

## **BUDGET SPEECH 2005-06**

### **BISMILLAH-IRREHMAN-IRRAHEEM**

Mr. Speaker:

I am indeed grateful to Allah the Almighty who has enabled me to present the Annual Budget for the FY 2005-06 along with the Revised Budget for the year 2004-05 for the 3<sup>rd</sup> consecutive year, under the provisions of Article 120 of the Constitution of the Islamic Republic of Pakistan, before this august House. I express my gratitude to Dr. Arbab Ghulam Rahim the Chief Minister; to my other colleagues Ministers and Advisors and the Hon'able Members of treasury and opposition benches for the continued support, advice and critical appreciation to optimize the scarce resources in consonance with the aspirations of the teeming millions of this Province. Preparation of budget is not an easy task. The availability of civil accounts not beyond April, the uncertainty about Federal Assignment and Straight transfers and the last minute re-appropriations kept the Officers under great strain and stress. Credit thus goes to the Secretariat Officers /Official specially belonging to the Departments of Finance and Planning and Development who against all odds burnt midnight lamps in preparation of this document.

2. Sir, Sindh has peculiar characteristics that distinguish it from other provinces. The Arabian Sea is its strength and weakness. The sea and 150 miles coast line offers vast opportunities to the sea-farers, tour operators and the hundred and thousands of fishermen to earn their livelihood. But being the dead end of the mighty Indus that splits into many branches before entering the sea, makes it a worst deltaic region. The ill-planned and ill-designed LBOD and RBOD has turned the traditional Mehran (River of Sweet Water) into a carrier of effluent that adversely affects the fertility of the vast tract of land of the lower region. Its two ports with heavy industrialization by private sector in and around Karachi and the three barrages on Indus that turned the barren lands into smiling fields also attracted cultivators, job seekers, adventurers and speculators not only from other provinces but also from adjoining countries. The Province is thus forced to provide physical and socio-economic infrastructure to cater the requirements of these immigrants out of its own meager resources. Unlike other provinces, it has about 56,000 'Goths' or human settlements with population ranging from 50 to 1000 persons. The non-provision of potable water, shelter, roads, medical and education facilities and electricity

to such scattered settlements with limited budgetary allocation accentuates the miseries of the those who live below poverty line.

3. The Province had great hopes that the 6<sup>th</sup> NFC constituted in the Year 2000 and reconstituted in 2003 would provide the needed resources. Unfortunately, the diversity of views on the distribution criteria proved a stumbling bloc in arriving at a decision. Sindh continues to adhere to its principled stand and advocates a multiple criteria with due weightage to population, state of under development (including the disadvantages of sparsely populated region in Balochistan) and revenue collection. But a unanimous decision is not in sight. It seems that “Honooz Dilli Dur Ast”

### **REVIEW OF CURRENT YEAR’S BUDGET**

4. The Current Year’s budget with a deficit of Rs.4.22 billion soon turned into surplus when after 1<sup>st</sup> July 2005, the efforts of Dr.Arbab Ghulam Rahim resulted in the receipt of Rs.5.38 billion as our past arrears from the Federal Government. It also goes to credit of the Government that it released Rs.17.96 billion to the Districts and Departments against the unfunded allocation of Rs.18.00 billion for Public Sector Development . This has no parallel in the fiscal history of Sindh.

### **KARACHI - PRIME MOVER OF ECONOMY**

5. Large urban centers like Karachi prove more vibrant centers of economic growth, where Private Sector Plays a dominant role. Successive governments, however, remained oblivious of the growing strain on the infrastructure of Karachi. To arrest the trend, the Provincial Government has initiated with the assistance of Federal Government and corporate bodies, an ambitious plan to rehabilitate and develop its infrastructure. The plan styled as **Tameer-e-Karachi Package** has a total out lay of **Rs.29.60 billion**. This massive injection of public investment will spur and sustain the economic growth in coming decades.

## URBAN-RURAL INTEGRATED ECONOMIC ZONES

6. It is also a fact that Karachi has overshadowed other potential centers of urban growth. Hyderabad, Sukkur, Larkana, Nawabshah, Mirpurkhas and other district headquarters have failed to keep pace with the growth of the Metropolitan Karachi. Even the rural areas did not get proportionate share in investment, and as a result one out of every two persons living in rural Sindh, is living below poverty line. Provincial Government has now designed a strategy to develop economic zones instead of creating islands of prosperity. Rural and Urban economy has been taken as an integrated whole, not competing but complementing and supplementing each other. Infrastructure development plan has been designed to improve and strengthen the linkages between rural and urban areas. In rural areas, emphasis is on rehabilitation and improvement of Irrigation and Drainage System, Agriculture Research and Extension Services, Water Management, livestock breeding and Veterinary Services and Improvement and development of road network..

## RURAL INFRASTRUCTURE

### Agriculture

7. The economic development of Sindh largely depends on the progress and growth of Agriculture Sector. The province contributes 25% towards overall National Agriculture production, with **18 percent** of the country's land area and **24 percent** of population. This year there is a marked increase in all crop production except sugarcane. Sindh has produced **3 million** bales of cotton exceeding target of **2.4 million** bales by a margin of **25%**. Production of rice is **1.5 million ton**, against a target of **1.374 million ton**, a **9% increase**. Production of wheat is **2.32 million** ton against last year's production of **2.10 millions**. In spite of these major achievements, we have not been able to exploit the real potential of Agriculture. We have to come out of traditional agricultural pattern through diversification emphasizing more on value added crops. Major initiatives have been taken in the fields of:

- Agriculture Research.

- Mechanization of Agriculture.
  - Agriculture Extension Services.
  - Market Mechanism.
  - Water Management.
- An amount of Rs. 410.50 million was provided in current year budget for development, which is 46% more than last year's allocation.
  - To streamline fertilizer and pesticide testing and to curb adulteration two more pesticide laboratories, one at Mirpurkhas and other at Larkana have been made operational.
  - To rationalize the use of pesticides, 104 integrated pest management schools have been established to train farmers under the Integrated Pest Management program.
  - To reduce post harvest losses and to develop technology for improving quality of fruit and vegetable, a Food Technology Laboratory is being established which will be functional by the end of year.
  - A new wheat variety TD-I (Tandojam-I) has been released for cultivation this year, which gives about 80 maunds' yield per hectare.
  - 15 Research Scientists have obtained training from Nuclear Institute of Biological and Genetic Engineering in Gene Mutation Technology and another 30 will complete training by the end of year.
  - Agro Export Processing Zones are being established in different areas of the Province.
  - 200 laser land leveling equipments including 20 new bulldozers have been procured in current year and provided to farmers at subsidized rates.
  - Thirty five bulldozers have been refurbished.
  - Combined harvesters have also been provided to farmers at subsidized rates.
  - For improvement of water courses two projects have been launched and those are:
    - World Bank Assisted Project for improvement of 4000 water courses at the cost of **Rs.4.92 billion**.
    - National me for improvement of 29000 water courses at the cost of **Rs.22.52 billion**.

