



FINANCE DEPARTMENT, PUNJAB

Year-end Budget Execution Report

FY 2021-22

Executive Summary

Transparency, monitoring and flow of information are key to an orderly public financial management system. Finance Department (FD) Punjab developed its maiden budget execution report in 2020 and the practice has continued ever since, providing analysis of budget execution halfway through the Financial Year and taking stock of progress in realizing specific performance targets. The mid-year report was an important step towards budget transparency and helped inform FD's decisions in cash management and the release of development funds. As a continued commitment to transparency, FD has now prepared a year-end Budget Execution Report (BER) with the help of FCDO funded Sub-national Governance (SNG) Programme Punjab. A Year-end BER enables a comprehensive assessment of actual spending and revenue collection against original estimates at the end of the budget year. The report provides an account of the government's performance in realizing its targets and helps course correction for the execution of the budget for the ongoing year. The Year-end report is essential for accountability, reporting on actual budget execution during the year and illustrating the situation of government's accounts at the end of the fiscal year. It also looks at the supplementary budget and the eventual variance that impacted the estimates during a fiscal year.

The provinces have little room to question the underlying macroeconomic assumptions and targets set by the federal government, which form the basis for provincial budgets. Therefore, on the receipt side, the credibility of provincial budgets is largely a function of the correctness of underlying assumptions for revenue targets at the federal level. These estimates/assumptions include the size of the GDP, GDP growth rate, inflation, and tax-to-GDP Ratio. Owing to the construct of fiscal federalism in Pakistan, the provincial governments rely heavily on Federal Divisible Pool Transfers. Therefore, the key assumption for Punjab's Budget 2021-22 was FBR collection of Rs. 5,829.0 billion. Consequently, Punjab Government's share in the Federal Divisible Pool was to be Rs.1,764.8 billion as per the 7th National Finance Commission Award. To set the FBR target, the Federal Government assumed at the beginning of the year GDP growth of 4.8% and inflation at 8%, as the nominal size of GDP depends on these key variables. FBR collection was projected to increase at a rate of 27.8% from last year's actual compared to the registered increase of 24% the previous year however, over the course of the year, the GDP growth rate for FY 2021-22 was revised to 5.97%, surpassing the projections of the World Bank and IMF. While GDP was expected to be Rs 52,462 billion at the start of the year, by end of FY 2021-22 the revised GDP was Rs. 66,950 billion. Inflation was higher than expected and was revised to 11.3%¹ while revised estimates for FBR were Rs. 6,126.1 billion.

During the CFY, the Government was able to achieve 105.08% of the General Revenue Receipts target set in the original budget. The collection for General Revenue Receipt was Rs. 2,194.4 billion against a target of Rs.2,088.3 billion for the FY 2021-22. This includes federal divisible pool, tax, and non-tax receipts. The total receipts of the Government during the fiscal year were Rs. 2,494.58 billion against an estimate of Rs.2,653.01 billion (94.03% of the total revenue target). This includes the Capital Account. Punjab received an amount of Rs.1,764.76 billion from the federal divisible pool as compared to the budget estimate of Rs.1,683.70 billion. Historically, FBR collection ranges from 71% to 127% in the past five years with an average of 89% while this year's collection was 104.81% of the target. Last year, the transfers were Rs.1,321.2 billion, exhibiting an increase of 33.6% this year.

¹ https://www.finance.gov.pk/survey/chapter_22/Highlights.pdf

The provincial tax collection during the year was Rs.286.5 billion against the budget estimate of Rs.272.6.9 billion, performing better than its target for the year by collecting over 105.1% in the year. Increasing in higher FDP share and OSR collection contributed to increase GRR.

More importantly, the Provincial Government was able to achieve this without adding any major taxes or increasing the tax rate. The Provincial Government rather continued tax relief introduced due to onset of COVID-19 estimated at Rs.51 billion for the CFY. The government was able to collect Rs.143.2 billion in provincial non-tax receipts till December compared to the budget estimate of Rs.132.0 billion for the year. Collection for current capital receipts excluding food account is Rs. 26.7 billion against a budget target of Rs. 79.1 billion. Food account sale proceeds (which include the sale of wheat and sugar) are Rs.245.2 billion against a target of Rs.420.3 billion. Development capital receipts are Rs. 28.3 billion against a target of Rs. 65.2 billion. There is no trend seen in the collection of capital account receipts. The biggest shortfall is in capital receipts during the year due to lower sales of wheat and lower than target capital receipts from multilateral development partners.

During the FY 2021-22, the Government was able to utilize 90.9% of its budget allocation. The Government was able to utilize an amount of Rs.2297.7 billion as compared to a budget estimate of Rs. 2,529.01 billion for total provincial expenditure. Historically, the five-year average shows that the government usually spends 85% of the allocated budget. The actual current expenditure has been reported as Rs. 1,380.0 billion compared to a budget estimate of Rs. 1,427.9 billion, showing a utilization rate of 97%.

Our five-year trend analysis also shows the expenditure on the current side to be around 97% of the annual target. Capital expenditure during the current financial year was Rs. 334.0 billion compared to a budget estimate of Rs. 540.1 billion. The capital account I expenditure was Rs.80.5 billion and spending under capital account II were Rs.253.5 billion. While there is no trend for capital II account, current capital spending is usually 79% of the total amount. As for the food account, the inflows and outflows mainly depend on the wheat procurement policy, the support price and the release price which are determined during the year. The current wheat stocks are around 16% of the total liability, the gap between the liability and the stock stands at ~Rs. 456 billion. Therefore, any analysis of this account in absence of procurement policy and without a linkage of commodity financing liabilities with the fiscal rules and funding strategy will not be meaningful. Though the liabilities in this account are backed by the sovereign guarantee and publicly shared through the white paper, for responsible financial management, it is important to develop a funding strategy and a mechanism for targeted subsidy.

For development expenditure, the government's adoption of fund release policy of releasing 100% funds for ongoing ADP schemes on the first day of July was continued in FY2021-22 and paid dividends in many respects. The government has utilised Rs.583.7 billion (104.2%) compared to a budget estimate of Rs.560.0 billion. So, more spending translates into earlier completion of the schemes and their early operationalization to service delivery. Development spending in the past five years when compared with the budget estimate have ranged from 67% to 104%. This means that the government is on the higher end of the range when seen against historical average of utilisation of development expenditure. Moreover, during the same period, considering the size of the development budget in FY2021-22, the utilization was encouraging attesting to the efficacy of early availability of funds by the Finance Department and spending capacity of the executing entities.

The Government of Punjab correctly forecasted its tax revenue. The government marginally exceeded the target for general revenue receipts. While meeting the target for Account II Capital receipts is beyond the Finance Department's control, it is important for the government to meet the disbursement linked indicators and pre-conditionalities set for the loans under the Capital I Account.

The Year-End Review of budget and Medium-Term Fiscal Framework help government manage the budget more effectively. It would be extremely important that Finance Department consolidates the capacity to develop these documents in the future.

The report has been developed with a view to providing a detailed understanding to readers about the execution of the budget in FY 2021-22. It starts with an aggregate level perspective in each chapter and drills down into details in the later part. After the 'Introduction', in chapter 2 the report provides a snapshot of the macroeconomic assumptions used by the Government at the time of budget-making and whether those assumptions held true in the end of the CFY. This is followed by the analysis of receipts in chapter 3 and analysis of expenditure in chapter 4. In chapter 5, an assessment of budget management by the government has been done. The final chapter draws conclusions and learnings from the analyses in the previous chapters.

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List of Abbreviations & Acronyms

AR	Audit Reports
B.E	Budget Estimates
BN	Billion
CAGR	Compound Annual Growth Rate
CB	Citizen's Budget
CFY	Current Fiscal Year
DISCO	Distribution Company
DLI	Disbursement Linked Indicator
EB	Enacted Budget
EPB	Executive's Budget Proposal
FBR	Federal Board of Revenue
FCDO	Foreign, Commonwealth & Development Office
FDP	Federal Divisible Pool
FED	Federal Excise Duty
FY	Financial / Fiscal Year
GDP	Gross Domestic Product
GSDP	Gross Sub-national Domestic Product
GSTS	General Sales Tax on Services
HUD	Housing Urban Development
IMF	International Monetary Fund
IYR	In-Year Reports
KPK	Khyber Pakhtunkhwa
LG	Local Government

MER	Mid-Year Review
MTFF	Medium Term Fiscal Framework
NFC	National Finance Commission
Non-Dev	Nondevelopment
OBS	Open Budget Survey
OPM	Oxford Policy Management
PBS	Pre-Budget Statement
PCF	Provincial Consolidated Fund
PFM	Public Financial Management
PHED	Public Health Engineering Department
PIFRA	Project to Improve Financial Reporting and Auditing
PRA	Punjab Revenue Authority
PSDP	Public Sector Development Program
PSTS	Punjab Sales Tax on Services
R.E	Revised Estimates
SBP	State Bank of Pakistan
SMART	Strengthening Markets for Agriculture and Rural Transformation
SNG	Sub-National Governance Programme
YER	Year-End Report

1 Introduction

Budget transparency is a fundamental precondition for accountability and public participation in governance processes. Over the years, Government of the Punjab has taken several measures to enhance budget transparency and accessibility. Some of the major efforts have been development of budget execution report, two-year performance report, Citizen's Budget, Budget Highlights in both English and Urdu languages, and debt bulletins. A year-end budget execution report is a step to improve budget transparency and accessibility in Punjab.

