BUDGET ANALYSIS 2013 - 14

Finance Department
Government of Sindh

www.fdsindh.gov.pk

FOREWORD

Government budget is a contemplative reflection of its policy aspirations and political objectives. With an objective to prepare a public welfare budget, a government plans to generate economic activity, improve standard of living, create healthy society, increase purchasing power and focuses on bridging gap between Government and its public. A Government always attempts at preparing and presenting a budget which would meet public expectations while ensuring that at the drawing board, resource availability should match planned expenditures in the forthcoming budgeted fiscal period.

Resource allocation is derived from anticipated potential sources of revenue. Concerted efforts are undertaken to ensure maximum availability of financial resources and the capacity to meet all potential expenditures exists. At an early stage in the process of budget preparation, Government lays down planned expenditures for the forthcoming fiscal period followed by prioritizing expenditures and programs, and subsequently following a plan for revenue generation.

The Budget Analysis for 2013-14 portrays a comprehensive picture of finances of Government of Sindh. It spans almost all areas of the provincial budget. It would be pertinent to say that special attention has been given to current revenue receipts and expenditures, capital receipts and expenditures, development budget, public accounts, local government finances and debt management. This document provides an insight on various financial policy issues of Government of Sindh for policy makers, researchers, economists, academicians, students and others for an analytical review of the budget.

In preparation of this document invaluable assistance from officers and officials of the Finance Department must be appreciated. The contribution by Dr. Noor Alam, Chief Economist, Dr. Khalil-ur-Rahman, Additional Secretary(Res.) and Mr. Muhammad Pathan Abro, Senior Programmer (Res.) is worth mentioning. Their efforts and commitment enabled us to publish this document.

Mohammad Sohail Rajput
Secretary Finance
Government of Sindh

November 05, 2013

TABLE OF CONTENTS

TABLE OF CONTENTS

6. DEBT AND CONTIGENT LIABILITIES

7. PUBLIC ACCOUNT

8. FUND MANAGEMENT

9. MIDUM TERM FISCAL FRAMEWORK(MTFF)

LIST OF TABLES

LIST OF ACRONYMS

ABS	Annual Budget Statement
AD	Administrative Department
ADB	Asian Development Bank
ADP	Annual Development Program
BE	Budget Estimate(s)
BF	Benevolent Fund
BHU	Basic Health Unit
CBR	Central Board of Revenue
CCE	Current Capital Expenditure
CCRs	Current Capital Receipts
CDC	Commonwealth Development Corporation
CDLs	Cash Development Loans
CDWP	Central Development Working Party
CFY	Current Financial Year
CoA	Chart of Accounts
CRE	Current Revenue Expenditure
CRRs	Current Revenue Receipts
CVT	Capital Value Tax
DDWP	District Development Working Party
DERA	Drought Emergency Relief Assistance
DGs	District Governments
DHQH	District Headquarter Hospital
DP	Divisible Pool
DPC	Development Policy Credit (of World Bank)
DS	Debt Servicing
DSG	District Support Grant
DSP	Decentralization Support Program
EAD	Economic Affairs Division
ECNEC	Executive Committee of the National Economic Council
EC	European Commission
ERU	Economic Reforms Unit
FCF	Federal Consolidated Fund
FDP	Federal Divisible Pool
FMH	Fund Management House
FMS	Funds Management System
FPA	Foreign Project Assistance
FY	Financial Year
GA	General Administration
GDS	Gas Development Surcharge
GPF	General Provident Fund
GST	General Sales Tax
HDA	Hyderabad Development Authority
HMIS	Health Management Information System
HRM	Human Resource Management

IBRD	International Bank for Reconstruction and Development
ICAP	Institute of Chartered Accountants of Pakistan
IDA	International Development Association
IFAD	International Fund for Agriculture Development
JICA	Japan International Cooperation Agency
KCDG	Karachi City District Government
KMC	Karachi Metropolitan Corporation (defunt)
KW&SB	Karachi Water and Sewerage Board
LGs	Local Governments
MTBF	Medium Term Budgetary Framework
MTFF	Medium Term Fiscal Framework
NAM	New Accounting Model
NBP	National Bank of Pakistan
NFC	National Finance Commission
OZT	Octroi and Zila Tax (abolished)
PAA	Provincial Allocable Amount
P&D	Planning and Development (Department)
PCF	Provincial Consolidated Fund
PDP	Provincial Divisible Pool
PDWP	Provincial Development Working Party
PGDP	Provincial Gross Domestic Product
PRA	Provincial Retained Amount
PPHI	People Primary Health Initiative
PPP	Public Private Partnership
PSDP	Public Sector Development Program
PWD	Public Works Department
RBOD	Right Bank Outfall Drain
RE	Revised Estimate(s)
RHC	Rural Health Center
SBP	State Bank of Pakistan
SCARP	Salinity Control and Reclamation Project
SDSSP	Sindh Devolved Social Sector Program
SESRP	Sindh Education Sector Reform Program
SGA&CD	Services, General Administration and Coordination Department
SGPIF	Sindh General Provident Investment Fund
SLGB	Sindh Local Government Board
SLGO	Sindh Local Government Ordinance (2001)
SMCs	School Management Committees
SPF	Sindh Pension Fund
SPFB	Sindh Pension Fund Board
SSRF	Sindh Social Relief Fund
SSB	School Specific Budget
STEVTA	Sindh Technical Education & Vocational Training Authority
T-Bills	Treasury Bills
THQH	Taluka Headquarter Hospital
TMAs	Town / Taluka Municipal Administrations

UAs	Union (Council) Administrations
USAID	United States Agency for International Development
UTP	Urban Town Planning
WAPDA	Water and Power Development Authority
WB	World Bank
WT	Wealth Tax

1. INTRODUCTION

The marathon of 7th National Finance Commission (NFC) Sessions took almost four months to accomplish its main task of setting revenue sharing formula between Federation and Federating Units (Vertical Sharing), as well as among Federating Units (Horizontal Sharing). The 7th NFC was historical because it broke the status quo of single criterion of revenue sharing formula among the provinces that was based solely on population, which remained intact since the inception of 1st Award. All four provinces unanimously agreed on a multi-criteria formula focusing on population, backwardness, geographic size, revenue collection/generation. No doubt, it was a signal for an accommodative approach among the provinces.

A landmark achievement of the 7th NFC Award for Sindh was the right for collection of sales tax on services. The Provincial Government also managed to get the right to receive service taxes, which were till then being collected by the Federal Government erroneously in the Excise mode, thus depriving the provinces of their due shares of this tax. The Government of Sindh established a separate department namely "Sindh Revenue Board" (SRB) for the collection of Sales Tax on Services during 2011-12.

Initially, the collections of service tax were made by FBR and distribution of shares was done on the basis of formula set through a "Record Note" signed by the Federal and Provincial governments. Sindh received Rs. 18.3 billion under this head from the Federal Government in 2010-11 (1st year of 7th NFC) as compared to Rs. 7.1 billion in 2009-10, indicating an increase of 158%. However, once the SRB became fully functional with the commencement of the financial year 2011-12, it was able to collect a sizeable amount of Rs. 23.9 billion (30.7% increase against 2010-11) in its very first year (2nd year of 7th NFC). During 2012-13, the

SRB reported a collection of Rs. 33.2 billion (39 % increase against 2011-12) and Rs. 42.0 billion (26.35% increase against actual of 2012-13) has been fixed as target for 2013-14. It is expected that collections under this head would even go above the target by 30th June, 2014.

FINANCIAL YEAR 2010-11

The financial year 2010-11 commenced with a negative cash balance of Rs. 4.5 billion. The total budget outlay was of Rs. 422.3 billion with an estimated receipt of Rs. 397.1 billion. Thus the budget projected a deficit of Rs. 25.0 billion. The Government of Sindh remained under tremendous pressure during the very first year of the 7th NFC because of super flood. The gigantic task of flood related activities increased the demand of funds many-folds however through prudent financial management, the Provincial Government was able to close its cash account at (+) Rs.20.1 billion as on 30th June 2011.

FINANCIAL YEAR 2011-12

The financial year 2011-12 commenced with a positive cash balance of Rs. 18.5 billion. The total budget outlay was of Rs. 457.5 billion with an estimated receipt of Rs. 458.4 billion. Thus the budget projected a small surplus of Rs. 0.9 billion. This financial year Sindh faced another natural calamity in the shape of catastrophic rains that kept the pressure on provincial expenditure upwards during 2011-12 again. The trend in actual Federal Transfers remained uneven as compared to the year 2010-12. Table 1 shows the trend of monthly transfers (divisible pool taxes, straight transfers, & 0.66% grants to offset OZT) during the 4th quarter of 2010-11 and 2011-12. Surprisingly, the trend in Federal Transfers remained lower during 4th quarter of 2011-12 as compared to 2010-11.

Table 1.1			
TREND OF MONTHLY CASH TRANSFER (Rs. In Million)			
Months	**2010-11**	**2011-12**	**Variation**
April	23,508	18,633	(4,875)
May	29,846	28,490	(1,356)
June	49,300	30,713	(18,587)
TOTAL	**102,654**	**77,836**	**(24,818)**

The cash account (Non-Food Account No. 1) closed at (-) Rs. 12.1 billion because of late transfers of Rs. 19.0 billion as an arrear after the month of June, 2012 (i.e., during 2012-13). The cash account of Sindh would close at a positive balance of Rs. 7.0 billion if it would have received its arrears of Rs. 19.0 billion by 30th June, 2012.

In foregoing sections, the Revised Estimate 2012-13 and the Budget Estimate 2013-14 are discussed briefly.

1.1. REVISED ESTIMATES 2012-13

The total budget outlay for the financial year 2012-13 was Rs. 577.9 billion with an estimated receipt of Rs. 570.8 billion projecting a deficit of Rs. 7.1 billion. However, the revised budget outlay reduced to Rs. 504.7 billion and receipt to Rs. 488.2 billion raising the estimated deficit to the extent of Rs. 16.5 billion. The reason for decrease in budget outlay is the down ward revisions in Revenue Assignment and Straight Transfers. The revised target for Revenue Assignment is fixed to Rs. 269.6 billion as against budget of Rs.314.0 billion and that of Straight Transfers to Rs.56.2 million as against budget of Rs.59.2 billion. The Grant to offset losses of abolition of OZT of Rs.8.3 billion is revised to Rs.7.2 billion. The total Federal receipts for the FY 2012-13 are estimated at Rs.333.0 billion against budgetary allocation of Rs. 381.0 billion.

As against the Budget Estimates of Rs. 96.6 billion, Provincial Tax and Non-tax Receipts are revised to Rs. 100.7 billion, indicating 19 per cent increase from revised estimates for last FY. This includes GST on Services (Provincial) and Advances from Social Relief Fund.

The Current Revenue Expenditure for 2012-13 has been revised upward at Rs.342.1 billion as against Budget Estimates of Rs.315.3 billion. The increase is mainly due to increase in employee related expenditure. The revised estimate for provincial ADP is Rs. 97.5 billion against the budgetary estimate of Rs. 181.0 billion. This significant downward revision is on account of huge shortfall in federal transfers during Fiscal Year 2012-13.

1.2. BUDGET ESTIMATES 2013-14

The details of the Current Revenue Budget have been shown as under:-

Table 1.2			
CURRENT REVENUE BUDGET (Rs. In Million)			
RECEIPTS AND DISBURSEMENTS	**2012-13**		**2013-14**
	BE	**RE**	**BE**
A - CURRENT REVENUE RECEIPTS	**478,544**	**438,820**	**529,196**
Federal Revenue Assignment (Divisible Taxes)	314,366	269,620	332,935
Provincial Receipts	64,634	68,713	78,183
Sindh Sales Tax on Services	32,000	32,000	42,000
Straight Transfers	59,252	56,157	67,127
Grants to offset lossed of abolition of OZT-(0.66% of Provincial Share)- (incl. Others)	8,292	12,330	8,951
B - CURRENT REVENUE EXPENDITURE	**315,301**	**342,111**	**355,974**
a) Provincial Government	**277,827**	**303,709**	**316,674**
General Public Services	59,338	58,561	64,098
Public Order & Safety Affairs	47,166	52,778	54,429
Economic Affairs	30,997	43,239	34,373
Environment Protection	390	168	414
Housing and Community Amenities	1,399	1,612	2,463
Health	34,727	34,132	36,401
Recreational, Culture and Religion	2,627	3,419	1,790
Education Affairs and Services	99,358	105,445	120,502
Social Protection	1,825	4,355	2,204
b) Local Governments/OZT Grant	**37,474**	**38,402**	**39,300**
NET REVENUE ACCOUNT (A - B) (+) SURPLUS / (-) DEFICIT	**163,243**	**96,709**	**173,222**

Estimated Revenue Receipts from Federal Divisible Pool for Financial Year 2013-14 are Rs. 332.9 billion, which is a 5.9 per cent increase over Budget Estimates of 2012-13. Receipts under Straight Transfers are estimated at Rs.67.1 billion, which is higher than last year's Budget Estimates of Rs.59.3 billion. Provincial own receipts are estimated at Rs.120.2 billion. The estimates for Provincial own receipts include collection of Sales Tax on Services (Provincial) of Rs.42.0 billion.

The Current Revenue Expenditure for Financial Year 2013-14 is estimated at Rs.355.9 billion, which is 4.1 per cent increase over the Revised Estimates of Rs.342.1 billion for FY 2011-13.

The focus of this budget is the optimal utilization of the resources to achieve our objectives of socio-economic development. To continue our march to progress, we have made a historically high allocation of Rs. 185.0 billion for our Annual Development Program. This reflects our resolve to bring significant improvement in the life of common man by investing in Health, Education, Infrastructure and Human Resource Development.

Table 1.3

DEVELOPMENT BUDGET (Rs. In Million)

RECEIPTS AND DISBURSEMENTS	2012-13		2013-14
	BE	RE	BE
A - RECEIPTS	224,007	126,769	208,300
Provincial Contribution	**168,835**	**94,384**	**168,364**
Net Revenue Account	**163,243**	**96,709**	**173,222**
Net Capital Account	**-3,308**	**-8,273**	**-12,859**
Net Public Account	**8,900**	**5,947**	**8,000**
Carryover Cash Balance	**5,000**	**-12,129**	**-5,000**
Drought Emergency Relief Assistance (DERA)	**0**	**0**	**0**
Foreign Project Assistance (FPA)	**35,655**	**32,387**	**29,558**
Federal Grants for Development Projects	**14,517**	**12,127**	**15,378**
B - EXPENDITURE	231,173	143,278	229,937
Provincial ADP	**181,000**	**97,500**	**185,000**
Foreign Project Assistance (FPA)	**35,657**	**32,387**	**29,558**
Federal Grants for Development Projects	**14,516**	**13,391**	**15,379**
NET DEVELOPMENT BUDGET (A - B) (+) SURPLUS / (-) DEFICIT	-7,166	-16,510	-21,638

1.3 SECTOR-WISE PERFORMANCE/ALLOCATION 2013-14

1.3.1 LAW AND ORDER

The law & order budget for the next financial year stands at Rs.48.6 billion making it the second largest sector after Education. 10,000 new posts have been created to address the shortage of police personnel in the province. Increase the number of new posts for Police to 20,000. The staff recruited against these posts will be given high quality rigorous training to turn them into a strong and professional work force. This trained work force is expected to give us better results in combating organized crime.

1.3.2 STEVTA

The establishment of Sindh Technical Education & Vocational Training Authority (STEVTA) to streamline, regulate and promote skill development programs in the province is a major step towards this direction.

A number of initiatives were taken by the organization in 2012-13 to improve the quality of trainings for greater employability of youth of Sindh. The major achievements include:

- Employable Technical Training to more than 100,000 youth.
- Public Private Partnership with reputable organizations and NGOs i.e. Engro, Hunar Foundation, Pakistan Air Force, British Petroleum.
- Development of Sindh Skills Strategy 2012-17, in collaboration with International Labour Organization (ILO).

- Institutionalizing career counseling, vocational guidance and placement service.

- Introduction of entrepreneurship training program for promoting self-employment in 30 institutions.

- Strengthening partnership with industry and promotion of apprenticeship program under TEVT reforms support projects funded by GIZ, European Union, Netherland & Republic of Germany.

- Establishment of Training Cum Production Units with the support of ILO and STEVTA own resources.

1.3.3 YOUTH DEVELOPMENT

During last three years over 200,000 youth have been trained and made active members of economic life of this province. In the coming five years, it is planned to train another 300,000 youth in collaboration with World Bank and Japan Social Development Fund. For the said purpose an amount of Rs. 1.0 billion has been allocated in the next financial year 2013-14 in addition to the support funding from World Bank and other donor agencies are also expected.

1.3.4 POVERTY ALLEVIATION

With the start Rs. 2.00 billion was allocated to this program, which will be used to make direct cash transfers to poorest of the poor women using BISP database.

In addition, during the next Financial Year 2013-14 an amount of Rs. 1.0 billion will be used for establishment of housing for the poor in Sindh. Also, Sindh Government has taken an initiative to provide 50,000 plots of 80 and 120 sq.yds to poorest of the poor in major urban centers of Sindh. The plots will be fully developed with essential civic amenities. For the said purpose an amount of Rs. 1.0 billion has been kept in Financial Year 2013-14.

1.3.5 EDUCATION

In Budgetary terms, Education Department is the largest department of Sindh Government. In the Current Financial Year, the ADP allocation for Education Sector was Rs. 12.0 billion for the next financial year the volume of ADP has been increased to Rs. 13.48 billion. On the Current expenditure side, the budgetary allocation of Education for next financial 2013-14 is Rs. 118.7 billion.

1.3.6 SINDH EDUCATION REFORM PROGRAM

It is planned to initiate the Sindh Education Reform Program (SERP-II) for which the World Bank has agreed to provide an amount of US $ 400 million for a period of four years till June 2017. SERP II is not simply the second phase of SERP. It has drawn lessons from its SERP implementation experience to arrive at an improved program. The project Development Objective is to raise school participation by improving sector governance and accountability and strengthening administrative systems, and measure student achievement. The main targets of the program are:

- School Specific Budget (SSB): Preparation of school budgets, both salary and non-salary components, following transparent, objective, and needs-based criteria.

- School Management Committees (SMCs): Strengthening due diligence, fiduciary management and support for SMC grant provision and use to improve resourcing for community-identified school improvement investments.

- School System consolidation (merging of schools): Merging of distinct government schools that share the same building, same compound or are in close proximity and cater to the same local child population into single school and their reorganization and strengthening to functioning as a single school.

- Teacher Management (teacher licensing): Strengthening merit and need bases teacher recruitment

- Education Management (Cluster based Schools): Appointment of specialized quarters of education managers and school headmasters following transparent, objective, merit based criteria. For this purpose and to meet this objective Sindh Government has kept funds for creation of 2000 posts of Head Masters/ Head mistresses during the FY 2013-14.

- Public Private Partnership (PPP) in Education: Strengthening the design and implementation of an accountability based PPP initiative to cost-effectively deliver quality schooling to un-served rural communities.

For the next financial year Rs. 2.21 billion as grant has been allocated for Sindh Education Foundation committed to enhance cover of quality education throughout province.

1.3.7 HEALTH

In recent years health services have been improved in the province. The People Primary health initiative is a success story on curative side. 1137 Rural Health Centers are being managed by PPHI. Over 1500 doctors and 2500 paramedic staff is working dedicatedly under the umbrella of PPHI.

But there is lot to be done. The Government of Sindh has been annually spending Rs. 22.0 billion in primary, secondary and tertiary care services along with a specific focus on following preventive programs:

- Expanded Program of Immunization
- Malaria/Dengue Control Program
- Hepatitis Prevention and Control Program
- Enhanced HIV/AIDS Control Program
- Prevention and Control of Blindness

- Provincial Tuberculosis Control Program
- Basic Development Needs Program
- Control and Prevention of Infectious diseases in Sindh

During the Current Financial Year 2012-13, the ADP allocation of health was revised and increased from Rs. 11.0 billion to Rs. 13.6 billion, which reflects the Government's unwavering commitment and concern for this sector.

The next year ADP 2013-14 of Health is pitched at Rs. 17.0 billion that is an increase of 54% over the allocation made during current financial year.

Government has earmarked Rs. 0.5 billion for developing a Health Management Information System (HMIS) in the ADP 2013-14 that will enable it to prepare universal data of the patients containing history of their diseases and treatments. It will also make possible to track all the medicines and other services provided to patients and thereby check pilferages in the system.

In order to ensure quality of vaccines Government is introducing a major scheme to install solar energy powered systems at vaccine storage points all over Sindh. An amount of Rs. 0.5 billion has been earmarked for this scheme during first year of its implementation (2013-14).

Other major initiatives planned for next Financial Year 2013-14 includes:

- Establishment of Shaheed Benazir Bhutto Accident Emergency Ancillary Services Complex at Civil Hospital Karachi with cost of Rs.1.8 billion.

- Pilot project for mobile 12 bedded Health units with allocation of Rs.1.7 billion.

- Improvement of Children Hospital in Karachi.

- Rs. 0.2 billion for provision of allied facilities for Jacobabad Institute of Medical Sciences.

- Rs. 0.5 billion for Up-gradation of THQ hospitals to the level of DHQ hospitals.

- Rs. 0.9 billion for expansion and improvement of DHQ hospitals (Badin, Shikarpur, Khairpur and Mithi).

- Rs. 1.0 billion for prevention and control of Hepatitis in Sindh.

- Establishment and improvement of medical colleges at Hyderabad, Karachi and Khairpur

- Establishment of Children Hospital in Sukkur.

1.3.8 ENERGY

At present, three major projects of 2400 MW capacity are underway and targeted to be completed by 2017-18. The Government plans to spend Rs 32.0 billion for Infrastructure projects including Roads, Water Supply, Wastewater disposal, Thar Airport & Reverse Osmosis Plants for Thar region. For this purpose Rs 10.1 billion was earmarked during financial year 2012-13 and Rs 12.0 billion has been allocated for the FY 2013-14.

The JV Project Sindh Engro Coal Mining Company is proceeding ahead and major bottlenecks are being removed. Federal Government has agreed to give sovereign guarantee for the project. The ground breaking of the project is expected in January 2014. Thar Coal is the most viable solution to the energy problems of our country. Government of Sindh is trying to make it happen through most determined efforts and similar resolve is being expected from the Federal Government.

1.3.9 AGRICULTURE

Agriculture has been the mainstay of our economy. Over 60 per cent of population is deriving their sustenance. It contributes to 23% of GDP. The contribution of province of Sindh in rice production is 32%, 24% in sugarcane, 21% in cotton and 12% in wheat.

Agriculture sector, discernible in the form of accelerated farm mechanization activities such as provision of agricultural implements, subsidy on farm tractors, precision land leveling equipment, provision of seed & fertilizer, installation of tube wells on subsidy, developing agricultural land through bulldozers and preventive pre-harvest measures carried out by the Agriculture Department. Production of cotton and sugarcane has risen by 44.25% and 48% respectively in Sindh.

The total budget allocation for Agriculture in FY 2012-13 was Rs. 9.7 billion, out of which Rs. 5.5 billion were allocated for Development. The performance may be gauged from the following achievements:

- Assistance for procurement of 9,000 Tractors were provided to the farmers.
- 24 new Bulldozers were procured.
- Wheat variety "Benazir 2012" having potential yield of 87 maunds per acre has been introduced for general cultivation in Sindh.
- For promotion of mechanized farming subsidy was provided to 14,076 farmers on Tractors.
- 986 Wheat and Paddy Threshers were provided to farmers on 50% subsidized rates.

- 250 Laser Land Leveling Equipment were provided to farmers on 50% subsidized rates.
- 1,762 Tubewells were installed on 50% subsidized cost on farmer's fields.
- 5,268 watercourses were improved under On-Farm Water Management Project.
- Sprinkler Systems were installed on 2,590 acres (80% cost borne by the Government and 20% by farmers).
- Drip Irrigation System on 1,025 acres and Rain Guns on 2,296 acres were installed by providing 80% subsidy.
- 4,116 jobless youth were trained in different fields of agriculture through Benazir Bhutto Shaheed Youth Development Program(BBSYDP).

For the FY 2013-14, the ADP of Agriculture has been increased to Rs. 6.2 billion.

1.3.10 IRRIGATION

The optimum use of water is essential for the development of an agro-based economy. If this precious natural resource is not utilized efficiently, the entire discussion on development paradigm becomes largely irrelevant. Initiatives to carry out mega projects for flood control, irrigation, curbing river erosion, protection against salinity and water logging and installment of tube wells are essentially in line with unwavering commitment of Government of Sindh to improve the avenues of effective water utilization for a greener and prosperous Sindh.

During the FY 2012-13, Rs.5.6 billion were allocated for 76 on-going schemes including WSIP and Re-construction Project to Bunds Canal (Sindh Share) and Rs.2.4 billion for 87 New Schemes under Water & Drainage Sector. Out of 163 schemes, 33 schemes are likely to be completed shortly.

Sindh Government is also executing massive development programme funded by Federal Government on following Mega Projects viz:

- Revamping / Rehabilitation of Irrigation & Drainage System in Sindh,
- Extension of Right Bank Outfall Drain (RBOD) from Sehwan to Sea,
- Lining of Distributaries & Minors; and
- Construction of Small Storage Dams in Sindh.

Under ADP 2013-14, Rs.12.0 billion have been allocated under Water & Drainage Sector, which includes the following schemes:

- Construction of Water Carrier from LBOD Spinal Drain to Nabisar.
- Sindh Flood Emergency Reconstruction Project for Bunds and Canals.
- Sindh Water Sector Improvement Project.
- Rahablistation of LBOD and Kotri Drainage Network Systm including activation of Dhoras.

1.3.11 LIVESTOCK

The Government of Sindh fully realizes the importance of the Livestock sector in the economic ascension of province, the ADP for FY 2013-14 is pitched at Rs. 2.4 billion.