## **Irrigation**

8. Irrigation System of Sindh is lifeline of its agriculture. The system however, is showing signs of aging and there is a need of immediate rehabilitation and improvement of entire system, starting with Barrages to Distributaries and Minors. Similarly, drainage system needs a lot of investment to keep further deterioration of land due to water logging and salinity. Other important issues in Irrigation are the equity in distribution and efficiency of water. At some places, over watering creates problems of water logging, while at others, crops are wilting away due to scarcity of water. The flow of water from Indus has now become unreliable and inadequate and since there is little hope of increased flow in immediate future, we have to rely on conservation techniques, increasing efficiency of water and shifting our emphasis on less water thirsty crops. The initiatives taken by provincial government in this respect are:

- **Rs.1.14 billion** has been provided for repair and maintenance of irrigation infrastructure, which is **49.3 percent** more than previous year's allocation of **Rs.0.77 billion**.
- An amount of **Rs.0.66 billion** was provided through **PSDP 2004-05** for rehabilitation and improvement of irrigation infrastructure.
- Project for revamping / rehabilitation of irrigation and drainage system of Sindh with a total cost of **Rs.12.90 billion** has been initiated with the objectives to:
  - Ensure safety of canal system.
  - Improve operational efficiency.
  - Deliver due share of water to tail reach farmers.
  - Provide adequate drainage cover.
- Lining of distributaries and Minors at a cost of **Rs.12.40 billion** has been initiated with the objectives to:
  - Reduce seepage losses.
  - Alleviate Water Logging and Salinity.
  - Save **1923.3** cusecs of Water.
  - Increase crop area by **446000 acres**.

- **Sukkur Barrage**, most vital structure of irrigation system of Sindh has been rehabilitated at a cost of **Rs.0.89 billion**.
- **A Project to extend RBOD** from Sehwan to the Sea is being implemented at a cost of **Rs.14.00 billion** with an object to carry saline effluent of RBOD stage-I in an environmentally safe manner from Sehwan to the Sea at Gharo Creek.
- LBOD is being improved to provide relief to people of Badin District.

## COMMUNICATION

9. A well-planned network of roads is of vital importance in socio-economic uplift of the people. Linkages of rural areas with urban centers, market access, are key to integration of economy of rural and urban areas. The existing road density though improved from last year's 0.19km/sq.km to 0.25km/sq.km but it is still less of required minimum of 1.0 km / Sq. km. Major initiatives taken are:

- An amount of **Rs.0.73 billion**, including District Share, was provided in current budget for repair and maintenance of road network.
- An amount of **Rs.2.61 billion**, which includes foreign assistance of **Rs.121.76 million**, was provided for 210 schemes of communication sector.

The likely physical achievement by end of year is as under:

- New roads construction - 297.37 km
- Improvement including widening and reconditioning - 282.14 km.
- A very important road network in Mirpurkhas and Thar linking Islamkot to Nagarparkar being developed to open granite mining area.
- Roads leading to Coal Mines area of Thar are being up graded. An amount of **Rs.1.00 billion** has been provided by the Federal Government for this purpose.
- A scheme of Rural Access Road is being implemented to open up Rural Areas.
- A scheme to provide connectivity to village with town is being implemented.

- ADB-assisted **Rs.14.00 billion** Road Sector Development Project has been started. Through this program 1200 Km. rural access road will be constructed and 164 Km. provincial road will be rehabilitated.
- Under Japanese Assisted Rural construction me Phase-I 180 km road network at a cost of **Rs.1.24 billion** has been completed. Under Phase-II, 413 Km road costing **Rs.2.32 billion** are being initiated.

## HUMAN DEVELOPMENT

10. Recent estimates suggest that poverty is increasing in Sindh, more so in rural areas. Poverty has two dimensions: economic and social and is directly related to human development. Without human development economic development cannot be sustained. A healthy, educated and skilled human resource is a key ingredient of development strategy of the provincial government. Without human development, poverty can not be reduced. Social sector spending is continuously being increased in spite of resource constraints. About **30.7%** of current expenditure and about **18.33%** of the development expenditure during current year has been allocated for social sectors: Education, Health, Water and Sanitation are priority areas.

## EDUCATION

11. In current year an amount of **Rs.23.30 billion** which is **22.2%** of current year revenue budget and an amount of **Rs.2.23 billion** which is 12.4% of total development budget was allocated to education. The emphasis has been to increase enrolment, reduce dropout rate, reduce gender disparity, increase public participation in management of schools and improving quality of education. Important features of Education Sector during current year have been:-

- Enrolment has increased from **Rs.3.55 million to Rs.3.84 million** an increase of **8 percent**.
- Drop-out ratio of primary school reduced from **19 percent to 17 percent**.
- Gender Gap reduced by one percent
- One thousand one hundred and one (1101) shelterless schools have been provided buildings.

- Four hundred and fifty two new schools established.
- Three thousand and seven hundred schools functionalised.
- An amount of **Rs.0.50 billion** provided to improve service delivery in primary school through School Management Committees.
- An amount of **Rs.0.25 billion** provided for provision of textbooks to students of primary schools.
- An amount of **Rs.0.19 billion** provided for scholarships to Middle School girls.
- Endowment fund for scholarships to students for higher education, enhanced to **Rs.0.60 billion**.
- Training has been made a regular feature to enhance the capacity of teachers.
  - Training of newly inducted teachers before they join schools has been made compulsory.
  - In-service training to 3000 Primary Schools Teachers is being given.
  - Leadership training to 2000 Head Teachers is being given.
- About 27000 primary school teachers and 3000 head teachers are being trained through Education Sector Reform Assistance (ESRA).
- Academic year has been rationalized to start from August; this will ensure continuous teaching instead interrupting of two month vacations in the middle of the school year.
- Decentralization of Elementary Education Project (DEEP) costing **Rs.5.09 billion** is being implemented.
- Institute of special children are being re-habilitated.
- Information Technology is being introduced in schools costing **Rs.0.35 billion**.
- Technical education is being improved with a cost of **Rs.0.17 billion**.
- Post-graduate classes are being introduced in 12 existing Colleges with an allocation of **Rs.0.41 billion**.

## HEALTH

12. Provincial Government is making efforts to improve health coverage both in terms of quality and quantity. In current year **Rs.7.60 billion** for non-development and an amount of **Rs.1.01 billion** for development expenditure has been allocated. Emphasis has been on prevention, improving services delivery through increased funding for medicine and other inputs.

- Prevention – Expanded Program of Immunization (EPI) is providing:-
  - Immunization coverage for 0-11 months babies.
  - Immunization coverage to pregnant mother against Tetanus.
  - Vaccination for eradication of Polio.
  - Vaccination for Hepatitis B.
  - Vitamin A supplement.
- Tuberculosis Control through DOTS strategy successfully being implemented. So far the progress achieved is as under:
  - Coverage has been extended to cover entire population of Sindh.
  - 206 T.B centers have been established.
  - 3018 health personnel have been trained.
  - T.B detection ability has been increased to 50 percent.
  - By the end of year, the ability to detect and treating T.B. Patients successfully will be enhanced to 70 percent.
- Malaria control efforts are accelerated and a project to Roll Back Malaria is being implemented. The target is to reduce malaria morbidity 50 percent by the end of the year.
- AIDS control is initiated with objectives of:
  - Increasing awareness in general public especially in high-risk groups about HIV/AIDS.
  - Management of Sexually transmitted infections.
  - Screening of Blood for HIV and HBV before transfusion.
  - Voluntary HIV testing and counseling.
- Prevention and Control of Blindness program is being implemented.
- Safe blood transfusion has been extended and strengthened to ensure screening of all donated blood in public sectors.