According to the internationally accepted good practice criteria for public financial management, eight key budget documents should be produced by all countries at different stages in their budget process. The eight key budget documents include Pre-Budget Statement (PBS), Executive's Budget Proposal (EBP), Citizen's Budget (CB), Enacted Budget (EB), In-Year Reports (IYR), Mid-Year Review (MYR), Year-End Report (YER), and Audit Reports (AR).

The Year-End review is an analysis of the budget execution provides a comprehensive update on the implementation of the budget. Year-End reviews help assess what is on or off track in terms of programmes underspending or overspending relative to the Enacted Budget. This allows for a decision to be made as to whether the initial strategy in the budget needs any significant adjustments.

In FY 2021-22, The Punjab Government produced five of the eight documents, including the executive budget proposal, citizen's budget, the enacted budget, the audit report, and the Finance Minister's budget speech that serves as a pre-budget statement. Although civil accounts provide the data for making the in-year reports possible and informal analysis of budget execution is undertaken, however, no formal reports are prepared or published for the general public. Year-End report helps assess the impact of changes in the macroeconomy on the budget and enables a comprehensive assessment of actual spending and revenue collection against original estimates for the financial year. It also helps identify the need for changes in budget allocations, including the need for supplementary budgets. It takes stock of progress in realizing specific performance targets.

The Year-End Report 2021-22 is being developed by the Punjab Government with the technical assistance of FCDO funded Sub-National Governance Programme, Punjab. It is based on the budget data extracted from provincial budget documents and civil accounts.

2. Macroeconomic Assumptions

In the provincial budgets, the most significant number is of fiscal transfers from the federal divisible pool. The target and the share of the FDP for the ensuing financial year are formally conveyed to the provinces and the provinces do not deviate from these figures given the fiscal structure of the federation. Ministry of Finance, Government of Pakistan estimated the collection to be Rs. 5,829 billion during the financial year as a result of which the province was conveyed an estimate of divisible pool transfer of Rs. 1683.70 billion as its share under the 7th NFC Award. The underlying assumptions for the targets of any revenue collection comprise GDP growth rate, inflation, increase in tax-to-GDP ratio (tax rate and broadening of base), and the impact of administrative efficiency. The following table provides a list of the assumptions for these key macroeconomic indicators for the financial year 2021-22.

	Economic Indicators	Assumptions for Budget 2021-22 ²	Revised Assumptions for 2021-22
1.	Size of GDP (market prices)	Rs. 52,462 billion	66,950 billion
2.	Inflation	8.0%	11.3 %
3.	Economic Growth Rate	4.8%	5.9%,
4.	FBR Tax to GDP Ratio	8.8%	9.3%
5.	FBR Revenue Target	Rs. 5,829 billion	6,126.1 billion

The size of Pakistan's economy during FY 2021-22 was projected at Rs. 52,462 billion with the assumption that the economy will have a growth rate of 4.8% and inflation of 8%. The economic growth rate for FY2021-22 was revised to 5.9% showing that the economy fared far better than what was anticipated/ projected. Considering the macroeconomic indicators and fiscal adjustments during the FY, FBR revenue targets were revised to 6,126.1 billion.

² https://www.finance.gov.pk/budget/MTBSP_2022_2025.pdf

3 Analysis of Receipts

3.1 Total Provincial Receipts

The revenues of the Provincial Government are classified into two major categories: General Revenue Receipts and Capital Receipts. General Revenue Receipts account for around 78% of Total Provincial Consolidated Fund, and the remaining 22% comes from Capital Receipts. For FY 2020-21 we have seen that a total of Rs. 2,194.4 billion have been collected against a target of Rs 2,088.3 billion in General Revenue Receipts. The General Revenue Receipts include federal divisible pool transfers, provincial tax revenue and provincial non-tax revenue.

The transfers from Federal Divisible Pool budgeted at Rs.1683.70 were supposed to contribute around 81% to General Revenue Receipts, and the remaining 19% was projected to be collected from provincial own source, of which around 13% was estimated to be collected from provincial tax revenue (~ Rs.272.6 billion) and 6% was estimated from provincial non-tax revenue (~ Rs. 132.0 billion). As the year ends, actual FDP transfers are Rs.1764.8 billion showing an increase of Rs.81.1 billion, while the government exceeds the targets for own-source revenue. Tax collection stands at Rs. 286.4 billion and non-tax collection is Rs.143.2 billion. Receipts collection was better as compared to the budgetary estimates moreover, tax collecting agencies of the province achieved their targets.

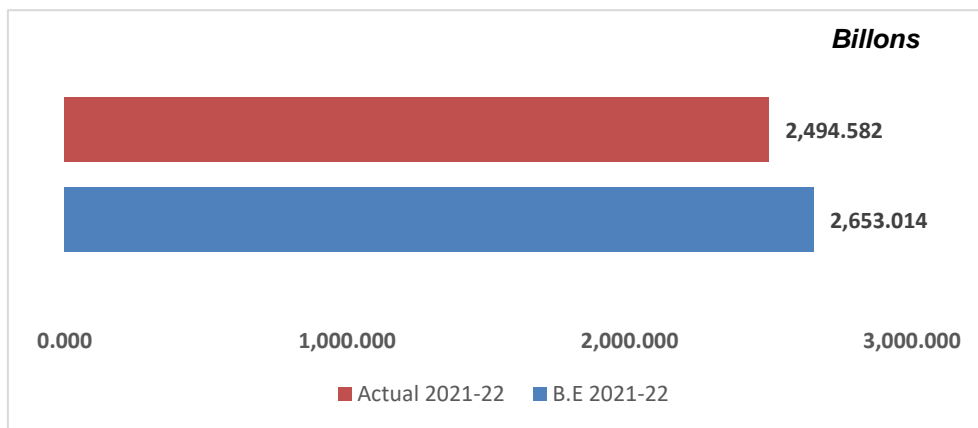
Historically, provinces have relied heavily on transfers from Federal Government and Punjab is no exception to it. In the last five years on average, 81% of Total Provincial Revenue of Punjab has been contributed from the Provincial share in Federal Revenue, whereas around 17% has been collected from own source revenue, and around 2% is Federal Loans and Grants.

Government of Punjab has been making efforts to increase revenue collection from provincial own taxation. In 2020-21 the target was set at Rs 317.1 billion and was increased by 28% to Rs 404.61 billion in 2021-22. Tax assignment structure in the Constitution assigns taxation of services, immovable property, motor vehicles, agriculture income and tax on professions to provincial governments in addition to some minor taxes.

During FY 2021-22, Punjab Government has realized 94.0% of its overall revenue target set in the budget, Provincial Government realized a total provincial receipt of Rs.2,494.6 billion against a budget estimate of Rs.2,653.01 billion. For general revenue receipts, the government collected a total of Rs. 2,194.5 billion against an estimate of Rs.2,088.30 billion. This means that 105.1% of the collection has been realised. General revenue receipts include federal divisible pool, and Punjab's own source revenue of tax and non-tax receipts. Last year, the general revenue receipts collection

was Rs.1675.0 billion (85%) against a total collection of Rs.1,977.7 billion and a target of Rs.1750.2 billion.

Figure 1 - Total Provincial Receipts



FBR collection shows growth of about 27.8% over the collection of Rs. 4,963.0 billion during the FY 2020-21. However major shortfall has been experienced in capital receipts, particularly Capital Account I receipt.

Table 3.1 Total Provincial Receipts

(Rs. In billion)

General Revenue Receipts						
	2021-22			2020-21		
	BE	RE	Actual	BE	RE	Actual
Federal Divisible Pool Transfers	1,683.696	1,761.166	1,764.760	1,432.968	1,354.168	1,321.168
Provincial tax	272.566	276.694	286.478	220.886	228.650	234.290
Provincial non-tax	132.042	144.336	143.214	96.181	129.914	119.522
Total GRR	2,088.304	2,182.196	2,194.451	1,750.036	1,712.732	1,674.979
Total Receipts						
Capital Ac I	144.371	86.219	55.015	158.724	104.360	83.836
Capital Ac II	420.339	512.350	245.115	331.869	482.021	218.848
Total Capital Account Receipts	564.710	598.569	300.131	490.594	586.382	302.684
General Revenue Receipts	2,088.304	2,182.196	2,194.451	1,750.036	1,712.732	1,674.979
Total Provincial Consolidated Fund	2,653.014	2,780.765	2,494.582	2,240.629	2,299.113	1,977.663

During the FY 2020-21 Federal Divisible Pool transfers increased by a margin of 7.5% year on year (41.9% in 2020-21 and 49.4% in 2021-22). Government also exceeded the targets in provincial tax and non-tax