A crucial milestone of the Livestock sector is the establishment of model Dairy Village and Meat Processing Zone at Bhambore district Thatta over 1300 acres with a total cost of Rs. 2.8 billion. The project aims at the development of a modern, self-sufficient Dairy and Meat Processing Facility, targeting the local as well as international markets. The activities are underway.

In order to improve the quality of our livestock and to enhance productivity Shaheed Benazir Bhutto University of Veterinary and Animal Sciences has been established at Sakrand, Shaheed Benazirabad. An amount of Rs. 0.07 billion was provided in 2012-13 for establishment of the institution.

A new scheme was launched for the establishment of Cattle Colonies with District & Private Participation (Phase-I). This scheme is being implemented in three districts namely, Tharparker, Umerkot & Khairpur with a cost of Rs. 1.4 billion. During the ADP-2013-14 Rs. 0.5 billion has been allocated.

1.3.12 FISHERIES

The role of the Fisheries sector is equally important in the Economic uplift of the province. The Government of Sindh has allocated Rs.0.4 billion for the development of Fisheries sector for FY 2013-14. Considering the importance of fish exports for a robust and thriving economy, an exclusive initiative has been taken to set up Karachi Fish Harbour to meet the Global standards of fish processing in order to export them across the world. The Revival of Fishing Industries has also been launched with a total cost of Rs.0.9 billion for five years i.e. 2011-12 to 2015-16.

1.3.13 LOCAL GOVERNMENT

Government of Sindh believes in instituting of an effective and efficient system of Local Government continued sincere efforts, will rank the cities of the province amongst the best in the world. The Government is determined to make the Local Governments financially independent and viable. The transfers to local governments are pitched Rs. 39.3 billion for FY 2013-14.

The following budgetary allocation has been kept as special packages for improvement of major cities in Sindh:

- Rs. 0.4 billion for Hyderabad Development Package
- Rs. 1.7 billion for Shaheed Benazirabad Package
- Rs. 1.0 billion for Larkana Package
- Rs. 2.6 billion for Karachi Metropolitan Corporation Package
- Rs. 0.6 billion for Lyari Package
- Rs. 0.4 billion for Sukkur Package.
- Rs. 0.4 billion for Mirpurkhas Package.

A block allocation of Rs. 5.00 billion has been made for FY 2013-14 for Local Government related development projects in districts of Sindh.

1.3.14 PUBLIC HEALTH ENGINEERING

Water supply and proper drainage being benchmark indicators of quality of life, are on high priority of Sindh Government. An allocation of Rs. 3.00 billion has been made FY 2013-14 for water supply and drainage schemes in different parts of Sindh. Out of this, Rs. 2.0 billion will be spent on operationalization of the dysfunctional 12000 schemes through outsourcing of operations.

Under Special Initiative Department, four major schemes for establishment of Drinking Water Hubs (2500 units) across the Sindh has been launched with a cost of Rs. 14.0 billion. Rs. 6.2 billion has been allocated for the scheme in FY 2013-14.

1.3.15 ROADS AND HIGHWAYS

The Government of Sindh realizes the importance of development of communication means for vibrant economic activity. In FY 2012-13 an amount of Rs. 15.6 billion was earmarked for development of road network in Sindh. 1,067 kms new roads have been included in the network and 474 kms existing roads have been improved.

In continuation of policies of the Government Rs.16.8 billion have been allocated for development of road network. By end of financial year 1000 kms new road will be added to existing network. Also, 450 kms will be improved during the next year.

500 km of rural roads are being constructed with assistance of Japan International Cooperation Agency (JICA). The cost of the Project is Rs. 8.8 billion. Work is under progress on 440 kms of road out of which 300 kms will be completed shortly.

2. CURRENT REVENUE RECEIPTS

2.1. INTRODUCTION

The Current Revenue Receipts (CRRs) of the province comprise of two main sources: federal transfers and provincial own receipts. Federal transfers are received from the Federal Government and consist of Divisible Pool (DP) share and Straight Transfers. The DP includes Revenue Assignment and 0.66% of Provincial share to offset the losses of the abolition of OZT Grant. Each component is governed by a specific formula for sharing of the resources. The straight transfers are remitted to respective provinces on actual basis. Provincial own receipts are bifurcated into tax receipts and non-tax receipts, generated or collected within the province.

2.2. CURRENT REVENUE RECEIPTS

As shown in Table 2.1 and Figure 2.1, the share of federal transfers has been decreased from 80% to 77% with corresponding increase in provincial own receipt from 20% to 23% because of inclusion of General Sales Tax (GST) on Services and Capital Value Tax (CVT). The larger share of federal transfers has greater influence on CRRs of the province as compared to its own (Provincial) receipts.

Table 2.1

CURRENT REVENUE RECEIPTS (Rs. In Million)

	2012-13		2013-14
	BE	RE	BE
Federal Transfers (including Grants)	381,911	333,026	409,013
Provincial Own Receipts	96,633	100,712	120,183
Total Current Revenue Receipts	478,544	433,738	529,196
% Federal Transfers	80%	77%	77%
% Provincial Own Receipts	20%	23%	23%
% Total	100%	100%	100%

Fig. 2.1 Current Revenue Receipts

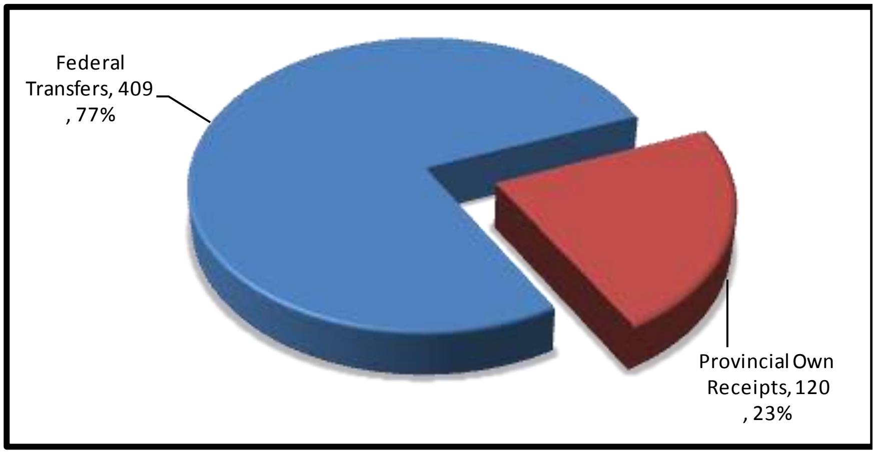


Table 2.2 shows the position of Budget/Revised Estimates 2012-13 and Budget Estimates 2013-14 of General Revenue Receipts (GRR). The GRR includes divisible pool taxes, straight transfers, federal grants, provincial own receipts. During 2012-13, the 9.6% decrease was recorded in GRR in Revised Estimates against the budgeted amount, which was due to downward revision in federal transfers, Divisible Pool Transfers (-14.2%), Straight Transfers (-5.2%), 0.66% Grants to offset losses of abolition of OZT (-12.6%),less receipts of development (-16.4%) grants from the Federal Government. However, the Provincial Own Receipts are shows an increase 4.2% in Revised Estimates 2012-13 against the Budget Estimates.

An increase of 10.5% was estimated in Budget Estimates 2013-14 as against the Budget 2012-13, indicating an increase of 5.9% in divisible pool taxes, 13.3% in straight transfers, 24.4% in provincial own receipts. The increase in federal grants is 6.1% and 0.66% Grants to offset losses of abolition of OZT shows 7.9% increase.

Table 2.2				
GENERAL REVENUE RECEIPTS (Rs. In Million)				
		2012-13		BE 2013-14
		BE	RE	BE
I	Divisible Pool Taxes	314,366	269,620	332,935
1	Tax on Income	125,178	104,237	129,930
2	Wealth Tax	-	-	-
3	Land Customs	32,997	32,126	37,217
4	Sales Tax	140,897	118,111	144,185
5	GST (CE in Sales Tax Mode)	-	-	-
6	Federal Excise	15,294	15,146	21,603
7	Capital Value Tax	-		
II	Straight Transfers	59,252	56,157	67,127
1	Excise Duty on Natural Gas	9,485	8,454	7,081
2	Gas Development Surcharge	18,061	9,109	20,851
3	Royalty on Crude Oil	6,877	9,289	12,822
4	Royalty on Natural Gas	24,829	29,305	26,373
5	GST (Provincial)	-		
III	Federal Grants	22,809	19,408	24,366
1	Grant-in-Aid	-	-	-
2	Other Grants from the Federal Govt. Development	14,517	12,160	15,415
3	Other Grants from the Federal Govt. Non Development	8,292	7,248	8,951
A	Total Federal Transfers (I+II+III)	396,427	345,185	424,428
IV	Provincial Tax Revenue	73,189	73,296	91,370
1	Direct Taxes	8,450	8,050	9,500
2	Indirect Taxes	45,849	46,035	57,248
3	Indirect Taxes - Others	18,890	19,211	24,622
V	Provincial Non Tax Revenue	23,444	27,416	28,813
1	Income from Property and Enterprise	2,716	2,026	2,578
2	Receipts from Civil Administration and Other Functions	2,649	2,461	3,042
4	Extra Ordinary Receipts	6,000	6,000	6,200
5	Others	12,079	16,929	16,993
B	Total Provincial Own Revnue (IV+V)	96,633	100,712	120,183
	Total General Revenue Receipts (A+B)	493,060	445,897	544,611

2.2.1. DIVISIBLE POOL TRANSFERS

The Revenue Assignments/Divisible Pool Taxes include the Income Tax, Sales Tax, Custom Duties and Central/Federal Excise. Capital Value Tax on fixed asset has been devolved to the provinces through 18th Amendment. The General Sales Tax (GST) on Services (Central Excise Mode) has now become the part of Straight Transfers under 7th NFC Award. The vertical sharing of these taxes between Federation and Federating Units was 44% and 56% respectively for the year 2010-11 and 42.5% and 57.5% respectively till the terminal year (2014-15) of the 7th NFC. The collection charges have been reduced from 5% to 1% indicating 4% additional benefit for the provinces.

2.2.1.1. MONTHLY TREND IN DIVISIBLE POOL TRANSFERS

Table 2.3 depicts the comparison of monthly federal transfers under DP during last years of 7th NFC and the variation between budgeted and actual transfers. It further shows the trend in actual transfers from July to June of the financial year which usually remains on lower side during the first six months of the year. The maximum transfers take place in the month of June were the total actual transfers against budgeted target for these years indicating shortfalls of 2.7% in 2010-11 and 4.3% in 2011-12respectively

Table 2.3

Monthly Trend in Divisible Pool Transfers (Rs. in million)

Months	2010-11			2011-12			%age Increase(*)
	Budget	Actual	Variation	Budget	Actual	Variation	
July	17,273	10,005	(7,268)	20,988	11,158	(9,830)	11.5%
August	17,273	12,673	(4,600)	20,988	12,237	(8,751)	-3.4%
September	17,273	14,988	(2,285)	20,988	20,545	(443)	37.1%
October	17,273	13,712	(3,561)	20,988	14,610	(6,378)	6.5%
November	17,273	10,912	(6,361)	20,988	21,646	658	98.4%
Decemer	17,273	18,564	1,291	20,988	20,886	(102)	12.5%
January	17,273	16,921	(352)	20,988	25,152	4,164	48.6%
February	17,273	12,512	(4,761)	20,988	13,511	(7,477)	8.0%
March	17,273	17,944	671	20,988	27,170	6,182	51.4%
April	17,273	14,226	(3,047)	20,988	16,611	(4,377)	16.8%
May	17,273	20,492	3,219	20,988	18,367	(2,621)	-10.4%
June	17,273	35,919	18,646	20,988	30,967	9,979	-13.8%
Arrears	-	(348)	(348)	-	(3,506)	(3,506)	907.7%
Total	207,275	198,520	(8,755)	251,861	229,355	(22,506)	15.5%
Arrears of previous year							
Total		198,520			229,355		15.5%

* Actual 2010-11 vs Actual 2011-12

The trend shows 15.5% growth in 2011-12 over 2010-11in actual transfers however the shortfalls in actual against budget recorded an increase of 21.5% in 2011-2 against 2010-11.

Fig. 2.3 Trend of Federal Transfers 2010-11 and 2011-12

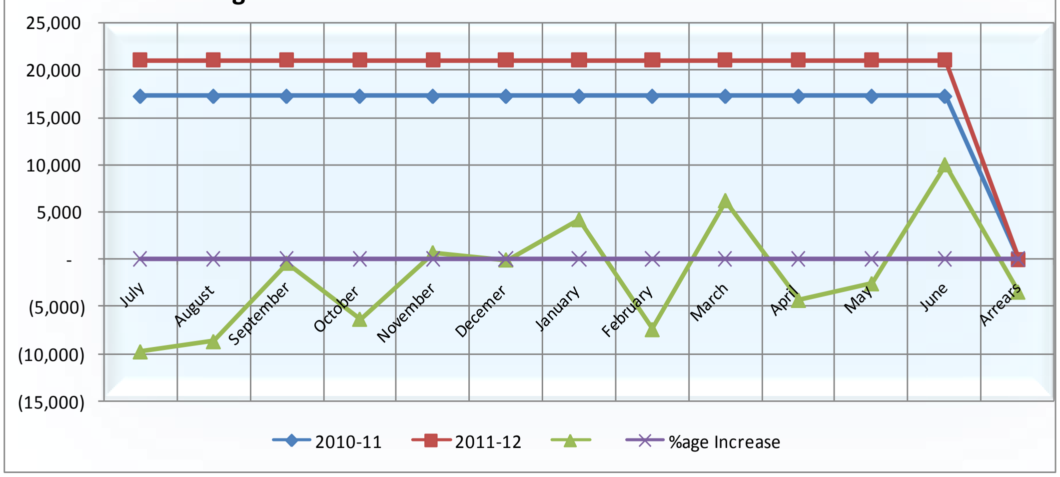


Table 2.4 reflects the monthly trend in federal transfers-straight transfers which include divisible pool taxes, straight transfers and 0.66% grants to offset losses of abolition of OZT. In federal transfers, the divisible pool taxes constitute 79%, straight transfers of 19% and grants to offset losses of abolition of OZT (0.66% of Provincial Share) reflect 2% of total transfer.

Table 2.4
Monthly Trend in Federal Transfers 2011-12 (Rs. in million)

Months	Divisible Pool Taxes	Straight Transfers	Grants to offset losse of abololition of OZT (0.66% of Prov. Share)	Total
July 2011	11,158	1,792	300	13,250
August 2011	12,237	2,835	329	15,401
September 2011	20,545	6,636	552	27,733
October 2011	14,610	3,112	393	18,115
November 2011	21,646	4,134	582	26,362
December 2011	20,886	3,559	562	25,007
January 2012	25,152	4,276	676	30,104
February 2012	13,511	4,776	363	18,650
March 2012	27,170	6,174	730	34,074
April 2012	16,611	3,253	447	20,311
May 2012	18,367	7,483	597	26,447
June 2012	30,967	3,301	747	35,015
Arrears 2010-11	(3,506)	4,552	(94)	952
Total	229,355	55,883	6,184	291,422

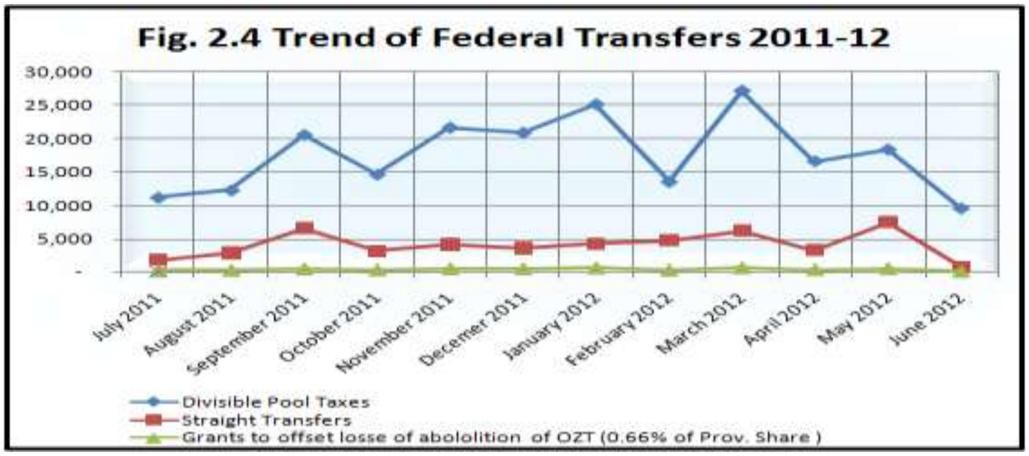
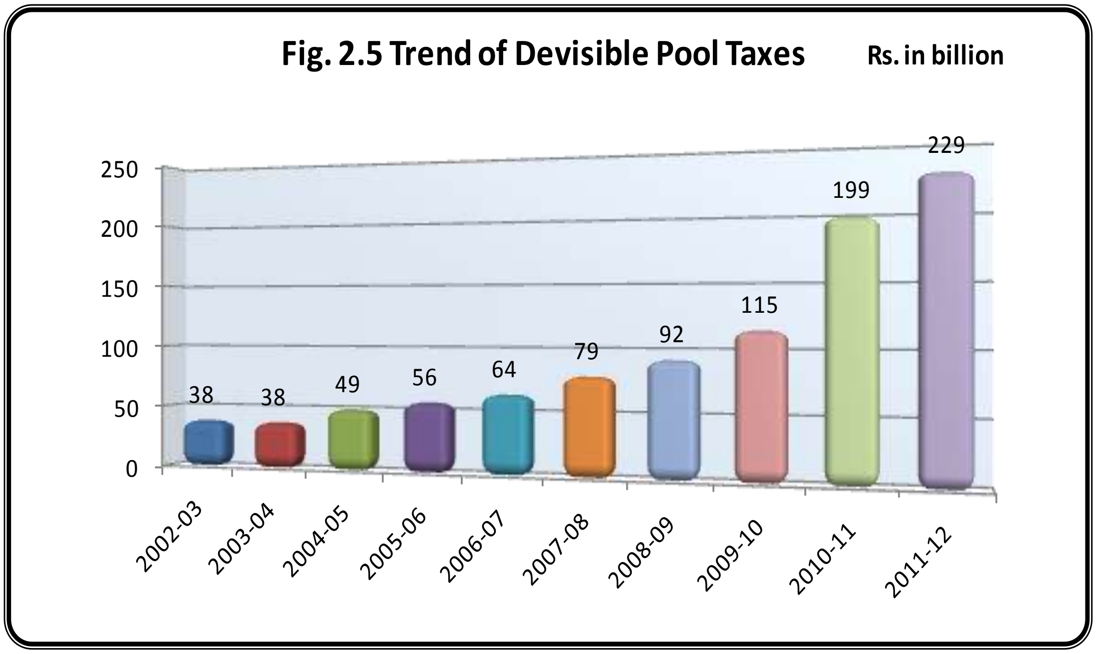


Table 2.5 and Figure 2.5 show the composition and the trends in Divisible Pool Taxes during the period 2002-03 to 2011-12. Taxes on sales were the biggest contributor to the revenue assignment until 2005-06, which have been subsequently replaced by taxes on income. The average growth in taxes on income and central excise remained at the first and second position respectively while zero growth was recorded in GST on Services (CE Mode), Capital Value Tax and Wealth Tax.

Table 2.5											
Trend in Divisible Pool Taxes (Rs. In Million)											Ave (%)
	Actual										Actual
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2002-11
Taxes on Income	12,470	10,678	15,764	17,986	28,560	34,214	39,583	53,087	79,509	88,052	24.26
Taxes on Sales	15,447	16,089	19,105	21,790	13,768	17,122	22,987	26,806	76,654	99,616	23.01
Custom Duties	5,830	7,317	9,902	11,408	11,869	13,980	14,314	11,778	24,252	27,653	18.88
Central Excise	3,506	2,774	4,391	4,227	5,934	8,285	10,718	16,555	17,982	14,018	16.65
GST (CE Mode)	510	583	67	919	3,100	4,297	4,114	6,082	0	0	0.00
Capital Value Tax	400	100	200	0	421	682	251	423	121	14	0.00
Wealth Tax	32	26	-36	0	1	10	0	2	2	2	0.00
Total	38,195	37,577	49,392	56,330	63,653	78,590	91,967	114,633	198,520	229,355	22.04



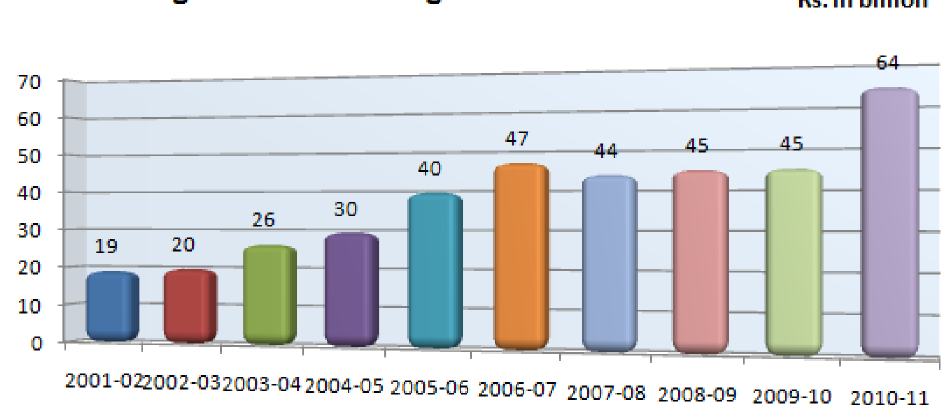
The Divisible Pool transfers have grown at the average annual rate of 22.04% from 2008-09 to 2011-12. Based on the estimates provided by the Federal Government, the Divisible Pool transfers for 2013-14 has been pitched at Rs. 332.9 billion or 5.9% greater than budgeted estimate for 2012-13.

2.2.2. STRAIGHT TRANSFERS

Straight transfers include Royalty on Natural Gas and Crude Oil, Gas Development Surcharge (GDS), Excise Duty on Natural Gas, and GST on Services. These are provincial receipts which are collected by the Federal Government and transferred to Sindh, after deduction of 2% collection charges. However, the GST on Services is being collected by the Government of Sindh with effect from 1st July, 2011. The break-up and trends of straight transfers are given in Table 2.6 and Figure 2.6, respectively.

Table 2.6											
Trend in Straight Transfers (Rs. In Million)											Ave (%)
	Actual										Actual
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2002-11
Royalty on Natural Gas	5,180	7,975	10,480	13,626	15,771	16,773	23,564	17,265	26,881	26,119	19.69
Gas Development Surcharge	8,668	11,595	9,396	15,620	22,398	14,863	8,202	18,270	20,990	10,737	2.41
Royalty on Crude Oil	2,635	2,379	3,703	4,087	4,170	5,956	8,297	4,414	8,819	7,731	12.70
Excise Duty on Natural Gas	2,451	3,079	4,297	4,099	3,833	5,137	3,807	4,258	7,771	7,262	12.83
GST (Provincial)*	816	1,234	1,677	2,301	940	1,288	1,244	1,109	0	4,034	0.00
Total	**19,750**	**26,262**	**29,553**	**39,733**	**47,112**	**44,017**	**45,114**	**45,316**	**64,461**	**55,883**	**12.25**
	* Arrears of 2010-11 received in 2011-12.										

Fig 2.6 Trend of Straight Transfers



Straight transfers to Sindh have grown on average, at the rate of 12.3% per annum over the period from 2002-03 to 2011-12. During the period, the Gas Development Surcharge (19.7%) was the biggest contributor followed by Royalty on Natural Gas (12.8%) and Royalty on Crude Oil (12.7%).

2.2.3. PROVINCIAL OWN RECEIPTS

Provincial own revenues include tax and non-tax receipts. Major Provincial Tax receipts are agriculture income tax, stamp duty, registration, provincial excise, motor vehicle, capital value tax, cotton fee, electricity duty, infrastructure development cess and sales tax on services. Major Non-Tax receipts include interest, education, health, works, police, irrigation, mines and minerals, extraordinary and miscellaneous receipts.

Table 2.7 and Figure 2.7 reveal that provincial own receipts have grown at the average rate of 37.72% per annum over the period 2008-09 to 2011-12. RE 2012-13 of Rs. 100.7 billion shows 40.5% increase in provincial own receipts against actuals of 2011-12 amounting to Rs. 71.7 billion. The increase is mainly due to the inclusion of GST on Services and Capital Value Tax (CVT) in Provincial Tax receipts. Earlier, the GST on Services was the part of divisible pool taxes (GST -CE Mode) and straight transfers (GST on Services-Provincial). The CVT was devolved to the provinces under 18th Amendment and the collection of GST on Services is being made by the Government of Sindh itself. Tax receipts have remained the dominant source of provincial own receipts, contributing sharing of 76% for Tax Receipts and 24% for Non-Tax Receipts, as shown in Table 2.7 and Figure 2.7.