- Asian Development Bank assisted Women's Health Project is being implemented with an estimated cost of **Rs.0.63 billion**. The objective is to reduce morbidity and mortality of women and improving their quality of life.
- Reproductive Health Project is being implemented with the assistance of Asian Development Bank to improve Maternal Health Care, Infant Health Care, improve family planning services, prevention and management of RTI/STD and HIV/AIDS.
- Support for expanded of immunization through GAVI with an estimated cost of **Rs.0.52 billion**.
- Equipment to SIUT with an estimated cost of **Rs.0.17 billion** is being provided.
- Grant of SIUT has been increased to **Rs.0.25 billion**.
- Chandka Medical College has been upgraded with an estimated cost of **Rs.30.00 million**.
- Cancer Hospital is being established at Nawabshah.

### PRIVATE SECTOR INVESTMENT

13. Present level of economic growth in Sindh was achieved through initiatives of Private Sector. However, since early nineties, there is a perceptible decline in private investment. Sindh Government understands that promoting economic growth, reducing unemployment, poverty and there by helping people to improve their quality of life is not possible without a vibrant private sector taking lead role in the economic development of the province. Since last few years, Sindh Government has remained engaged in a process that provides room for private sector initiative and to reform regulatory framework in such a way that without harassment, it channels private sectors', energies for the benefit of society.

- Law and order is one of the major factors, which have been responsible for driving away investment. Baring one or two isolated incidents, Law and Order situation has considerably improved.

- Issue of regularization of land allotted at lower prices has been another area of concern. We have removed hurdles in the process of regularization.
- Laws are being amended to authorize Government to allot land in a transparent manner to promote incremental housing, and to genuine investors. This will discourage speculation and will ensure availability of land at a reasonable price.
- Reforms have been initiated to rationalize provincial taxes, in this respect actions taken in past few years are: -
  - The number of taxes reduced from 23 to 11.
  - The number of stamps duties reduces from 67 to 31.
  - Rate of stamp duties reduced and rationalized.
  - System of property tax overhauled and reformed, exemptions were restored and enhanced.
  - The number of industry related inspection reduced.
- Infrastructure in Small Industrial Estates upgraded.
- New Small Industrial Estates are being established.
- Infrastructure in all SITEs in Sindh is being improved.
- SITEs are also being expanded.

14. Provincial Government is also conscious of the fact that infrastructure to sustain economic growth is grossly inadequate. To overcome the Situation Provincial Government has taken a number of initiatives. The proposals are: -

- Karachi Mass Transit Project.
- Rehabilitation of Circular Railway.
- Effluent treatment plant SITE.
- Water Desalination and Power Generation Plant.

15. Private sector is also being encouraged to invest in Social Sector, their presence in education and health is already very substantial. Provincial Government has taken a number of steps to facilitate and support them.

- Property tax on educational institutions, Hospitals and Clinics has been reduced.
- Process of denationalization of educational institutions has been accelerated.
- Charter Inspection Committee has been strengthened to facilitate and regulate institutions of Higher Educations.
- Law has been promulgated to facilitate and regulate private educational institutions.
- Charter has been given to a number of institutions of higher education.
- The area along with road linking National Highway and Super Highway has been declared as Education / Health City and land is being allotted at concessional rate for the establishment of educational and health institutions.

## **FISCAL MANAGEMENT**

### **GENERAL REVENUE RECEIPTS**

16. In keeping with the efforts of last few years, the Government of Sindh has continued to work on multiple fiscal and financial management reforms towards the ultimate objective of strengthening the provincial resources position for enabling the Government to undertake its program for the overall development and prosperity of the citizens of this province and country. During first ten months i.e. from 1<sup>st</sup> July to 30<sup>th</sup> April, 2005 total General Revenue Receipts stood at Rs.84.56 billion against total 10 month expenditure of Rs.82.20 billion. The last two months would witness hectic activity and it is estimated that by 30<sup>th</sup> June the total Revenue Receipts would be around Rs.102.58 billion against the calculated Revenue Expenditure of Rs.105.70 billion.

### **FEDERAL REVENUE TRANSFERS**

17. The overall transfers from the Divisible Pool have remained as per budgeted target of Rs.47.63 billion. The actual transfers in the current year are **Rs.33.46 billion till April 2005, showing a 13% growth over 2003-04 ten-month transfers.** The second major head of revenue is the Straight Transfers, comprising Royalty on Oil, Royalty on Gas, Excise Duty and Surcharge on Gas. The Straight Transfers were Budgeted at **Rs.25.05 billion for FY 2004-05**, and the ten-month income from Straight

Transfers is **Rs.20.55 billion**, recording **8% growth** over previous year's ten-month income of **Rs. 19.11 billion**. Under the Federal share of 2.5% GST the ten-month transfers reflect revenue of **Rs.7.50 billion**, as against **Rs.5.99 billion** received under this head in the corresponding period last year showing over **23% growth**.

#### **PROVINCIAL REVENUE RECEIPTS AND REVISED ESTIMATES 2004-05**

18. I feel quite pleased to inform the Honourable members that while we have a limited revenue base with little elasticity, the overall performance of the Provincial Receipts has remained even better than that of Federal tax revenue.

19. The Provincial Receipts Budget for 2004-05 was pitched at **Rs.16.51 billion**, with 31% growth over previous year's actual net receipts of **Rs.12.52 billion**. The tax Budget was estimated at **Rs.11.08 billion** with a growth target of **15% over previous year's Tax revenue** and the Non-Tax Budget was estimated as **Rs.5.43 billion** envisaging a growth of 89% over 2003-04 Non-Tax collection. The ten-month collection of Provincial Receipts in CFY is **Rs. 13.15 billion with a growth of over 25%** over corresponding period Provincial Receipts in 2003-04. Hence its conspicuously higher than the 12% growth of Federal Tax revenue.

20. In terms of performance of Provincial Taxes, ten-month revenue under Provincial Taxes is Rs.9.52 billion, which is 20% higher than the Tax revenue generated during corresponding period in 2003-04. Almost all Taxes have performed well except Agriculture Income Tax; where there has been a continuous decline. The ten-month receipts from the CFY of Rs. 146.55 million is 14% less than previous year's revenue of Rs.169.92 million. Similarly the receipts from Abiana continues to be low. Under the head of Irrigation only Rs.206.85 million have been collected till end April 05, as against Rs 247.542 million collected in this period last year. In order to facilitate better AIT revenue the Government has embarked upon a of institutional strengthening of AIT. It is planed to gradually computerize the AIT, assessment, collection and the land record. The revenue from the Stamp Duty has been on a steady rise since last few years. The revenue collected from Stamp Duties last year was Rs. 3,410.20 million, which was 30% more than the budgeted target of 2003-04 and 40% higher than previous year's collection. For 2004-05, we pitched the target at Rs.4,000.00 million,

which was quite ambitious. The ten- month revenue under Stamp Duty is Rs.3,031.00 million, which is 5% higher than 2003-04 collections in the corresponding period.