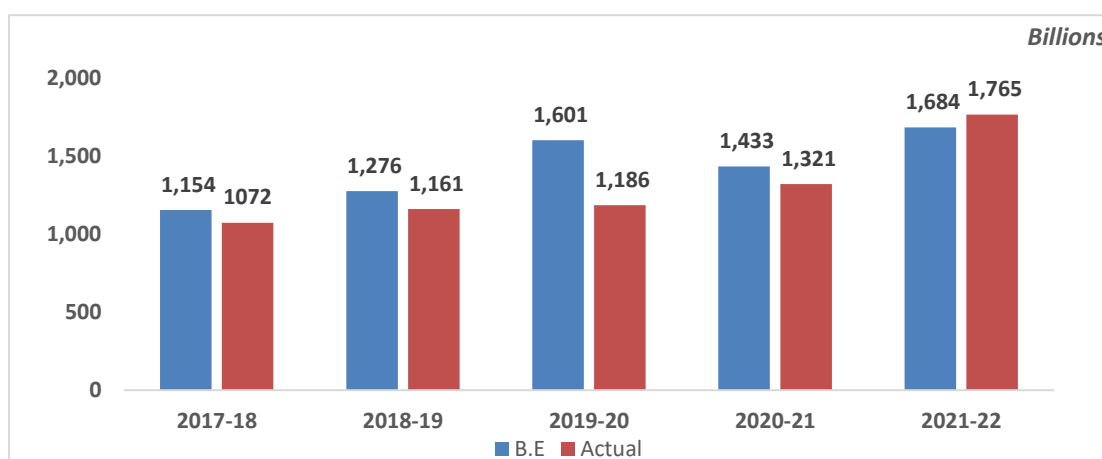
The Government received an amount of Rs. 1,764.8 billion from the federal divisible pool as its share compared to the budget estimate of Rs. 1,683.7 billion for the year. Table 3.1 shows an increase of 81.1 billion in the estimated and actual FDP transfers. Historical data shows that approximately 105% of the FBR receipts are collected in the year when compared with the revised targets. Provincial tax collection was Rs.286.5 billion against the budget estimate of Rs. 272.6 billion for the entire year. This year provincial tax collection was 5.0% (Rs.13.9 billion) higher compared to the budget estimate. In provincial non-tax revenue, the government has collected Rs.143.2 billion compared to the budget estimate of Rs.132.0 billion. Capital account- I (Non-Food) receipts remained low (Rs. 26.7 billion) compared to the budget estimate (Rs. 79.1

billion) whereas Capital Account- II (Food) receipts (Rs. 245.1 billion) fell short of the target (Rs. 420.3 billion) reducing capital account receipts against the target. A total of Rs.300.1 billion have been received under capital receipts (including Capital Account I and II) against a budget estimate of Rs.564.7billion. The Current Capital Account I show a collection of Rs. 26.7 billion against a target of Rs. 79.1 billion. Capital account II shows a collection of Rs. 245.1 billion against a target of Rs. 420.3 billion. Development capital receipts collection is Rs. 28.3 billion against a target of Rs. 65.2 billion.

Each item of the provincial receipts has been discussed in the following sections:

3.1.1 Federal Divisible Pool

Figure 2 – Federal Divisible Pool



Federal Divisible Pool transfers are the biggest contributor to the provincial receipts. Even a small percentage shortfall in this source of income necessitates significant adjustments in the provincial budget. During FY 2021-22, the actual transfers were Rs.1,764.8 billion as compared to a target of Rs.1,683.7 billion for the entire year. The revised estimate for the financial year 2021-22 was Rs.1,761.2 billion. Last year, the FBR transfer was Rs.1,321.2 billion, exhibiting an increase of 34% for the FY 2021-22. The government managed to collect 104.8% of the budget estimate despite having an ambitious target for the year. FBR collection trends range from 71% to 105% in the past five years against budget estimates, averaging 89%. In FY 2020-21 there were a gap between collection and the target There was a shortfall of Rs. 32.9 billion so the government was unable to achieve the targets set at the end of the year.

It is important to mention that the budget estimate of FY2021-22 for FBR were 27.8% higher than the previous year’s actual collection. While nominal GDP at market price stood at 66,950 billion showing a growth of 20% over last year. FBR collection showed growth of about 27.8% over the collection of Rs. 4,963.0 billion during FY 2020-21.

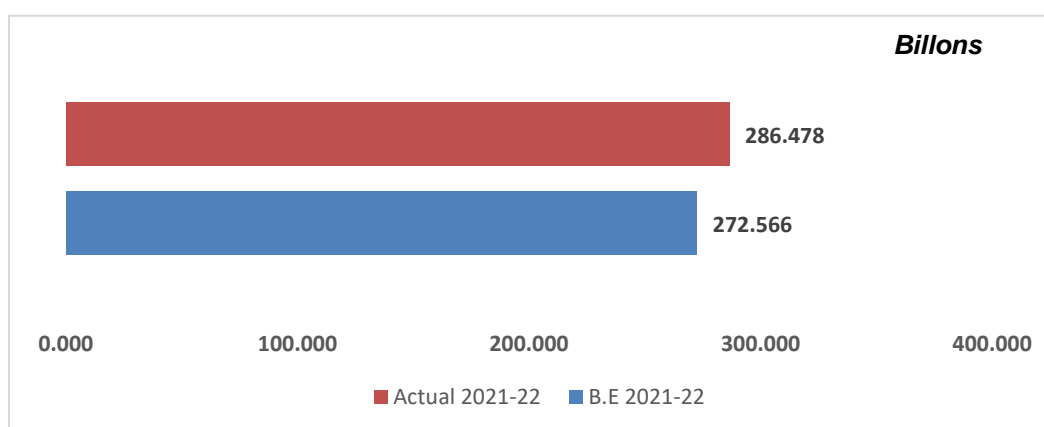
Table 3.2 – Federal Divisible Pool

(Rs. In billion)

Federal Divisible Pool						
	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
B011-Taxes on Income	626.878	639.065	647.105	587.887	513.756	485.247
B018-Capital Value Tax on Moveable Assets	0.164	0.132	0.115	0.887	0.146	0.185
B021-Land Custom	225.971	276.266	283.073	184.043	201.503	213.205
B023-Sales tax	729.950	750.035	744.898	558.763	561.249	544.420
B024-Federal Excise	100.313	95.325	89.255	100.882	77.148	77.787
B025-Federal Excise on Natural Gas	0.419	0.343	0.314	0.507	0.365	0.324
Total Federal Divisible Pool	1,683.696	1,761.166	1,764.760	1,432.968	1,354.168	1,321.168

3.1.2 Provincial tax Revenue

Figure 3 – Provincial tax Revenue



Punjab collected Rs.286.5 billion as tax receipts during the financial year 2021-22 as compared to a budget estimate of Rs.272.5 billion. In this way, Punjab's tax collection exhibited better performance, exceeding the target by Rs.13.9 billion (105.1% of the annual target). More importantly, this performance is primarily based on improvements to collection efficiency and measures for broadening the tax base.

Table 3.3 shows the distribution of tax collection between direct & indirect taxes. The growth in tax collection is primarily due to the growth being posted by the PSTS. Similarly, table 3.4 provides the break-up of tax collection by departments. The government has adopted a fiscal strategy of providing maximum relief to the public to the tune of Rs. 51 billion, which includes reduced rates on PSTS for nine sectors from 16% to 5% to incentivize compliance.

Table 3.3 – Provincial Tax Revenue

Provincial Tax Revenue							(Rs. In billion)		
	2021-22			2020-21					
	BE	RE	Actual	BE	RE	Actual			
B01-Direct Taxes	49.605	40.813	41.870	38.366	34.723	35.055			
B02-Indirect Taxes	210.355	230.490	239.146	171.246	188.977	193.503			
B03-Other Indirect Taxes	12.606	5.390	5.462	11.274	4.950	5.732			
Total Provincial Tax Revenue	272.566	276.694	286.478	220.886	228.650	234.290			

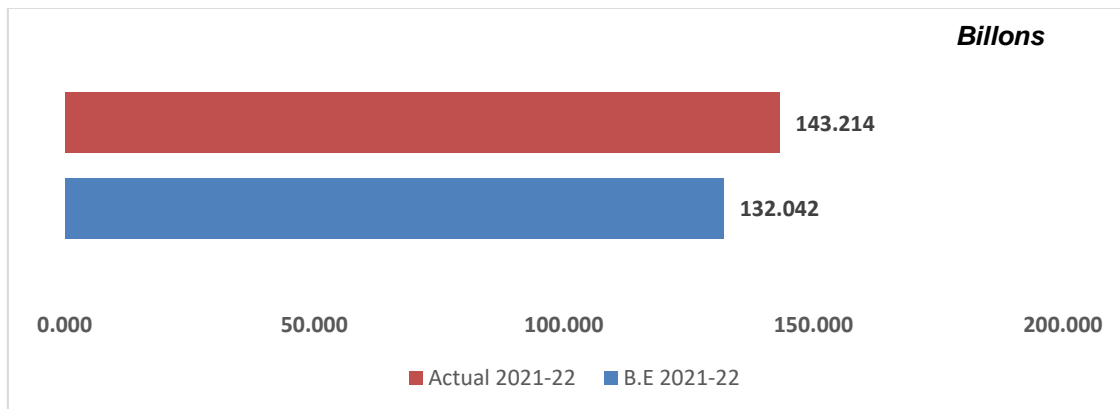
Table 3.4 Provincial Tax Revenue – Department wise collection

Provincial Tax Revenue – Department wise collection							(Rs. in billion)		
	2021-22			2020-21					
	BE	RE	Actual	BE	RE	Actual			
Finance	155.900	165.500	170.531	125.000	141.150	143.748			

Board of revenue	65.950	70.820	74.545	56.000	56.200	58.803
Excise & taxation	42.766	39.182	40.152	32.364	30.500	30.874
Energy	7.250	0.200	0.191	6.847	0.200	0.182
Transport	0.700	0.991	1.058	0.675	0.600	0.683
Total Provincial Tax Revenue	272.566	276.694	286.478	220.886	228.650	234.290

3.1.3 Provincial Non-Tax Revenue

Figure 4 – Provincial Non-Tax Revenue



The government managed to collect Rs.143.2 billion during FY 2021-22 for provincial non-tax revenue compared to the budget estimate of Rs.132.04 billion.