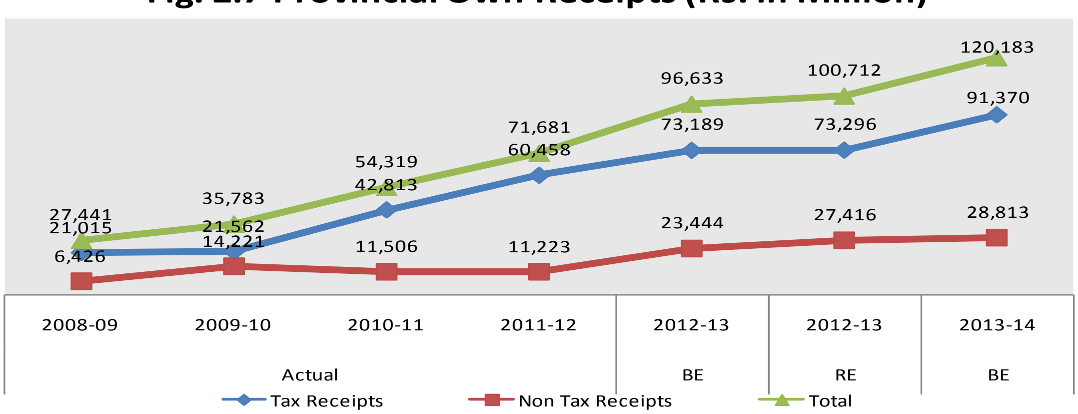
Table 2.7

Provincial Own Receipts (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Tax Receipts	21,015	21,562	42,813	60,458	73,189	73,296	91,370	21.23	24.84	42.22
Non Tax Receipts	6,426	14,221	11,506	11,223	23,444	27,416	28,813	144.28	22.90	20.43
Total	27,441	35,783	54,319	71,681	96,633	100,712	120,183	40.50	24.37	37.72
Tax Receipts (%)	76.58	60.26	78.82	84.34	75.74	72.78	76.03			
Non Tax Receipts (%)	23.42	39.74	21.18	15.66	24.26	27.22	23.97			

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

Fig. 2.7 Provincial Own Receipts (Rs. in Million)



2.2.3.1 PROVINCIAL TAX RECEIPTS

As shown in Table 2.8 and Figure 2.8 the overall tax receipts have increased on average at 56% during 2008-09 to 2011-12. RE 2012-13 recorded 21.3% increase in tax receipts against Actual 2011-12. However, BE 2013-14 shows increase by 24.8% owing to higher growth in in-direct taxes (26%). The total provincial tax receipts have been pitched at Rs. 91.4 billion for the FY 2013-14.

Table 2.8

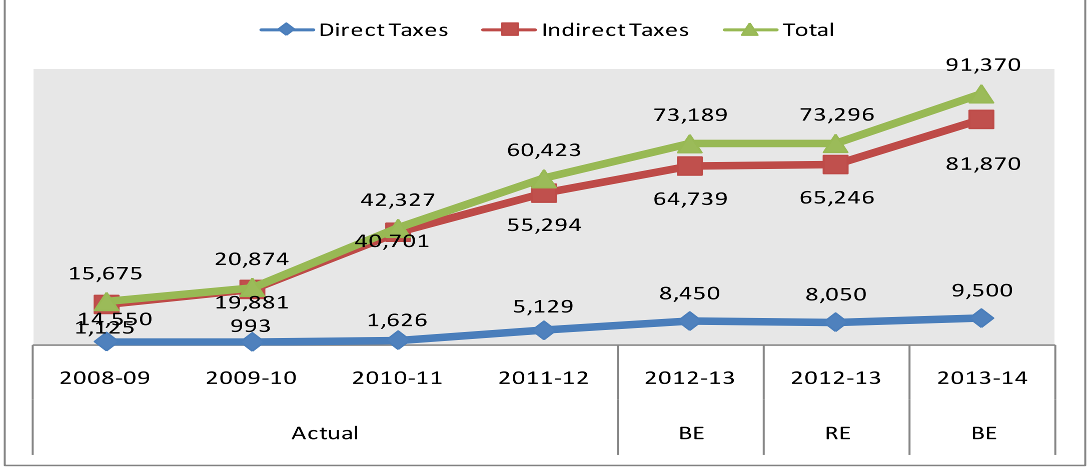
Tax Receipts (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE	BE	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Taxes from Agriculture Income	143	152	210	123	500	500	550	306.50	10.00	-4.90
Property Tax (Tax and Registration)	596	463	839	2,139	4,100	3,700	4,500	72.98	9.76	53.10
Land Revenue	177	156	347	208	500	500	550	140.38	10.00	5.53
Taxes on Professions, Trades and Callings	209	222	230	280	350	350	400	25.00	14.29	10.24
Capital Value Tax	0	0	0	2,379	3,000	3,000	3,500	-	16.67	-
Total Direct Taxes	**1,125**	**993**	**1,626**	**5,129**	**8,450**	**8,050**	**9,500**	56.95	12.43	65.82
Sindh Sales Tax on Services	0	0	16,623	23,924	32,000	32,000	42,000	-	31.25	-
Provincial Excise	1,777	2,112	2,948	2,577	3,500	3,500	3,800	35.82	8.57	13.19
Stamp Duties	4,215	3,947	4,274	4,766	6,000	6,000	6,500	25.89	8.33	4.18
Motor Vehicles	2,161	2,169	2,964	3,193	4,349	4,535	4,948	42.03	13.77	13.90
Tax on Hotels	198	200	143	160	180	194	196	21.25	8.89	-6.86
Cotton Fees (Net)	106	125	163	98	300	250	300	155.10	0.00	-2.58
Electricity duty	92	109	72	74	1,330	1,685	4,040	2177.22	203.76	-7.00
Others-All Types	7	0	12	11	40	40	40	263.64	0.00	16.26
Emtertainment	0	0	0	23	40	42	46	82.61	15.00	-
S.D&M of I Structure	5,994	11,219	13,502	20,468	17,000	17,000	20,000	-16.94	17.65	50.59
Total Indirect Taxes	**14,550**	**19,881**	**40,701**	**55,294**	**64,739**	**65,246**	**81,870**	**18.00**	**26.46**	**56.05**
Total Tax Receipts	**15,675**	**20,874**	**42,327**	**60,423**	**73,189**	**73,296**	**91,370**	**21.31**	**24.84**	**56.79**

As shown in above Table and Figure 2.8, the percentage of direct taxes to overall tax receipts is very low and has declined over the years. The direct taxes are shown as 12.4% for the Budget Estimates 2013-14 as against Budget Estimates 2012-13, whereas indirect taxes shows increase 26.5% for the Budget Estimates 2013-14 as against Budget Estimates 2012-13 indicating greater reliance on indirect taxes.

Direct taxes of the province are given in Table 2.8 and graphically shown in Figure 2.8. Averagely, direct taxes have shown a growth trend by 65% over the four years period (2008-09 to 2011-12). These have been pitched at Rs. 9.5 billion for the year 2013-14 i.e., an increase of 12.4% over BE 2012-13.

Proper Tax (Tax+ Registration) is the largest component of direct taxes followed by Capital Value Tax(CVT). The latter however has been recording growth in the past four years, primarily due to adding CVT as a new entry which has been recently devolved to the provinces under 18th Amendment.

Fig. 2.8
Tax Receipts (Rs. in million)



On the other hand, the indirect taxes recorded growth of 56.05% during 2008-09 to 2011-12. The target of indirect taxes for BE 2013-14 has been fixed at Rs. 81.8 billion indicating an increase of 26.5% as against BE 2012-13. Sindh Sales Tax on Services (Provincial) and Sindh Development Maintenance of Infra-Structure Cess (SDM&I) Cess are the two largest components of in-direct taxes. The Sindh Sales Tax on Services(Provincial) is new entry under 7th NFC and 18th Amendment. The average growth in SD&MI Cess during 2008-09 to 2011-12 is 50.6% which is plausible followed by other all types (16.3%), motor Vehicle (13.9%) and provincial excise (13.2%)

2.2.3.2 PROVINCIAL NON-TAX RECEIPTS

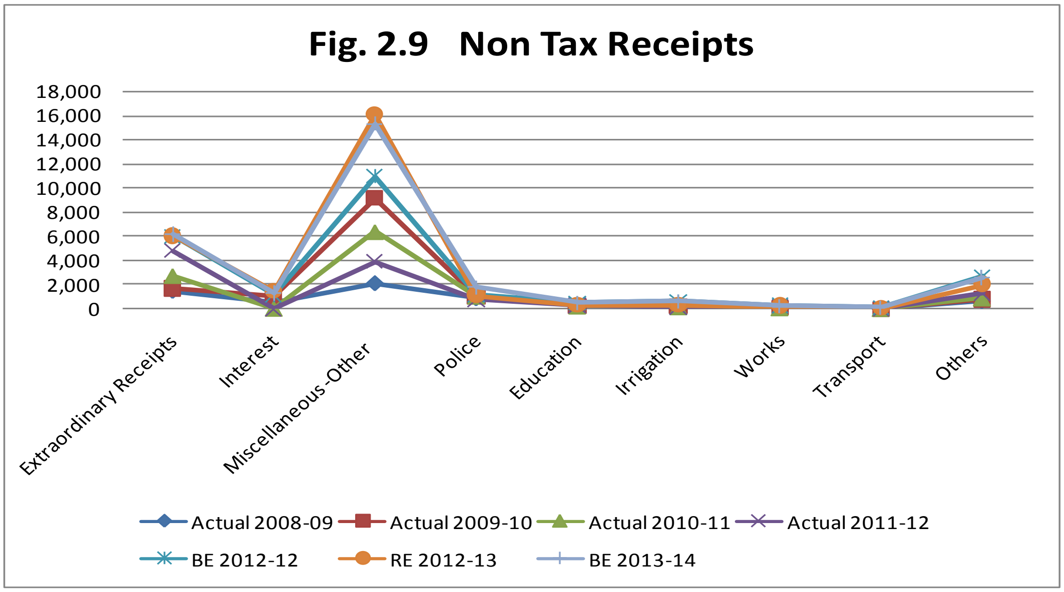
Table 2.9 shows the major contributors of the Province's non tax receipts. This include Extra-Ordinary and Other-Miscellaneous as a major component. All remaining non tax receipts contributing not very significantly. The average growth of 20.7% has been recorded in provincial non-tax receipts which is, because of 47.4% in Extra-Ordinary, 22.4% growth in Other Miscellaneous. The high growth trend of actual in extraordinary receipts and Other Miscellaneous is the major contributory factor for increase. The BE 2013-14 are pitched at Rs. 28.8 billion or a 22.9% increase over BE 2012-13 of Rs. 23.4 billion.

Table 2.9

Non Tax Receipts (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-12	2012-13	2013-14	2012-13	2013-14	2008-11
Extraordinary Receipts	1,478	1,703	2,738	4,736	6,000	6,000	6,200	26.69	3.33	47.43
Interest	501	1,003	19	3	1,198	1,408	1,328	46833.33	10.85	-81.84
Miscellaneous -Other	2,102	9,144	6,379	3,858	10,900	16,007	15,266	314.90	40.06	22.44
Police	867	1,045	1,024	745	1,110	1,100	1,800	47.65	62.16	-4.93
Education	213	211	203	284	486	314	523	10.56	7.61	10.06
Irrigation	352	234	143	140	600	298	648	112.86	8.00	-26.46
Works	272	65	59	229	300	224	249	-2.18	-17.00	-5.57
Transport				37	149	50	160	35.14	7.38	-
Others	641	816	869	1,280	2,701	2,015	2,639	57.42	-2.30	25.93
Total	**6,426**	**14,221**	**11,434**	**11,312**	**23,444**	**27,416**	**28,813**	142.36	22.90	20.74

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.



The federal indirect taxes, at 48.7%, are the biggest contributor to current tax revenues followed by federal direct taxes at 30.1%. Provincial direct taxes contribute to the extent of 2.2% only, whereas provincial indirect taxes contribute 18.9% to the overall current tax revenue for the province.

Table 2.10										
Composition (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2013-14	2012-13	2013-14	2012-13	2013-14	2008-11
Direct Taxes										
Tax on Income	39,583	53,037	79,509	88,052	125,178	104,237	129,930	18.38	3.80	30.54
Wealth Tax	0	2		2	0	0	0	-100.00	-	-
Capital Value Tax	251	422			0	0	0	-	-	-100.00
Federal Direct Taxes	39,834	53,461	79,509	88,054	125,178	104,237	129,930	18.38	3.80	30.27
Taxes from Agriculture Income	149	159	210	122	500	500	550	309.84	10.00	-5.16
Urban Immovable Property Tax	0	0		1,144	2,600	2,600	2,700	127.27	3.85	-
Transfer of Property Tax (Registration)	596	463	899	995	1,500	1,100	1,800	10.55	20.00	18.63
Land Revenue	177	156	947	208	500	500	550	140.38	10.00	5.53
Taxes on Professions, Trades and Callings	209	222	290	280	350	350	400	25.00	14.29	10.24
Capital Value Tax	0	0	1,907	2,379	3,000	3,000	3,500	26.10	16.67	-
Provincial Direct Taxes	1,125	994	3,533	5,128	8,450	8,050	9,500	56.98	12.43	65.81
Total Direct Taxes	40,959	54,455	83,042	93,182	133,628	112,287	139,430	20.50	4.34	31.52
Indirect Taxes										
Customs Duties	14,314	16,555	24,252	27,653	32,997	32,126	37,217	16.18	12.79	24.55
Sales Tax	22,987	26,806	76,653	99,616	140,897	118,111	144,185	18.57	2.33	63.04
Sales Tax (Services)	1,244	1,109	0	0	0	0	0	-	-	-100.00
Sales Tax (CE Mode)	4,114	6,032	0	0	0	0	0	-	-	-100.00
Federal Excise	10,718	11,778	17,982	14,018	15,294	15,146	21,603	8.05	41.25	9.36
Excise Duty on Natural Gas	3,807	4,258	7,771	7,262	9,485	8,454	7,081	16.41	-25.35	24.02
Federal Indirect Taxes	57,184	66,538	126,658	148,549	198,673	173,837	210,086	17.02	5.74	37.47
Sindh Sales Tax on Services	0	0	16,623	23,924	32,000	32,000	42,000	33.76	31.25	-
Provincial Excise	2,112	2,459	2,948	2,577	3,500	3,500	3,800	35.82	8.57	6.86
Stamp Duties	3,947	3,598	4,274	4,766	6,000	6,000	6,500	25.89	8.33	6.49
Motor Vehicles	2,169	2,850	2,964	3,290	4,949	4,595	4,948	40.40	13.77	14.20
Tax on Hotels	200	166	143	160	180	194	196	21.25	8.89	-7.17
Cotton Fees (Net)	125	137	163	98	900	250	900	155.10	0.00	-7.79
Electricity duty	109	67	72	74	1,330	1,685	4,040	2177.03	203.76	-12.11
Others-All Types	0	19	12	11	40	41	45	272.73	12.50	-
Entertainment	0	0	0	23	40	41	40	78.26	0.00	-
S.D&M of I Structure	11,219	11,291	19,502	20,468	17,000	17,000	20,000	-16.94	17.65	22.19
Provincial Indirect Taxes	19,881	20,575	40,701	55,331	64,739	65,246	81,869	17.92	26.46	40.66
Total Indirect Taxes	77,065	87,113	167,359	203,880	263,412	239,083	291,955	17.27	10.84	38.31
Total Tax Revenue	118,024	141,568	250,401	297,062	397,040	351,370	431,385	18.28	8.65	36.03
Federal Direct (%)	33.75	37.76	31.75	29.64	31.53	29.67	30.12			
Provincial Direct (%)	0.95	0.70	1.41	1.73	2.13	2.29	2.20			
Total Direct (%)	34.70	38.47	33.16	31.37	33.66	31.96	32.32			
Federal Indirect (%)	48.45	47.00	50.58	50.01	50.04	49.47	48.70			
Provincial Indirect (%)	16.84	14.53	16.25	18.63	16.31	18.57	18.98			
Total Indirect (%)	65.30	61.53	66.84	68.63	66.34	68.04	67.68			
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00			

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

The trend analysis in Table 2.10 shows that averagely, direct and indirect tax revenues have grown at 31.52% and 38.31% respectively, over the years 2008-09 to 2011-12. The total average growth showed 36.0% over the four year 2008-09 to 2011-12. The province largely depends on indirect taxes for its and overall tax receipts from the federal government.

3. CURRENT REVENUE EXPENDITURE

The expenditure incurred from the Provincial Consolidated Fund (PCF) is broadly categorized as Non-Development and Development expenditure which further divided into Revenue and Capital components. The Non-Development expenditure is also referred as Current expenditure.

The "Revenue" part of non-development expenditure includes payments of salary bills plus allowances, purchases, repairs and maintenance, interest payments, pension, general provident fund, utilities, and other operational expenses. The "Capital" component includes outflows on account of investments, principal repayments, loans and advances to government servants, local/autonomous bodies etc.

The "Revenue" part of development expenditure comprises of operational expenses such as salaries of contract employees, consultants, purchases etc. The "Capital" component includes expenditures on mortar and bricks.

3.1. CURRENT REVENUE EXPENDITURE (CRE):

Table 3.1 reflects actual for last four years, Budget Estimates (BE) and Revised Estimates (RE) 2012-13 and BE 2013-14 of CRE with bifurcation of priority and

Table 3.1

Distribution in Priority and Non-Priority (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
PRIORITY EXPENDITURE	113,028	120,437	161,175	219,741	224,656	230,249	252,498	4.78	12.39	24.81
District Share/ OZT Grants to Local Bodies	90,624	92,030	93,281	74,728	37,856	39,115	39,866	-47.66	5.31	-6.23
Health	6,072	8,064	9,458	23,606	34,727	34,132	36,401	44.59	4.82	57.24
Education Affairs and Services	6,822	10,383	14,247	57,436	99,358	105,445	120,502	83.59	21.28	103.43
Social Protection	250	572	10,019	19,059	1,825	4,356	2,204	-77.15	20.77	324.02
Financial and Fiscal Affairs - Debt Servicing	9,260	9,388	34,170	44,912	50,890	47,202	53,525	5.10	5.18	69.27
NON-PRIORITY EXPENDITURE	71,294	77,549	93,629	88,790	90,645	111,863	103,475	25.99	14.15	7.59
Other General Public Service	26,826	25,069	28,294	8,308	8,065	10,646	10,006	28.14	24.07	-32.34
Public Order and Safety Affairs	23,614	28,158	35,034	45,521	47,166	52,778	54,429	15.94	15.40	24.42
Economic Affairs	10,994	12,878	24,717	30,995	30,997	43,239	34,373	39.50	10.89	41.27
Environment Protection	311	52	59	101	390	168	414	66.34	6.15	-31.26
Housing and Community Ammenities	2,600	1,921	1,139	1,994	1,399	1,612	2,463	-19.16	76.05	-8.47
Recreational, Culture and Religion	601	834	856	1,493	2,628	3,420	1,790	129.07	-31.89	35.43
Other various Expenditure	6,328	8,637	3,531	378	0	0	0	-100.00	-	-60.91
Total:	184,322	197,986	254,804	308,531	315,301	342,112	355,973	10.88	12.90	18.73
Priority Expenditure (%)	61.32	60.83	63.25	71.22	71.25	67.30	70.93			
Non-priority Expenditure (%)	38.68	39.17	36.75	28.78	28.75	32.70	29.07			

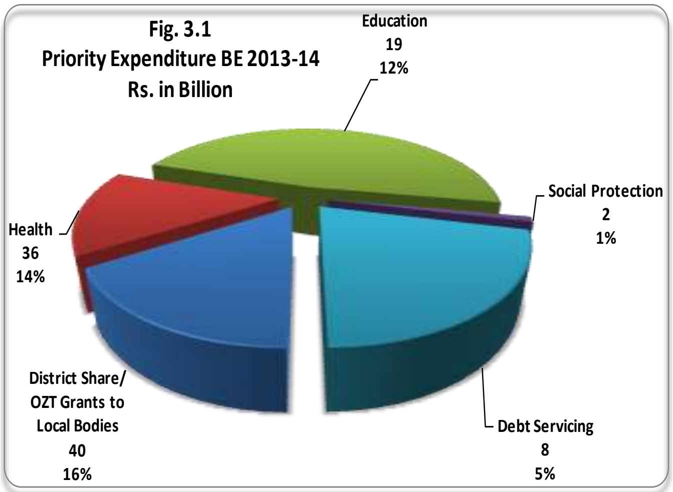
* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

non-priority expenditure. There is an increase tendency in the share of priority expenditure with the passage of time however the average growth during 2008-09 to 2011-12 remained higher in case of non-priority expenditure. During the aforesaid period, the social protection remained at the top in terms of growth, the education affairs and services ranked at second, then came financial and fiscal affairs, health and lastly the OZT share that recorded a negative growth under priority expenditure. Public Order Safety Affairs, Economic Affairs and Recreational, Culture and Religion depicted a positive growth during said period. An average growth of 18.7% was recorded in actual expenditure during 2008-09 to 2011-12 whereas an increase of 10.88% in RE over BE 2012-13 and 12.90% increase in BE 2013-14 over BE 2012-13 were proposed.

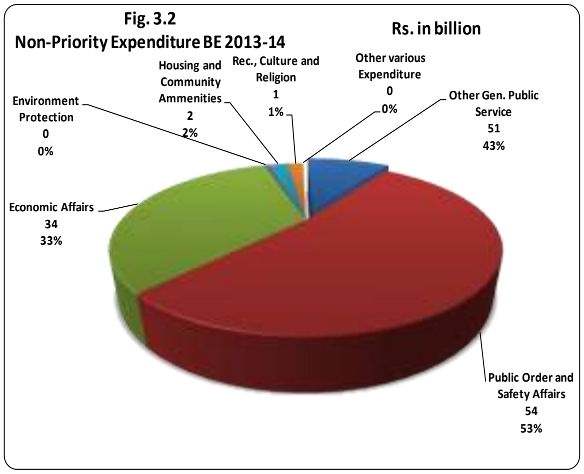
3.1.1. PRIORITY EXPENDITURE:

Fig. 3.1
Priority Expenditure BE 2013-14
Rs. in Billion



The CRE for 2013-14 has grown by 12.4% over BE 2012-13. This is mainly on account of significant increase in the Salary Component and transfers to LGs and usual enhancement of allocations in Public Order Safety Affairs, Economic Affairs, Housing Community Amenities and Other Expenditure heads rest of heads shows negative growth particularly Other General Public Service, Environment Protection and Recreational, Culture and Religion. The break up is discussed here under:

3.1.2. NON-PRIORITY EXPENDITURE:



The CRE for 2013-14 has grown by 14.2% over BE 2012-13. This is mainly on account of significant increase in the Salary Component and transfers to LGs and usual enhancement of allocations in Public Order Safety Affairs, Economic Affairs, Housing Community Amenities and Other Expenditure heads rest of heads shows negative growth particularly Other General Public Service, Environment Protection and Recreational, Culture and Religion. The break up is discussed here under:

3.1.3. GENERAL PUBLIC SERVICES

This is the largest head under the CRE. It includes expenditures on a wide variety of services provided by Executive and Legislative establishments of the Provincial Government, discharge of fiscal liabilities in the shape of debt servicing (interest amount) and pension payments. Transfers made to various tiers of the LGs, which constitute the largest component of this classification, are also included in this head of account.

This trend can be attributed to pay revisions of the last several years and rise in prices warranting an increase in salary and contingent expenditures. Further, increasing quantum of transfer payments, particularly to LGs, explains this rising trend. Transfers in general are fixed to Rs. 39.9 billion in BE 2013-14 as against of Rs.37.8 billion in BE 2012-13 showing 5.3% growth, in a year.

Debt Servicing and Pension Payments fall under the Financial and Fiscal functions performed by the Provincial Government. Chapter 6 includes detailed review of Debt Servicing on Foreign Loans and Domestic Debt, including interest payable on General Provident Fund (GPF).

3.1.3.1. PUBLIC ORDER AND SAFETY AFFAIRS

This head includes expenditures on courts of law, police, prisons, relief and disaster management, including fire protection, anticorruption establishment and civil defence. The overall growth in this head is 15.4% whereas allocations increased from Rs. 37.2 billion in BE 2012-13 to Rs. 54.4 billion in BE 2013-14.

3.1.3.2. ECONOMIC AFFAIRS

Expenditures on departments / sectors contributing to economic development like Agriculture, Food, Irrigation & Land Reclamation, Forestry, Fisheries, Fuel and Energy, Mining and Manufacturing, Transport (Roads), Works (Construction) and Industries are included under the Economic Affairs of the Provincial Government. The CRE in these sectors also include allocations for research, extension and field services to farmers, maintenance and repair of the irrigation network and vocational training of the labour force. The budgeted expenditure under Economic Affairs for FY 2013-14 (Rs. 34.4 billion) is expected to grow by 10.9% over the budgeted amount in FY 2012-13 (i.e. Rs. 30.9 billion).

It is evident from Table 3.1 that all major infrastructures related to economic activity generating departments are included in this classification. The agriculture sector along with livestock and irrigation comprises the agriculture related portion of the current budget. Similarly the industrial sector is covered separately under mining and manufacturing and comprises departments of Industries, Mines and

Minerals. The transport and communication sectors now comprise the major departments of Works & Services and Transport.

3.1.3.3. HEALTH

The health sector is partially devolved to LGs where District Headquarter Hospitals (DHQHs), Rural Health Centers (RHCs), *Taluka* Headquarter Hospitals (THQHs) and Basic Health Units (BHUs) are with the DGs, while teaching and other specialized hospitals are with the Provincial Government. The funding for the CRE under this social service has increased from Rs. 34.7billion in BE 2012-13 to Rs. 36.4billion showing an increase of around 4.8%.

3.1.3.4. EDUCATION AFFAIRS AND SERVICES

The bulk of public sector service delivery in education comprise of primary and secondary education. There is a substantial increase of 21.3% in the CRE which rises from Rs. 99.4 billion (BE 2012-13) to Rs. 120.5 billion (BE 2013-14).