21. Other than above there is substantial increase in revenue from other major taxes. Provincial Excise; Infrastructure Development Cess, Cotton Fees, the Motor Vehicle Tax, and Professional tax grew by 58%; 43%; 43%; and 17% respectively over FY 2003-04 receipts.

## GOVERNMENT OF SINDH'S DEBT ISSUE

22. **Mr. Speaker,** I would like to spend a few minutes in explaining some critical features of Provincial Debt. At the end of June 2005, the overall debt liability of the Government of Sindh would be **Rs.110.26 billion**; comprising **Rs. 35.75 billion** of Cash Development Loans; and **Rs.74.51 billion** of foreign loans. Of these two major components, the cost of the CDLs hurts the Government the most due to an exorbitantly high interest rate in the range of 12% to 18%.

23. The situation is that after a repayment of **Rs.110.10 billion** on account of normal and SCARP CDLs, **a principal amount of Rs.35.75 billion is still outstanding as of June 2005.** Of the **Rs.110.20 billion** paid to Federal Government **Rs.92.66 billion** (84%) was mark-up. The original loan of around **Rs. 54.00 billion** has been reduced to this level on account of continuous efforts by the Provincial Government. Under the Government's accelerated debt retirement strategy undertaken with the support of first the World Bank assisted Structural Adjustment lending and then through ADB supported DSSP, **the Government has been able to undertake premature retirement of loans amounting to approximately Rs.6.20 billion in last two years leading to a saving of approximately Rs.1.00 billion. The Government expects to retire another Rs.2.40 billion worth CDLs early next year, which in turn will yield further saving of over Rs.380.00 million annually.**

24. The foreign debt liability of the Government has also increased manifold in the last two decades. The Foreign debt liability has spiraled in the last one decade from approximately **Rs.5.00 billion to Rs.74.51 billion by June 2005,** which is almost sixteen

times. This has primarily happened on account of the fact that the provincial development portfolio has always been financed through borrowings both foreign as well as domestic.

25. It may be added that the debt retirement, especially the expensive domestic loans has remained a central reform agenda of the present government. For this we have relentlessly requested the Federal Government to allow the Government of Sindh to secure market loans on low interest to defray its expensive CDLs. This unfortunately has not been considered and provincial government has asked to undertake debt swaps through Structural Adjustment lending s only.

### **ISSUES PERTAINING TO SCARP CDLS**

26. There is another major work that the Government has been able to do. The Finance department has been able to detect a major anomaly in the Cash Development Loans undertaken by the provincial governments for SCARP Projects. The anomaly is that the Government of Pakistan has been treating the budgetary allocations against each province as the expenditure incurred by provinces on SCARP Projects. They have accordingly booked these allocations as loans against provinces at varying rate of interest ranging from 12 to 18% and it is on this basis that deductions are being made since 1976-77 onwards both on account of principal as well as interest.

27. However, with great efforts, the Finance department has been able to work out the actual expenditure that has been incurred on projects undertaken in Sindh. This amount is incidentally **less than one third** of the booked amount. While it is a lengthy exercise and we are still involved in working out new amortization schedules to understand the impact, a preliminary analysis shows that while we have paid the Government of Pakistan an amount of **Rs.32.20 billion** against our liability of **Rs.15.00 billion**, so We have overpaid **Rs.17.00 billion**.

28. Despite the enormity of this issue the Federal Government is continuing with the deductions un-abated. They are deducting for loans, which Sindh has not taken and hence at least the deductions need to be stopped forthwith. We have taken this issue

with the Federal Government and hopefully we would be able to lower our domestic debt stock in a big way leading to creation of considerable fiscal space.

#### **REVISED ESTIMATE FOR THE YEAR 2004-05**

29. Mr. Speaker Sir, now I lay before the House Revised Estimates for the year 2004-05. Total Revised Expenditure is **Rs.105.70 billion** against the budget estimates of **Rs.104.90 billion**, an increase of **Rs.0.80 billion**. The increase is mainly due to impact of **15% Additional Special Relief Allowance** to Government employees.

30. The total Revised Revenue receipts are **Rs.102.58 billion** against budget estimate of **Rs.100.68 billion** an increase of **Rs.1.89 billion** which is mainly due to increase in the head of straight transfers from Federal Government. Revised Federal Transfers from divisible pool are expected to be **Rs.47.73 billion** against budgeted amount of **Rs.47.63 billion**. Straight Transfers are **Rs.27.28 billion** against budget estimate of **Rs.25.05 billion** which shows an increase of **Rs.2.23 billion (8.9%)**. The OZT grant is estimated at **Rs.11.21 billion** against budget estimate of **Rs.11.50 billion** a decrease of **Rs.0.29 billion (2.5%)**. The provincial receipts are estimated at **Rs.16.38 billion** against budget estimate of **Rs.16.51 billion** a slight decrease of **Rs.0.13 billion**. The revised current capital receipts are **Rs.0.48 billion** against budget estimate of **Rs.6.06 billion** a decrease of **Rs.5.58 billion**. The decrease is due to delay in release of second tranche of loan from Asian Development Bank on account of Decentralized Social Services me.

31. Revised current capital expenditure is estimated at **Rs.5.06 billion** against budget estimate of **Rs.7.28 billion** a decrease of **Rs.2.21 billion**. The decrease is due to non payment of Federal Loan which was to be paid from receipt of Asian Development Bank Loan on account of Devolved Social Services me. The revised estimates for development expenditure are **Rs.17.96 billion** against budget estimates of **Rs.18.00 billion**.

## **BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2005-06**

32. Sir, according to the **Article 170 of the Constitution of Islamic Republic of Pakistan**, the accounts of the Federation and Provinces are required to be kept in such form and in accordance with such principles and methods as the Auditor General may with the approval of President of Pakistan prescribe. In pursuance of this provision, **New Accounting Model (NAM)** has been developed and adopted by Government of Sindh and it is expected that the changed system will help not only in improving the accounting system but it will also ensure timely availability of relevant information through automation for an informed decision by Financial Managers. The system is also expected to improve public accountability. Government of Sindh has also proposed computerization of all treasuries and district accounts offices. The transformation from existing system to new system was not an easy task. Officers and officials of Finance Department have worked day and night to make it possible. Since the system is entirely different from the existing system, the honorable members may find it un-familiar, there may also be some shortcomings, we seek indulgence of the house and hope to have guidance, suggestions and support to make improvement.