The Government collected Rs.143.2 billion during the financial year 2021-22 against the budget estimate of Rs.132 billion. The collection is 108% of the budget target, whereas this shows that the government performed better than previous FY 2020-21. The government expected to collect Rs.132 billion at the end of the year. However, the collection was 8.6% or Rs.143.2 billion, whereas revised estimates were 144.3 billion. The government exceeded its targets for miscellaneous receipts because of the receipt of federal grants that were not included in the budget estimate. Last year, the government managed to collect Rs.119.5 billion for the fiscal year against a target of Rs.96.1 billion. This shows that there has been an increase of 20.1% in the performance of this year.

Considering healthy revenue growth and economic recovery, there was a sizable fiscal room available for Finance Department to consider funding important additional development and other pressing expenditure requirements such as to supporting Food Department retire portion of commodity debt, inter alia.

The budget estimate included the expected receipt of Rs.10.0 billion on account of Net Hydel Profit from the Federal Government. However, only Rs.1.3 billion were received resulting in a majority shortfall in 'Income from Property and Enterprise' as Net Hydel Profit is a part of the category titled 'Income from Property and Enterprises'.

Table 3.5 – Provincial Non-Tax Revenue

(Rs. In billion)

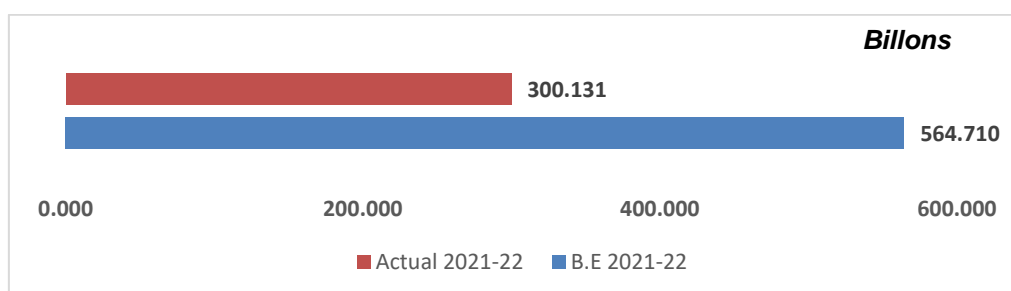
Provincial Non tax Receipt						
	BE 2020-21	RE 2020-21	Actual 2020-21	BE 2019- 20	RE 2019-20	Actual 2019-20
C01-Income from Property and Enterprise	26.849	3.574	3.354	10.208	18.855	6.806
C02-Receipts from Civil Administration and Other Functions	18.980	18.968	19.470	17.000	14.411	16.369
C03-Miscellaneous Receipts	86.214	121.794	120.390	68.973	96.648	96.346
Provincial Non-Tax Revenue	132.042	144.336	143.214	96.181	129.914	119.522

Non-Tax Receipt by Department			(Rs. In billion)			
	2021-22			2020-21		
	BE	RE	Actual	BE	RE	Actual
Finance	37.893	81.768	80.845	21.348	66.440	63.151
Board Of Revenue	30.356	2.077	4.638	20.356	10.250	1.714
Z-Misc.	18.724	19.517	18.966	18.974	20.939	21.076
Mines And Minerals	11.660	11.200	11.538	11.000	10.000	10.199
Irrigation	11.317	6.627	3.867	4.201	4.300	3.989
Police	6.600	5.561	5.590	6.100	5.125	4.802
Communication And Works	4.025	3.779	3.887	3.900	3.270	3.651
Health	2.186	1.835	1.901	2.086	1.550	1.759
Education	2.106	3.695	3.658	1.950	1.757	2.040
Forestry, Wildlife & Fisheries	1.400	1.627	1.620	1.238	1.286	1.413
Livestock And Dairy Development	1.270	1.413	1.709	1.026	1.115	1.739

Home	1.291	1.255	1.016	1.108	1.084	1.005
Agriculture	1.147	1.807	1.704	1.072	1.092	1.160
Hud & Phe Department	0.900	1.058	1.143	0.850	0.750	0.821
Law And Parliamentary Affairs	0.750	0.740	0.773	0.622	0.573	0.599
Industries	0.412	0.373	0.358	0.347	0.380	0.402
Cooperatives	0.004	0.004	0.002	0.003	0.003	0.004
Provincial Non-Tax Revenue	132.042	144.336	143.214	96.181	129.914	119.522

3.1.4 Capital Receipts

Figure 5 – Capital Receipts



The government missed meeting its targets for capital receipts. The government received Rs. 300.1 billion in the year whereas the budget estimation was Rs 564.7billion. The low collection is on account of lower receipts from the sale of wheat and low financing raised for procurement of wheat and lower than target capital receipts (borrowing) from multilateral development partners. Capital receipts of the Government can be classified into two categories – ‘Current Capital Receipts’ and ‘Development Capital Receipts’. Current Capital Receipts comprise of recoveries of loans and advances by the government to its autonomous bodies and borrowing by the Government for (i) commodity operation and (ii) budget support programmes of multilateral. Current Capital Receipts are either credited to Account No. I (Non-Food Account) or Account No. II (Food Account) depending on the nature of receipt. Development Capital Receipts on the other hand comprise borrowing from multilateral donor agencies to finance specific development projects.

During the FY 2021-22, the Government targeted to collect Rs.564.71 billion as capital receipts. The actual collection from this source was only Rs.300.1 billion, which is 53.1% of the budget estimate. Capital Account receipts (both Account I and II) show no

particular trend. The Current Capital Account I receipt showed a collection of Rs. 26.7 billion against a target of Rs. 79.1 billion (33.7% collection) whereas the receipts for account II were Rs.245.1 billion (58.3%) compared to the annual target of Rs.420.3 billion. Development Capital receipt target was estimated at Rs. 65.2 billion against which the government has received an amount of Rs. 28.3 billion during FY 2021-22. Capital accounts follows no particular trend. Capital receipts of the Government can be classified into two categories – ‘Current Capital Receipts’ and ‘Development Capital Receipts’. Current Capital Receipts comprise recoveries of loans and advances by the government to its autonomous bodies and borrowing by the Government for (i) commodity operation and (ii) budget support programmes of multilateral. Current Capital Receipts are either credited to Account No. I (Non-Food Account) or Account No. II (Food Account, depending on nature of receipt). Development Capital Receipts on the other hand comprise borrowing from multilateral donor agencies to finance specific development projects.

As shown in Table 3.7, the budget estimate of ‘Current Capital Receipts’ was Rs. 564.71 billion whereas the collection under this category was Rs. 300.1 billion during the financial year. The Government received budgetary support and disbursement from World Bank under Punjab Education Sector Reform Program, Strengthening Markets for Agriculture and Rural Transformation (SMART), Punjab Green Development Program and Punjab Cities Program, Punjab Resource Improvement and Digital Effectiveness (PRIDE). This implies that the DLIs set against loans have not been met by the government yet. For Capital Account I the government needed to ensure that the DLIs are met for the loans.

The foreign project assistance was Rs. 28.3 billion, whereas the budget estimate for the year was Rs. 65.2 billion, therefore only 43.4% of the total amount allocated was received at the end of Financial Year. The loans under the Account I have increased compared to the previous year by 39%, whereas the loans incurred under Account II have decreased by 24.5%.

Table 3.6 – Capital Receipts

(Rs. In billion)

Capital Receipts	2021-22	
	B. E	Actual
Current Capital Receipts	499.487	271.818
Development Capital Receipts	65.222	28.313
Capital Receipts	564.709	300.131

Table 3.7 - Capital Receipts – Detailed

(Rs. In billion)

	B.E 2021-22	Actual 2021-22
Account I	79.148	26.738
Loans & Advances/Recoveries of Loans and Advances	3.049	1.593
Debt	76.099	25.145
Account II	420.339	245.115
Recoveries of Investment-State Trading Schemes	217.434	0.000
Cash Credit Accommodation	202.905	245.115
A- Current Capital Receipts	499.487	271.818
B- Development Capital Receipts (Acc-I)	65.222	28.313
Total Capital Receipts (A+B)	564.709	300.131

	2021-22			2020-21		
	B.E	R.E	Actual	BE	RE	Actual
Loans & Advances/Recoveries of Loans and Advances	3.049	1.264	1.593	1.280	18.525	18.507
Debt	141.322	84.956	53.458	157.444	85.836	65.329
Account I	144.371	86.219	55.051	158.724	104.360	83.836
Recoveries of Investment-State Trading Schemes	217.434	236.543	0.000	173.913	198.571	0.000
Cash Credit Accommodation	202.905	275.807	245.115	157.957	283.450	218.848
Account II	420.339	512.350	245.115	331.869	482.021	218.848
Total Capital Receipts	564.71	598.569	300.131	490.594	586.382	302.684

