

Bismillah e Rehman er Rahim

*Mr. Speaker,*

It is my privilege to present this first budget of the PPP -led Coalition Government of Sindh. **The Pakistan Peoples Party has returned to power after more than a decade and let there be no doubt that it is because of the political acumen and historical sacrifice of our great Leader Shaheed Benazir Bhutto that we succeeded in the elections.**

I would like to thank the people of Sindh for reposing their confidence in the Pakistan Peoples Party and in fact I would like to acknowledge that the people in Sindh have always voted for PPP but unfortunately their vote has been stolen many a times through implanting artificial coalitions in the past.

I would also like to thank our Coalition partners both the MQM as well as ANP for being a part of the Coalition Government. This Coalition has become possible due to the foresight and very sagacious decision of our Party Co Chairman without whose guidance and leadership this may not have been possible.

It is thus, now our common responsibility to meet the expectations of millions of people of this Country and this Province and to evolve policies and programs that can facilitate urgent relief and help us move towards medium and long term economic growth; a growth which is not only for a few but is for large majority.

*Mr. Speaker,*

We have come to this moment in history through a very long and painful struggle. A struggle in which we lost our most esteemed and most precious leader. This is loss, which we would not be able to overcome nor would the pain go away. The only way we can sustain our strength and continue to serve the people of this Country is to carry forward the Mission of our Leader Shaheed Benazir Bhutto, who laid her life for the *survival of Federation and Democracy in Pakistan*.

*Mr. Speaker,*

I have remained engaged with provincial finances since the time I took Oath. Since then my direction to my colleagues and administration has been that this Budget has to be clearly a different budget. **Different not in words, but in spirit and in content. I have taken utmost care to facilitate a budget which is clearly Pro-People and Pro –Poor.**

Again, it would not be possible for us to move away from the routine budget making unless we do not understand the gravity of the situation on ground. The issue is that while the previous government has been making tall claims of high growth and both the federal and provincial governments have been claiming to have spent billions on different public services and works; the reality on ground is that you see nothing but stark poverty, misery and suffering.

The fact is that neither the so- called economic growth has reached the large majority of the people; nor has the public spending created the critical infrastructure that could facilitate investment or improve basic services. The reality

is that despite spending billions; half of Sindh's Children are out of School and those who are in school, very few of them actually get educated. **The children of our Peela Schools with their Peela Uniform will never be able to compete with children of private schools.** Hence, the painful question is what has been the outcome of such massive public expenditure?

*Mr. Speaker,*

These are complex and painful questions. *In fact I see this as the biggest challenge before our Government, now.* The challenge is to make sure that public spending will make a difference. However, I know this and I would express my fear that even our Government will not be able to do the magic unless we put a few fundamentals right. These are:

- Greatly improving Governance all around especially in the context of improving management of public services.
- This requires Recruitment on merit; Postings on merit; Putting Right People for Right Jobs; improving Monitoring and Accountability systems.
- Most importantly it requires plugging leakages. There are serious issues of corruption. This cannot be contained unless each and every member of our team fights against this menace sincerely and persistently.

We have already initiated the above steps, by putting right people in key positions, by doing away with the system of “own pay & grade” through which officials who are favourites of the government are given higher grade positions. We have also done away the practice of extension and re-employment of retired employees on

contracts. However, much more needs to be done and we have full intention of moving forward on this path.

*Mr. Speaker,*

The overall national economy is today faced with multiple challenges. With oil prices threatening to break \$150 a barrel, the country's fiscal position is under stress. The double digit inflation; spiraling commodity prices and electricity shortages have all together made life miserable for common man. It is also a matter of shame, that despite being an agricultural country, our agricultural productivity has remained stagnant, and in fact, this year, the production of our major crops actually declined, which has compounded the issue of commodity price inflation.