33. Sir, now I present budget estimates for year 2005-06. General Revenue Expenditure is estimated at **Rs.118.93 billion**, an increase of **12.5%** over revised estimate of 2004-05. General Revenue Receipts are **Rs.112.95 billion**, an increase of **10.1%** over revised estimates of 2004-05. Revenue receipts includes Federal Transfers from divisible pool of **Rs.52.00 billion**, straight transfers of **Rs.29.52 billion** and Octroi/ Zila Tax grants of **Rs.12.15 billion**. The Provincial Receipts are estimated at **Rs.19.28 million**, an increase of **17.7%** over revised estimates of 2004-05. The capital receipts are estimated at **Rs.4.80 billion** and the capital expenditure is expected to be **Rs.7.81 billion**. Deficit on both account Revenue and Capital is estimated to **Rs.8.99 billion**.

### **TRANSFER OF FUNDS TO LOCAL GOVERNMENTS**

34. The share of District Government is estimated at **Rs.37.16 billion in year 2005-06** in accordance with their share in Net Provincial Divisible Pool as determined by

Provincial Finance Commission. In addition an amount of **Rs.11.00 billion** will be provided to local government in lieu of Octroi Zila Tax Grants. **Under DSSP Rs.1.89 billion** will also be provided to Local Government for upscaling Education, Health, Water and Sanitation Services. Additional amount of **Rs.0.66 billion** will also be provided to TMAs for operation and maintenance of water and sanitation services. The overall transfers to Local Government will, therefore, be **Rs.50.72 billion** against Revised Estimates of **Rs.46.86 billion**, an increase of **Rs.3.85 billion:-**

### PRIORITY REVENUE EXPENDITURE

Rs. in billion

	2005-06	2004-05	Increase (%)
<b>General Administration</b>	<b>19.80</b>	<b>16.60</b>	<b>19.2%</b>
<b>Law and Order</b>	<b>13.58</b>	<b>11.50</b>	<b>18.6%</b>
<b>Community Services</b>	<b>1.90</b>	<b>1.38</b>	<b>36.4%</b>
<b>Social Services</b>	<b>8.90</b>	<b>6.40</b>	<b>41.2%</b>
<b>Economic Services</b>	<b>7.72</b>	<b>6.94</b>	<b>11.0%</b>
<b>Subsidies</b>	<b>4.80</b>	<b>4.11</b>	<b>16.7%</b>
<b>Debt Servicing</b>	<b>11.61</b>	<b>11.96</b>	<b>-3.9%</b>
<b>Transfer to Local Government</b>	<b>50.72</b>	<b>46.01</b>	<b>8.2%</b>
<b>Total</b>	<b>118.93</b>	<b>104.90</b>	<b>13.4%</b>

### SALIENT FEATURES OF REVENUE EXPENDITURE

35. Some of the salient features of the next financial year's revenue expenditure are:

- Under Sindh Reform Program **Rs.2.30 billion** has been kept against current year provision of **Rs.1.30 billion** for following educational activities to give incentive to the students, enhanced the quality of education and to reduce the drop out rates :

**(Rs. in million)**

- 100 Community Supported Schools. 15.00
- 100 Fellowship Schools. 15.00

• Scholarships to Class VI to X School Girls.	357.30
• School Management Committees Class I to X.	886.00
• Free Text Books Class I to X.	609.00
• Teachers Training.	60.00
• S.M.C. Training.	60.00
• Publicity Campaign.	50.00
• Establishment of Endowment Fund for Higher Education	200.00
• Strengthening of SEMIs	15.00
• Poverty cum Merit Scholarships	15.00

**Total: 2,282.302**

- Grants for Public Schools has been increased from **Rs.2.5 million to Rs.70.00 million.**
- Grants for Cadet College has been increased from **Rs.15.000 million to Rs.30.00 million.**
- A Provision of **Rs.7.5 million** has been kept from Scholarship in Cadet Colleges.
- A provision of **Rs.50.00 million** has been kept of Special Education Schools/Institutions of special children.
- A provision of **Rs.50.00 million** has been kept for establishment of Reform Support Unit in Education Department.
- Grants for Libraries have been increased from **Rs.5.3 million to Rs.27.89 million.**
- Grants for Sport activities have been increased from **Rs.15.00 to Rs.80.00 million.**
- A Provision of **Rs.50.00 million** has been kept for Restoration of Historical Buildings in Sindh.
- An amount of **Rs.22.84 million** is provided for provision of 17 Ambulances in various hospitals.
- An amount of **Rs.199.18 million** is provided for Purchase of Machinery /Equipment in various hospitals.
- An amount of **Rs.467.68 million** is provided for Purchase of Medicine & other input in hospitals against a provision of **Rs.368.98 million** for current year.

- The Grant in Aid to Sindh Urology Institute of Transplantation, Karachi has been enhanced from **Rs.195.00 million to Rs.300.00 million.**
- An amount of **Rs.100.00 million** has been kept for providing incentives to Doctors in Rural Areas.
- An amount of **Rs.700.00 million** is provided for M&R of Roads against current year provision (BE) of **Rs.401.60 million.**
- An amount of **Rs.319.84 million** is provided for M&R of Building and Structure against current year provision (BE) of **Rs.177.28 million.**
- An amount of **Rs.672.33 million** is provided for M&R of Irrigation Bunds/Canals against current year (BE) of **Rs.419.08 million.**
- A provision of **Rs.22.70 million** has been kept for M&R of “Chotiari Resevair” taken over by Government of Sindh form WAPDA.
- An amount of **Rs.200.00 million** kept to subsidies electricity bills of agriculture tube wells in Sindh. This will help the farmers and will increase agriculture productivity.
- An amount of **Rs.10.00 million** has been provided for development work in Journalist Colony in Hawks Bay Housing Scheme.
- A provision of **Rs.20.00 million** has been kept for establishment of Call Centre in Information Technology Department.
- The size of SNE (New) for next financial year 2005-06 has been kept at **Rs.1,686.11 million** against current financial year provision of **Rs.416.246 million.**

## **PUBLIC SECTOR DEVELOPMENT PROGRAM**

36. Sir, the total development outlay for the current year was kept at **Rs.20.81 billion** which included **Rs.18.00 billion** Public Sector Development Program (PSDP), **Rs.2.41 billion** Foreign Project Assistance (FPA) and **Rs.0.39 billion** for Drought Emergency Relief Assistance (DERA).

37. The revised estimates for development are **Rs.17.96 billion** against budget estimates of **Rs.18.00 billion**. The Total schemes were **3,449** in **PSDP 2004-05** in which **2,069** were ongoing and **1,380** were new, out of these 1145 schemes are likely to be completed this year.

38. The development outlay for year **2005-06** has been planned at **Rs.28.85 billion**, registering an increase of **38.7%** over current year's allocation. This includes **Rs.24.00 billion** for Public Sector Development Program (PSDP) and **Rs.4.75 billion** as Foreign Project Assistance.

39. The Federal Government has also agreed to enhance share of Sindh based schemes in federal PSDP 2005-06. In Federal PSDP 2004-05 **Rs.12.00 billion** were earmarked for the schemes located in Sindh, for the year **2005-06** this allocation has however been enhanced and kept at **Rs.20.15 billion**.

