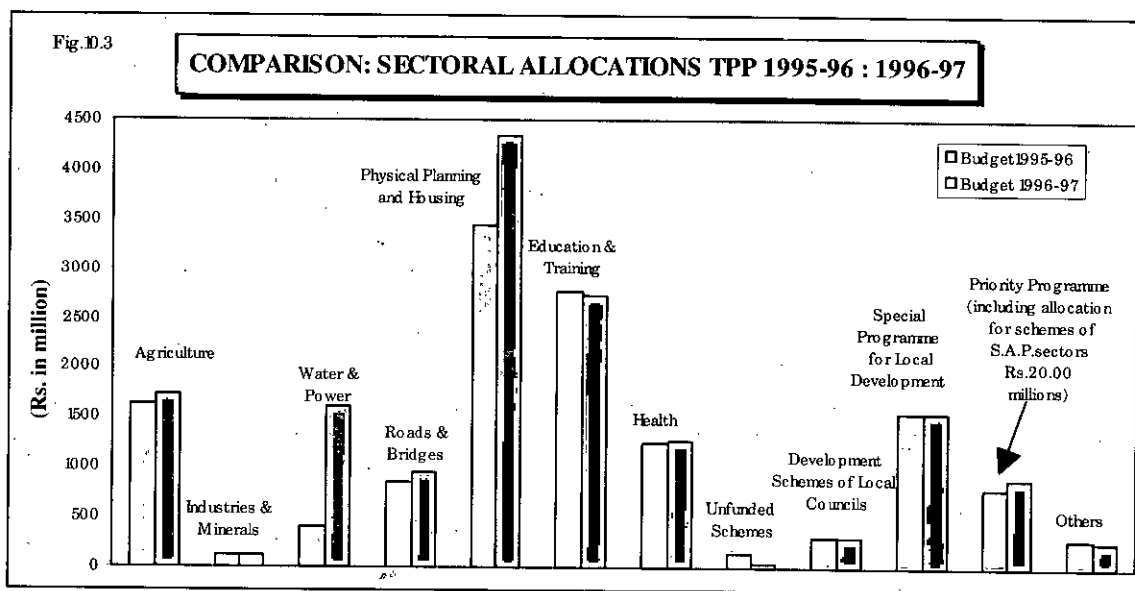
Fig. D.2

**TAMEER-E-PUNJAB PROGRAMME 1996-97 SECTORAL ALLOCATIONS**



major thrust is being made to make these cities more efficient and to provide basic amenities to the citizens for meeting their basic needs. The Prime Minister's package for big cities has been launched. All federal organizations will focus on speedy provision of gas, electricity, communications, to these cities. An allocation of Rs.1,400 million, as compared to Rs.467.70 million in the previous year, has been provided in the TPP 1996-97 to implement schemes for water supply and sewerage, roads and traffic management, public transport, and solid waste disposal in these cities. This will form part of a phased programme to upgrade the major cities of Punjab.

- g) New initiatives on a pilot scale are being introduced. Experiments with new high value-added crops such as almonds, oilseeds, fruit and vegetables are to be undertaken. Efficient methods of irrigation including drip and sprinkler irrigation based on indigenous material are to be tried. Fish farming technology is to be popularized.
- h) Regional planning on scientific lines would be undertaken in the Province. An allocation of Rs.178.700 million has been provided for this purpose. Additionally, regional planning components have been introduced in major aided projects.
- i) Most aided projects have been put back on the tracks and have received adequate funding. Implementation is now in midstream. As a result, it is expected that the Province will benefit to the extent Rs.4,000 million in foreign exchange from donor agencies.
- j) Communications sector will continue to receive priority in allocation of funds. During 1996-97, an amount of Rs.2,035 million has been provided for widening, improvement and construction of important roads in the Province.



\* "Others" includes allocations for the following sectors and agencies:  
Rural Development, Information and Culture, Tourism, Social Welfare,  
Manpower and Training, Planning and Development, M.K.D.A., C.D.A., D.G.Khan Development Authority,  
Bahawalpur Development Authority, and A.B.A.D.