3.1.4. REVIEW OF THE CURRENT REVENUE EXPENDITURE SINCE 2008-11

Table 3.2									
Current Revenue Expenditure (Rs. In Million)							Growth (%)		Ave (%)
	Revised					BE	RE*	BE**	Revised
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2012-13	2013-14	2008-12
Employee Related Expenses	**36,097**	**49,703**	**62,025**	**109,034**	**174,757**	**193,154**	60.28	10.53	48.33
Operating Expenses	**26,221**	**26,113**	**27,940**	**47,934**	**51,370**	**52,448**	7.17	2.10	18.31
Other Miscellaneous	**537**	**301**	**172**	**5**	**5**	**204**	0.00	3980.00	-68.94
Repair and Maintenance	**3,925**	**4,907**	**11,865**	**10,574**	**7,149**	**5,946**	-32.39	-16.83	16.17
Purchase of Durable Goods	**2,768**	**3,119**	**3,066**	**6,545**	**3,682**	**1,457**	-43.74	-60.43	7.39
Consumption Expenditure	69,548	84,143	105,068	174,092	236,963	253,209	36.11	6.86	35.86
Grant and Subvention* **	**91,322**	**109,173**	**131,793**	**85,212**	**53,868**	**52,225**	-36.78	-3.05	-12.36
Pension	**11,242**	**17,966**	**20,489**	**21,791**	**29,645**	**29,645**	36.04	0.00	27.43
Interest	**9,318**	**9,332**	**9,600**	**9,857**	**11,311**	**11,645**	14.75	2.95	4.97
Subsidies	**2,106**	**2,805**	**3,073**	**2,505**	**3,005**	**3,015**	19.96	0.33	9.29
Other Transfers	**1,415**	**1,418**	**11,215**	**15,806**	**7,318**	**6,235**	-53.70	-14.80	50.80
Transfer Payments	115,403	140,694	176,170	135,171	105,147	102,765	-22.21	-2.27	-2.30
Total CRE	184,951	224,837	281,238	309,263	342,110	355,974	10.62	4.05	16.62
Consumption Expenditure (%)	**37.60**	**37.42**	**37.36**	**56.29**	**69.27**	**71.13**			
Transfer Payments (%)	**62.40**	**62.58**	**62.64**	**43.71**	**30.73**	**28.87**			
Total (%)	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**			

*** Represents percentage increase in Revised Estimates 2012-13 over Revised Estimates of 2011-12.**
**** Represents percentage increase in Budget Estimates 2013-14 over Revised Estimates 2012-13.**
***** Includes transfers to local governments from 2008-09 to 2012-13.**

Fig. 3.3
Current Revenue Expend (Rs. in Million)

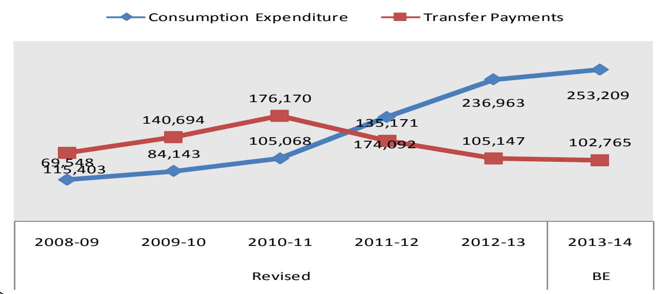


Table 3.2 and Figure 3.3 present the trend analysis and composition of the CRE, which has grown, on average, at 16.6% per annum over the years from 2008-09 to 2011-12. For the year 2013-14 it has been pitched at Rs. 355.9 billion which is a 10% increase over the revised estimates of 2012-13. Further discussion on the CRE is bifurcated into:

- Consumption / Transfer Payments Mode; and
- Functional Distribution Mode.

3.1.4.1. CONSUMPTION / TRANSFER PAYMENTS MODE

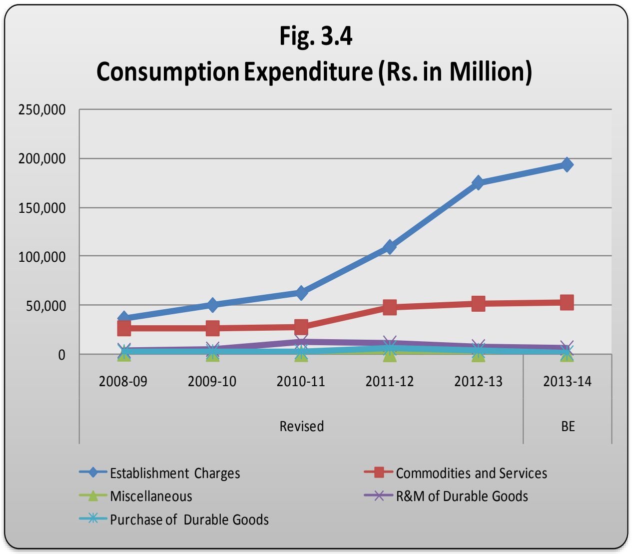
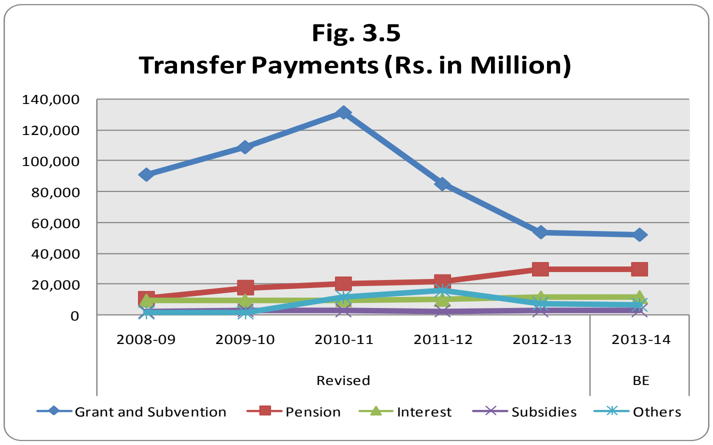


Table 3.2 shows that the consumption expenditure has grown on average at 16.6% whereas the average decrease of transfer payments is 2.3% over the years (2008-09 to 2011-12). Over the years consumption expenditure has increased as a percentage of total current expenditure from 37.6% in 2008-09, 37.4% in 2009-10, 37.4% in 2010-11 and 56.3% in 2011-12. Conversely, transfer payments, as a percentage of total current expenditure have decreased 62.4% in 2008-09 to 43.7% in 2011-12. This has primarily occurred due to the shifting of expenditure on account of Pension Fund, GP Fund component from the Current Revenue Expenditure to Current Capital Expenditure and revival of commissioner system in 2011-12.

3.1.4.1.1. Consumption Expenditure

The consumption expenditure is the actual spending of the government machinery for its functioning. It includes establishment charges, purchase, repairs and maintenance of durable goods, commodities and services and other expenditures. Table 3.2 and Figure 3.4 reflect the trend of various components of consumption expenditure since 2008-09. Establishment charges constitute the largest portion of consumption expenditure followed by commodities and services. Consumption expenditure has been pitched at Rs. 253.2 billion for 2013-14 which is a 36.1% increase over RE 2012-13.

3.1.4.1.2. Transfer Payments



Expenditures on account of debt servicing (interest payment), grants / subventions, subsidies, pension and other related items are booked under the transfer payments. Table 3.2 and Figure 3.5 reflect the trend of various components of transfer payments since 2008-09. The decrease is noticeable after 2011-12 in Grants and Subvention component which now merged in consumption expenditure from this category. Transfer payments have been pitched at Rs. 102.8 billion for the year 2013-14 as against Rs.105.1 billion of RE 2012-13 indicating a decrease 22.2% over RE 2012-13.

Subsidies constitute an important component of transfer payments. Although subsidy allocations have increased at an average of 9.3% from 2008-09 to 2011-12. The allocation for BE 2013-14 is Rs. 3.0billion which represents an increase of 19.9% over RE 2012-13 which is due to Ramdan Package during the last financial year 2012-13. The allocations include subsidies for wheat procurement and other miscellaneous expenditure etc.

3.1.4.1.2.1. Social Services

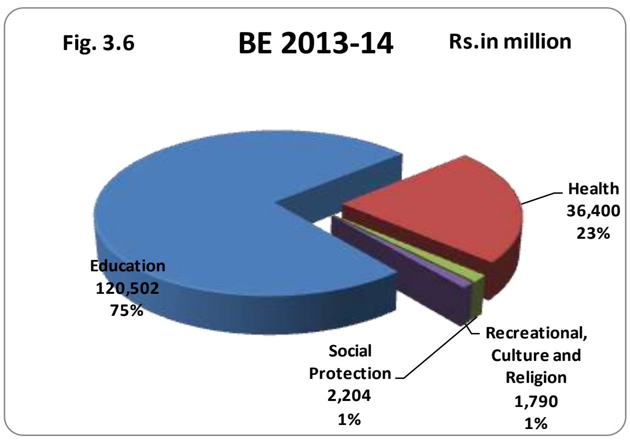
As shown at Table 3.3 expenditure on social services has increased on an average by 23.9% annually in the past four years. It has been pitched at Rs. 160.8 billion for the year 2013-14, which is a 16.1% increase over Rs. 138.5 billion in BE 2012-13.

Table 3.3

Social Services (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Education	6,822	10,383	14,246	57,436	99,358	105,444	120,502	83.59	21.28	103.43
Health	6,072	8,064	9,458	23,606	34,727	34,132	36,400	44.59	4.82	57.24
Social Protection	250	572	10,019	19,059	1,825	4,355	2,204	-77.15	20.77	324.02
Recreational, Culture and Religion	601	835	855	1,493	2,627	3,419	1,790	129.00	-31.86	35.43
Total	13,745	19,854	34,578	101,594	138,537	147,350	160,896	45.04	16.14	94.79

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.



Looking at the components of social services in the Table 3.3 and Figure 3.4, we find that *education expenditure* is the biggest component of this head and which recorded an average increase of 103% per annum during 2008-09 to 2011-12. The reason for this increase is due to the increase in salary component. Education is followed by *health expenditure*, which has increased on an average by 57.2% during the same period and because of same reason. The other sub-components of social services constitute less than or around 3 to 5% of the total allocations for the sector.

3.1.4.1.2.2. Public Order and Safety Affairs

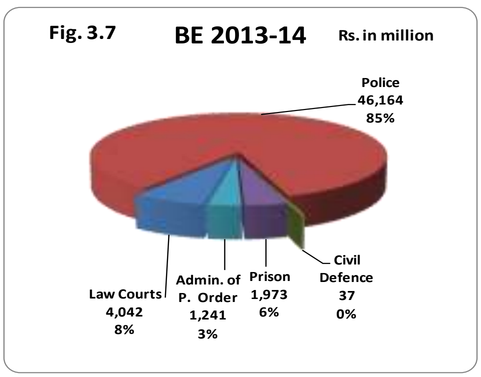
It involves expenditures on administration of Justice, Police, Civil Armed Forces, Jails, Civil Defense, etc. as reflected in Table 3.4. Law and order expenditure has increased on average at 24.2% in the past four years and has been pitched at Rs. 54.4 billion for the year 2013-14, which is a 15.4% increase over Rs. 47.2billion provided under BE 2012-13.

Table 3.4

Public Order and Safety Affairs (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Law Courts	1,814	2,274	2,761	3,667	4,263	5,245	4,042	43.03	-5.18	26.44
Police	20,682	24,148	29,964	39,001	39,532	43,076	46,164	10.45	16.78	23.55
Civil Defence and Related Affairs	5	8	7	35	101	108	113	208.57	11.88	91.29
Prison Administration and Operation	896	1,238	1,636	1,801	2,351	2,528	2,299	40.37	-2.21	26.20
Administration of Public Order	356	490	728	1,015	920	1,820	1,810	79.31	96.74	41.93
Total	23,752	28,158	35,096	45,519	47,167	52,777	54,428	15.94	15.39	24.21

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.



As one can notice in Table 3.4 and Figure 3.7, the biggest chunk of law and order expenditure for 2013-14 is allocated to police, which has been budgeted at Rs. 46.2 billion. Police consumes around 84% of the total expenditure allocation under law and order component.

3.1.4.1.2.3. Housing and Community Services

Table 3.5

Housing and Community Amenities (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Housing Development	1,054	1,054	441	50	68	73	1,077	46.00	1483.82	-63.80
Urban Development	21	21	0	11	17	18	17	63.64	0.00	-19.39
Rural Development	182	182	240	24	471	0	0	-100.00	-100.00	-49.10
Water Supply	664	664	857	1,637	743	997	864	-39.10	16.29	35.09
Total	1,921	1,921	1,538	1,722	1,299	1,088	1,958	-36.82	50.73	-3.58

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

Fig. 3.8

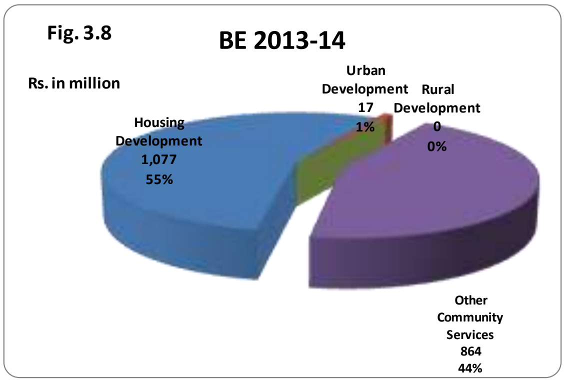


Table 3.5 shows various components of community services. One can notice from the table and Figure 3.6 that in the past the major portion of community services was spent on Works and Public Health Services, while Urban Town Planning and Other Community Services, being devolved at local level, form an insignificant part of this component. The expenditure under this category has been decreased averagely by 3.58% in the past (2008-09 to 2011-12), however, have been substantially increased in year 2013-14, over B.E 2012-13, because of expected program of housing for the poor in Sindh & providing facilities under the head of Water Supply. For the next year total allocation under Urban Town Planning & Community Services has been pitched at Rs. 1.9billion during 2013-14 which is 50% increase over the BE 2012-13.

3.1.4.1.2.4. Economic Services

Table 3.6										
Economic Services (Rs. in Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Commercial and Labour Affairs	372	380	486	643	830	877	887	36.39	6.87	20.01
Agriculture	982	4,134	6,298	9,170	9,739	11,177	10,162	21.89	4.34	110.58
Irrigation	3,968	4,092	11,048	8,793	8,186	9,268	9,211	5.40	12.52	30.37
Land Reclamation	2,558	1,830	3,378	4,039	4,680	5,022	5,147	24.34	9.98	16.45
Forestry and Fishing	400	109	141	894	766	1,440	1,685	61.07	119.97	30.75
Mining and Manufacturing	142	136	285	334	543	656	568	96.41	4.60	32.99
Construction and Transport	1,235	1,627	2,602	4,137	5,251	6,502	6,055	57.17	15.31	50.44
Trades, Storage and Warehouses	33	61	94	123	287	331	351	169.11	22.30	55.05
Others	628	529	454	2,363	646	7,894	233	234.07	-63.93	55.54
Total	10,298	12,876	24,716	30,496	30,928	43,167	34,299	41.55	10.90	43.60

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

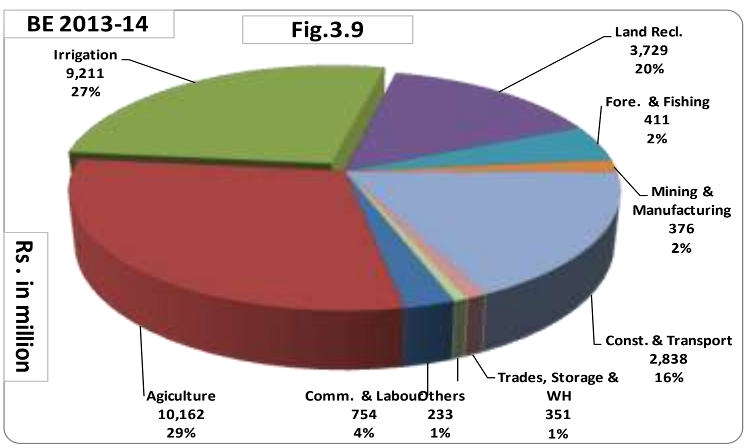


Table 3.6 shows various components of expenditure on Economic Services. Expenditure in this category has increased at an average rate of 43.6% in past four years. However, the budget estimates for the years 2013-14 have been pitched at Rs.34.3 billion against Rs.30.9 billion allocated under BE 2012-13, showing a growth of 10.9%.

Irrigation, Land Reclamation, Agriculture, Animal Husbandry together take away the major chunk (over 72%) of expenditure under this category. Agriculture is leading the group which has increased at an average rate of 110.6% during the past four years due to revival of Commissionery system in 2011-12, while its growth in BE 2013-14 is 4.3% over BE 2012-13. Likewise, Land Reclamation expenditure has increased by 16.5% during the last four years and its growth is 9.9% in BE 2013-14. Irrigation and Animal Husbandry and Industrial and Mine and Mineral

Development have been prioritized by the government as we can see increasing allocations under these heads over here. This will also be noticed in the enhanced allocations for development expenditure for these two sectors, to be further discussed in Chapter 5.

4. CURRENT CAPITAL BUDGET

4.1. INTRODUCTION

There are two main components of Current Capital Budget which are “Current Capital Receipts” and “Current Capital Expenditure”. The capital account relates to receipts from the loans and advances and repayments of the principal amount of the borrowed money.

4.2. CURRENT CAPITAL RECEIPTS (CCRs)

The CCRs of the province consist of the following:

- Funds received on account of New loans; and
- Recoveries of loans extended to Provincial Autonomous Bodies/Agencies and employees of government of sindh.

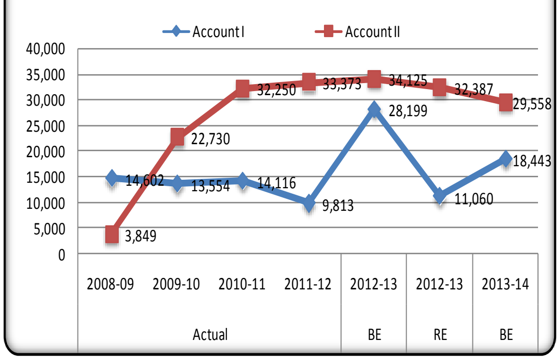
Provincial Government received these loans either in Provincial Government’s Account No I (Non Food Account) or Account No II (Food Account), depending on the nature of receipts. Broadly, receipts on account of new loan (borrowing from FG/Donor) and recoveries of old loans (extended by GOS) go to Non Food Account, whereas receipts on account of State Trading in food commodities are deposited in Account No II.

Table 4.1 and Figure 4.1 illustrate the category-wise breakup of the CCRs, followed by a brief explanation of each category. Averagely CCRs of the province have increased at 32.5% per annum over 2008-089 to 2011-12. Although such receipts for 2013-14 are to decrease by 22.9% over receipts of 2012-13, which have been pitched at Rs. 48.0 billion in 2013-14, indicates is a decrease of 22.9% over BE 2012-13. Receipts on account of foreign debt (Account I) has been decreased 112.22% per annum for Fiscal Year 2008-09 to 2011-12 and floating debt (Cash Credit Accommodation) for State Trading (Account II) increased over 105% of the CCRs during the same period. However, estimated receipts in these accounts in 2013-14 as compared to BE 2012-13 translate less disbursement from Donors for the Budgetary Support Grants/recovery in the CCRs of the province for the next year.

Table 4.1										
Current Capital Receipts(Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Investment Receipts	0	311	27		105	0	105	-	0.00	-
Recoveries of Loans and Advances	0							-	-	-
From District Government/TMAs	0				710	710	713	-	0.42	-
From Non-Financial Insitions	9				8	198	298	-	3625.00	-
From Financial Insitions	0	70						-	-	-
From Government Servants	86	113	76	70	110	54	52	-22.86	-52.73	-6.63
From Private Sector (Cultivators)	103	0						-	-	-100.00
Subtotal	198	183	76	70	828	962	1,063	1274.29	28.38	-29.25
Public Debt										
Domestic Debt (Permanent)	0				6,000	10,000	6,000	-	-	-
Floating Debt (Account No.I)	0							-	-	-
Foreign Debt (Permanent)	14,404	13,060	14,013	9,743	21,266	98	11,275	-98.99	-46.98	-12.22
Subtotal (A/C-I)	14,602	13,554	14,116	9,813	28,199	11,060	18,443	12.71	-34.60	-12.41
Floating Debt-Account No.II	3,849	22,730	32,250	33,373	34,125	32,387	29,558	-2.95	-13.38	105.44
Current Capital Receipts	18,451	36,284	46,366	43,186	62,324	43,447	48,001	0.60	-22.98	32.77
* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.										
** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.										

4.2.1. INVESTMENT RECEIPTS

Fig. 4.1 Current Capital Receipts (Rs. in Million)



Receipts under this head constitute a very small portion of the total CCRs and comprise mainly of the proceeds received from disinvestment of various state owned concerns where Sindh Government had invested its capital. Such concerns include Thatta Sugar Mill and Dadu Sugar Mill. As the disinvestment of these mills is under process, every year Sindh Government expect some receipts in result of completion of the process. However, due to non-completion of privatization process these estimates are revised towards the end of the year to show nil recovery. Accordingly, Government of Sindh expects Rs. 105 million on account of disinvestment of these Mills in the current financial year 2013-14.

4.2.2. RECOVERIES OF LOANS AND ADVANCES

Government of Sindh extends loans to its employees, former District Governments (DGs), autonomous bodies, financial and non-financial institutions and private sector, from time to time. This part of the chapter deals with the recovery of principal amount of loans and advances on this account. Loans were advanced to autonomous bodies such as Karachi Water & Sewerage Board (KWSB), Hyderabad Development Authority (HDA), Sui Southern Gas Company Limited (SSGCL), Karachi Metropolitan Corporation (KMC) and expected to receive recoverable amount of SCARP included in this head. Sindh Government expects to recover Rs. 7.1 billion in 2013-14 under this head, against the revised estimates of Rs. 10.9 billion in 2012-13. The Revised Estimates 2012-13 has been pitched on higher side due, to receipts of Rs.10.0 billion on account of Loan from Sindh Social Relief Fund.

The actual receipts from Local Government (LG) bodies and other autonomous organizations have remained negligible in the past, primarily due to their fragile financial position and large budgetary deficits. However, sufficient amount is expected to be recovered during 2013-14 from SSGCL against loans provided by Government of Sindh. Moreover, after improving financial health of HDA, KMC and KDA in the next few years, the Provincial government will be able to make at-source deductions from LGs, alike the Federal Government does to the Provincial Governments, to ensure recoveries of such outstanding receipts.

4.2.2.1. DOMESTIC DEBT (PERMANENT)

The Federal Government extendes Cash Development Loans to Provinces under two categories (i.e. Normal and SCARP CDLs and Salinity Control and

Reclamation Project Cash Development Loans). Former constitutes the amount given to Government of Sindh while latter is being directly remitted by the Federal Government to WAPDA for the execution of the project.

4.2.2.2. FLOATING DEBT (ACCOUNT I)

Floating Debt is a short term borrowing extended by such loans are received from State Bank of Pakistan to Government of Sindh to meet its cash shortages, if any, in day to day business. This type of debt is popularly known as ***SBP's Overdraft***. The cash balance position of the province has remained stable for last few years. The Ways & Means Advance to the Sindh Government, were increased to Rs.15.0 billion.

According to agreement with SBP the Sindh Government will pay the interest/mark up on the outstanding amount of current account as calculated by the Bank at a rate equivalent to the quarterly average rate of six months Market Treasury Bills (MTBs). If the Current Account of the Sindh Government might have exceeded the agreed Ways & Means Advance Limit. In such case, the SBP shall charge the additional markup/interest on the excess amount at the rate of 4% over and above the quarterly average rate of six months' of Monthly Treasury Bills (MTBs).

4.2.2.3. FOREIGN DEBT (PERMANENT)

Permanent foreign debt is received for budgetary support loans or otherwise from various donor agencies such as the World Bank and European Commission, etc, on account of various programs such as Sindh Education Sector Reforms Program (SESRP) etc. Foreign debt is the second highest component of the CCRs and has been pitched at Rs. 11.3 billion for the year 2013-14. The estimated receipts on account of foreign loan for the next year include Rs. 9.3 billion Development

Policy Credit (DPC) of the World Bank (budgetary support) under SERSP, Rs. 1.9 billion European Commission (EC) grant for Education sector.

4.2.2.4. FLOATING DEBT (ACCOUNT NO II)

This type of debt is exclusively being maintained for transactions on account of State Trading in food commodities by the Food Department. Account No II (Food) is maintained with State Bank of Pakistan in a similar fashion as Account No I (Non-Food) of the Government of Sindh. The Provincial Government obtains loans from commercial banks under counter-finance arrangement with the SBP for financing operation of State Trading in food grains (wheat procurement). Once the procured wheat is released from public godowns, the sale proceeds are directly deposited in Account No II to retire the loan taken from the consortium of banks. The amount of floating debt (Account No II) has been pitched at Rs. 39.0 billion For the year 2013-14.

4.3. CURRENT CAPITAL EXPENDITURE (CCE)

Current capital expenditure comprises three major components:

- Debt servicing,
- Repayments,
    - Repayment of principal amount against Domestic/ Foreign Loans to the Federal Government and all other loans.
- Loans and Advances,
    - Funds, under this budgetary classification, have been provided for Non-Development activities of Local Bodies, Non-Financial Institutions. The Loans to these Local Bodies / Institutions etc; are advanced on certain specified terms and conditions under which the loans are repayable.

- Investment
  - Allocations are made for the investment purposes to generate capital assets and earning of returns to meet future liabilities on account of various funds i.e. Sindh Social Relief Fund, Viability Gap Fund, Coal Development Fund and Education City Fund etc.

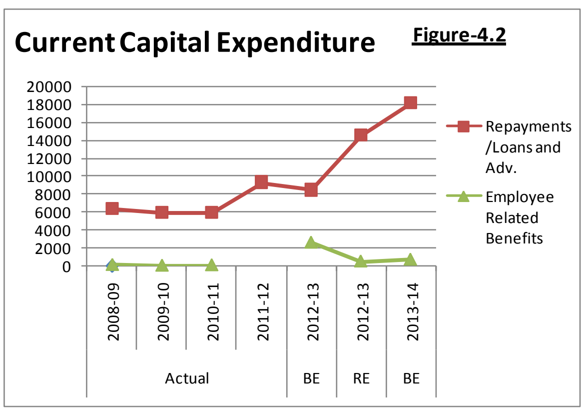
The trend over the past four years and current estimates of the CCE are illustrated as below:

Table 4.2

Current Capital Expenditure (Rs. In Million)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Repayments/Loans and Adv.	6,300	5,922	5,947	9,275	8,438	14,547	18,127	56.84	114.83	13.76
Government Investment	100	7,587	9,116	17,030	20,430	4,278	12,465	-74.88	-38.99	454.29
Employee Related Benefits	113	28	78		2,640	508	710	-	-73.11	-100.00
Total	6,513	13,537	15,141	26,305	31,508	19,333	31,302	-26.50	-0.65	59.25
Repayments Account-II	13,700	23,156	28,570	27,250	34,125	39,000	39,000	43.12	14.29	25.76

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.