40. The Public Sector Development Program (PSDP) **2005-06** of **Rs.24.00 billion** is **33.6%** more than the revised estimate of **Rs.17.96 billion**. The PSDP will entirely be funded by the Provincial Government from its own resources.

41. The District Governments are provided **Rs.6.79 billion** for their Development Plan out of **Rs.24.00 billion** leaving an amount of **Rs.17.21 billion** for Provincial Development portfolio, out of this amount of **Rs.8.51 billion** or **49.5%** is earmarked for **471** on-going schemes and an amount of **Rs.8.70 billion** or **51.5%** has been allocated for the **426** new schemes.

42. Major Sectoral allocations are as under:

	<u>Rs. in billion</u>
• Road Sector	Rs. 3.50
• Special Project	Rs. 1.42
• Irrigation & Power	Rs. 1.10
• Education	Rs. 1.00
• Mines & Minerals	Rs. 0.99
• Health	Rs. 0.80
• Agriculture	Rs. 0.59
• Industries	Rs. 0.57
• Priority Program	Rs. 0.94
• Thar Package	Rs. 0.30
• Special Packages	Rs. 4.00
• District Dev. Program	Rs. 6.79

### ROAD SECTOR

43. The highest priority is assigned to road sector with an allocation of **Rs.3.50 billion** which is **20.35%** of the total allocation. In **2005-06** Works & Services Department will construct **155 km** of new roads while **175 km** of existing roads will be improved.

44. Foreign Assistance of **Rs.2.04 billion** will also be available under Sindh Road Sector Development Project (SRDP).

### SPECIAL PROJECTS

45. For Special Projects, an amount of **Rs.1.43 billion** has been allocated. Under this , schemes included are drinking water supply scheme in Thar being executed by Army, Gorakh Hill Station Development Project and improvement of Dhamal Court at Shrine of Hazrat Lal Shahbaz Qalander. The Federal Government has also agreed to provide assistance for Gorakh Hill Station and for Shrine at Hazrat Lal Shahbaz Qalander.

## IRRIGATION & POWER SECTOR

46. This sector will receive **Rs.1.10 billion** in year **2005-06** out of this **Rs.0.57 billion** have been proposed for ongoing schemes including an allocation of **Rs.100.00 million** for scheme “Assuring Water Supply for Karachi”.

47. **Rs.198.93 million** has been proposed for new schemes of water sector, village electrification Program has been provided an allocation of **Rs.100.00 million**. An amount of **Rs.54.00 million** has been proposed for rehabilitation of Sukkur Barrage. **Rs.100.00 million** has been allocated for National Drainage Program. **Rs.100.00 million** is also kept for a new foreign aided project namely “Water Sector Improvement Project”. The sector will also receive funding under “Thar Package” announced by Prime Minister.

48. Federal Government is providing **Rs.8.50 billion** to fund a number of major projects of this sector in Sindh. Right Bank Outfall Drain (RBOD) Phase-II, Revamping of Sindh Irrigation & Drainage System and Project of Lining of Channel and Distributaries are a few to name. The Federal Government has also agreed to provide funds for the project of Chotiari -Phase-II and other allied schemes. Adequate funds for Ranee Flood Canal Project, which is being executed by WAPDA are also provided by Federal Government in Federal PSDP **2005-06**.

## EDUCATION SECTOR

49. In next year Public Sector Development Program an amount of **Rs.1.00 billion** has been allocated for education sector which is **51.5%** more than current year’s allocation of **Rs.0.66 billion**. An amount of **Rs.0.60 billion** will also be available as foreign project assistance. District Governments will also allocate substantial amount through their share of development allocation. This sector will also receive funds on the recommendations of MPAs under “Priority Program”. The major thrust of the government is to upgrade the Primary School to Middle School and Middle to High and Higher Secondary Level.

- Girls Education Development Project (Phase-II) is being implement with an estimated cost of **Rs.0.61 million**.

- A Project for construction of buildings in existing shelter less school has been initiated at a cost of **Rs.0.31 billion**.
- A scheme for up gradation of primary school to middle school is being initiated at a cost of **Rs.0.90 billion**.
- A scheme to construct additional class rooms in existing primary school is being initiated at a cost of **Rs.0.90 billion**.
- A scheme of public-private partnership for promotion of education in rural area is being initiated at a cost of **Rs.0.90 billion**.
- Two schemes for rehabilitation of special educational institution have been initiated at an estimated cost of **Rs.62.00 million**.
- Three schemes of up gradation of middle to high and high to higher secondary school are being initiated at a cost of **Rs.0.50 billion**.
- Eight schemes to improve quality of technical education at a cost of **Rs.1.65 billion** are being implemented.
- Twelve schemes for improvement of college education are being implemented at a cost of **Rs.1.48 billion**.

## **MINES AND MINERAL SECTOR**

50. After discovery of coal in Thar, this sector has received budget priority so that the valuable coal reserves could be utilized for power generation. In next financial year, an amount of **Rs.0.99 billion** which is **55.6%** higher than the current year has been allocated to this sector. The major Schemes include road from Islamkot to Nagar parkar, from Badin to Mithi and airport road.

## **HEALTH SECTOR**

51. Health sector has been provided an amount of **Rs.0.79 billion** in next year development Program which is **32.5%** over & above the current year development outlay. **Rs.0.60 billion** has been allocated for **53** ongoing schemes and **Rs.0.20 billion** has been allocated for **30.00** new schemes. A foreign project assistance of **Rs.0.19 billion** will also be available for this sector, district government will also allocate substantial amount form their share of development funds.

52. Major new initiatives in this year are:

- Facilities at People’s Medical College Hospital Nawabshah, Liaqat Medical University Hospital Hyderabad, Chandka Medical College Hospital Larkana will be improved and expanded.
- Physio therapy department in all teaching hospitals will be up graded.
- Dental faculty at Chandka Medical College Larkana will be established.
- Taluka Hospital Gambat is being upgraded to the level of Institute of Medical Science.
- Nursing and Medicine Training School at Sindh Government Hospital Liaqatabad will be established.
- Medical Intensive Care Unit and Laboratory in Civil Hospital Karachi will be upgraded.
- The Federal Government has agreed has agreed to finance three project of health sector of Sindh through Federal **PSDP 2005-06** and for this purpose **Rs.0.45 billion** has been allocated. The projects are:
  - Establishment of accident emergency and ancillary services complex at Civil Hospital Karachi.
  - Provision of MRI, CT Scan for civil hospital Karachi, Chandka Hospital Larkana, People’s Medical College Hospital Nawabshah and Liaqat Medical University Hospital Hyderabad.
  - Up gradation and strengthening of Gambit institute of Medical Science.

## **AGRICULTURE SECTOR**

53. The agriculture sector has been provided an amount of **Rs.0.59 billion** which is **44%** more than the current year allocation of **Rs.0.41 billion**. Foreign Project Assistance will be **Rs.1.02 billion**. An amount of **Rs.0.60 billion** will also be provided

by the Federal Government for federally funded schemes of agriculture sector. Total investment in this sector therefore will be **Rs.2.2 billion**.