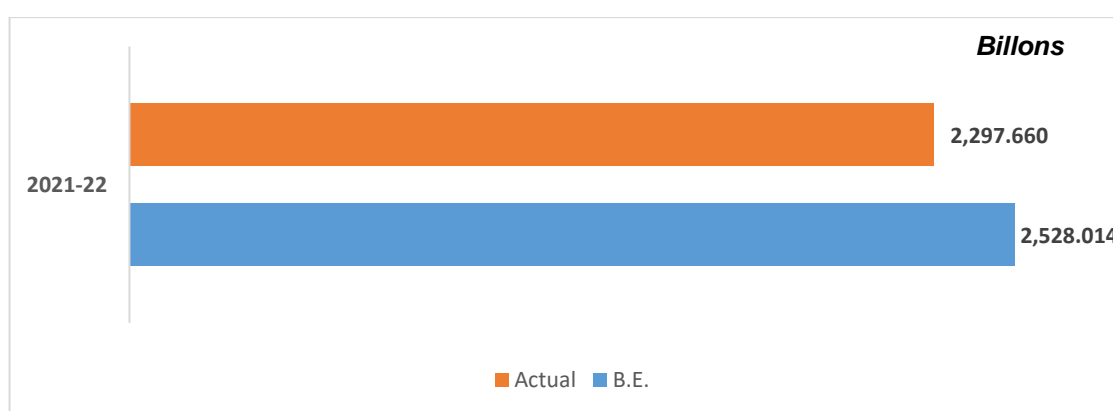
4 Analysis of Expenses

4.1 Total Provincial Expenditure

Expenditure is money spent by the Government on public service delivery and investments to deliver services. Provincial Government expenditure is divided into the following three broad categories:

1. Current Expenditure
2. Capital Expenditure
3. Development Expenditure

Figure 6 – Total Provincial Expenditure



Punjab Government has been able to utilize 90.9% of its budget allocation for FY 2021-22. The total provincial expenditure was estimated to be Rs.2,528.01 billion the actual expenditure for the year is Rs. 2,297.7 billion. Based on the trend for the last five years, the government spends 85% on average of the allocated budget, with the utilisation ranging from 81% to 91% of the actual expenditure. The current expenditure was Rs.1,380.0 billion. Similarly, capital expenditure was Rs.334.0 billion against a target of Rs.540.11 billion. The capital account I expenditure was Rs.80.5 billion and spending under capital account II is Rs.253.5 billion. Development expenditure spending shows that Rs.583.7 billion were utilised against the allocated budget of Rs.560.0 billion and Revised Estimates of Rs. 647.867 billion.

As per the budget estimate 2021-22, 56.48% of total allocation was meant for current expenditure (Rs.1,427.9 billion), 21.37% for capital expenditure (Rs. 540.11 billion) & 22.15% for development expenditure (Rs. 560 billion).

Expenditure by Components: Table 4.1 divides the total expenditure of the Government into four major categories i.e., salary, non-salary, pensions, and transfers. A total of Rs.355.4 billion have been spent on salary, Rs.253.3 billion

have been spent on pension, Rs.461.5 billion have been spent on transfer to local governments and Rs.1,225.4 billion have been spent on non-salary expenditure.

Expenditure by Functions: Table 4.1 also shows a positive deviation in expenditure from the budget estimates by function classification used under New Accounting Model. The table shows that when compared with FY 2020-21 there has been a significant increase in Economic Affairs, Education Affairs and Social Protection expenditure. This is important given the pandemic affected poverty and unemployment. There has been a significant increase in Social Protection, Education and Health spending particularly on the development side.

Table 4.1 – Total Provincial Expenditure

(Rs. In billion)

Total Provincial Expenditure						
	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
Current Expenditure	1,427.900	1,423.667	1,379.957	1,318.338	1,314.907	1,257.457
Capital I Expenditure	119.775	81.061	80.476	128.422	87.172	85.968
Capital II Expenditure	420.339	512.350	253.533	331.869	482.021	210.651
Development Expenditure	560.000	647.867	583.694	337.000	375.222	326.582
Total	2,528.014	2,664.946	2,297.660	2,115.629	2,259.322	1,880.659
Major Components						
Salary	384.916	366.986	355.418	342.611	338.533	325.633
Pension	275.000	259.650	255.299	250.714	240.060	235.611

Total Provincial Expenditure						
	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
Transfers to LGs	483.000	463.959	461.482	448.500	428.944	408.473
Non salary	1,385.098	1,574.351	1,225.461	1,073.805	1,251.786	910.942
Total	2,528.014	2,664.946	2,297.660	2,115.629	2,259.322	1,880.659

Major Function						
	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
01 - General Public Service	1,133.839	1,136.954	1,092.584	1,103.029	1,031.896	987.754
03 - Public Order and Safety Affairs	192.183	212.093	208.193	173.632	192.662	188.016
04 - Economic Affairs	707.128	772.610	494.890	477.352	623.922	321.202
05 - Environment Protection	5.024	2.800	2.522	6.392	5.553	5.469
06 - Housing and Community Amenities	87.283	141.632	120.841	49.176	77.143	71.596
07 - Health	259.979	266.081	254.612	187.364	211.774	196.718
08 - Recreational, Culture and Religion	11.922	12.536	11.859	6.216	7.305	7.040
09 - Education Affairs and Services	119.759	109.704	103.422	103.354	100.458	94.947
10 - Social Protection	10.896	10.536	8.738	9.114	8.609	7.918

Major Function						
	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
Grand Total	2,528.014	2,664.946	2,297.660	2,115.629	2,259.322	1,880.659

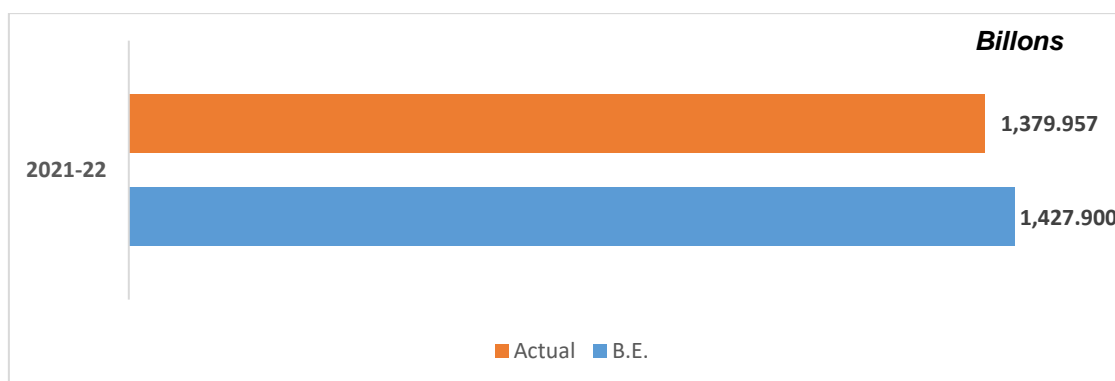
Table 4.2 – Total Provincial Expenditure (Variance)

	BE 2021-22	RE 2021-22	Actual 2021-22	Variance BE and Actual	Variance RE and Actual	Average variance
01 - General Public Service	1,133.839	1,136.954	1,092.584	-41.255	-44.370	-42.813
03 - Public Order and Safety Affairs	192.183	212.093	208.193	16.010	-3.900	6.055
04 - Economic Affairs	707.128	772.610	494.890	-212.238	-277.720	-244.979
05 - Environment Protection	5.024	2.800	2.522	-2.503	-0.278	-1.390
06 - Housing and Community Amenities	87.283	141.632	120.841	33.557	-20.792	6.383
07 - Health	259.979	266.081	254.612	-5.367	-11.469	-8.418
08 - Recreational, Culture and Religion	11.922	12.536	11.859	-0.063	-0.678	-0.370
09 - Education Affairs and Services	119.759	109.704	103.422	-16.337	-6.282	-11.310
10 - Social Protection	10.896	10.536	8.738	-2.159	-1.798	-1.978
Grand Total	2,528.014	2,664.946	2,297.660	-230.355	-367.286	-298.820
Major Components						
Salary	384.916	366.986	355.418	-29.499	-11.568	-20.533
Pension	275.000	259.650	255.299	-19.701	-4.351	-12.026

	BE 2021-22	RE 2021-22	Actual 2021-22	Variance BE and Actual	Variance RE and Actual	Average variance
Transfers to LGs	483.000	463.959	461.482	-21.518	-2.477	-11.998
Non salary	1,385.098	1,574.351	1,225.461	-159.637	-348.890	-254.264
Grand Total	2,528.014	2,664.946	2,297.660	-230.355	-367.286	-298.820

4.1.1 Current Expenditure

Figure 7 - Current Expenditure



The allocation for current expenditure for FY 2021-22 was Rs.1,427.90 billion whereas the spending was Rs.1380.0 billion. Current expenditure enables government to meet the requirements of service delivery.

The current actual expenditure for the FY 2021-22 was Rs. 1,380.0 billion against the budget estimates of Rs. 1,427.90 billion. Historically, the government usually spends 89% to 100% of the budget estimate. In this year the government has utilised 96.6% of the revised estimate. Last year the spending was Rs.1,257.5 billion (95.4% of the target) spending has increased by 9.7%. Conversely, the budget accuracy has been increased too.

Expenditure by Components: The government has performed better in terms of its budget execution when compared with FY 2020-21 except in transfers to local governments. Otherwise, the utilization rates have improved for salary, pensions, and service delivery expenditure.

Table 4.3 provides the break-up of the current expenditure into four major categories i.e., salary, non-salary, pensions, and transfers. This table shows that the expenditure on salary, transfers, non-salary and pensions are on track given the previous years' trends. 92.8% and 92.8% of the salary and pension budget were spent, respectively.

91.5% were spent from the local government transfers. While 114.0% of the non-salary budget was spent by end of the financial year, last year's utilisation was 106.6% of the actual expenditure for service delivery expenditure. Under budget for the FY2021-22, the government estimated an expenditure of Rs.380.1 billion for salary, Rs.275.0 for pension, Rs.483.0 billion under local government transfers and non-salary expenditure of Rs.289.7 billion bringing the total current expenditure to Rs.1,427.9 billion. While the actual expenditure for salary and pension were close to the estimates, the non-salary expenditure was higher at the end of the year as can be seen in the actual expenditure. Local government transfers were also revised down at the end of the year and the actual expenditure was lower by 4.8% when compared with the R.E.