## SUBSIDY ON EDUCATION

(Rupees)

Class	Present rate of recovery	Present Cost	Subsidy Provided	Subsidy %age
<b>GENERAL EDUCATION.</b>	per unit	per unit	per unit	
Primary	-	175	Full	1750
Middle	5.00	120.00	115.00	2300
Matric	10.00	120.00	110.00	1100
F.A./I.Com.	35.00	476.00	441.00	1260
F.Sc.	30.00	476.00	446.00	1486
B.A.	40.00	477.00	437.00	1092
B.Sc.	35.00	477.00	442.00	1263
B.Com	70.00	477.00	407.00	581
M.A.	65.00	477.00	412.00	634
M.Sc.	60.00	477.00	417.00	695
Diploma in Eng. (9 months)	100.00	477.00	377.00	377
<b>PROFESSIONAL COLLEGES</b>				
B.S.Edu.	70.00	862.00	792.00	1131
B.Ed.	55.00	862.00	807.00	1467
M.Ed.	75.00	862.00	787.00	1050
Diploma in Physical Education.	45.00	705.00	657.00	1460
M.A.Physical Education.	35.00	705.00	670.00	1914
B.Com.	50.00	785.00	735.00	1470
P.T.C./O.T./C.T., D.M. etc.	-	440.00	440.00	-
<b>HOME ECONOMICS COLLEGE. -</b>				
B.Sc.	70.00	926.00	856.00	1223
M.Sc.	90.00	926.00	836.00	929
C.T.H/Eco.	100.00	926.00	826.00	826
<b>TECHNICAL EDUCATION.</b>				
C.Com.	25.00	785.00	760	3040
D.Com.	25.00	785.00	760	3040
B.Com.	50.00	785.00	735	1470
M.Com.	-	-	-	-
Diploma Assoc. Engineers.	45.00	777.00	732	1627
B.Tech(Pass)	50.00	777.00	727	1454
B.Tech (Hons)	50.00	777.00	727	1454
Vocational Institutes.	20.00	920.00	900	4500
<b>SPECIAL EDUCATION:</b>				
Hearing Impaired Students.	10.00	635.00	625.00	6250
Visually Handicapped Students.	-	2780.00	-	-
Mentally Retarded Students.	-	1540.00	-	-
Physically Disabled Students.	-	908.00	-	-
Intermediate (Hearing Impaired) Students.	-	725.00	-	-
Diploma for the Teachers of Hearing Impaired & Visually Impaired Students.	75.00	4215.00	4140.00	5520

## LOANS OUTSTANDING ON 30.6.1996

(Rs. in million)

<b>A:</b>	<b>CASH DEVELOPMENT LOANS</b>	
1	1973-74	243.824
2	1974-75	452.263
3	1975-76	723.944
4	1976-77	978.299
5	1977-78	733.231
6	1978-79	939.457
7	1979-80	888.574
8	1981-82	1264.318
9	1982-83	1885.053
10	1983-84	3061.325
11	1984-85	3355.371
12	1985-86	3940.154
13	1986-87	5552.470
14	1987-88	2738.859
15	1988-89	2555.138
16	1989-90	6459.141
17	1990-91	7472.036
18	1991-92	7331.700
19	1992-93 (Normal)	6686.384
20	1992-93 (SAP Tied)	416.720
21	1993-94 (Normal)	4640.959
22	1993-94 (SAP Tied)	3437.940
23	1994-95(Normal)	2036.459
24	1994-95(SAP Tied)	1215.433
25	1995-96(SAP-Tied)	994.659
	<b>Total cash development loans:</b>	<b>70003.711</b>
<b>B:</b>	<b>CASH DEVELOPMENT LOANS FOR SCARP TUBEWELL PROJECTS</b>	
1	1974-75	35.933
2	1975-76	86.040
3	1976-77	127.442
4	1977-78	127.752
5	1978-79	142.862
6	1979-80	170.281
7	1980-81	189.430
8	1981-82	224.594
9	1982-83	239.625
10	1983-84	224.508
11	1984-85	319.922
12	1985-86	405.828
13	1986-87	411.568

(Rs. in million)