Sindh is the backbone of Pakistan economy as it handles over 90% of country's trade and constitutes over 29% of country's GDP. It has tremendous amount of natural and human resources and a large part of these resources remain untapped. Hence it is unfortunate that despite these resources and a most strategic location with a coastline of over 300 kilometers; Sindh continues to confront massive human and infrastructure development challenges. The biggest and most urgent is of course the impoverishment of a large majority of people; where millions are homeless; jobless and are barely able to get a single meal a day.

It is with these somber thoughts that I would dilate on some budget figures and then talk about some of the new initiatives of this Government. Let me now present to you the salient feature of Revised Estimates for the current year 2007-08.

## Revised Estimates Budget 2007-08

*Mr. Speaker,*

Sindh, like other provinces, is predominantly dependant on Transfers from the Federal Government. Approximately 85% of our receipts come from two major sources i.e the Divisible Pool Transfers and the Straight Transfers in lieu of Oil and Gas Royalties and Gas Development Surcharge.

The overall Estimated Receipts from the Federal Government for 2007-08 were **Rs.151.3 billion**. This included **Rs. 81.7 billion from Divisible Pool Taxes, Rs. 42.0 billion from Straight Transfers, Rs.20.3 billion from the 2.5% GST** (in lieu of *octroi* and *zila* tax) and **Rs. 7.1 billion of grant-in-aid**.

As against these, Federal Government has conveyed Revised Estimates of **Rs. 148.4 billion with a shortfall of Rs.3 billion**. The shortfall is partly due to less tax collections by FBR and partly due to lower Straight Transfers from GDS. While we understand the reason of lower tax collections by FBR, we have approached the Federal Government on the issue of shortfall in GDS, and we hope that this matter will be resolved shortly. As Sindh is currently producing over 65% of the country's Natural Gas, it is the major beneficiary on account of GDS. Straight Transfers constitute over one -fourth of Provincial Revenue Receipts as such any shortage on this account hurts the provincial finances.

Provincial own Receipts have remained on track and against an Estimates of **Rs. 25.3 billion from Tax and Non- tax Receipts, the Revised Estimates are Rs. 28.4 billion showing a growth of 51% over 2006-07 Receipts**.

On the Expenditure side, Current Revenue Expenditure for 2007-08 was **Rs.166.6 billion**. This has been Revised downward to **Rs. 163.8 billion**. The decrease is due to non implementation of many budgeted programs and also on account of vacant posts. Rs. 72.7 billion was budgeted as Transfers for Local Governments, which included Rs. 52 billion for District Governments' and Rs. 20 billion for District Support Grant for District Governments', TMAs, and Union Administrations. The Revised Estimates of Transfers to Local Governments is Rs. 73.58 billion.

It needs to be mentioned that by the time our Government assumed office over 9 months of the Fiscal year had passed, which meant that a large part of spending had either been made or was in pipeline. It needs to be put on record that previous Government made massive Out Side Budget Releases of Rs. 9 billion from development and the current side. A large part of it was motivated by political considerations and it will be ascertained as to how much of this has been irregular expenditure.

### **Budget Estimates for Fiscal Year 2008-09**

Coming to the next year's budget; I wish to bring this to the notice of the House that, the **First issue that I took up with the Prime Minister of Pakistan during his first visit to Sindh after assuming office on April 19, 2008 was Reconstitution of NFC**. I made a solemn request that resources must not be distributed on the basis of previous Government's Revenue Order Announced by the President.

The Federal Government acted promptly and they have announced Reconstitution of NFC and we are sending our nomination for NFC. Hence, God willing we

should be able to move towards a Resource Distribution system which is in accordance with the aspirations of teeming millions and which facilitates equitable resource distribution amongst Federation and Federating Units of Pakistan.