Expenditure by Functions: Table 4.3 also provides the Function classification of the expenditure to identify the 'purpose' of an allocation or expenditure. The table provides the break-up of current expenditure by functions. It shows that the expenditure on function 'Environment Protection' was somewhat close to target as compared to other functions. Most of the functions such as 'Health', 'Education Affairs and Services' and 'Social Protection, have spent significantly less than the budget allocations. However, when compared with last year, there has been an increase in spending in most of the functions e.g., Economic Affairs, Housing and Community Amenities have increased by 26%, 16% respectively. Similarly, spending under Social Protection and Public Order and Safety Affairs has increased as well by 14% and 11% respectively.

Table 4.3 - Current Expenditure

(Rs. In billion)

	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
Salary	380.146	364.260	352.785	337.549	334.959	322.151
Pension	275.000	259.650	255.299	250.714	240.060	235.611
Transfers to LGs	483.000	444.457	441.980	448.500	420.049	399.578
Non-Salary	289.754	355.301	329.893	281.576	319.839	300.116
Grand Total	1,427.900	1,423.667	1,379.957	1,318.338	1,314.907	1,257.457
Current Expenditure by Major Object						
A01-Employee Related Expenses	380.401	364.515	353.040	337.661	335.071	322.264
A02-Project Pre-investment Analysis	0.025	0.016	0.010	0.021	0.010	0.009

A03-Operating Expenses	119.421	139.223	132.709	103.613	125.759	118.453
A04-Employees Retirement Benefits	282.218	267.812	262.790	257.113	249.265	244.300
A05-Grants, Subsidies and Writeoffs of Loans/Advances/Others	566.885	566.756	559.716	533.241	525.689	497.461
A06-Transfers	16.575	15.458	13.922	15.875	14.672	13.162
A07-Interest Payment	35.413	24.870	15.861	41.827	27.216	27.216
A09-Expenditure on Acquiring of Physical Assets	6.942	11.421	10.161	4.348	7.234	5.516
A10-Principal Repayments of Loans	0.000	0.000	0.000	0.000	0.000	0.000
A12-Civil Works	0.243	0.232	0.191	0.240	0.258	0.234
A13-Repairs and Maintenance	19.478	33.065	31.535	24.239	29.573	28.790
A14-Suspence and Clearing	0.300	0.300	0.021	0.160	0.160	0.052
Grand Total	1,427.900	1,423.667	1,379.957	1,318.338	1,314.907	1,257.457

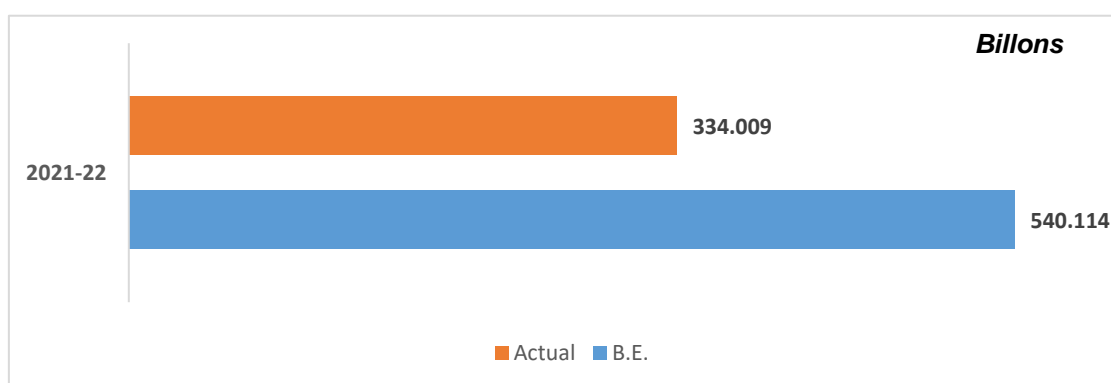
Current Expenditure by Major Function

	BE 2021-22	RE 2021-22	Actual 2021-22	BE 2020-21	RE 2020-21	Actual 2020-21
01 - General Public Service	835.090	777.297	757.026	778.129	736.044	706.376
03 - Public Order and Safety Affairs	189.716	209.948	206.286	172.525	190.438	185.917
04 - Economic Affairs	123.408	156.257	151.787	118.110	126.187	120.252
05 - Environment Protection	0.517	0.625	0.509	0.489	0.538	0.462
06 - Housing and Community Amenities	11.909	25.807	25.299	7.848	23.166	21.846

07 – Health	175.647	162.912	155.393	157.071	153.456	142.365
08 - Recreational, Culture and Religion	4.343	4.231	3.984	3.780	3.625	3.518
09 - Education Affairs and Services	77.183	77.497	72.283	71.803	74.336	70.223
10 - Social Protection	10.087	9.093	7.391	8.582	7.117	6.499
Grand Total	1,427.900	1,423.667	1,379.957	1,318.338	1,314.907	1,257.457

4.1.2 Capital Expenditure

Figure 8 - Capital Expenditure



The Government's capital expenditure spending remained considerably low for the fiscal year, following the same trend as capital receipts. While the budget estimate for the year was Rs.540.11 billion, the actual spending was Rs.334.0 billion.

Capital expenditure consists of loans made, loans repaid, and contributions made to separate funds for meeting long-term liabilities such as pensions. The capital expenditure can be divided into two main categories: Capital Expenditure (Account No. I) & Capital Expenditure (Account No. II). Account No. I relate to expenditure by the Government for the provision of services to citizens whereas Account No. II is reserved for transactions relating to commodity operations. Major transactions of Account No. I (Non-Food) include (i) Principal Repayment of Domestic, Foreign and Market Debt & (ii) Loans and advances to corporate bodies of the Government. Expenditures in Account No. II (Food) is mainly incurred on state trading operations of the Government in food grains, especially procurement of wheat and repayment of loans taken from the commercial banks for the trading operations to ensure food security in the country.

In capital account-I, the budget estimate for the year was Rs. 119.8 billion whereas the actual repayment of loans incurred were Rs.80.5 billion, showing a 67.2% utilization. The revised estimate for capital account-I expenditure was Rs. 81.06 billion, close to the actual expenditure (99.6% utilization). When compared with FY 2020-21 the actual spending under capital account-I has decreased by 6.4%. Though capital account-I shows no trend, data of past 5 years show the capital account I expenditure ranges from 38% to 113% of the budget allocation from 79.4% of the total spending. Last year the difference arose mainly due to investment and repayment of loans domestically as the government has only spent 25.8% of the money allocated for investment and 23.1% of the amount allocated for domestic debt management. The government was able to repay the principal from foreign debt.

Similarly, for Capital Account II, the actual expenditure for the FY 2021-22 was Rs.253.5 billion against a budget allocation of Rs. 420.3 billion. Capital expenditure under account II increased by 20.4% when compared with the spending of FY 2020-21. The government's repayment of domestic debt is on track as can be seen in the table below under floating debt but state commodity trading for procurement of wheat is extremely low compared to the budget estimate. The decrease in capital expenditure of Account II is mainly due to state trading. Details of capital expenditure under Account No. I and II can be seen in Table 4.4.

Table 4.4 - Capital Expenditure

(Rs. In Billion)

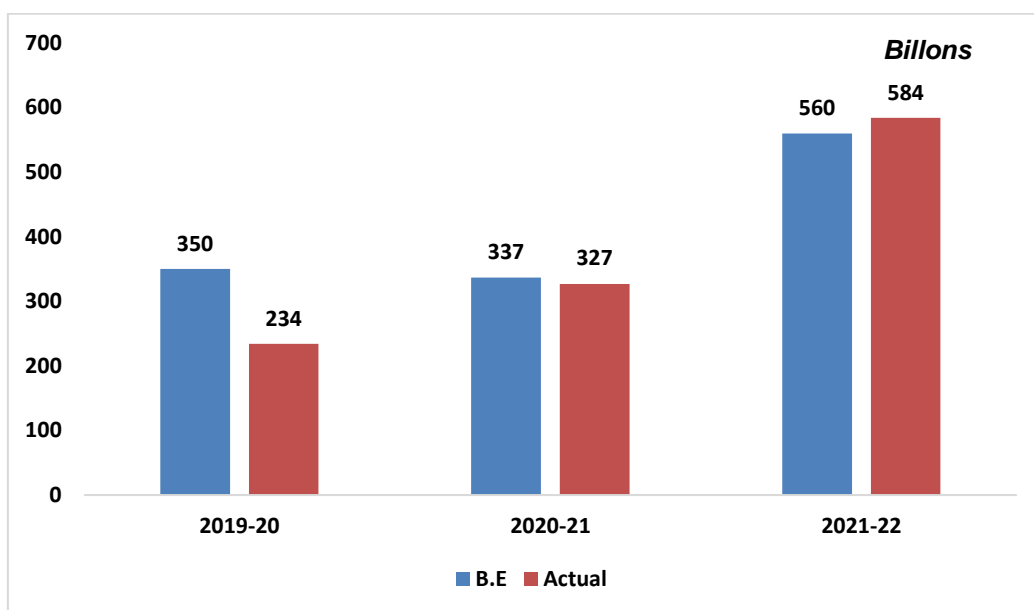
Capital Expenditure	BE	RE	Actual	BE	RE	Actual
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
Capital-A/c-I	119.775	81.061	80.476	128.422	87.172	85.968
PC12043-LOANS TO MUNICIPALITIES/ ABS ETC.	25.621	22.764	22.179	29.411	27.464	26.322
PC13034-STATE TRADING IN MEDICAL STORES AND COAL	0.000	0.000	0.000	0.127	0.121	0.059
PC13035-LOANS TO GOVERNMENT SERVANTS	0.000	0.000	0.000	0.000	0.000	0.000
PC13050-INVESTMENT	39.995	5.000	5.000	43.800	11.290	11.290
PC16046-PERMANENT DEBT (DISCHARGED)	0.000	0.000	0.000	0.000	0.000	0.000