The CCE has increased by an average growth of 59% during 2008-09 to 2011-12. The decrease is 0.65% with an allocation of Rs. 31.3 billion for BE 2013-14 over the BE 2012-13 of Rs.31.5 billion. Moreover, increase may also be observed by 14.29% by allocating Rs.39,000 million in 2013-14 in comparison to Rs.34,125 million in 2012-13.

The Table 4.2 indicates that the debt servicing, on an average, has remained the largest component of the CCE in the past. For the FY 2013-14, the Government Investment for the various Funds is the major component of total CCE. This shows a position in terms of meeting the future liabilities of the government under these heads.

5. DEVELOPMENT BUDGET

5.1. INTRODUCTION

The development in various sectors plays a pivotal role in the economic growth of a country. It generates employment opportunities, rotates capital in the economy and creates development activities etc. Thus policy makers always give priority to the development sector. However, this depends on the availability of funds after the allocation of operational expenditures of a government such as payment of salaries and utilities etc. In this regard most important initiative of a government is the establishment of basic infra structures of the country that acts as a catalyst for the domestic and foreign investments.

There are two development programs in Pakistan namely Public Sector Development Program (PSDP) and Annual Development Program (ADP). Former encompasses federal development program where as provincial development program is shaped in ADP. The federal and provincial governments have established various forums to approve development schemes having ceiling for each. These include Executive Committee of the National Economic Council (ECNEC), Central Development Working Party (CDWP), Provincial Development Working Development Party (PDWP) and District Development Working Party (DDWP) for approving the development plans. The development programs help the governments to achieve its short and long term goals and socio-economic objectives. The development program of the province of Sindh is funded through its own resources, funds provided by Government of Pakistan and counterpart funding by international donors either in shape of grants or soft loans.

Table 5.1 shows the trend in actual expenditure incurred by Government of Sindh in development sector during last four years (2008-12) and estimation for BE/RE 2012-13 and BE 2013-14. An average growth of 47.52% in revised allocation under provincial ADP during 2008-12 was quite significant and spelled out that the Provincial Government remained actively engaged in development activities in Sindh.

However, an increase of 39% during 2011-12 over the year 2010-11 was because of huge spending on rehabilitation work.

The summary position of the total revised development allocations for last five years (2008-09 to 2012-13) has been sketched in Table 5.1. The size of ADP has increased from Rs. 54.8 billion in 2008-09 to Rs. 102.0 billion in 2011-12, which shows an average annual growth of 47.52%. Federally funded schemes come through vertical programs of the Federal Government and it includes all sector related schemes. The major contributors under Donor funding are the World Bank and Asian Development Bank etc of which amount for FY 2013-14 will stand at Rs.229.6 billion. The Combined growth in federal and donor funding recorded 24.4% during 2008-12. The aggregate look of PSDP depicts a significant growth of 32.82% during the same period. In absolute term, the size of total PSDP grew from Rs. 87.1 billion in 2008-09 to Rs. 143.8 billion in 2011-12. However, the total Development portfolio has been earmarked Rs.229.9 billion during 2013-14 as against of Rs.231.2 billion in FY 2012-13. This shows minor decline of 0.5% which is due to less estimation against Donor funding.

Table 5.1

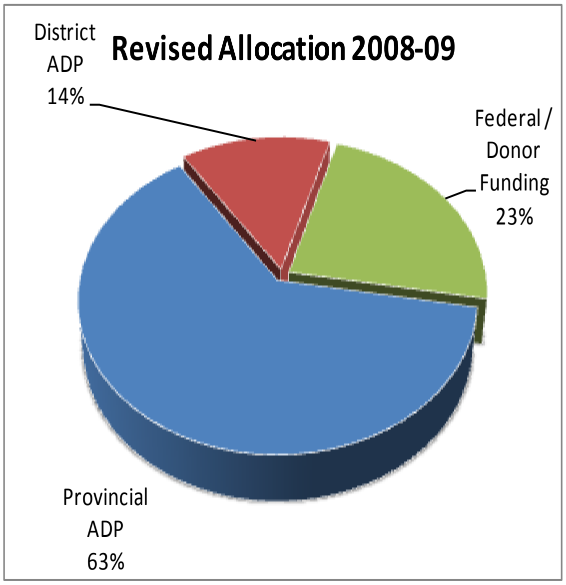
Total PSDP (Rs. In Million)								Growth (%)		Ave (%)
	Revised Allocations					Allocations		*Revised Allocation	**Allocation	Revised Allocation
Year	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-12
Provincial ADP	**54,800**	**60,018**	**56,394**	**102,000**	**97,500**	**181,000**	**185,000**	85.64	2.21	47.52
District ADP***	**12,000**	**15,000**	**18,000**	**20,000**	**0**	**0**	**0**	-	-	13.33
Total ADP	66,800	75,018	74,394	122,000	97,500	181,000	185,000	85.64	2.21	35.39
Federal / Donor Funding	20,263	23,497	9,157	22,837	45,778	50,174	44,937	9.60	-10.44	24.35
Total PSDP	87,063	98,515	83,551	144,837	143,278	231,174	229,937	61.35	-0.54	32.82

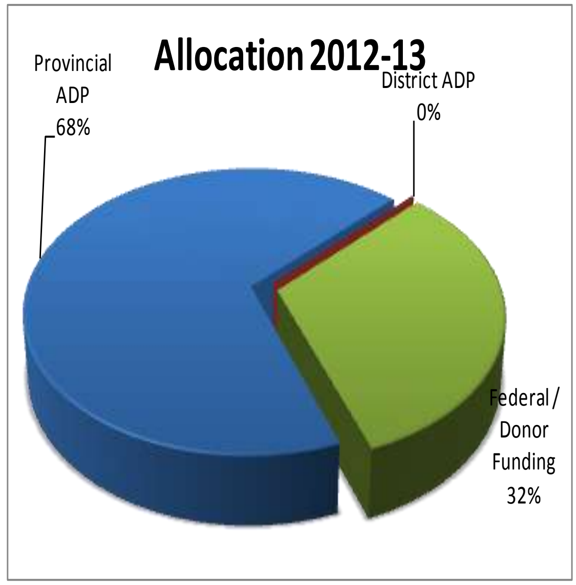
* Represents percentage increase in 2012-13 Allocations over 2012-13 Revised Allocations.

** Represents percentage increase in 2013-14 Allocations over 2012-13 original Allocations.

*** Average Percentage shows the result for the Year 2008-09 to 2011-12. Since 2012-13 onward the District ADP has been merged in Provincial ADP.

Above figures is shown graphically as below:





5.2. DEVELOPMENT BUDGET:

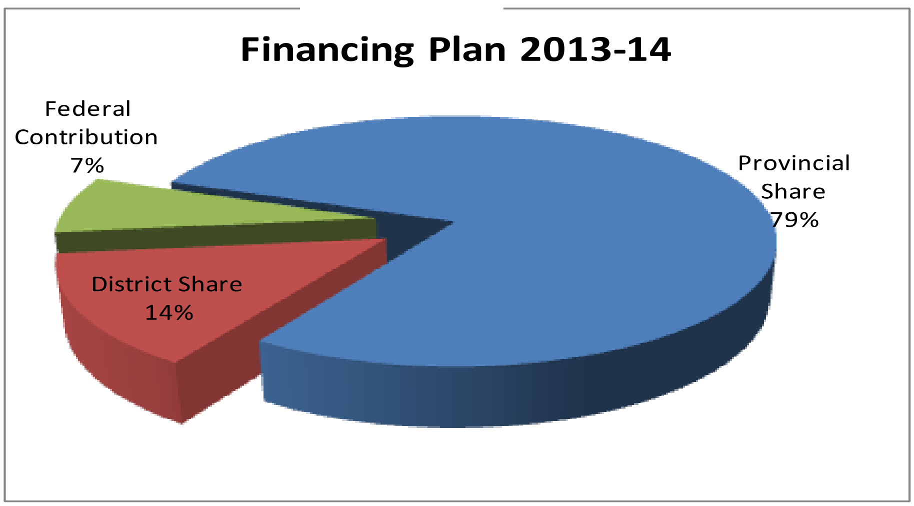
The Government of Sindh allocates bulk amount from its own resources for carrying out development activities.

5.2.1. FINANCING ARRANGEMENT (RESOURCES)

Financing for PSDP of Sindh for 2013-14 has been done through provincial contribution, foreign / donor assistance and federal grants. Table 5.2 reflects the details of financing for FY 2013-14. Graphical depiction of the above figures shows that the major chunk of development funding i.e., 78.43% comes from the Provincial Government, followed by 14.19% of donor/external assistance and 7.38% by federal contribution.

Table 5.2				
FINANCING PLAN	2012-13		2013-14	% Share
	Allocation	Revised Allocation	Allocation	
Provincial Share	173,856	82,253	163,362	78.43
Carryover Cash Balance	5,000	-12,130	-5,000	
Provincial Contribution	168,856	94,383	168,362	
Net Current Account	163,265	96,709	173,221	
Net Capital Account	-3,309	-8,273	-12,859	
Net Public Account	8,900	5,947	8,000	
Donor / External Assistance	35,657	32,387	29,558	14.19
Foreign Project Assistance (FPA)	35,657	32,387	29,558	
Federal Contribution	14,494	12,127	15,379	7.38
DERA	0	0	0	
Other Federal Grants	14,494	12,127	15,379	
Total Development Financing	224,007	126,767	208,299	100.00

Figure 5.3



The above graph indicates that the Government of Sindh provides major chunk of funds for development sector.

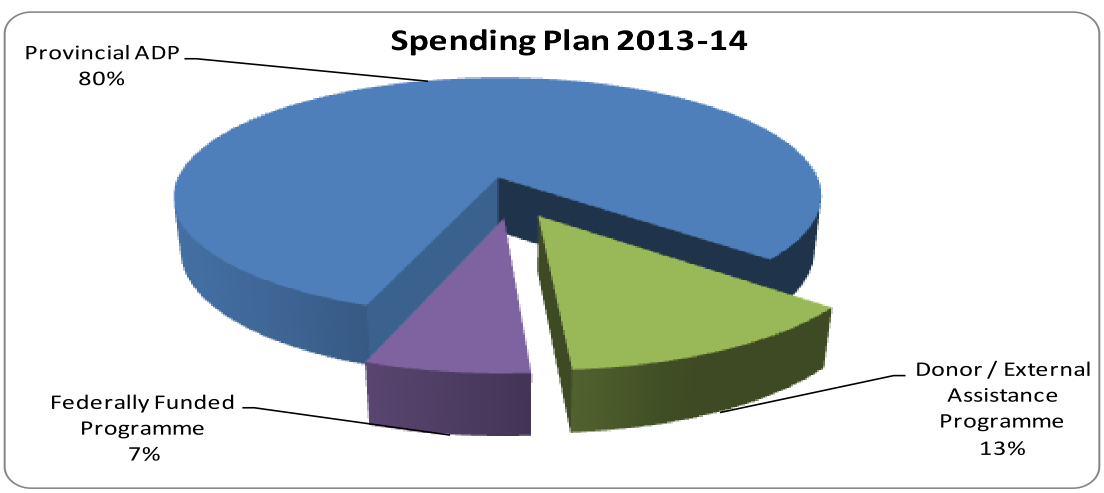
5.2.2. EXPENDITURE PLAN

Table 5.3			
SPENDING PLAN	2012-13		2013-14
	Allocation	Revised Allocation	Allocation
Provincial ADP	**181,000**	**97,500**	**185,000**
Donor / External Assistance Programme	35,657	32,387	29,558
FPA Sectoral Allocations	**35,657**	**32,387**	**29,558**
Federally Funded Programme	14,517	13,391	15,379
DERA Projects	**0**	**0**	**0**
Other Federally Funded Projects	**14,517**	**13,391**	**15,379**
Total Sindh PSDP	231,174	143,278	229,937

Table 5.3 shows broad categorization of Sindh's PSDP 2013-14. The development outlay of Sindh consists of Rs. 1850.0 billion including Rs.20.0 billion of District ADP; Rs. 29.5 billion External/ Donor Assisted component and Rs.15.4 billion Federally Funded Projects. s

Figure 5.4 reflects the share of each component of the total development outlay graphically:

Figure 5.4



5.2.3. NET DEVELOPMENT BUDGET

The comparison of Table 5.2 and Table 5.3 reveals that the development outlay for the next financial year 2013-14 will rationalize its financing; however, the overall trend in budget deficit remained Rs. 7.2 billion in 2012-13 to Rs. 21.2 billion in 2013-14.

5.3. SALIENT FEATURES OF PROVINCIAL ADP 2013-14

The Provincial Government pays special attention and gives priority to the development sector. The allocation focuses on providing services and initiate programs to give relief and move towards long term economic consolidation and growth. In the financial year 2013-14, the Government of Sindh has allocated funds to more than thirty five sectors including Social, Economic, Mines, Education and Investment sectors. The major features of Development Portfolio for 2013-14 are as under:

- The total size of Development Portfolio is amounting to **Rs. 229.9 billion**. Its bifurcation is as under:
  - Provincial ADP Rs. 165.0 billion
  - District Governments Rs. 20.0 billion
  - Federal Development Grants Rs. 15.4 billion
  - Foreign Project Assistance Rs. 29.6 billion
- Rs.185.0 billion has been earmarked for Provincial and District ADP for 2013-14 against Rs.181.0 billion in 2012-13. The comparison indicates an increase of 3%.
- In terms of sectoral allocation; the biggest share of 30% has gone to Economic Sector where budget allocation has been raised from Rs.52.0 billion in 2012-13 to Rs.68.8 billion in 2013-14. This includes Labour ,

Agriculture, Irrigation, Land Reclamation, Forestry, Fishing, Construction, Roads etc.

- The allocation provides funds for 2463 schemes include 1363 on-going and 1100 new schemes covering a road network and improvement in bridges in the province of Sindh.

5.4. REVIEW AND ANALYSIS OF PROVINCIAL ADPs (2012-13 AND 2013-14):

Sector wise allocations of the Provincial Annual Development Plan for 2012-13 and 2013-14 have been reflected in Table 5.4. As a whole, the Provincial ADP for 2013-14 has increased by 2.2% over 2012-13 ADP wherein, the highest increase may be seen in health followed by education and water and power. However, in terms of share health, coal, education, water and power and agriculture at the top of the list. It may be noted that allocation to education sector does not include allocation for Medical Education for which separate allocation has been specified in the budget.

Table 5.4

Annual Development Programme(ADP)

S.#	SECTOR	No. of Schemes for 2012-13			Allocation for 2012-13			No. of Schemes for 2013-14			Allocation for 2013-14		
		On-Going	New	Total	On-Going	New	Total	On-Going	New	Total	On-Going	New	Total
	A- PROVINCIAL PROGRAMME												
1	Agriculture	46	24	70	5,621	3,719	9,340	41	25	66	6,865	2,267	9,132
2	Forest, Wildlife & Coastal Dev. Authority	22	7	29	800	155	955	11	6	17	501	453	954
3	Industries	9	16	25	568	801	1,369	6	0	6	174	0	174
4	Investment Development	6	2	8	850	750	1,600	6	2	8	1,100	2,200	3,300
5	Mines and Mineral Development	10	3	13	419	71	490	7	2	9	308	80	388
6	Water and Power	76	87	163	5,665	2,336	8,000	112	107	219	8,384	3,616	12,000
7	Miscellaneous Departments	161	191	352	4,915	1,906	6,751	664	708	1,372	53,660	9,708	63,368
8	Coal and Energy	22	13	35	11,668	1,917	13,585	14	11	25	11,717	974	12,691
9	Transport and Communication	404	615	1,019	12,421	3,579	16,000	2	1	3	160	140	300
10	Education	105	52	157	9,265	2,735	12,000	99	60	159	8,352	4,134	12,486
11	Special Education	0	6	6		550	550	0	2	2	0	250	250
12	STEVTA	3	1	4	200	500	700	4	2	6	800	200	1,000
13	Health	97	59	156	7,475	3,525	11,000	211	78	289	13,485	2,804	16,289
14	Sports /Youth Affairs	36	12	48	692	116	808	45	21	66	1,340	260	1,600
15	Culture	32	16	48	581	219	800	29	15	44	625	425	1,050
16	Tourism	11	7	18	163	100	263	11	0	11	591	0	591
17	Labour, Manpower and Employment	7	2	9	139	17	156	4	2	6	120	24	144
18	Information and Archives	3	5	8	75	287	362	6	2	8	220	108	328
19	Auqaf	7	10	17	208	142	350	10	7	17	198	172	370
20	Co-Operation	1	0	1	41	0	41	1	0	1	47	0	47
21	Minorities and Affairs	4	3	7	329	391	720	4	4	8	178	542	720
22	Stastistical & Economic Research	17	6	23	5,126	754	5,880			0			0
23	Social Welfare	8	5	13	138	74	212	7	1	8	175	38	213
24	Science and Information Technology	13	12	25	3,911	950	4,861	4	5	9	365	682	1,047
25	Women's Development	16	4	20	348	87	435	14	2	16	310	125	435
26	Environment	4	6	10	107	167	274	2	12	14	35	353	388
27	Allocation for Priority Programme	3	0	3	11,880	0	11,880	1	0	1	8,600	0	8,600
28	Special Packages	50	2	52	10,000	600	10,600	0	3	3	0	1,100	1,100
29	Rural Development	1	9	10	12	421	433	13	1	14	838	41	879
30	Antiquities	22	8	30	438	147	585	17	9	26	485	100	585
31	Human Rights	3	1	4	100	37	137			0			0
32	Allocation for Directives	1	1	2	3,000	1,000	4,000			0			0
33	Sindh Revenue Board							1	1	2	168	500	668
34	Population Welfare	2	3	5	62	300	362	3	0	3	1,122	0	1,122
35	Special Initiative Unit/Rehabilitation	2	4	6	4,098	4,463	8,561	5	9	14	5,633	1,210	6,843
36	Public Private Partnership & SIU			0			0			0			0
37	Board of Revenue			0			0	7	1	8	4,299	92	4,391
38	Special Projects	79	130	209	9,400	14,553	23,953			0			0
39	Matching Allocation	4	1	5	1,162	1,000	2,162	2	1	3	1,047	500	1,547
40	Devolved Projects	1	0	1	755		755			0			0
				0			0			0			
	GRAND TOTAL	1,288	1,323	2,611	112,631	48,368	160,930	1,363	1,100	2,463	131,902	33,098	165,000

In the upcoming sub-sections, focus has been made on priority sectors of 2013-14 ADP in a comparative scenario with that of allocations in 2012-13 ADP. The figures have thrown light on the major achievements of the CFY (2012-13) and important development initiatives planned for next financial year (2013-14) in each sector.

5.5 ANALYSIS OF THE DEVELOPMENT EXPENDITURE:

Table 5.5 shows development expenditures in Chart of Classification which remained in vogue from the financial years 20008-09. Now the same has been replaced by New Accounting Model (NAM). Table 5.5 shows increase in expenditure to Rs.58.6 billion in 2008-09 to Rs. 117.5 billion in 2011-12.

As mentioned earlier, the governmental development expenditure plays a catalytic role towards the economy of the country. The trend in Provincial ADP and PSDP shows that Government of Sindh is fully aware of this. The Provincial Government is giving high priority to its various development programs. Energy, Water and Power, Agriculture, Education and Health sectors are especially on the top of the agenda of the Government.

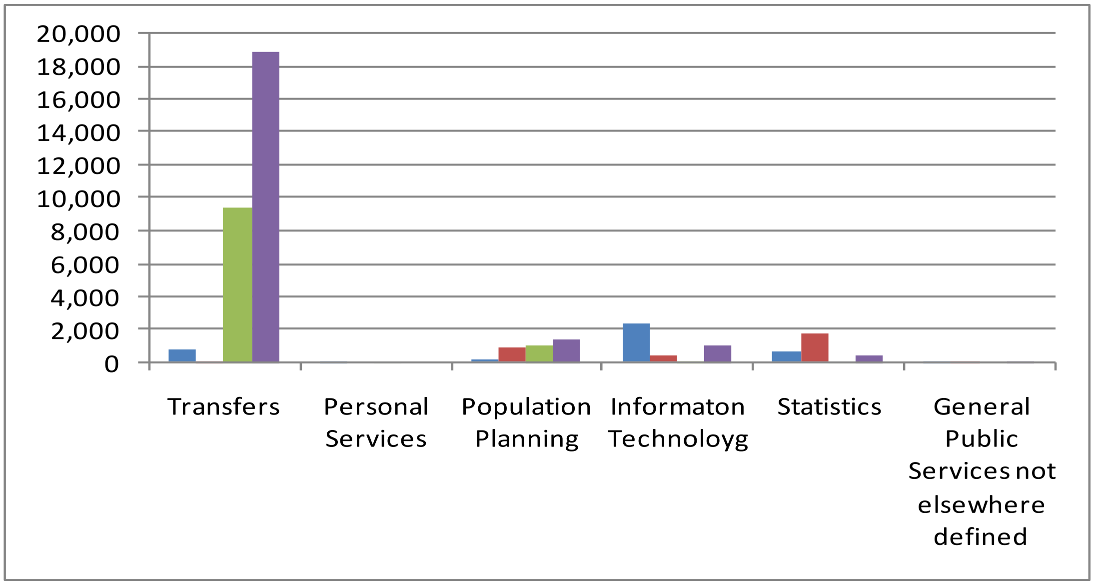
The Table 5.5 also depicts the scenario of PSDP expenditure (functional distribution) from 2008-09 to 2011-12. Higher share went to Economic Affairs and followed by General Public Services, Social Protection and Education sector.

Table 5.5 Total PSDP Expenditure (Functional Distribution) (Rs. In Million)	Actual				Ave (%)
	2008-09	2009-10	2010-11	2011-12	2008-11
General Public Services	4,020	3,116	10,738	21,739	75.52
Public Order and Safety Affairs	13	35	0	160	130.88
Economic Affairs	26,440	31,328	26,218	48,627	22.52
Environment Protection	1,274	2,315	1,277	2,237	20.64
Hosing and Community Ammenities	3,021	3,086	1,413	4,712	15.97
Health	5,108	4,337	3,862	7,784	15.08
Recreational, Culture and Religion	157	599	465	997	85.18
Education	7,813	4,801	5,216	10,132	9.05
Social Protection	10,767	17,197	14,556	21,114	25.17
Grand Total	**58,613**	**66,814**	**63,745**	**117,502**	26.09

5.5.1 GENERAL PUBLIC SERVICES

In terms of sectoral allocation and as per table 5.6 the total amounting of Rs.21.7 billion have been pitched in 2013-14 ADP which is higher in comparison to that of last financial year which stood to Rs.10.7 billion. The sector includes transfers, personal services, population planning and Information Technology etc.

Table 5.6 General Public Service (Rs. In Millions)	Actual				Ave (%) Actual
	2008-09	2009-10	2010-11	2011-12	2007-10
Transfers	**741**	**66**	**9,407**	**18,864**	194.17
Personal Services	**114**	**0**	**15**	**0**	-100.00
Population Planning	**148**	**920**	**1,144**	**1,409**	
Informaton Technoloyg	**2,320**	**355**	**140**	**1,029**	
Statistics	**644**	**1,742**	**0**	**372**	-16.72
General Public Services not elsewhere defined	**53**	**33**	**32**	**65**	
General Public Services	4,020	3,116	10,738	21,739	75.52



5.5.2 PUBLIC ORDER & SAFETY

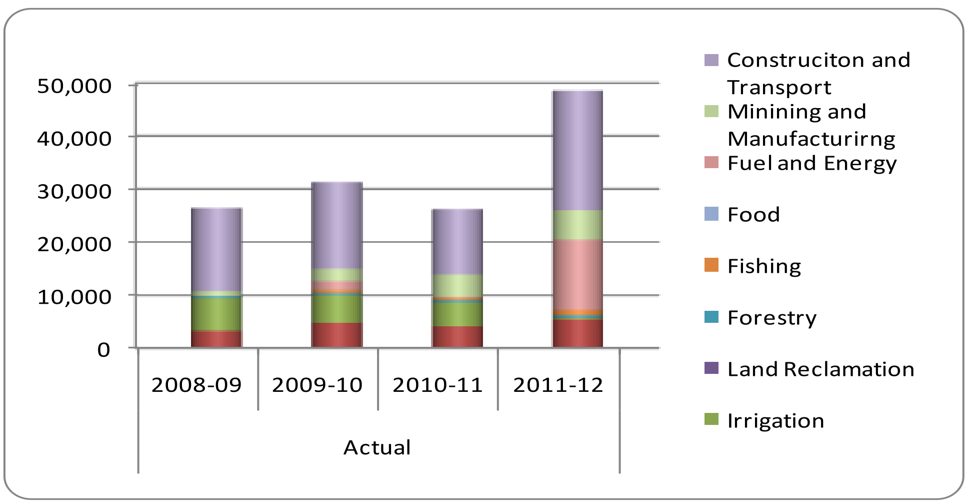
The sector includes courts/justice, police and jails and convict settlement. The allocation has been increased to Rs.160.0 million in 2013-14.

Table 5.7					
Public Order & Safety Affairs (Rs. In Millions)					Ave (%)
	Actual				Actual
	2008-09	2009-10	2010-11	2011-12	2007-10
Courts/Justice	**13**	**35**	**0**	**160**	130.88
Police	**0**	**0**	**0**	**0**	
Jails and Convict Settlement	**0**	**0**	**0**	**0**	
Public Order and Safety Affairs	13	35	0	160	130.88

5.5.3 ECONOMIC AFFAIRS

Agriculture is back bone of economy of the province of Sindh. It includes plant protection, research, education, mechanization, marketing and extension services whereas Livestock covers food storage, animal husbandry and fisheries. The sector also covers other important areas like Irrigation, Forestry, Fishing, Food, Fuel and Energy and construction and transport etc. Table 5.8 shows major utilization on Construction and Transport followed by Fuel and Energy, Mining and Manufacturing and Agriculture during the utilization period of FY 2011-12.