In the meanwhile, the **Estimated Revenue Receipts for next Fiscal Year (2008-09) from Divisible Pool are Rs. 102.4 billion.** This is 29% higher than Revised Estimates of outgoing year. However, the Estimates under Oil and Gas Receipts show negative growth where as these had been growing at a rate of over 26% in last five years. **Total Transfers expected from Federal Government are Rs. 177.5 billion showing a growth of 19%.**

**Provincial Own Receipts have been pitched at Rs. 30 billion with an increase of over 12.5% over Revised Estimates of outgoing year.**

On the Expenditure side, an attempt has been made to contain the current expenditures to minimum possible levels without compromising on the essential operation and maintenance expenditures. **Current Revenue Expenditure has been estimated at Rs. 180.9 billion with an increase of 11 % over Revised Estimate of Rs. 163.8 billion.**

The Current Capital Budgets have usually remained in deficit, as heavy payments are made on foreign and domestic borrowings. For next FY, we expect Budget Support Loans from World Bank, Asian Development Bank under various reform and investment programs as such there is a surplus. The Current Capital Receipts are **Rs. 14.5 billion as against the Current Capital Expenditure of Rs. 9.5 billion.**

**The shares of Local Governments have been worked out to be Rs. 77.9 billion on the basis of existing PFC Award.** As soon as there is progress on the NFC; the Government would reconstitute PFC for considering an Award on the basis of new fiscal transfers.

**Some Features of Current Budget are:**

- Consistent with the announcement made by the Federal Government, the Government of Sindh is also enhancing the Salaries and Pensions of its Employees by 20% . This would have over Rs. 10 billion impact but we would Inshallah finance this to provide relief to government employees.
- In order to improve the law & order situation and to provide security to the people, the most important factor is strengthening the effectiveness of Police for a very robust security environment. In order to facilitate adequate resources to Police, the overall **grant for Police has been enhanced from Rs. 17.02 billion to Rs.21.3 billion with an increase of 28%**. This includes additional 3500 posts; funds for vehicles, arms & ammunition and Rs. 1 billion for surveillance cameras and related equipment.
- Most importantly **we have accepted a long time demand of Police of bringing their salaries at par with Punjab Police.** An amount of Rs. 570 million has been budgeted on this account.

- Overall Education Budget including District Governments was **Rs. 47.9 billion in 2007-08. Of this Provincial side was Rs. 17 billion and we are increasing this by over 16% to Rs. 19.5 billion.**
  
- Total Health Budget of the Province and Districts was **Rs. 15.7 billion. Of this the Provincial allocation for Development and Non Development was Rs. 8.6 billion which is being raised to Rs. 10.85 billion, with an increase of over 25%.**
  
- The investments in Water and Sanitation portfolio are being raised from various sources. The M&R of this portfolio is being increased by 8.4% from Rs. 1 billion to Rs. 1.12 billion. There is an allocation of Rs. 2.4 billion under ADP for this sector.
  
- Water and Power has an allocation of **Rs. 7.9 billion on current side; Rs. 3.4 billion under ADP and Rs. 6.9 billion would be received from the Federal Government. Hence there is an outlay of Rs. 18.2 billion for this sector.**

**The total budget size is Rs. 267.7 billion as against Revised Budget of Rs. 234.6 billion and there is a net deficit of Rs. 14 billion in Budget 2008-09.**

We acknowledge that this is a big deficit but I have taken this decision in view of the type of programs that we must unfold for moving towards Relief and Economic Reform Agenda. As far as financing of deficit is concerned; we plan to finance this deficit by way of;

- Improving our own revenue collection and mobilizing additional revenues.

- Undertaking an Austerity Drive for containing current expenditures through ban on unnecessary expenditures including ban on luxury items especially vehicles; maintaining ceilings; discouraging unnecessary foreign visits etc.
- Issue of short Transfers from GDS has been taken up with Federal Government.
- We are seeking correction in the distribution of GST on Services. This is being made on NFC formula whereas it's a Provincial Tax levied through Provincial law. This is hurting Sindh the most, as the revenues collected from Sindh do not accrue to the people in Sindh.
- Further we have taken up the issue of SCARP CDLs. These loans which were extended to Sindh for SCARP projects have been over booked by billions. We have asked for urgent reconciliation and we expect a major relief on this account.