54. The Sindh Seed Corporation is being revived with the assistance of Private Sector to work in Public-Private Partnership. An amount of Rs.100.00 million has been provided for this purpose in next financial year.

55. Important initiatives in this sector are:

- Basic Technological and Genetic Engineering Research Institute is being established for modern research activities.
- Under Agriculture Business Development Project, Tissue Culture Laboratory and Green House will be established to promote production of fruit in Sindh through tissue culture technology.
- Mali Training Center will be established at Agriculture Training Institute Sakrand.
- A Project Costing **Rs.0.60 billion** has been proposed for installation of 5000 tubewells in Sindh on subsidized rate. 50% will be borne by farmers and remaining 50% cost will be shared by Federal and Provincial Governments equally.
- To facilitate sun flower growers a project costing **Rs.0.30 billion** is being planned to procure sun flower thresher which will be provided to farmers on subsidized rate.
- In year 2005-06, 7156 water courses will be improved through National Program for improvement of Water Courses and on Farm Water Management Project.

## **INDUSTRIES SECTOR**

56. Industrial sector has been provided an allocation of **Rs.0.57 billion** in next year's Public Sector Development Program. The major thrust is to rehabilitate the infrastructure of six industrial estates of Sindh which includes SITE Karachi, Noori Abad, Hyderabad, Kotri, Sukkur and Nawabshah. The existing infrastructure is in poor condition and it is expected that after rehabilitation and improvement of infrastructure,

efficiencies of industries located there will increase, new industries will be established and there will be an increase in economic activity and employment.

57. Eight Small Industrial Estates are also being upgraded with an estimated cost of Rs.68.50 million . An other Small Industrial Estate over an area of 100 acres is being developed in Karachi at the estimated cost of Rs.106.00 million, 552 Industrial Plots of different categories will be developed, 50% of which will be reserved for Women entrepreneur.

### **THAR PACKAGE**

58. The Prime Minister has announced for Thar Package to be implemented by Federal assistance. A short term plan costing **Rs.1.57 billion** has been prepared in this respect. The Federal Government has agreed to provide **Rs.1.13 billion**, where as the remaining amount of **Rs.0.47 billion** will be contributed by the provincial government. This plan includes the schemes of Drinking Water, Small Cottage Industries, Irrigation, Health, Education and Village Electrification Schemes. The Federal Government has already released an amount of **Rs.0.60 billion** where as **Rs.0.25 billion** is provided in next year's Federal PSDP. The provincial government has also allocated **Rs.0.30 billion** in ADP 2005-06. This plan is to be completed within a span of one year.

### **SPECIAL DEVELOPMENT PACKAGES.**

59. In current financial year provincial government kept **Rs.3.00 billion** for three special packages namely Karachi Package **Rs.1.00 billion**, Hyderabad Package **Rs.1.00 billion** and Rural Development package **Rs.1.00 billion**.

60. Next year's allocation in this respect has been increased to **Rs.4.00 billion**, **Rs.2.00 billion** has been allocated for Karachi Package, **Rs.1.00 billion** for Hyderabad Package and **Rs.1.00 billion** for Rural Development Package.

**FEDERALLY FUNDED**

61. The federal government is expected to provide **Rs.3.86 billion** which includes a foreign project assistance of **Rs.28.62 million** for 17 federally funded schemes of :

<b>Access to Justice</b>	<b>Rs. 0.75 billion</b>
<b>Agriculture Department</b>	<b>Rs. 0.60 billion</b>
<b>Population Welfare Department</b>	<b>Rs. 0.02 billion</b>
<b>Police Department</b>	<b>Rs. 1.80 billion</b>

## **POVERTY ALLEVIATION MEASURES**

62. Mr. Speaker, during the process of the budget preparation, while interacting with colleagues, opposition, chambers, NGOs and large section of people, I have come across with a number of valuable suggestions and in line with these suggestions following measures are proposed to improve the living condition of different sections of population.

### **SINDH SOCIAL RELIEF FUND**

63. No formal arrangements exist to render assistance to the general public against major hazards like ill health, disability, old age, in voluntary unemployment and sudden death. Besides, Zakat and the Baitul Mall the existing Social Security System is restricted to groups like Government Servants, Armed Forces and Industrial Labour.

64. The Provincial Government of Sindh in a major policy initiative has proposed to establish a Sindh Social Relief to develop a support system for the most vulnerable and disadvantaged. An amount of **Rs.3.00 billion** has been earmarked in next year's budget for this purpose with an annual increment of **Rs.2.00 billion**. The Fund will be managed by a Board comprising members from Public and Private Sector. The target group would be distressed persons including senior citizens, abandoned families, widows, and indigent.

### **SINDH RURAL SUPPORT ORGANIZATION OR MICRO CREDIT BANK**

65. Micro Credit have generally been acknowledged to have played an important role in up lifting the status of needy in many ways. Sindh Rural Support Organization is already engaged in multiple community support activities including micro credit to the most impoverished section of rural population for gradually enhancing their income and skills and therefore containing poverty.

66. Looking at their success, Provincial Government has proposed either to provide an amount of **Rs.0.50 billion** to SRSO to supplement their credit operation or

to establish a Sindh Micro Credit Bank in partnership with private sector. The modalities are being evolved.

### **IMPROVEMENT OF SERVICE DELIVERY IN HEALTH**

67. Improvement of service delivery is a major issue in social sector. In spite of huge expenditure, the returns are not encouraging. Provincial Government was looking for innovative ways to arrest the decline and improve the situation.

68. It has therefore been proposed to select Districts of Badin, Dadu, Tharparkar, Khairpur and Jacobabad, where basic health units (BSU) in the districts alongwith there budget will be out-sourced to the Private Sector for improving service delivery through better management.

69. The Provincial Government has further proposed to establish Health Management Boards in all Major Hospitals including Civil Hospital, Karachi and District Headquarter Hospitals to manage the Health facilities with Public-Private Partnership.

## **SERVICE DELIVERY IN EDUCATION**

70. Provincial Government has increased the allocation from **Rs.1.30 billion** to **Rs.2.28 billion** in Education Sector for Reform initiatives taken under Sindh Reforms Program. This is an increase of **75.5%**:

Most of this allocation will go to three main areas:-

- Provision of Free Text Books which will now be extended to all Students upto Secondary Classes.
- Provision of Scholarships to Girl Students will now be extended to Secondary Classes.
- Provision of funding for School Management Committees will now be extended to Secondary Schools.

## **HOUSING FACILITIES.**

71. Provision of housing during service and after retirement has always been a major source of concern for Civil Servants. The remuneration of Government employees is not enough to build their own houses before retirement. To address the issue Provincial Government has proposed to establish a Housing Directorate for public servants with a mandate to develop housing societies to provide plots to civil servants at a reasonable price during service and housing unit on his retirement. An amount of **Rs.0.200 billion** is allocated for this purpose.