Table 5.8					
Economic Affairs (Rs. In Millions)					Ave (%)
	Actual				Actual
	2008-09	2009-10	2010-11	2011-12	2007-10
Commercial and Labour Affairs	**215**	**25**	**4**	**4**	-73.50
Agriculture	**3,039**	**4,691**	**4,066**	**5,444**	21.45
Irrigation	**6,183**	**5,234**	**4,534**	**226**	-66.81
Land Reclamation	**0**	**0**	**0**	**0**	-
Forestry	**356**	**393**	**414**	**493**	11.46
Fishing	**0**	**620**	**448**	**1,059**	-
Food	**65**	**108**	**0**	**0**	-100.00
Fuel and Energy	**0**	**1,502**	**164**	**13,144**	-
Minining and Manufacturirng	**911**	**2,325**	**4,250**	**5,581**	82.98
Construciton and Transport	**15,671**	**16,430**	**12,338**	**22,676**	13.11
Economic Affairs	26,440	31,328	26,218	48,627	22.52



5.5.4 AGRICULTURE

Agriculture sector includes plant protection, research, education, mechanization, marketing and extension services whereas Livestock covers food storage, animal husbandry and fisheries.

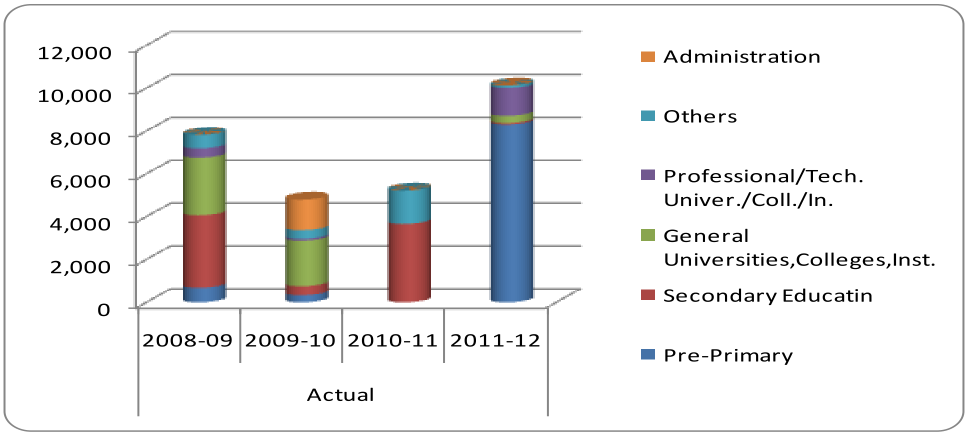
5.5.5 IRRIGATION AND WATER

The economy of Sindh, being predominantly agricultural, is inextricably linked with sufficient availability of water. Thus, Government of Sindh has given top priority and serious attention to *irrigation and water management*.

5.5.6 EDUCATION

Lower enrolments and poor quality of education is a result of poor governance. Institutional weaknesses, lack of monitoring and absence of accountability. It has impacted adversely on outcomes of the sector. The Government of Sindh has been working on a reform agenda in this sector. In order to improve education of the province, Sindh Education Social Reforms Program has been launched with the assistance of the World Bank.

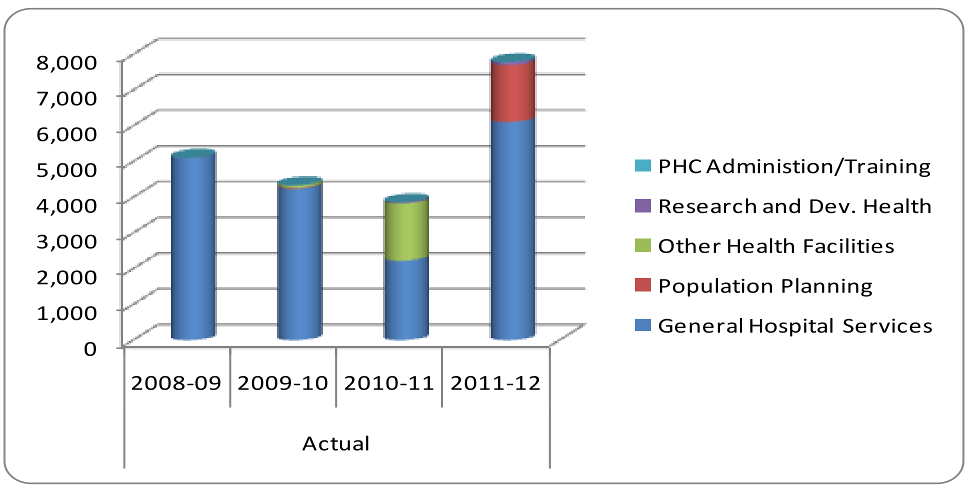
Table 5.9					
Education (Rs. In Millions)					Ave (%)
	Actual				Actual
	2008-09	2009-10	2010-11	2011-12	2007-10
Pre-Primary	691	331	0	8,309	129.10
Secondary Educatin	3,368	433	3,662	68	-72.77
General Universities,Colleges,Inst.	2,703	2,124	3	337	-50.04
Professional/Tech. Univer./Coll./In.	431	86	0	1,294	44.26
Others	620	403	1,551	124	-41.52
Administration	0	1,424	0	0	-
Education	7,813	4,801	5,216	10,132	9.05



5.5.7 HEALTH

The development allocation for the health sector comprises General Hospital Services, Population Planning, Other Health Facilities, Research and Development Health and PHC Administration/Training.

Table 5.10					
Health (Rs. In Millions)					Ave (%)
	Actual				Actual
	2008-09	2009-10	2010-11	2011-12	2007-10
General Hospital Services	**5,101**	**4,242**	**2,230**	**6,109**	6.20
Population Planning	**5**	**18**	**0**	**1,591**	582.71
Other Health Facilities	**1**	**74**	**1,601**	**0**	-100.00
Research and Dev. Health	**0**	**0**	**31**	**78**	-
PHC Administration/Training	**1**	**3**	**0**	**6**	81.71
Health	5,108	4,337	3,862	7,784	15.08



6. DEBT AND CONTINGENT LIABILITIES

6.1. INTRODUCTION

The debt always refers to the term 'Sovereign or Public Debt' in public sector. Thus managing the debt means 'Sovereign or Public Debt Management'. The prime objective of the government should be to manage its debt at lowest minimum cost and bare minimum risk. The growth in debt should be matched with the growth in revenues so that servicing of the debt could be made without sacrificing any economic goal. The utilization of borrowed monies prudently and its channelization through productive means are imperative for an effective and efficient public debt management.

The Sindh Government's domestic debt portfolio comprises Cash Development Loans (CDLs) namely as CDLs-Normal and CDLs-SCARP. Its external debt portfolio includes soft-term and commercial loans. The major donors are World Bank (IDA-Credit), Asian Development Bank Loans (ADB-Loans) and it also procures foreign loans from other international agencies also.

Table 6.1 shows yearly growth and outstanding stocks of domestic and foreign debt of Government of Sindh for the period from 2005-06 to 2012-13. The domestic debt portfolio depicts a declining trend in its stock, however, the stock of foreign debt shows an average growth of 9.5% during the aforesaid period. The domestic debt stock recorded a negative growth of 13% that was owing to speedy retirement of CDLs. The FY 2006-07 witnessed a negative growth while growth during FY 2009-10 and 2012-13 in foreign debt of Sindh remained at bare minimum level.

The reconciliation with Economic Affairs Division (EAD) in September 2013 revealed Rs. 130.5 billion of stock as on 30th June, 2013 that includes on-going debt (i.e., servicing of these debt is being made). The growth in foreign debt stock is due to commencement of servicing of IDA 3776, IDA 4590 and ADB 1671 loans during 2012-13 and also due to depreciation in Pak Rupee during the course of the year. Sindh Government has made full payments against IDA 22, IDB 0058 and CDC/L 2747-1 by 30th June, 2013.

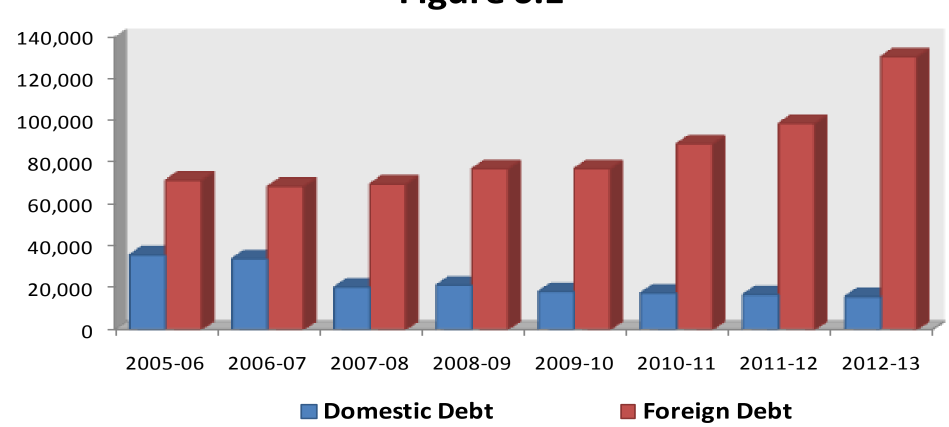
Table 6.1

DEBT LIABILITY AND PSDP(DEBT SERVICING)

Rs. in million

Years	Domestic Debt	Growth %	Foreign Debt			Growth %
			On-going Loans	Closed Loans not included in On-going	Total	
2005-06	35,752	-	71,425	0	71,425	-
2006-07	33,916	-5.1%	68,572	0	68,572	-4.0%
2007-08	20,285	-40.2%	69,677	0	69,677	1.6%
2008-09	21,290	5.0%	76,937	0	76,937	10.4%
2009-10	18,198	-14.5%	76,988	0	76,988	0.1%
2010-11	17,484	-17.9%	88,849	0	88,849	15.4%
2011-12	16,661	-8.4%	98,636	0	98,636	11.0%
2012-13	15,772	-9.8%	130,476	0	130,476	32.3%
Average Growth		-13.0%				9.5%

Figure 6.1



In addition to Rs. 130.5 billion, an amount of Rs. 55.7 billion on account of closed debt (disbursement completed/servicing started) and debt under disbursement (disbursement not completed/servicing not started) will become the part of GOS debt stock in coming years.

6.2 FOREIGN AND DOMESTIC LOANS

The public debt portfolio of the Government of Sindh comprises of domestic debt and foreign debt.

6.2.1 DOMESTIC LOANS

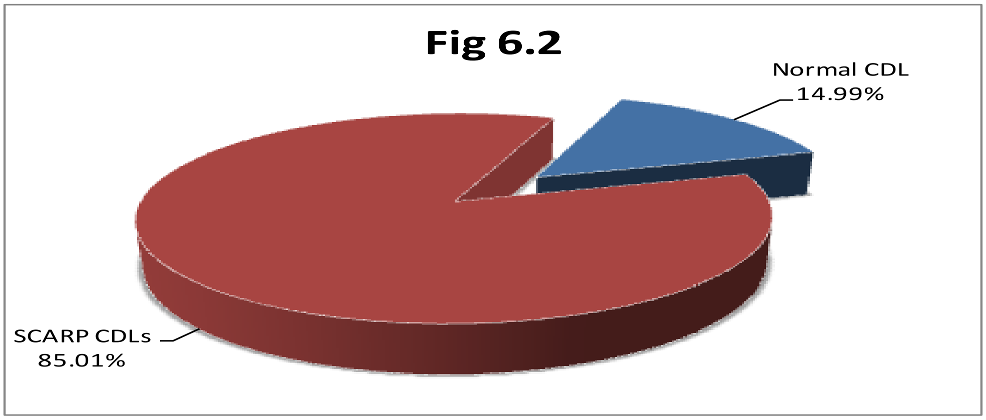
Table 6.2 shows the outstanding payable by Sindh Government towards Federal Government on account of Normal CDLs and SCARP CDLs. The Normal CDLs are development loans extended by Federal Government to provincial government for financing its Annual Development Programme (ADP). The interest rates on CDLs range from 7.42% to 17.71% per annum on such loans. These loans include a total amortization period of twenty five years including a five year grace period. During grace period, the borrower is required to pay interest on original loan only and thereafter the payment of principal amount is started. Figure 6.2 shows the trend of speedy retirement of CDLs since June, 2005. A reverse scenario is evident in June, 2013 as compared to June, 2005 in terms of composition of CDLs and CDLs SCARP in domestic debt portfolio.

Table 6.2

Domestic Debt Liability

Rs. in Million

	30.6.2005	30.6.2006	30.6.2007	30.6.2008	30.6.2009	30.6.2010	30.6.2011	30.6.2012	30.6.2013
Normal CDLs	**19,763**	**18,291**	**9,593**	**5,051**	**4,895**	**2,573**	**2,474**	**2,364**	**2,240**
SCARP CDLs	**15,988**	**15,626**	**15,057**	**16,240**	**15,638**	**14,911**	**14,187**	**13,408**	**12,586**
Grand Total	35,751	33,917	24,650	21,291	20,533	17,484	16,661	15,772	14,826



6.2.2 FOREIGN LOANS

Table 6.3			
Foreign Debt Liability Details			
Amount in Million as on June 30, 2013			
Donor/ Lender	No. of Loans	Interest Rate	Loan Amount Pak Rs.
IDA	44	0.75%	[illegible]
ADB	33	[illegible]	[illegible]
Japanese	2	[illegible]	[illegible]
[illegible]	1	[illegible]	[illegible]
IFAD	2	[illegible]	[illegible]
Sub-Total	82		130,476

The need for foreign loan arises under the scarcity of domestic resources and no doubt they are used for the domestic capital formation. Great care is needed in handling foreign loans as it is inherent with foreign exchange risk problems. Especially the time factor plays a vital role in projects funded with foreign loans therefore the timely completion of foreign aided projects need priority consideration.

Table 6.3 shows that external funding has been procured mostly through World Bank (WB) and Asian Development Bank (ADB) that constitute 70%% and 24.8% respectively of the total foreign loan. The third major source of funding comes through Japan indicating a share of 6.2%. Rest of the loans hold almost negligible share. Figure 6.2 depicts a glimpse of proportionate share of each donor in GOS foreign debt portfolio.

The foreign loans have been procured on both concessional and commercial rates. All WB loans have been taken on concessional lending rates while ADB loans are based on mixed mode i.e., concessional and commercial rates both, however its major portions are on concessional term. The basic difference between these two kinds of lending is the rate of interest and the length of maturity. Usually, in concessional lending, the maturity period indicates a longer span of time for the repayments of loan as compared to commercial lending and the rates of interest vary from 1 to 2%. On the other hand, the commercial lending is usually based on London Inter Bank Offered Rates (LIBOR) with shorter maturity period.

Table 6.4

Foreign Debt Liability(only for debt servicing)

								Amount in Million as on June 30
Year	2006	2007	2008	2009	2010	2011	2012	2013
Amount	71,425	68,572	69,677	76,937	76,988	88,849	98,636	130,476

Table 6.4 shows a zigzag trend in foreign loans of GOS during 2006-08 i.e., a decrease in stock of debt in 2007 over 2006, then an increase in 2008 over 2007. However, during 2009-13 an increase trend in foreign debt was recorded especially the big jump in 2013 over 2012 was because of inclusion of closed foreign debt (disbursements recently completed) and foreign debt under disbursement mode (servicing not started) plus the impact of depreciation in domestic currency.

Fig 6.4

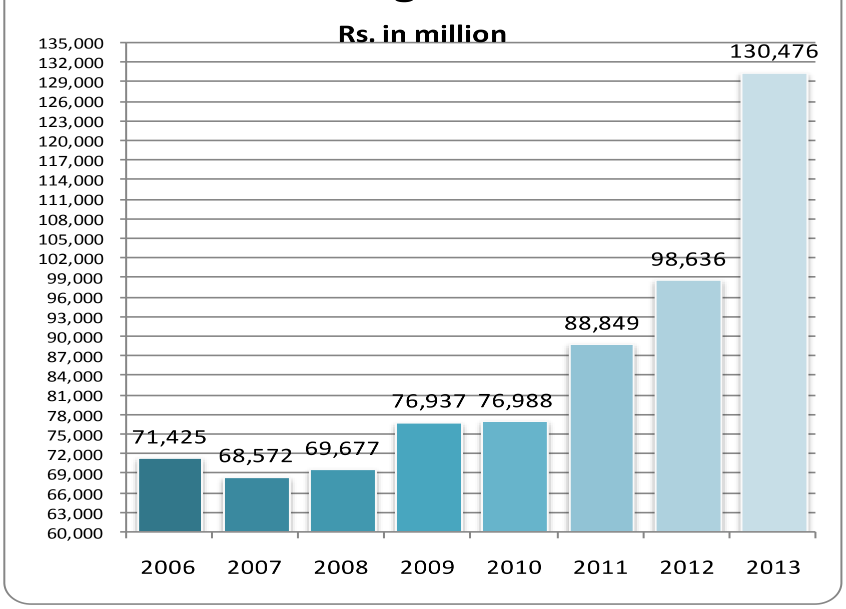


Table 6.5		
Total Debt Liability(Rs. In Million)		
Category of Loans	Amount	Percentage
Foreign Loans	130,476	53.59
Cash Development Loans	14,826	6.09
Accumulated GPF Liability	98,182	40.32
Grand Total	243,484	100.00

In addition to domestic and foreign debts, the General Provident Fund is another big component of Sindh Government's liabilities which is the second biggest component. The total debt liability of the Government of Sindh comprising of foreign and domestic loans and GPF liability is given in Table- 6.5.

Fig 6.5

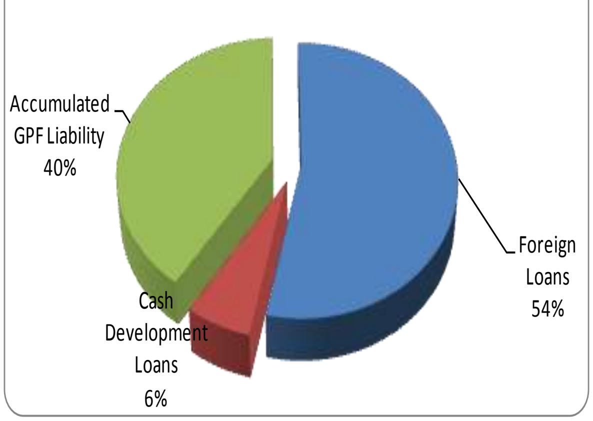


Figure 6.5 shows that more than half of the total debt liability comprises of foreign loans, followed by nearly a quarter of GPF liability, while the domestic loans constitutes 17% of the total liabilities of GOS.

6.3 DEBT SERVICING:

The debt servicing includes the payments on accounts of interest and principal against domestic and foreign debt. The payments on interest are booked under Current Revenue Expenditure while that of principal are the part of Current Capital Expenditure. These payments are made through at source deductions by Federal Government from monthly divisible pool share of the Provincial Government. The interest on GPF deposits is booked annually in favor of the depositors however it is paid at the time of actual disbursement of the fund to the individuals.

Table 6.6										
Debt Servicing (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Principal	**5,036**	**5,917**	**5,922**	**9,275**	**8,439**	**13,205**	**17,499**	42.37	107.36	22.58
Interest	**3,815**	**3,630**	**3,664**	**5,611**	**3,175**	**3,811**	**3,645**	-32.08	14.80	13.72
Total	8,851	9,547	9,586	14,886	11,614	17,016	21,144	14.31	82.06	18.92

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

Table 6.6 depicts the position of debt servicing since 2008-09. The actual repayments trend in four years (2008-09 to 2011-12), Revised Estimates 2012-13 and Budget Estimates 2013-14. The trend in growth during 2008-11 shows the speedy retirement of CDLs and regular debt servicing payments. The principal re-payments recorded an average growth of 22.6% during 2008-11, while the growth in interest payments was 13.7%. The estimates for principal re-payments in RE 2012-13 over actual 2011-12 and BE 2013-14 over BE 2012-13 show substantial increase. The increase/decrease in principal re-payment and interest payments may be either due to decrease in stock of domestic debt (CDLs-Normal), inclusion of new CDLs-SCARP in domestic debt portfolio, debt servicing on closed foreign debt (disbursement recently completed) plus the impact of depreciation in domestic currency. However, a higher growth in principal re-payments as compared to interest payments signals a positive sign for provincial public debt management. As it indicates reduction in cost because of speedy/timely (CDLs-Normal)/(CDLs-SCARP & Foreign Debt) retirement of debt.

6.4 DEBT SUSTAINABILITY:

The subject of debt sustainability is extensively debated in literature and there are different perspectives to debt sustainability, depending on the economic targets and on the consideration of lender and borrower behavior especially in case of foreign debt. Under this setup, the concept of debt sustainability is not very simple rather quite complex wherein the behavior of the borrower and of the lender needs attention. The literature presents different approaches to debt sustainability: a first distinction is made between the lender-based and borrower-based approaches, while a broader classification distinguishes between a simple debt capacity analysis (financial sustainability) and a more complex view that involves the assessment of some basic development targets (economic sustainability).

In general, it is useful to monitor external debt and debt services measures in relation to GDP, exports, and fiscal revenue. In most of countries, the need for such analysis may arise at national level as external borrowing and its servicing are rest at federal/central level. Pakistan also comes under this category as federation here is also a sovereign guarantor however recent 18th Amendment in Constitution authorizes federating units opt for external borrowing through the forum of National Economic Council (NEC).

Provincial Government has been discharging its domestic as well as foreign debt servicing obligations through at source adjustment against its monthly share of divisible pool taxes. Actually, the Federal Government makes payments on account of servicing of all foreign debt of provincial as well as federal to the Donors.

The Sindh Government uses Current Expenditure (CE) ratio and the General Revenue Receipts (GRR) ratio for this purpose. As earlier mentioned, the CRE includes all operational expenses of the Provincial Government and GRR includes divisible pool taxes, straight transfers and provincial own tax and non tax revenues.

Table 6.7										
Debt Servicing Vis-a-Viz CE and GRR (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
Current Expenditure	[illegible]	[illegible]	254,844	[illegible]	283,148	342,118	355,974	10.88	25.72	20.12
Debt Servicing (Principal+ Interest)	8,851	9,547	9,511	14,399	11,614	17,016	21,144	18.17	82.06	17.61
% of Current Expenditure	4.97	5.04	3.73	4.67	4.10	4.97	5.94			
General Revenue Receipts	[illegible]	246,440	332,386	377,642	401,769	451,257	544,896	19.49	35.62	21.99
% of General Revenue Receipts	4.25	3.87	2.86	3.81	2.89	3.77	3.88			
* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.										
** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.										

Table 6.7 depicts the position of debt servicing (DS) as percentage of Current Expenditure (CE) and Current Revenue Receipts (CRR). The trend showed that DS as % of CE remained higher as compared to DS as % of CRR during the period from 2008-12 and the same trend has been followed while making estimation for BE/RE 2012-13 and BE 2013-14. Surprisingly, the growth in DS remained lower than CRE and CRR during 2008-12. The analysis shows that in percentage term during 2008-2014 and in growth term estimation for BE/RE 2012-13 and BE 2013-14, the debt sustainability issue needs attention.

7. PUBLIC ACCOUNT

According to Article 118 (1) of the constitution of Islamic Republic of Pakistan, the Public Account contains moneys other than those which form part of Provincial Consolidated Fund. Such moneys are:

i. Received by or on behalf of the Provincial Government; or
ii. Received by or deposited with the High Court or any other court established under the authority of the Province;

In other words, the Public Account represents those monies for which the Government has fiduciary duty but it is not at liberty to appropriate for its general services. These include the following:

- Trust Accounts- legal entities in their own right, under the stewardship of the Government, and as such are expected to produce financial statements in their own name. These trust accounts are normally established under an Act of Parliament or a Presidential Order.