### **Development Budget 2008-09**

*Mr. Speaker,*

Despite fiscal constraints we have decided not to cut down the Development spending as we must provide services and programs that can facilitate urgent relief and help us move towards long term economic consolidation and growth. Some of the major features of Development Portfolio for 2008-09 are;

- The total size of Development Portfolio adds to **Rs. 89.3 billion** as under:
  - Provincial ADP Rs. 55.0 billion
  - District Governments Rs. 12.0 billion
  - Federal Development Grants Rs. 12.7 billion
  - Foreign Project Assistance Rs. 9.09 billion
  - DERA Rs. 0.51 billion
- This Development Portfolio is 23% higher than Revised Development Budget of Rs. 72.3 billion for 2007-08.
- In terms of Provincial and District ADP, we have allocated **Rs. 67 billion as against Rs. 50 billion of 2007-08 with 34% increase.**
- In terms of Sectoral allocation; the biggest share of 16% has gone to Transport & Communication sector (which includes significant allocation for farm to market roads), where budget has been raised to Rs. 9 billion against of budget Rs. 7.66 billion for 2007-08.
- Through this allocation 586 schemes covering a road network of 1200 kms, improvement in 500 Kms and 10 bridges are being taken up. 45 schemes are expected to be completed.
- In terms of strategic arteries and bridges, the Khairpur -Larkana Bridge over Indus is being implemented by NHA and another **Bridge on Indus from Sakrand to Sehwan has also been included in Federal PSDP**
- The Allocation for MPAs under Priority Program has been raised from **Rs. 5 to Rs. 10 million.**
- Rs. 1 billion have been allocated for Village Electrification and Provision of Sui Gas to villages in next Budget.

- Sindh has a rich history and its historical heritage needs to be protected and projected in multiple ways. We are building a Sindh Heritage Fund of Rs. 1 billion. For this an allocation of Rs. 200 million has been made. This Fund will be managed through a Board comprising public and private sector people having a background of this subject.

### **Government's Major Initiatives**

At the provincial level, our strategy is two pronged.

- ✓ **On short term basis we plan to put in place a mechanism where we want to reduce poverty through providing some financial support and at the same time, we want to develop skills for our Youth to get them employment.**
- ✓ **On a medium term basis we would concentrate on encouraging investment and growth especially in small and medium scale industry, raise agricultural productivity, attract investment in mineral sector and create environment for improving service industry in varying ways.**

### **Employment Situation in Sindh**

Although employment in the public sector will not be able to overcome chronic unemployment in Sindh, and the answer lies in expanding our manufacturing and services sectors in the private sector. However, this problem has been compounded by not filling significant number of vacancies in the past decade or so in the government. There are approximately 50,000 posts vacant in different departments and we are creating nearly 8,000 new jobs in Police, and other departments in

2008-09. The Government has already begun the process of filling these vacancies which will be speeded up after the budget.

## **A. Poverty Reduction & Skill development Measures**

### **1. Benazir Bhutto Shaheed Youth Development Program**

We are initiating a massive skill development program called, “**Benazir Bhutto Shaheed Youth Development Program**”. This is an urgent relief measure for Skill Development of poor semi -literate and educated youth in Sindh for enhancing their employability. We plan to train more than 100,000 youth within two years in fields linked to market demand, both local and international. By now Programs for training of 61,000 youth have been finalized. Under this;

- Over 40,000 matriculates and below will be trained in construction, and industrial skills for 3 to 12 months and then linked to job market
- Approximately 8000 youth will be trained in Agriculture, Livestock, Fisheries extension and other trades
- 3800 youth will be trained as paramedics and in midwife courses
- Around 4000 youth will be trained in IT
- We in contact with private sector for facilitating training in Textiles, Garments’, Automobiles etc

In this context projects costing Rs. 4 billion have been finalized and Rs. 2.9 billion has been allocated in ADP. Government would seek assistance from Federal Government as well.