14	1987-88	515.183
15	1988-89	307.042
16	1989-90	441.323
17	1990-91	426.947
18	1991-92	434.678
19	1992-93	551.639
20	1993-94	270.425
21	1994-95	457.596
	<b>Total loans for SCARP tubewells:</b>	<b>6110.618</b>
<b>C:</b>	<b>OTHER LOANS</b>	
1	Non-development loan for Murree Municipality 1975-76	-
2	Non-development interest-free loan to organize the National Horse and Cattle Show 1978-79	0.750
3	Non-development interest-free loan for Data Darbar Mosque at Lahore 1978-79	0.750
	<b>Total other loans:</b>	<b>1.500</b>
<b>D:</b>	<b>FOREIGN EXCHANGE LOANS</b>	
1	US Aid 391-H-055 for SCARP-II.	33.370
2	US Aid 391-H-060 for SCARP-I (Land & Water Dev. Board).	3.854
3	US Aid 391-H-069 for General Consultants (relent to WAPDA).	15.444
4	US Aid 391-H-079 for Urban Water Supplies.	11.002
5	US Aid 391-H-084 for Malaria Eradication.	26.552
6	US Aid 391-H-087 for SCARP-II.	51.656
7	US Aid 391-H-103 for Lahore Multan Road.	6.154
8	US Aid 391-H-107 for Pak. Investigation Service.	27.536
9	US Aid 391-H-128 for Malaria Eradication.	9.680
10	US Aid 391-H-135 for Malaria Eradication.	14.140
11	IDA-30-Pak for West Pak Small Industries Corporation.	16.138
12	IDA-50-Pak for Education Project.	103.828
13	IDA-54-Pak for Highways Project.	65.492
14	IDA-106-Pak for LDA, WASA.	29.858
15	IDA-106-Pak for Lahore improvement trust.	-
16	IDA-466-Pak for Agricultural Research Development.	194.804
17	IDA-620-Pak for Seed Corporation.	331.792
18	IDA-630-Pak for Sewerage & Drainage Project.	578.656
19	IDA-678-Pak for third Education Project.	49.588
20	IDA-683-Pak for import of Flood Protection Machinery.	357.924
21	IDA-813-Pak for Punjab Extension & Agriculture Project.	278.050
22	IDA-892-Pak for Primary Education Project.	80.576
23	IDA-1109-Pak for 5th Education vacatinal Project	197.240
24	IDA-1113-Pak for Small Industries Project.	23.992
25	IDA-1163-Pak for on Water Management Project.	506.200
26	IDA-1239-PAK for Irrigation System Rehabilitation Project.	534.632
27	IBRD-1366-Pak for Punjab Livestock & Dairy Development.	72.720

(Rs. in million)

28	IBRD-578-Pak for Highways Project.	2.868
29	PK-4-Japanese Project loan for Replacement of Existing Flat of Craler Tractors.	385.400
30	Second Danish Credit (Highway) for Road Building.	5.600
31	ADB-438-Pak for Sahiwal District & Water Course.	29.994
32	ADB-331-Pak for Sewerage & Drainage Scheme Faisalabad.	784.940
33	ADB-495-Pak for ON Form Water Management Project.	187.824
34	ADB-433-Pak for Pak. Agriculture Development Project.	47.962
35	AFAD-48-Pak for Barani Area Dev. Project.	96.624
36	IFAD-83-Pak for Agriculture Development.	145.104
37	IFAD-18-Pak for Lahore Urban Dev. Project.	27.572
38	IDA-1348-Pak for Drainage Project (Lower Rahna).	50.900
39	IDA-1375-Pak Commercial Water Management Project.	52.328
40	IDA-1487-Pak	99.348
41	IFAD-257 Pak IInd Barani Area Development Project.	400.872
42	IFAD-234 Pak Punjab Small Holders Dairy Dev. Project.	217.560
43	IDA 1603-Pak on Farm Water management Project II.	691.704
44	ADB-734-Pak Gujranwala Agriculture Development Project.	494.888
45	ADB-750-Pak(SF) Small Dams Project.	1154.620
46	ADB-758-Pak Farm to market roads Phase-I.	549.096
47	ADB-759-Pak(SF) Science Education for S.S.Sector Project.	210.126
	<b>Total foreign exchange loans:</b>	<b>9256.208</b>
<b>E:</b>	<b>COUNTERPART FUNDS LOANS</b>	
1	US Aid 391-G-009 for WAPDA (Water Power).	6.354
2	US Aid 391-G-065 for Family Health Programme.	6.092
3	US Aid 391-G-120 for rural Works Programme.	76.808
4	US Aid 391-G-122 for Rural Works Programme.	41.814
5	US Aid 391-G-132 for Rural Works Programme.	58.335
6	US Aid 391-G-133 for Rural Works Programme Malaria Eradication.	8.838
7	US Aid 391-G-147 for Malaria Eradication Programme	1.799
8	German Loan 1969-70	-
9	German Loan 1971-72	-
	<b>Total counterpart fund loans:</b>	<b>200.040</b>
	<b>Total (A+B+C+D+E)</b>	<b>85,572.077</b>