Capital Expenditure	BE	RE	Actual	BE	RE	Actual
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
PC16048-REPAYMENT OF LOANS FROM THE FEDERAL	54.158	52.638	52.638	55.084	48.297	48.297
PC16051-LOANS TO HIGH COURT JUDGES	0.000	0.659	0.658	0.000	0.000	0.000
Capital-A/c-II	420.339	512.350	253.533	331.869	482.021	210.651
PC13033-STATE TRADING IN FOODGRAINS AND SUGAR (VOTED)	219.643	302.574	49.422	170.156	312.965	41.643
PC16033-STATE TRADING IN FOODGRAINS AND SUGAR (CHARGED)	53.479	40.754	40.593	47.055	36.300	36.253
PC16047-FLOATING DEBT (DISCHARGED)	147.217	169.022	163.518	114.659	132.757	132.757
Grand Total	540.114	593.411	334.009	460.292	569.193	296.621

4.1.3 Development Expenditure

Expenditure by the Government that enhances its capability of service delivery to citizens is classified as development expenditure. Every year an Annual Development Programme is approved by the legislature. The development expenditure is categorized into development revenue expenditure and development capital expenditure.

Figure 9 - Development Expenditure



Development expenditure of the Government during the FY 2021-22 was Rs.583.7 billion against a budget estimate of Rs.560.0 billion, which is 104.2% of the budget allocation.

The revised expenditure for the year was Rs. 647.8 billion. Showing a utilization rate of 4.1%. During the financial year, the resource available to Government for development were Rs 442.8 billion netting off Capital Account I. Last year, the government had spent Rs. 326.6 billion against a budget estimate of Rs. 337 billion showing a 67% utilization rate. Development spending in the past five years when compared with the budget estimate have ranged from 67% to 104% hence the government has really improved its execution in development spending.

Key highlight of execution of budget FY 2021-22 was the additional funding which finance department made available for development owing to greater fiscal space availability.

The government utilised Rs.583.7 billion (104.2%) compared to a budget estimate of Rs.560.0 billion. So, more spending translates into earlier completion of the schemes and their early operationalization to service delivery.

Expenditure by Functions: Details of expenditure by 'Functions' are also available in Table 4.5. shows that 'Economic Affairs' have the largest share (43%) in the development spending, followed by function 'General Public Service' & 'Housing & Community Amenities' which have 16% and 16% shares, respectively. Compared to spending during same period of the FY 2020-21, highest increase is in functions, 'Education Affairs and Services', 'Health', 'Recreational, Culture and Religion', 'and 'Economic Affairs' - all priority areas for the government. Similarly, compared with FY 2020-21, development spending in these functions has increased.

Table 4.5 - Development Expenditure

(Rs in billion)

Development Expenditure	BE	RE	Actual	BE	RE	Actual
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
A01-Employee Related Expenses	4.770	2.726	2.633	4.993	3.506	3.458
A02-Project Pre-investment Analysis	0.075	0.041	0.030	0.052	0.026	0.023
A03-Operating Expenses	12.771	13.890	12.215	8.493	9.827	8.634
A04-Employees Retirement Benefits	0.009	0.008	0.006	0.005	0.006	0.009
A05-Grants, Subsidies and Writeoffs of Loans/Advances/Others	236.028	321.657	274.789	195.558	192.651	168.328
A06-Transfers	66.680	54.820	50.024	42.332	38.230	33.976
A08-Loans and Advances	0.000	0.000	0.000	0.000	0.000	0.000
A09-Expenditure on Acquiring of Physical Assets	20.692	31.914	27.093	10.472	15.209	14.342
A11-Investments	0.000	0.000	0.000	0.000	0.000	0.000

Development Expenditure	BE	RE	Actual	BE	RE	Actual
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
A12-Civil Works	218.006	221.949	216.074	74.598	115.273	97.362
A13-Repairs and Maintenance	0.969	0.863	0.830	0.497	0.493	0.450
Grand Total	560.000	647.867	583.694	337.000	375.222	326.582
	BE	RE	Actual	BE	RE	Actual
	2021-22	2021-22	2021-22	2020-21	2020-21	2020-21
01 - General Public Service	31.757	109.573	91.564	81.945	76.045	62.712
03 - Public Order and Safety Affairs	2.467	2.145	1.907	1.107	2.224	2.099
04 - Economic Affairs	310.598	273.025	253.089	141.904	148.349	122.994
05 - Environment Protection	4.507	2.175	2.013	5.903	5.015	5.007
06 - Housing and Community Amenities	75.374	115.825	95.541	41.328	53.977	49.751
07 – Health	84.332	103.169	99.219	30.293	58.318	54.353
08 - Recreational, Culture and Religion	7.579	8.306	7.875	2.437	3.680	3.522
09 - Education Affairs and Services	42.576	32.207	31.139	31.551	26.122	24.724
10 - Social Protection	0.810	1.443	1.347	0.532	1.492	1.419
Grand Total	560.000	647.867	583.694	337.000	375.222	326.582

Key Achievements of Annual Development Programme 2021-22

For the FY2021-22, important investments were made in Health, Education, Production Sector, Economic Services and Skills Development Sectors. Following is the list of major development projects in the FY 2021-22 for which funds have been released:

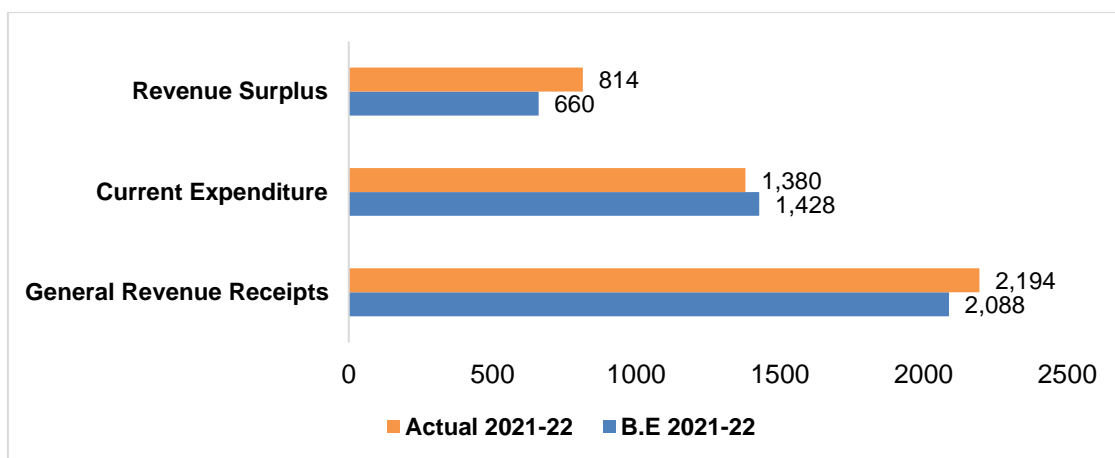
Name	Total Cost (PKR Million)
Implementation of Universal Health Coverage under Health Insurance Program in Punjab	400,000
Construction of Jalalpur Irrigation Project and its System	32,721
Promotion of mechanized agriculture for increasing crop productivity	28,000
Punjab Intermediate Cities Improvement Investment Programme	27,212
Chaubara Branch Canal Construction Project - Greater Thal Canal (Phase-II)	20,076
Construction of Eastern Wastewater Treatment Plant 45 MGD of Faisalabad City Phase-I (DANIDA Assisted).	19,071
Privatization of Agriculture Extension services to enhance the service delivery	18,560
Command Area Development (CAD) Component of Greater Thal Canal (GTC) Project (Phase-II)	17,088
Establishment of University of Applied Engineering and Emerging Technologies (UAEET), Sialkot, Punjab	16,648
Establishment of Centres of Excellence for Wheat, Rice, Sugarcane, Maize & Millets	9,917
Construction of Sorra Dam	9,847
Establishment of Mother & Child Block in Sir Ganga Ram Hospital, Lahore	9,200
Establishment of Tertiary Care hospital (Nishtar -II) Multan	8,842
Establishment of 200 Bedded Mother & Child Hospital in District Rajanpur	7,476
Construction of South Punjab Secretariat & GOR At Bahawalpur and Multan	6,852
Establishment of Teaching Hospital (Sheikh Zayed-II) Rahim Yar Khan	6,823
Establishment of 200 Bedded Mother & Child Hospital and Nursing College in District Mianwali	6,000
Establishment of 200 Bedded Mother & Child Hospital in District Layyah	5,944
Establishment of 200 Bedded Mother & Child Hospital in District Bahawalnagar	5,889
Provision of Missing Specialities for Upgradation of DHQ Hospital to Teaching Hospital, Sahiwal	5,544