## 2. Sindh Technical and Vocational Authority (Sindh TEVTA)

Sindh must take up Skill Development on sustainable and institutional basis, and for this we will inshallah set up Sindh TEVTA for undertaking modern technical training in accordance with market demand. This is the only way of raising employability as well as preparing for wide scale industrialization in Sindh. The success of most of the East Asian Countries lies on this component which helped their economies grow to phenomenal levels. We have made allocation in the Budget and soon after budget, I would myself supervise establishment of this Authority for which an Act will be submitted in the Assembly.

## 3. Housing for Poor

A third major intervention will be providing **Housing to the Poor**. This will be our key towards ushering social transformation in Sindh. Federal Government has announced construction of 1 million houses for the poor and retired government employees. Government of Sindh has evolved its own program and under this we will provide 100,000 houses within two to three years. Following decisions and actions have already been taken:

- A dedicated unit called, “**Peoples Housing Cell**” has been created under a Special Assistant to the Chief Minister for spearheading this exercise
- For facilitating speedy decisions, a high powered Steering Committee is being notified under the Chief Minister having members from institutions like ABAD; SAIBAN and Urban Resource Center.
- Plan includes construction of Low Cost Housing Units in all major Towns of Sindh having Government Land available.
- Further, we are examining various mechanisms for providing Low Cost Houses in villages which have been regularized in the first phase.

- We have allocated Rs. 2 billion for a Revolving Fund and we would be seeking federal support for this program.

#### **4. Revitalization of Rural Economy and Rural Reform program**

A fourth major intervention is towards, **“Revitalization of Rural Economy and a Rural Reform Program”**. This is a multi pronged program to be implemented with support of Asian Development bank. It will have following major features:

- Distribution of state land to land less harees. **Revenue Department has provided details of 2,12,864 acres of land in different districts’** and of this 1, 36,784 acres is Barrage land which can be distributed among the poor landless harees of the same Taluka/Deh. We are evolving a support package which will include micro finance, subsidized agricultural inputs, etc. **Under above program, preference will be given to provision of land to a Female Members of the Landless Harees**
- Government would further Regularize Villages having household from 50-200, which would enable the poor to have property titles.
- **‘Scaling-up availability of Micro Finance for Poor’** would be another important component of poverty reduction. Government of Sindh would support microfinance expansion and out reach by creating partnerships with existing Rural Support Organizations (RSPs). For this we are considering a long term partnership with RSPs for a very comprehensive Poverty Reduction program from Union Council level through RSPs.

- Within this component an Endowment of Rs. 500 million, has been created for targeting poor women. The income from this Endowment will be used to provide subsidized micro finance to poor women in rural Sindh and Urban slums through Rural Support Programs.

## **B. Strengthening Social Sector Investment and Improving Service Delivery**

Health and Education Sectors will be a central priority area for the Government.

Under Health Sector our priority is to very quickly expand and improve Basic Health Services; improve the preventive programs and also attend to tertiary health. Some features are:

- **“Health insurance for the poor”**; under this 100,000 poor households would be provided Health Insurance in first phase. Funding has been provided, a Committee has been formed and the Peoples Primary Health Initiative Program has been assigned this task.
- The program of handing over RHCs and BHUs to Peoples Primary Health Initiative will be expanded to entire Province for visibly improving services at that level. **A clear preference will be given to employment of Female Medical Officers at BHU and RHC level. Also we would make all the Mother Child Health Centers Functional by the end of next year.**
- Estimates show that there are over one million people affected with various types of Hepatitis. We have thus prepared a huge program for fighting Hepatitis with a cost of Rs. 5 billion. This program is in addition to the program announced by the Federal Government, and we intend to work in coordination with Federal Government for overcoming this menace on war- footing.

- Most of our District Headquarter Hospitals and Taluka Hospitals do not provide a minimum quality of health services required at that level. Government is committed to Up-gradation of all District and Taluka Hospitals in Sindh and Rs. 800 million has been allocated through ADP and SDSSP to undertake this holistically and comprehensively.
- Rs. 200 million has been allocated for rehabilitation of various Health Training Institutions including Nursing and Paramedic Training Institutes. This will be taken-up through Technical Consultants.
- Chandka Medical College is being upgraded to University Level and this would be Benazir Bhutto Shaheed Medical University. For this Draft Law is ready to be placed before the assembly after Budget Session.