APPENDIX C

SAP ALLOCATION FROM 1992-93 TO 1996-97

		BE 1992-93	BE 1993-94	% over last year.	BE 1994-95	% over last year.	BE 1995-96	% over last year.	BE 1996-97	% over last year.
1.0	<b>Basic Education</b>	6,884.71	8,913.02	29.46	12,211.94	37.01	14,883.13	21.87	17,391.50	16.85
1.1	Development	698.45	1,059.50	51.69	1,608.30	51.80	2,000.00	24.35	1,925.00	-3.75
1.2	Recurrent	6,186.26	7,853.52	26.95	10,603.64	35.02	12,883.13	21.50	15,466.50	20.05
1.3	Salary	6,117.28	7,659.27	25.21	10,207.56	33.27	12,406.86	21.55	14,920.84	20.26
1.4	Non-Salary	68.98	194.25	181.60	396.08	103.90	476.27	20.25	545.66	14.57
2.0	<b>Health</b>	1,548.60	1,830.40	18.20	2,122.59	15.96	2,642.06	24.47	3,169.58	19.97
2.1	Development	365.20	335.00	-8.27	508.40	51.76	600.00	18.02	560.00	-6.67
2.2	Recurrent	1,183.40	1,495.40	26.36	1,614.19	7.94	2,042.06	26.51	2,609.58	27.79
2.3	Salary	927.30	1,003.00	8.16	1,041.19	3.81	1,377.68	32.32	1,784.17	29.51
2.4	Non-Salary	256.10	492.40	92.27	573.00	16.37	664.38	15.95	825.41	24.24
3.0	<b>R.W.S.S.</b>	1,473.39	1,623.40	10.18	2,268.56	39.74	2,710.01	19.46	2,763.13	1.96
3.1	Development	1,212.45	1,284.50	5.94	1,900.00	47.92	2,250.00	18.42	2,191.00	-2.62
3.2	Recurrent	260.94	338.90	29.88	368.56	8.75	460.01	24.81	572.13	24.37
3.3	Salary	98.49	116.30	18.08	137.27	18.03	136.91	-0.26	149.65	9.31
3.4	Non-Salary	162.45	222.60	37.03	231.29	3.90	323.10	39.69	422.48	30.76
4.0	Misc.	7.84	758.00	9568.37	232.60	-69.31	250.00	7.48	249.00	-0.40
4.1	Institutional Dev. for SAP	7.84							21.20	
4.2	Priority Programme & SAP Monitoring etc.		758.00		232.60	-69.31	250.00	7.48	227.80	-8.88
5.0	<b>Total</b>	9,914.54	13,124.82	32.38	16,835.69	28.27	20,485.20	21.68	23,345.41	13.96
5.1	Development	2,283.94	3,437.00	50.49	4,249.30	23.63	5,100.00	20.02	4,925.00	-3.43
5.2	Recurrent	7,630.60	9,687.82	26.96	12,586.39	29.92	15,385.20	22.24	18,648.21	21.21
5.3	Salary	7,143.07	8,778.57	22.90	11,386.02	29.70	13,921.45	22.27	16,854.66	21.07
5.4	Non-Salary	487.53	909.25	86.50	1,200.37	32.02	1,463.75	21.94	1,793.55	22.53