72. To provide low cost housing, to general public, amendments have been proposed in Government Land Disposal Ordinance 2002, so that Private Sector may provided low cost housing to common man. Land allotted for this purpose shall not be transferable till a houses/flat is constructed. Even the Flat/House shall not be transferred before five years of its completion.

## **HEALTH INSURANCE TO EMPLOYEES OF PROVINCIAL GOVERNMENT WORKING IN SINDH SECRETARIAT**

73. A regular employee of Sindh Government and his family is being provided medical care through Government Hospitals and in case of emergency, by private hospitals, through a mechanism of re-imburement of expenditure incurred. An

allowance of **Rs.210/- per month** for employees in **BPS 1-16 (Non-Gazetted)** is also being provided whereas the Gazetted employees have been allowed re-imburement of medical charges. The system is however, lopsided and not equitable and needs a gradual change.

74. The Government of Sindh has therefore, proposed to provide medical care to its employees, through health insurance. An announcement in this regard had been made by me in last year's budget speech. Since than, we have remained engages to work out modalities. The general insurance companies contacted expressed their inability to provide insurance care to all employees of Sindh government in one go due to capacity constraint. Keeping in view this problem, Government has proposed to adopt a step by step approach and as a first step Health Insurance cover is being proposed for Secretariat employees only. The scheme will be implemented from next year with an amount of **Rs.100.00 million**.

#### **PENSION FUND**

75. The Government of Sindh under its Fiscal Reforms had committed to create investment funds for some of its unfunded liabilities such as Pension, as the overall expenditure on Pension has been increasing by over **10%** annually and it is expected to increase further in coming years. With this perspective, the Government has established a Pension Fund through a legal enactment to be operated and managed by Sindh Pension Board. Under this scheme the Government of Sindh has been making an annual budgetary provision of **Rs.1.20 billion** since last three years and till now an amount of **Rs.3.60 billion** stand deposited in this Fund. The Sindh Pension Board is in the process of finalizing various option of investing these funds with the intension of building it up to a level, from which the Government can subsequently begin to defray its future liabilities on account of pension.

#### **LOAN TO GOVERNMENT SERVANTS**

76. Keeping in view the demand the loan facility to Government Servants is being revived. An amount of Rs.250 million is being provided in the next financial year. This facility will be available to Non-Gazzatted Employees (BPS-1 to 16), in dire need

and distress. The maximum ceiling of the loan is Rs.50,000/- which will be interest free and payable in ten years.

### **RELIEF TO LAND OWNERS**

77. On the complaints of the Land owners that proper receipts of Land Tax, Agriculture Income Tax and Abiana etc are not being issued by the functionaries of revenue department, it is proposed that on receipts of bills of Kharif by 16<sup>th</sup> December and Rabi by 1<sup>st</sup> May from the Tapedars, the Land owners shall deposit the amount in the designated banks on or before 31<sup>st</sup> Jan. for Kharif and 1<sup>st</sup> May for Rabi.



## **FISCAL MEASURES**

78. While committed to provide maximum relief to the general public, the Government is also at times required to review its tax structure, user charges for facilitating a more hassle free collection and at times to revise certain rates both for generating additional revenue and for reducing budgetary deficit. In this background, rates of some levies are either being enhanced or consolidated for making them public friendly and reducing the revised upward but in some cases these are reduced as well, however no new taxes are being imposed. The Government has kept its commitment with public by making it a tax-free budget. Simultaneously, some taxes are being merged and collection will be through one window operation in order to facilitate the public. Following tax and non-tax measure are being taken.

- The Bed fee being charged by the Government Hospitals from patient at the rate of Rs. 4/- per bed is being waived of to provide relief to the people.
- Penalty on delay in renewal of Arms Repairing Licenses / Permit Fee is being reduced from four times to two times. This relief is also being given to General Public. The discretionary power of Home Department for reducing penalty has been withdrawn.
- On the consistent demand of All Pakistan Security Agencies Association, the Security Clearance Fee for the Guards of the Private Security Companies both within Karachi, within Province and Outside Province of Rs. 300/-, Rs. 400/- and Rs. 1,800/- respectively is being abolished with a view to put the onus of employees on the Agencies them selves.

## **REVAMPING OF MOTOR DRIVING LICENSE FEES**

- Presently, various types of fees are charged on account of Driving Licenses such as Test Fee, License Issuance Fee, License Renewal Fee and Coating Fee etc. In addition to above as per law, the applicants may seek renewal for the period of one year, three years and five years on payment of different categories of Fees for the three different categories of vehicles that is the Heavy Transport Vehicle (HTV), Light Transport Vehicle (LTV) and Motor

Cycles. **In order to simplify and to facilitate the public, it has been proposed to merge various fee Charges into to a single fee to be named as “Composite Driving License Fee” to be issued for three years only and to be renewed ever three years** in order to avoid inconvenience to the Public.

- Certain Provincial levies against same establishments are charged by different tax collecting agencies, which increase inconveniences to the tax payee. In order to move towards reform in this area it is proposed that the levy of Professional Tax by Excise and Taxation Department and levy of nozzle charges by Agriculture Department’s Weights and Measures Wing may be collected annually through one Agency such as Excise and Taxation Department.
- Prior to September 2001, the occupancy ratios for big and small **Hotels** were fixed at 70% and 60% of occupancy respectively. This occupancy ratio was drastically reduced downwards to 25% in July 2003 for both categories after the 9/11 incidents, which affected the hotel business as well. In view of current situation where the occupancy has significantly improved, the Government proposes to **withdraw the concession and to re impose the previous ratio of 70% & 60% of the total number of lodging for big and small Hotels respectively.**
- Arms License Manufacturing Fee is proposed to be enhanced from Rs. 20,000/- per annum to Rs. 100,000/- per annum. Its renewal is being enhanced from Rs.7,000/- per annum to Rs.10,000/- per annum.
- The Registration Fee of the Private Security Companies is being enhanced from Rs. 100,000/- per annum to Rs. 200,000/-. The renewal of their Registration is being enhanced from Rs.20,000/- to Rs.25,000/- per annum. The registration Fee for their Branch offices is also being enhanced from Rs.40,000/- to Rs.50,000/- per annum.

**PAY AND PENSION INCREASE**

79. Mr. Speaker, in accordance with the recommendations of Pay and Pension Committee and in line with announcement of Federal Government, Provincial Government has also proposed to provide relief in Pay and Pension to the Provincial Government Employees.

- Increase on different account totaling upto 30%.
- 15% Increase in Pay Scale.
- 10% Increase in Pension.
- New Pay Scales and Increases and Allowances will be effective from 1<sup>st</sup> July, 2005.
- Provincial Government and District Government will spend Rs.12.3 billion on increase in Pay and Pension.

80. Sir, the Government is making all possible efforts to improve the quality of life of the people, but much will depend on our own zeal imitative and drive.

80. In the word of Shah Latif

The monsoon is on hand. The cuckoo shrieks happily. The cultivators are ready with their ploughs, and the cattle owners are gay and joyous. Today too my friend has fittingly arrayed itself to rain.

81. With these words, I now introduce Sindh Finance Bill 2005.

**Pakistan Paindabad**