## **Education sector**

We stand deeply committed to Education and I believe that without turning around the Education Scene especially the public sector Education system we will not be able to secure the future prosperity of Sindh. Education is the only weapon through which we can fight impoverishment, through which we can usher social change.

With this faith, I am clear that it is not just budget allocation that will bring improvements. While very high levels of investments are needed but then we have to improve Governance. **Towards this we stand committed to hiring teachers on merit, improving teacher training programs; creating separate Management**

**Cadres; drastically improving examination system etc. so that we bring in better access and quality of education.**

- The overall Education Budget has been enhanced by 16% and it includes Rs. 5.9 billion for various reforms supported by the World Bank and European Commission. This will finance Free Textbooks for over 5 million school children; Rs. 609 million for Scholarships for Girl students from class 5 to 10; Funds for School Management Committees and Rs. 2.7 billion for School Rehabilitation and Rs. 500 million for supporting low cost private schools.
- Similarly 2 Engineering Colleges and one College for Arts and Design and an Institute of Business Administration will be set in different cities of Sindh.
- The College side which has been neglected for a long time, an amount of Rs.240 million have been provided for rehabilitating Colleges.
- Education City Project of Karachi is being examined and after scrutiny we have decided to make a dedicated Education City Authority for undertaking outer development works for facilitating an enclave of high standards. This place is expected to house many institutions of Higher Learning and will trigger great economic activity and job creation. Initially Rs. 500 million has been allocated but this will be under taken through Public Private Partnership.

### **C. Urban Revitalization**

As a component of our program for urban renewal in Sindh, we will undertake Rehabilitation of Infrastructure of all major cities of Sindh. **Karachi is definitely the major economic growth engine not only for Sindh but the Country as a**

**whole. This Government would accord high priority to Karachi both for infrastructure as well as strengthening of Institutions.**

- The existing Mega City Development Program is being Up- Scaled and this would now specifically attend to Transport Sector. Under this our strategy is to go for Mass Transit such as Light Rail that can provide solutions to traffic congestions for next few decades. We expect to scale it up from existing 800 million dollars to 1.5 to 2 billion dollars.
- We have allocated a Rs. 2 billion package for various priority schemes for Karachi, whereas on -going and new schemes in water, sewerage, transport has been provided funding.
- Rs. 200 million budgeted for Lyari Expressway Resettlement Project.
- Attending to Environmental degradation of Karachi and the Arabian see is high on our priority. We will take urgent actions to protect environment by undertaking quick investments on Greater Karachi Sewerage Plan (S-III). For this Government will provide Rs. 1 billion and will request Federal Government for a similar allocation.
- Water Supply to Baba Bhit; Shamspir and Salehabad in Manora will be expedited through an allocation of Rs. 100 million.
- Urban Development especially in the context of Non Karachi Urban Centers has unfortunately remained ignored. In case we have to trigger economic

growth all over Sindh, we can no longer ignore need for an urgent Urban Development of all major Cities in Sindh.

- Larkana, the city of our late leader Shaheed Benazir will of course be a top priority. Federal Government has committed Rs. 5 billion package and the Government of Sindh has allocated Rs. 2 billion for Larkana Development.
- With the support of Asian Development Bank, we are embarking upon a **Sindh Cities Development Program**. This program involves institutional reforms, which will first be piloted in north Sindh and then expanded to other Cities in Central and South region.
- There are allocations for Town Development of Bhit Shah, Sewan, Shahbaz Qalander Shrine and other places which remained ignored earlier. Ghorakh Hill Development will be undertaken and we will seek Public Private Partnership for this Resort.
- As an urgent requirement of Rs. 329 million has been provided for Fire Fighting and Solid Waste Management Machinery for major Towns.
- Rs. 500 million will be spent on “Clean Drinking Water For All” project from provincial kitty in addition to Federal Government allocation.