  Examples of trust accounts include provident and benevolent funds, employee's insurance funds and trust accounts of certain departments (e.g. Railways)

- **Special deposit accounts-** these accounts include Public Account monies that are operated under the authority of the Ministry of Finance, but are not trusts as they are not legal entities. Reporting would be generally by way of statements of receipts and payments. Examples of special deposit accounts include relief funds, civil and criminal court deposits, welfare funds and development funds. The following are its main elements:

  - **Assets**
    - Cash and Bank Balances
    - Receivables

   - Other Assets
- **Liabilities**
   - Current Liabilities
   - Deferred Liabilities
   - Other Liabilities
   - Control Accounts
   - Trust Account – Funds
   - Trust Account – Others
   - Special Deposit – Investments
   - Special Deposit – Funds

7.1 FINANCING DEFICITS

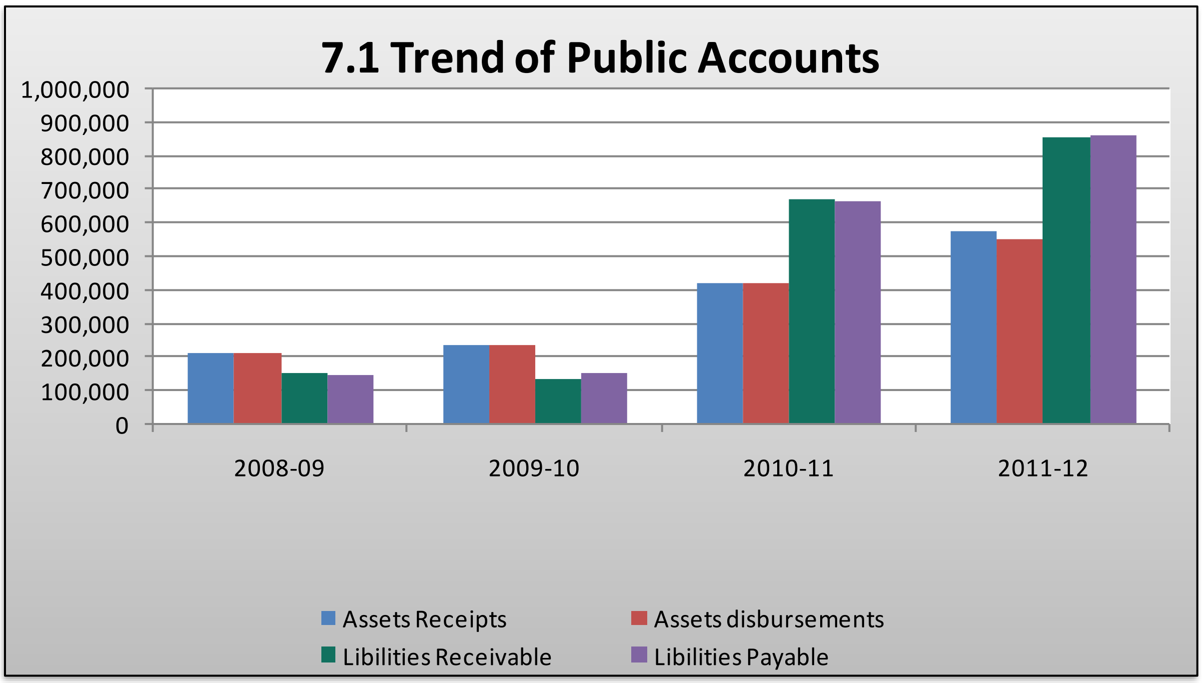
Public Account has generally provided the balances for financing deficits on account of revenue as well as development budgets; as such transactions have usually remained in credit balance in Sindh. A major portion of these balances is generated on account of reserves / deposits in Trust Account Funds such as General Provident Fund (GPF) and Benevolent Fund (BF) etc. Whereas the receipts have generally been more than the disbursements resulting in surplus accounts. Similarly the balances have also been generated under the heads of deposits and reserves where the Public Works Department (PWD) deposit work and securities provide temporary balances for deficit financing.

The Public Accounts has been classified on New Accounting Model (NAM) since 2006. Table 7.1 represents its glimpse. The net budget balance during 2012-13 amounting to Rs. 8.9 billion is expected to decrease to Rs. 8.0 billion in financial year 2013-14 because of expected payments of differed liabilities in the FY 2013-14. Net public account is expected to decrease by -10.4% in FY 2013-14.

Table 7.1										
Public Account (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2012-13	2013-14	2008-11
RECEIPTS	366,701	373,142	1,090,251	1,436,480	700,442	1,145,213	1,146,674	-20.28	63.71	57.64
Assets	213,138	236,778	420,081	577,890	271,532	464,362	465,742	-19.65	71.52	39.44
Liabilites (Receiveable)	153,563	136,364	670,170	858,590	428,910	680,851	680,932	-20.70	58.76	77.49
DISBURSEMENTS	360,923	388,795	1,084,116	1,420,633	691,542	1,139,266	1,138,674	-19.81	64.66	57.89
Assets	212,848	236,781	420,082	554,785	268,880	454,682	454,924	-18.04	69.19	37.62
Liabilities (Payable)	148,075	152,014	664,034	865,848	422,662	684,584	683,750	-20.93	61.77	80.16
Net	5,778	-15,653	6,135	15,847	8,900	5,947	8,000	-62.47	-10.11	39.98

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.



Graph 7.1 provides account of Assets Receipts, Assets Disbursements, Liabilities Receivable and Liabilities Payable from FY 200809 to 2011-12.

7.1.1 RECEIPTS

The Public Account receipts can broadly be categorized as Assets and Deposits and Reserves. Former comprises of receipts which include cash and bank balances, investments, loans, imprest monies, advances to departments and returns from investments and loans etc. Although assets and liabilities recorded average growth of 57.6% in the past four years, however, the expected target for FY 2013-14 would be to the extent of Rs.1,147.0 billion. Deposits & Reserves include intergovernmental adjustments, remittances, suspense funds, special deposit fund, welfare fund, development fund, education & training fund, Income Tax deductions from salaries, Personal Ledger Accounts (PLAs) and most importantly, the Trust Account Fund.

7.1.2 DISBURSEMENTS

These represent outflows from Assets, which have grown on average at 37.6% in past four years as shown in Table 7.1. Budgeted at Rs. 454.9 billion for FY 2013-14, disbursements of current assets are likely to increase by 69% over BE for FY 2012-13.

Liability is a contra-receipts account and represents payouts from deposits and reserves account showed on receipts side. Table 7.1 indicates that liability has been increasing at the average of 80% in the past four years, whereas it is likely to increase by 62% in FY 2013-14 and has been pitched at Rs. 683.8 billion

Trust Account Fund

It is the most important public account which comprises of the Provident, Benevolent and Insurance Fund receipts. Table 7.2 depicts details of the Fund.

Table 7.2

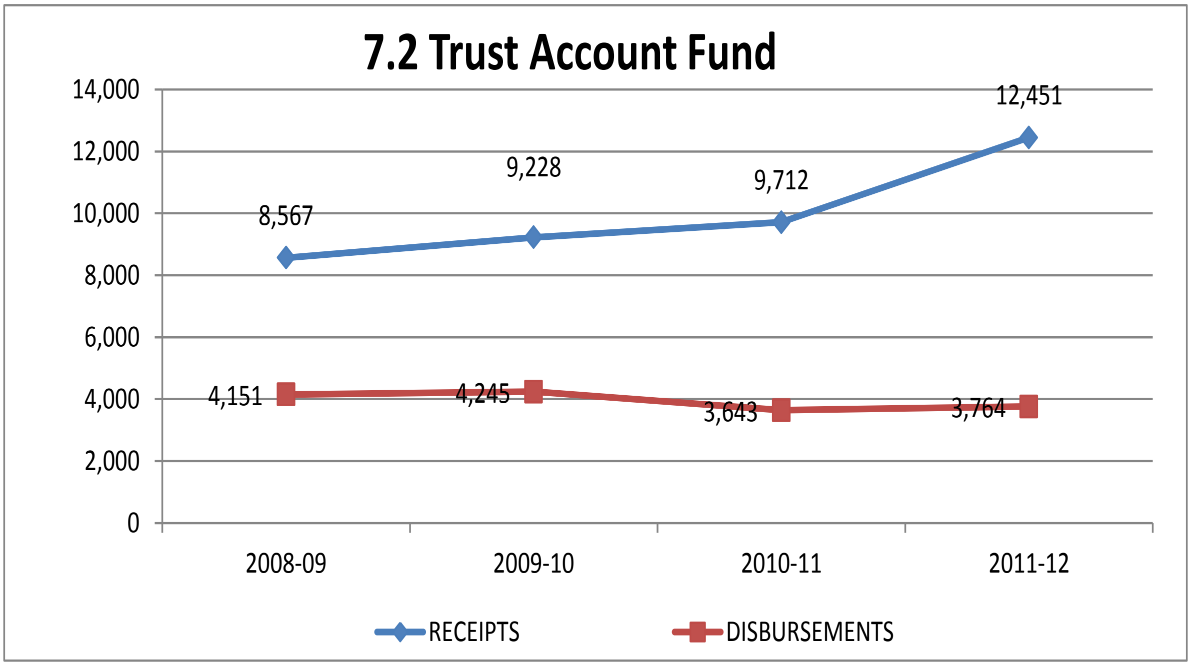
Trust Account Fund (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13	2013-14	2011-12	2012-13	2007-10
RECEIPTS	**8,567**	**9,228**	**9,712**	**12,451**	**6,216**	**9,902**	**9,914**	-20.47	59.49	13.27
Provident Fund	**7,836**	**8,210**	**8,957**	**11,411**	**5,551**	**9,071**	**9,083**	-20.51	63.63	13.35
Benevolent Fund	**583**	**482**	**497**	**721**	**500**	**574**	**574**	-20.39	14.80	7.34
Insurance	**148**	**536**	**258**	**319**	**165**	**257**	**257**	-19.44	55.76	29.17
DISBURSEMENTS	4,151	4,245	3,643	3,764	12	3,089	3,086	-17.93	25616.67	-3.21
Provident Fund	**3,247**	**3,524**	**3,606**	**3,752**	**12**	**3,080**	**3,077**	-17.91	25541.67	4.94
Benevolent Fund	**489**	**395**	**25**	**8**	-	**6**	**6**	-25.00	-	-74.61
Insurance	**415**	**326**	**12**	**4**	-	**3**	**3**	-	-	-78.72
Net	4,416	4,983	6,069	8,687	6,204	6,813	6,828	-21.57	10.06	25.30

* Represents percentage increase in Revised Estimates 2012-13 over actuals of 2011-12.

** Represents percentage increase in Budget Estimates 2013-14 over Budget Estimates 2012-13.

Note:-GP Fund, Benevolent Fund and Group Insurance released has been made through Provincial Consolidated Fund.

The graph indicates the trend of receipts and disbursements in Trust Account Fund from FY 2008-09 to 2011-12



8. FUND MANAGEMENT

8.1. INTRODUCTION

The policies of a country on Human Resource Management (HRM) are generally designed to meet the rapidly changing technology, economic trends and other challenges being faced by it. In public sector such policies are aimed at improving careers of employees, their capacity building to meet the rapidly new emerging challenges, win their loyalties with their assignments, structure manpower demand etc. The consideration in terms of monetary incentives has always remained in isolation and it is rarely linked to productivity if we compare it with the private sector. The increase in remuneration mainly takes place gradually on a scale basis that is closely linked with the years of service, merit-related mechanisms and budget constraints. Thus a relatively more generous retirement scheme is expected to function as an incentive to employment.

Universally employees of the public sector fall in the first category of citizens of a country to be covered by social security schemes. Next is rest of the categories of citizens. For instance, some European pre-Bismarck pension schemes for civil servants were mostly earning-based which were created as a reward for the length of service dedicated to the state. The 20^{th} century witnessed the maintenance of separate and comparatively more generous sub-systems for civil servants in several countries. No doubt this happened despite the gradual broadening of social insurance policies and the development of national pension schemes.

However, the extent of separation and generosity is presently explained by special labour conditions prevailing in public sector employment. In order to cater the increasing financial demand of government employees to be retired in future, incurring expenditure on account of retired employees in shape of pension etc, keep economy of the province moving, creating investment environment, increasing revenue and further proper utilization of its various funds, the Government of Sindh has introduced the Funds Management System (FMS).

In order to manage the affairs of fund investment and meet its other requirements, Finance Department has established the Fund Management House (FMH). It is equipped with a dedicated and expert team hired from the market (private sector), having the requisite technical expertise of investment management. The FMH caters to the investment needs of the following funds of the Government of Sindh:

8.2 SINDH PROVINCE PENSION FUND (SPF):

Table 8.1

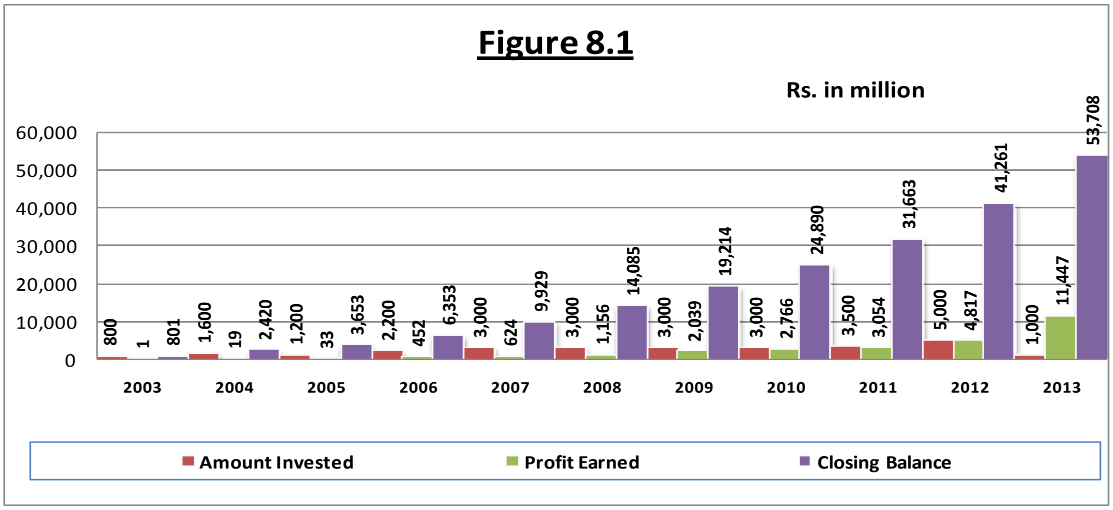
Sindh Pension Fund

Rs. In Million

Year	Amount Invested	Profit Earned	Closing Balance
2003	800	1	801
2004	1,600	19	2,420
2005	1,200	33	3,653
2006	2,200	452	6,353
2007	3,000	624	9,929
2008	3,000	1,156	14,085
2009	3,000	2,039	19,214
2010	3,000	2,766	24,890
2011	3,500	3,054	31,663
2012	5,000	4,817	41,261
2013	1,000	11,447	53,708
Grand Total	27,300	26,408	-

This fund was established by the Sindh Government to facilitate and organize the investment of employees' retirement amounts contributed by the government. The Pension fund is a common asset pool meant to generate stable growth over long term and to enhance the ability of the Government of Sindh to provide pensions for employees when they reach the end of their working years and stand retired.

The SPF was established in 2003 with seed money of Rs. 1.2 billion, which was enhanced gradually each year, touching Rs. 3.0 billion per annum over the last three years. Table 8.1 shows the total funding from the Government of Sindh since creation of the fund is Rs. 27.3 billion; while profit accrued during the life of the fund is Rs.26.4 billion. Decisions regarding management of the fund and investment are taken by Board of the Sindh Province Pension Fund Board (SPFB) which is headed by the Minister / Advisor Finance. The Chief Secretary Sindh, Secretary (GA), SGA&CD, Secretary Finance Department and a representative of ICAP are members of the Board.



In the year 2012-13, the total return on the investment of Sindh Pension Fund came to Rs.11.4 billion, which was Rs. 6.6 billion more than the last year return on the investment. This meant that the profit on investment was 138% higher than the profit earned during the year 2011-12. There is a significant rise in the profit for the year 2012-13. This is due to the fact that a sizeable quantity of PIBs (valued at around Rs 24 billion) were sold at a profit, realizing capital gains of around Rs. 4 billion.

The amount released to the fund since its inception till 30th June 2013 was Rs. 27.3 billion. The accumulated value of investment of this fund as on 30th June 2013 is Rs. 53.7 billion.

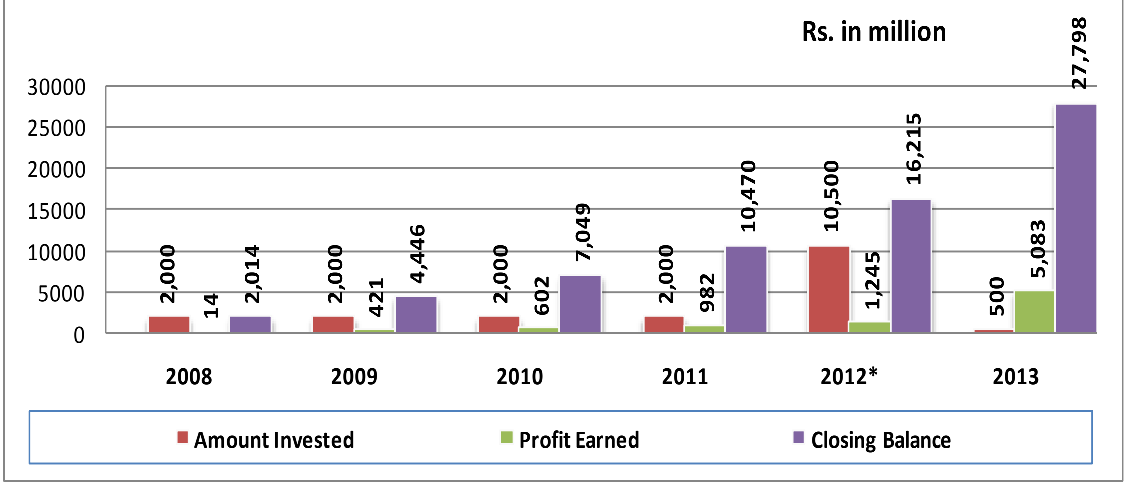
8.3 SINDH GENERAL PROVIDENT INVESTMENT FUND (SGPIF):

Table 8.2 Sindh General Provident Fund Rs. In Million			
Year	Amount Invested	Profit Earned	Closing Balance
2008	2,000	14	2,014
2009	2,000	421	4,446
2010	2,000	602	7,049
2011	2,000	982	10,470
2012*	10,500	1,245	16,215
2013	500	5,083	27,798
Grand Total	19,000	8,347	-

* Release amount shows receipts of Rs.6.0 billion from SSRF

Until fairly recently, the Government of Sindh had no full-fledged investment for meeting the future liabilities on account of the General Provident Fund Scheme. The amount deducted from employee's salaries was being utilized by Government for its budgetary needs. Thus the liability was ever increasing as interest was also being paid to the employees over the amount deducted from their salaries, despite the fact that no assets actually existed. Under such circumstances, it was imperative to establish the Sindh General Provident Investment Fund so as to create assets to match the liabilities. This SGPIF became operational with effect from 01-07-2007. The said fund was established on the pattern of Sindh Pension Fund, with seed money of Rs.2 billion that was allocated in the FY 2007-08. In this context the main objective of the Government is to invest assets of the fund appropriately, while keeping within a moderate investment risk profile, to reap optimum profits. The returns so earned will be used to pay off public servants' liabilities including their profit amount, which is generally fixed at a rate determined by the Federal Government on a yearly basis. For this purpose, the Government of Sindh has constituted an investment Board under the chairmanship of Chief Secretary, Sindh.

Figure 8.2



The accumulated value of investment of this fund as on 30th June 2013 is Rs. 27.8 billion whereas accumulated profit since its inception to 30th June 2013 is Rs. 8.4 billion. The net profit of the fund for the financial year 2012-13 is Rs.5.1 billion. There is a significant rise in the profit for the year 2012-13. This is due to the fact that a sizeable quantity of PIBs was sold at a profit, realizing capital gains. The significant increase in fund value is because of transfer of Rs. 6 billion during 2012-13 from the Sindh Social Relief Fund.

8.4 SINDH SOCIAL RELIEF FUND (SSRF):

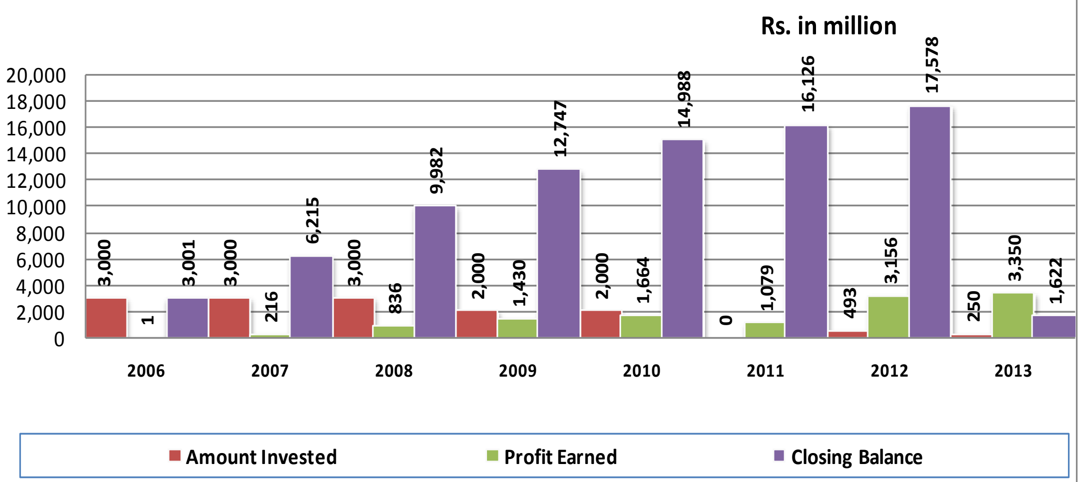
Table 8.3
Sindh Social Relief Fund
Rs. In Million

Year	Amount Invested	Profit Earned	Closing Balance	Expenses/ Loan*
2006	3,000	1	3,001	0
2007	3,000	216	6,215	0
2008	3,000	836	9,982	-57
2009	2,000	1,430	12,747	-570
2010	2,000	1,664	14,988	-1,452
2011	0	1,079	16,126	-706
2012	493	3,156	17,578	-2,196
2013	250	3,350	1,622	-19,555
Grand Total	13,743	11,732	-	

* Includes an amount of Rs.10 billion to GOS as Loan and Rs.6.0 billion given to Sindh General Provident Investment Fund.

The SSRF was established in 2005 with a broad objective of moving towards some form of direct intervention in providing relief to the vulnerable and disadvantaged people of the province. The fund was created with seed money of Rs. 3.0 billion and the total funding from the government, since creation of the fund, stands at Rs. 13.7 billion. The management of the fund and investment decisions are taken by a high powered committee presided over by Chief Secretary Sindh, which includes the Additional Chief Secretary, P&D Department, Secretary Zakat & Ushr Department, Secretary Finance Department and two representatives of the private sector.

Figure 8.3



The amount released to the fund since its inception till 30th June 2013 was Rs.13.7 billion. The accumulated value of investment of this fund as on 30th June 2013 is Rs. 1.6 billion whereas loan of Rs 10.0 billion has been given to Government of Sindh in May 2013, for which repayment shall take place in 2013-14; that is, at the rate of Rs 2 billion per month from August 2013 till December 2013, which shall result in a significant increase in the fund assets. A similar loan amounting of Rs 6 billion from the Sindh Social Relief Fund was sought by the Government of Sindh in July 2012 as well, which was repaid within a few months. The accumulated profit since inception of the fund till 30th June 2013 is Rs. 11.7 billion. The total expenditure out of this fund amounts to Rs. 19.7 billion to date. The net profit of the fund for the financial year 2012-13 stands at Rs. 3.4 billion.

This fund depleted during the year 2012-13 mainly due to the expenses incurred for Waseela-e-Haq Initiative started by the Government of Sindh with Benazir Income

Support Program for which funding is done through this fund. The outstanding loan amount of Rs. 10 billion has also been considered as an 'expense'. However, repayment of this loan shall lift the present value of the fund asset from Rs 1.62 billion to around Rs 11.62 billion. Furthermore, there has been a permanent transfer of Rs. 6 billion from the surplus amounts of the Sindh Social Relief Fund to the Sindh General Provident Investment Fund, as approved by the Competent Authority.

8.5 VIABILITY GAP FUND (VGF):

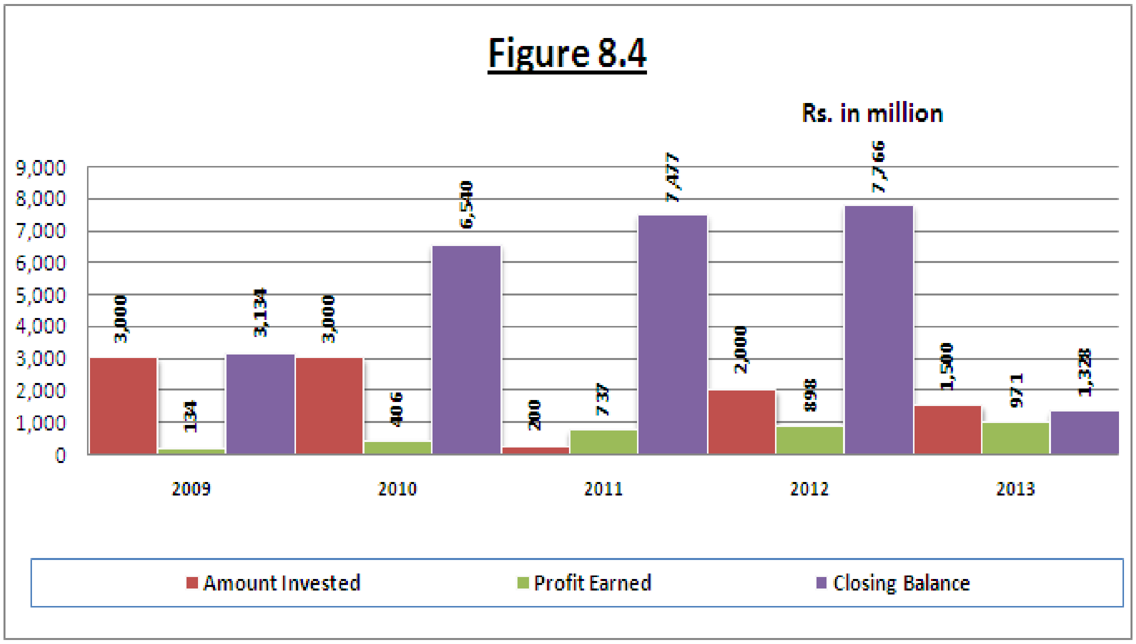
Table 8.4

Viability Gap Fund

Rs. in Million

Year	Amount Invested	Profit Earned	Closing Balance	Expenses
2009	3,000	134	3,134	0
2010	3,000	406	6,540	0
2011	200	737	7,477	-3,449
2012	2,000	898	7,766	-1,316
2013	1,500	971	1,328	-5,622
Grand Total	9,700	3,146	-	-

The Viability Gap Fund (VGF) was created in 2008-09 with the specific and unique objective of supporting the Government's initiatives of encouraging new development projects & ventures under the Public Private Partnership (PPP) mode in Sindh. Such shortfall of commercial / financial viability is usually due to a lack of commercial orientation of such projects in the long-run and long gestation periods. Table 8.4 shows the amount released to the fund since its inception till 30th June 2013 is Rs 9.7 billion. The accumulated value of investment of this fund as on 30th June is Rs 1.3 billion whereas accumulated profit since its inception to 30th June 2013 is Rs 3.2 billion. Expenditure made from inception of the Fund is Rs 10.4 billion. The net profit of the fund for the financial year 2012-13 stands Rs. 971 million.