Augmentation of Water Supply of Rawalpindi based Chahan Dam Source Particularly New Areas Added in WASA's Jurisdiction, Rawalpindi.	5,400
Establishment Of 200 Bedded Mother & Child Hospital in District Attock	5,320
Construction of Flyover at Sheranwala Gate, Lahore	4,909
Dualization of Sargodha Mianwali Road (Phase-I)	4,786
Program for Quality Seed Production and Dissemination	4,451
Construction of Flyover and At-grade improvement at Shahkam Chowk, Lahore.	4,385
Establishment of Dera Ghazi Khan Institute of Cardiology	4,285
Expansion of CPE Institute of Cardiology, Multan (Construction of New OPD & Inpatient Block)	3,146
Pilot Program for Hub & Spoke Model at Zahir Pir, Rahim Yar Khan	2,515
Dualization of Lodhran Kheror Pacca, Malsi Vehari Road District Lodhran (Phase-II) Remaining 20 Km	2,026
Widening /Improvement of Jhang Sahiwal Road KM No 59.00 to 113.80 KM in District Sargodha	2,026
Establishment of Surgical City at Sialkot.	1,722
Construction of Underpass at Gulab Devi Hospital, and additional lanes on Lahore Bridge, Ferozepur Road, Lahore	1,712
Hunarmand Nojawan (TEVTA)	1,500
Establishment of University of Chakwal	1,457
Establishment of a New Small Industrial Estate in Gujrat	1,325
Rehabilitation / Improvement of Sewerage System, District Jhang (Phase-I)	1,262
Establishment of Kohsar University and affiliated Study Centers (Up-gradation of Govt. Degree Colleges for Women & Boy in Tehsil Kahuta, Kotli Sattian & Kallar Syedan)	1,140
Construction of Building at University of Chakwal (City Campus)	1,000
Establishment of University of Hafizabad	1,000
Provision of PET Scan and Cyclotron Machine at Nishtar Hospital, Multan	1,000
New Initiatives of SED for imparting Education through Private Participation (PEF)	19,000
Pakistan Kidney & Liver Institute and Research Center (PKLI & RC), Lahore.	2,000
Punjab Social Protection Authority (PSPA)	4,500
Green Initiatives Programme	2000

5. Budget Management

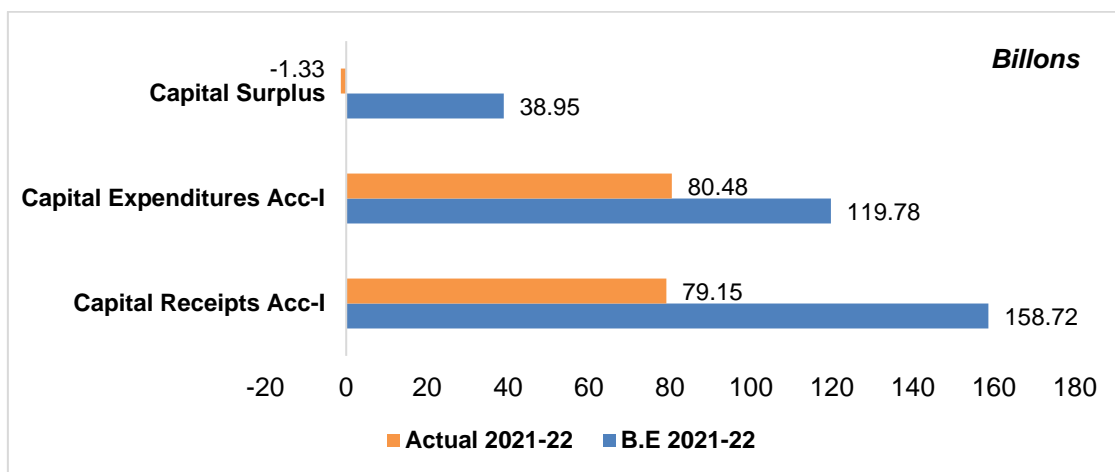
Total provincial receipts were estimated at Rs 2,088 billion whereas the total expenditure was estimated at Rs. 1428 billion. The general revenue receipt collection was Rs. 2194 billion (105% collection of the estimated allocation) whereas the current expenditure was Rs.1380 (96.6% spending of total estimated allocation).

Figure 10 - Revenue Surplus



The actual Revenue Surplus (i.e., General Revenue Receipts) was Rs. 814 billion for the year compared to a budget estimate of Rs.660 billion.

Figure 11 - Capital Surplus/(Deficit)



There was a capital deficit of Rs. 1.33 billion. This only includes Capital Account I receipt and expenditure. Capital Account I receipt was 79.15 billion whereas the expenditure was 80.48 billion resulting in deficit of 1.33 billion.

There is a capital deficit of Rs. 1.33 billion against a budget estimate capital surplus of Rs. 38.95 billion. This only includes capital account-I receipt and expenditure. The capital account-I receipt is Rs. 79.15 billion whereas the expenditure is Rs.80.48 billion.

After meeting current and capital expenditures, the available resources for development expenditure were Rs.689 billion for the year against an estimate of Rs.560.0 billion in the budget. The government has also sanctioned a total of Rs. 332.8 billion under supplementary grants. This includes both development and non-development funds. Additional development funds of 107 billion as a net supplementary grant were sanctioned considering the revenue surplus during FY 2021-22.

6. Conclusion

- Budget execution remained largely in line with the targets set out by the government in the budget FY21-22. Expenditure, other than development, remained within budgetary limits and better performance of revenue collection resulted in additional spending on the development side.
- Budget targets of receipts were exceeded due to better performance of collecting agencies, making fiscal room available for timely and additional releases of available funds. Post-COVID recover in the country and the province of Punjab resulting due to timely and adequate fiscal support, paid dividends. This resulted in improved collection of federal divisible pool taxes and provincial tax and non-tax revenue. This also ensured sufficient availability of cash for timely releases. Except of capital receipts, revenue targets were overachieved.
- Expenditure assignments on the current side were reliably budgeted and executed. Volume of supplementary grants were kept at the minimum to ensure that the actual spending on service delivery remained close to the budget estimates. Development budget was supported through timely release of funds and in-year additional funding was made available to support development in the province which contributed to the pace of economic recovery.
- Punjab provided Estimated Provincial Surplus (EPS) of more than Rs. 115 billion against the budgeted target of Rs. 125 billion to support the Federal Government in its obligations under the ongoing IMF program. Punjab has continued to support FG's EPS commitments, be it at the expense of curtailing the development budgets.
- Better revenue performance of the provinces resulted in availability of fiscal room to FD for making adequate budget provisions for priority sector such as social sectors, social protection, climate change induced disaster impacts in FY2022-23 budget.

Annex

Current expenditure by department (2021-22)	B.E.	R.E.	Actual Exp.	% Act Vs BE
C67 - Industries, Commerce & Investment Department	12.200	7.948	6.748	55.31%
H57 - Higher Education	15.065	14.122	5.292	35.13%
M72 - Human Rights & Minorities Affairs	2.500	1.752	0.087	3.47%
P01 - Youth Affairs and Sports	6.150	7.907	6.894	112.09%
P02 - Tourism & Archaeology	1.953	1.539	1.053	53.90%
P05 - Punjab Emergency Service Department	1.100	0.919	0.000	0.00%
P50 - Agriculture	31.497	25.461	24.635	78.22%
P54 - Communication and Works	77.576	159.769	185.944	239.69%
P58 - Environment Protection	5.000	2.175	2.013	40.26%
P61 – Food	0.500	0.376	0.131	26.11%
P62 - Forestry Wildlife & Fisheries	6.000	8.111	6.291	104.85%
P64 – Health	0.000	0.000	0.000	--
P65 – Home	0.000	0.000	1.322	--
P66 - Housing Urban Development Public Health Engineering	48.813	81.975	67.581	138.45%
P69 - Information and Culture Department	0.510	0.470	0.239	46.91%
P70 – Irrigation	30.778	27.157	21.981	71.42%
P71 - Labour and Human Resource	0.400	0.305	0.231	57.71%
P73 - Literacy and Non-formal Basic Education	2.900	0.291	0.288	9.92%
P74 - Livestock and Dairy Development	5.000	2.508	1.422	28.44%
P75 - Local Government and Rural Development	26.631	33.160	28.767	108.02%
P77 - Mines and Minerals	1.450	0.972	0.656	45.26%
P78 - Planning and Development	123.489	86.805	49.440	40.04%
P79 - Population Welfare	2.100	1.766	1.601	76.25%
P82 - Religious Affairs and Auqaf Dept	0.700	1.369	0.344	49.16%
P83 - Board of Revenue	0.000	0.000	3.011	--
P84 - Services and General Administration	0.000	0.000	19.083	--
P85 - Social Welfare & Bait-ul-Mal	1.221	1.034	0.329	26.95%
P86 - Special Education	0.755	0.653	0.019	2.46%
P88 – Transport	16.800	10.191	0.413	2.46%
P89 - Zakat and Ushr	0.000	0.000	0.800	--
P93 - Energy Department	7.000	4.838	5.009	71.56%
P95 - Women Development Department	0.500	0.488	0.218	43.61%
R64 - Primary & Secondary Healthcare	17.212	31.051	22.666	131.69%

Current expenditure by department (2021-22)	B.E.	R.E.	Actual Exp.	% Act Vs BE
S57 - School Education	35.500	37.323	37.284	105.03%
S64 - Specialized Healthcare & Medical Education	78.700	95.434	81.903	104.07%
Grand Total	560.000	647.867	583.694	104.23%