The major outflow during the year 2012-13 was the outflow of Rs 6 billion as bank guarantee payment for the financial close of the Jhirk Mullah Katiyar Bridge Project undertaken in the Public Private Partnership mode.

8.6 PEOPLES'S HOUSING CELL FUND:

Table 8.5

Peoples Housing Fund

Rs. in Million

Year	Amount Invested	Profit Earned	Closing Balance	Expenses
2009	2,000	56	2,056	-142
2010	966	285	2,654	-653
2011	0	304	2,481	-477
2012	0	293	2,215	-559
2013	0	218	2,338	-156
Grand Total	2,966	1,156	-	-

People's Housing Cell Fund is a departmental fund kept with the FMH to facilitate the People's Housing Cell (now renamed as Shaheed Benazir Housing Cell) in getting a better yield on their cash balances. It was established in 2008-09. The Government releases budgetary allocations for this fund from which regular disbursements are made to the People's Housing Cell for utilization in their low-cost housing projects. The current asset value of the fund is Rs 2.34 million approx.

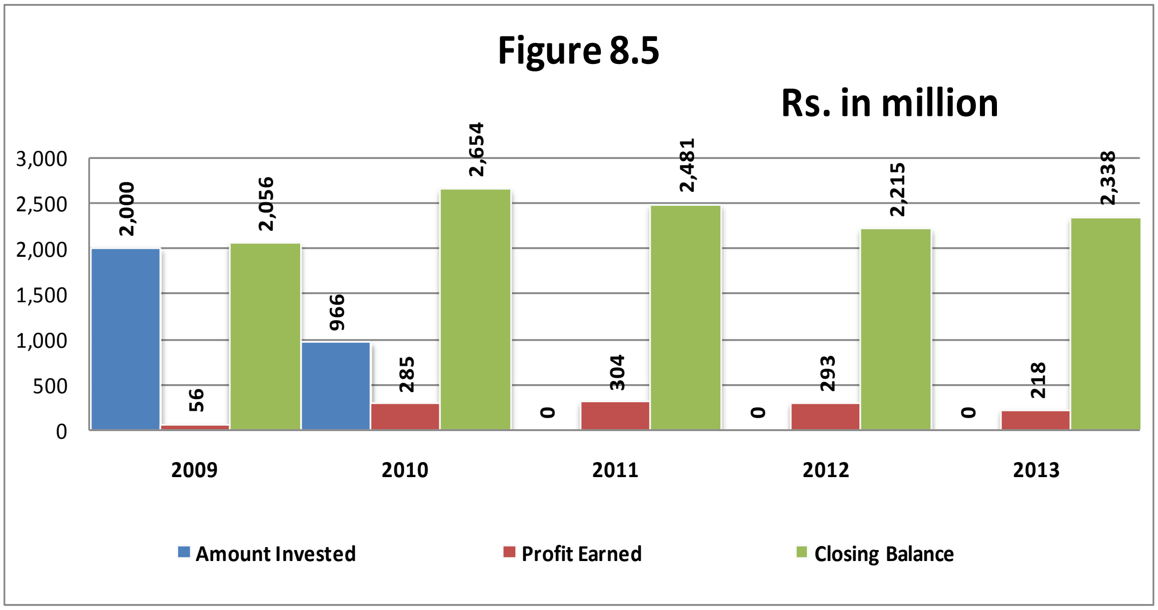


Table 8.5 shows the amount released to the fund since its inception till 30th June 2013 was Rs 2.9 billion. The accumulated value of investment of this fund as on 30th June is Rs 2.34 billion whereas accumulated profit since its inception to 30th June 2013 is Rs 1.2 billion. The net profit of the fund for the financial year 2012-13 is Rs 218.0 million.

8.7 SINDH COAL DEVELOPMENT FUND:

Table 8.6

Sindh Coal Development Fund

Rs. in Million

Year	Amount Invested	Profit Earned	Closing Balance	Expenses
2011	2,000	28	2,028	-
2012	4,500	559	7,086	-
2013	91	1,166	8,576	-72
Grand Total	6,591	1,753	-	-

The Sindh Coal Development Fund has been established mainly with a view of having sufficient funds for the share of equity to be injected by the Government of Sindh in the joint venture with the Sindh Engro Coal Mining Company for development of the Thar Coal reserves, or other projects for developing the Thar Coal reserves. As per the approved feasibility of the joint venture, the share of the Government of Sindh is expected to be Rs 15 to 18 billion by the end of 2014 (calendar year). Hence assets of the fund are being built-up to address such investment commitments. The current asset value of the fund is Rs 8.6 billion approx.

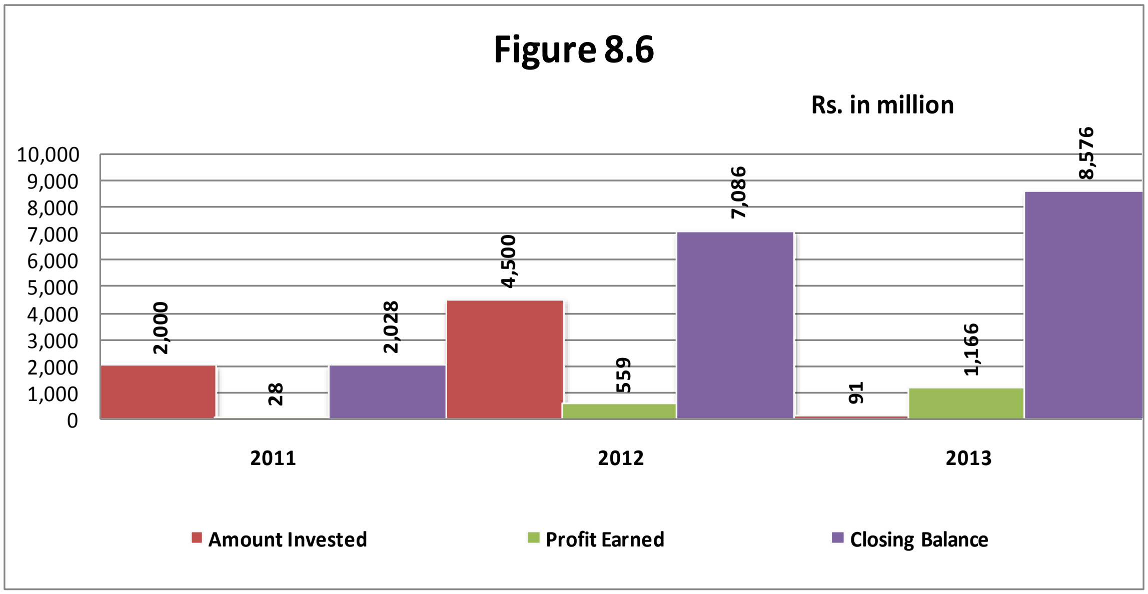


Table 8.6 shows the amount released to the fund since its inception till 30th June 2013 is Rs 6.6 billion. The accumulated value of investment of this fund as on 30th June 2013 is Rs 8.6 billion whereas accumulated profit since its inception to 30th June 2013 is Rs 1.8 billion. The net profit of the fund for the financial year 2012-13 is Rs. 1.2 billion.

8.8 SINDH GOVERNMENT EMPLOYEES GROUP INSURANCE FUND (SGEGIF):

The objective of this fund is to set aside amounts so as to improve the facility of group insurance on the one hand and to defray / share the cost of premiums deducted from the salaries of the GoS employees under the Group Life Insurance head, on the other. Presently the fund is being built-up and has not yet started contributing towards the group life insurance expenses. The fund was established in the year 2012-13 and the current asset value of the fund is Rs.0.5 billion approx.

The amount released to the fund since its inception till 30th June 2013 was Rs.0.5 billion. The accumulated value of investment of this fund as on 30th June is Rs.0.5 billion whereas accumulated profit since its inception to 30th June 2013 is Rs 28.0 million. The net profit of the fund for the financial year 2012-13 is Rs 28.0 million.

8.9 SINDH AGRICULTURE SUPPLIES ORGANIZATION (SASO) PENSIONER'S FUND:

SASO Pensioners' Fund is also a departmental fund being managed by the SFMH. The Fund was handed over to the SFMH for investment management in 2008-09. Though Sindh Agricultural Supplies Organization (SASO) is now defunct but the pension obligations towards the surviving pensioners have to be met. This fund caters to these pension obligations and from the interest earned, the fund generates sufficient amount to discharge its regular pension obligations. The Agriculture Department, being the 'parent' department of the defunct SASO, disburses the monthly pensions. The current value of the fund is Rs 164 million approx.

8.10 PROVINCIAL DISASTER MANAGEMENT FUND (PDMF) :

The Provincial Disaster Management Fund (PDMF) is a relatively small fund where funds are kept to meet with any sudden need in the event of natural disasters or where some preventive measures against disasters have to be taken. The Fund was established in 2008-09 and an amount of Rs 200.0 million has been released to it since its inception. On the other hand, the total expenditure from this fund amounted to Rs 232.0 million, was made possible due to the profit earned by the fund. The current value of the fund is Rs 2.0 million approx as almost the entire amount has been consumed and no fresh allocation has since been made towards this fund.

8.11 SINDH FLOOD RELIEF FUND (SFRF):

Sindh Flood Relief Fund was created with the purpose of collection of donations from any interested donor from the general public and also the GoS employees (who have paid a portion of their salaries on two separate occasions into this fund since its creation in 2011). The accumulated amount is then surrendered to the GoS in respect of expenditures incurred on flood relief activities. The current asset value of the fund is Rs 0.5 million only as the accumulated balances were surrendered last year to the GoS and no fresh donations have been received by this fund.

8.12 SINDH PROJECT DEVELOPMENT FACILITY (SPDF)

Sindh Project Development Facility was created with the objective of financing the feasibility studies for projects to be undertaken under the PPP mode by the Government of Sindh and also for capacity-building and development of team members involved in such projects. Expenditures from the fund are approved by the PPP Policy Board. The current asset value of the fund is Rs 171.0 million approx.

8.13 EDUCATION CITY FUND (ECF)

The fund was established in the financial year 2012-13 with a nominal amount of Rs 0.1 million. The objective of this fund is to set aside amounts for the establishment of the Education City Project under the Sindh Educational Reforms Program. Sindh Board of Investment (SBI) is responsible for development of this project.

8.14 ENDOWMENT FUND FOR PEOPLES'PRIMARY HEALTHCARE INITIATIVE

The GoS supports various activities of the Peoples' Primary Healthcare Initiative (PPHI) so as to enable them to run the healthcare facilities across the province of Sindh at grass roots level. In addition to provide grant-in-aid and reimbursement of salary bill, the GoS has also been setting aside funds for the establishment of an endowment fund which shall help in sustaining the PPHI in future (only profits of the fund shall be used and not the principal amount). The fund was established in financial year 2011-12 and the current asset size is Rs 334.0 million approx.

CONCLUSIONS:

It is worth mentioning that the fund under management of Sindh Government led to considerable in total worth, despite a recent reduction in the amounts being allocated and released to these investment funds annually. This was because of the significant amounts being received a profit over the invested amounts. Following are some of the reasons which contributed to the improvement in the return on the investment.

- The returns on the investment have been higher during the year 2012-13 due to efficient fund management by the Sindh Government through rapid and viable reinvestments of these funds from the very next day of their maturities / releases.

- The funds were invested with best available options. All the fixed income and other capital market investment options were minutely studied and the best available options were adopted which resulted in the efficient growth of the funds.

- During the last three years, funds were invested in long-term Pakistan Investment Bonds (PIBs) at high yields and also in mutual funds / collective investment schemes, which brought about an augmented outlook in the fund growth.

- In order to achieve better rate of return and keep the safety of the funds as a priority, funds were very wisely diversified.

- Some studies have also been carried out in the pension system to gauge the pension liability level with a view to comprehend the level of pension investment which could generate return enough to meet the pension liabilities.

Thus, it can be subsumable to deduct that the Fund Boards in Sindh are performing efficiently and taking advantage of the stock market boom and investing cautiously in the stock market through Fund Management, as well as ‘locking’ higher yields for longer periods at attractive rates by investment in long-term Pakistan Investment Bonds (PIBs).

This year, Sindh Government worked very hard to bring corporate and investment governance culture in the fund management. The Provincial Government established fund management rules, devised Investment Policy, restructured its investment portfolio and introduced financial corporate governance. The funds are being audited on yearly basis with a satisfactory note by the well reputed audit firms.

9. MEDIUM TERM FISCAL FRAMEWORK (MTFF)

9.1. INTRODUCTION

Government of Sindh has remained involved with multiple reforms in the last five years or so with the main objective of accelerating the pace of economic activity in the province. It is aimed at reducing poverty and enhancing its own revenue. These reforms have been undertaken in various sectors under the overall fiscal and financial management side with the support of various international donors. The basic objective of these reforms is to improve public service delivery in the critical sectors of education and health; rationalization and restructuring of tax and non-tax revenue systems aimed at revenue mobilization; broadening of revenue base, improved tax payer compliance and revamping of the budgetary systems by shifting from the present input-based annual incremental budgeting to a medium-term outcome-based program budgeting and improved public financial management. Accordingly, Finance Department, Government of Sindh agreed with the World Bank Missions for Sindh Education Development Policy Credit for preparation of Medium Term Fiscal Framework (MTFF) in 2006-07.

9.2. FORMULATION OF MTFF

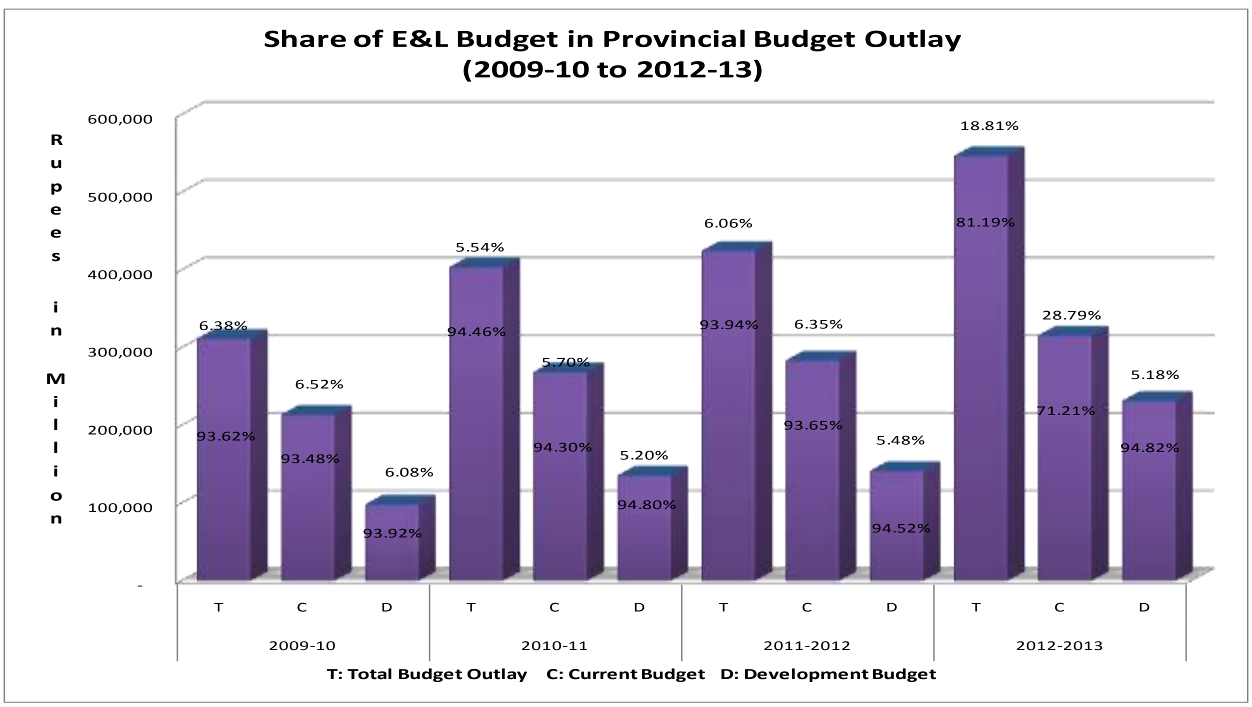
The formulation of the estimates included in the MTFF involves the use of extensive econometric methodology. In a simpler formatting, it involves, in some cases base-line projections or formulation of estimates taking into account the buoyancy and elasticity factors affecting revenues and the past autonomous rates of growth of expenditures. Projections from a base year have limited usefulness and it is for this reason that this practice has yielded place to rolling estimates. Each year estimates are made for the following two or three years and annual budget is formulated to provide an opportunity to revisit the estimates and to revise them in the light of changing economic variables.

An important analytical component of the MTFF is the deficit or surplus emerging from the exercises. A surplus may imply a potential for reduction in future tax rates, while the persistence of deficits would imply the need for a comprehensive fiscal strategy aimed at reducing the levels over the medium term, thus improving the prospects of fiscal sustainability.

9.3. EDUCATION SECTOR FINANCING

The Financing Framework of Education Sector Reform Program has been integrated into MTFF to ensure the availability of required financial resources during program period. The projections for education sector expenditure have been made in alignment with the policy Matrix agreed with the World Bank Missions.

Figure-9.1



In Figure 9.1 T represents Total Budget Outlay, C denotes Current Budget and D indicate Development Budget. Total Budget Outlay has substantially increased from 6.38% in FY 2009-10 to 81.81% in FY 2012-13.Current Budget observed overall growth from 6.52% in FY 2009-10 to 28.79% in FY 2012-13 whereas growth on account of Development Budget was pitched from 6.08% in FY 2009-10 to 5.18% in FY 2012-13.

9.4. MEDIUM TERM BUDGETARY FRAMEWORK (MTBF)

In order to implement and monitor MTBF, Economic Reforms Unit (ERU) has been established in the Finance Department, Government of Sindh with dedicated team. MTBF was initiated from the financial year 2009-10 on pilot basis. Since its initiation, MTBF has been successfully implemented in Education & Literacy, Irrigation, Agriculture, Livestock & Fisheries, Energy and Special Education departments and all their subordinate field offices in the Districts. Government of Sindh has planned to extend MTBF to Health & Social Welfare and other departments by FY 2016-17.

ERU enforces timeframes and quality of agency submissions required by the Budget Circular and methodological guidelines based on the MTBF. It possesses capacity to provide guidance and training to line departments to comply with the budget circular and MTBF budget instructions.

Review existing budget guidance, directions, methodologies and instructions for development of budget submissions that comply with MTBF, and work with line departments to ensure that these are coherent with international practice and modified for the Sindh context.

MTBF information is produced in a timely way during the annual budget process so that it may be used by the concerned authorities and Government to take decisions on strategic budgeting choices.

BUDGET AT A GLANCE 2013-14

Rs. in million

CLASSIFICATION	2012-13 BUDGET ESTIMATES	2012-13 REVISED ESTIMATES	2013-14 BUDGET ESTIMATES
I- RECEIPTS			
A. CURRENT REVENUE RECEIPTS			
Federal Transfers			
1. Revenue Assignment	314,366.2	269,620.4	332,935.2
2. Straight Transfers	59,252.4	56,157.0	67,126.8
3. Grants to offset losses of abolition of OZT- * (0.66% of Provincial Share)- (incl. Others)	8,292.2	12,330.1	8,950.6
Total (1 to 3)	381,910.8	338,107.5	409,012.6
4. Provincial Tax Receipts (excluding GST on Services)	41,189.3	41,296.1	49,370.1
5. Provincial Sales Tax on Services	32,000.0	32,000.0	42,000.0
6. Provincial Non-Tax Receipts	23,444.0	27,416.3	28,812.8
Total (4 to 6)	96,633.3	100,712.4	120,182.9
Grand Total → A	478,544.1	438,819.9	529,195.5
B. CURRENT CAPITAL RECEIPTS			
1. Local Repayments/Loans	6,933.1	10,962.4	7,167.6
2. DPC/SWAP, World Bank	9,081.5	97.7	9,282.5
3. European Commission Grant	1,014.7	0.0	1,992.8
4. ADB Funding (SGRRP)	11,170.2	0.0	0.0
Total → B	28,199.5	11,060.1	18,442.9
C. OTHER RECEIPTS			
2. Foreign Project Assistance (FPA)	18,470.3	13,510.4	21,587.3
3. Flood Emergency Reconstruction Project (FERP)	17,187.0	18,876.8	7,970.6
4. Other Federal Grants	14,516.9	12,126.7	15,379.1
Total (Other Receipts) → C	50,174.2	44,513.9	44,937.0
D. Carryover Cash Balance	5,000.0	-12,129.6	-5,000.0
E- PUBLIC ACCOUNTS OF THE PROVINCE			
1- Receipts	700,442.0	1,145,212.5	1,146,673.5
2- Disbursements	691,542.0	1,139,265.5	1,138,673.5
Net Public Accounts → E	8,900.0	5,947.0	8,000.0
Total Receipts of the Province [A+B+C+D+E] → F	570,817.7	488,211.2	595,575.4

*0.66% OZT Grant also includes Rs.5,081.630 million of other grants in RE 2012-13

BUDGET AT A GLANCE 2013-14

Rs. in million

CLASSIFICATION	2012-13		2013-14
	BUDGET ESTIMATES	REVISED ESTIMATES	BUDGET ESTIMATES
II- EXPENDITURE			
G. CURRENT REVENUE EXPENDITURE			
Current Revenue Expenditure	315,301.3	342,110.5	355,973.8
Total → G	315,301.3	342,110.5	355,973.8
H. CURRENT CAPITAL EXPENDITURE			
Current Capital Expenditure	31,508.4	19,333.0	31,302.1
Total → H	31,508.4	19,333.0	31,302.1
I. EXPENDITURE			
1. Provincial ADP(excluding FPA and FERP)	181,000.0	97,500.0	185,000.0
2. Foreign Project Assistance (FPA and FERP)	35,657.3	32,387.2	29,557.9
3. Other Federal Grants	14,516.9	13,391.0	15,379.1
Provincial Development Expenditure ADP → I	231,174.2	143,278.2	229,937.0
Total Expenditures of the Province [G+H+I] → J	577,983.9	504,721.7	617,212.9
Surplus (+)/ Deficit (-) (F-J)	-7,166.2	-16,510.4	-21,637.5

DONORS / LENDERS

ASIAN DEVELOPMENT BANK (ADB)

ADB is a multilateral development financial institution which extends loans and provides technical assistance to member countries (mostly developing nations) for broad range of development projects and programs. The work of ADB is aimed at the welfare of the people in Asia and the Pacific. It also promotes and facilitates investment of public and private capital for economic and social development of the region. ADB began its operations in Pakistan in 1968.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

The IBRD popularly known as World Bank is an international organization which was established on December 27, 1945, with the objective to finance the reconstruction of nations devastated by World War II. The scope of its activities has been expanded to fight poverty by financing various states. IBRD provides loans to governments and public enterprises always with a government or sovereign guarantee for repayment.

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

IDA is a part of the IBRD that assists the world's poorest countries by extending long term interest free or soft loans and grants, with repayment periods of 35 to 40 years. IDA loans address primarily education, basic health services, clean water and sanitation, environmental safeguards, business climate improvement, infrastructure and institutional reforms.

INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT (IFAD)

IFAD is a specialized agency of the United Nations, which was established as an international financial institution in 1977. This agency was established to finance agriculture development projects for food production in developing countries.

SAUDI LOAN

Such loans have been offered on soft terms with 25 years repayment period and 3% service charges.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

USAID has been the principal US Agency to extend assistance to countries recovering from disasters; trying to escape poverty; and engaging in democratic reforms. It advances US Foreign Policy objectives by supporting economic growth, agriculture and trade, global health and democracy, conflict prevention and humanitarian assistance.

UK LOANS

An agreement was signed between Government of Pakistan and Commonwealth Development Corporation (CDC) in the UK for a loan to carry out Karachi Water and Sewerage Board (KW&SB) Project, which was declared effective on 07-12-1989 in London.

Finance Department Government of Sindh

Official Website of Finance Department

Home | About | Budgeting | Accounting | Awards | Projects | Debt Portfolio | Rules | Publications

Updates

- Office Memorandum
- Transfer & Posting NEW
- Advertisements NEW
- Forms and Downloads
- Queries & Contac

Budget Volumes

Health Insurance

District Releases

Pension Directory

Public and Optional Holidays 2009

Karachi, PK
91 °F / 33°C

Scattered Cloud
at 12:30 PM

fdsindh.gov.pk is designed to provide you information and services related to Finance Department, Government of Sindh. You are welcome to make **suggestions & comments** regarding fdsindh.gov.pk to help us provide better services to you.

For further details and help click here please.

Quick Links

- Inviting applications from individuals for the various positions in F.M.House NEW
- Project Allownace for Officers /Staff appointed in Dev. Projects/Programs. NEW
- Model Draft Releaae Order for Development Revenue Component NEW
- Request for Proposal (RFP) for Consultant in Education through PPP NEW
- Budget Call Circular 2009-10 NEW
- Enhancement of Sum Assured in Respect of Group Insurance NEW
- Grant of increase in Pension to Civil Pensioners of the Prov. Govt 2008 NEW
- Fixation of New Basic Pay according to Pay Scale 2008 NEW
- Increase in Pay/Allowances of Employees of Prov. Govt. 2008 NEW
- Budget at a Glance 2008-09 NEW
- Budget Speech 2008-09 NEW

Search: go

- Site Map
- Ministers / Advisor
- Finance Secretaries
- GOS - Roles of Business
- Sindh Reform Program

Attached Departments

1. Local Fund Audit
2. Directorate of Accounts
3. Treasuries

PPP Unit

Web Links

- Finance Division, GOP
- Central Board of Revenue
- State Bank of Pakistan
- World Bank in Pakistan
- Asian Development Bank
- DSSP
- Karachi Mega City
- DSP

PDF Readers

Get Foxit Reader

OR

Get ADOBE READER

PDF Reader is required to view documents on this website.

www.fdsindh.gov.pk