## D. Raising Agriculture Productivity

An important component would be to enhance Agriculture productivity. With the steep rise in food commodity prices in the international market, this has matter has achieved critical importance. We need to re-think our policy and need to take urgent steps for enhancing the productivity of agriculture not only to address current food crisis but also to reduce rural poverty. Sindh's agriculture and farmers can make tremendous gains in case we put our house in order. Following steps are envisaged:

- The current year's Development budget has a hefty allocation of Rs. 4.87 billion for Agriculture sector including Livestock and Fisheries compared to Rs. 3.5 billion in 2007-08, representing an increase of 36%.
- Most important intervention is construction of Small Dams in Sindh. **We are taking up establishment of Nai Baran Dam on a fast track basis. The Dam has a command area of over 30,000 acres and this can increase to 40,000 in case Drip Irrigation is used.**
- Significant funding is being provided for promotion of flower / fruit nurseries. Promotion of Mango will be encouraged. Controlled atmosphere stores, cold storages, chillies dryers, dates dryers, date processing plants etc. have been given sizeable allocations.
- The Agro Export Processing Zone at Karachi will become operational soon and it would facilitate in marketing of fruits, vegetables and flowers abroad.

- A project to train women in cotton picking for promotion of clean cotton product construction of storages through public private partnership. Another new initiative of Agriculture Services Centers' for providing facility to growers is being undertaken in 8 Districts.
  
- Federal Government's initiatives of enhancing subsidy on DAP fertilizer from existing Rs. 470 per bag to Rs. 1000 per bag will provide a major relief to growers. Also the announcement regarding review of Wheat Support Prices before commencement of sowing season, will help raise productivity.
  
- On Livestock and Dairy side some innovative projects are being initiated. Emphasis is to quickly enhance the Milk Processing Capacity; which is at a dismal level of 3% of production. This will be done through:
  - Greater Partnership with private sector for creating 'Milk Cities' having a whole chain of milk processing from **Producer to Chillers to Milk Processing Companies to the consumer**. This will boost production and help enhance incomes of poor in a big way. Further subsidized cows and buffalos will be given to Poor Women for helping improve their incomes.
  
- Fish and Shrimp production will be encouraged through multiple projects. For instance Tuna and Fin Fish farming will be encouraged. Back-yard Hatcheries' will be set-up for refurbishing the waters of fresh water lakes in Sindh for raising incomes of poor fishermen.

- An important Announcement is that we are abolishing all types of Licenses' from the Fresh water Lakes in Sindh so that there is no middleman and the incomes of poor fishermen increase.
- Despite these investments it is believed that there is much which needs to be done to facilitate productivity gains. In order to facilitate this we plan to take following major actions:
  - A Task force comprising of people from private sector is being established to review the existing policy, strategy and investments so that we focus on interventions that give us immediate gains.
  - One of the most important interventions will be quickly improving extension services and facilitating availability of quality seed & research in agriculture. This is planned to be done by collaborating with private sector.

## **E. Encouraging Industrial Growth**

For encouraging industrialization, Government intends to undertake following urgent steps;

- **Revitalization of Sukkur and Kotri SITES.** This will be done by adopting the Sundar Model of industrialization where **Management and Development companies** be formed for improving infrastructure and taking care of maintenance of these estates. For this Rs. 200 million have been allocated.
- An amount of **Rs. 1 billion** was already provided to the 4 Industrial States in Karachi including Korangi; North Karachi; Federal B Area and Northern By-Pass.

- New Industrial Estates such as; **Mineral City at Sonda; China City near Northern By Pass; Agro-Based Industrial Estates in north Sindh** have been submitted to Federal Government for placing in Pak China Development Program.
- Federal Government's announcement of 90% tax concession to Industry in rural areas will definitely encourage investors and Government of Sindh should be able to establish Special Economic Zones at strategic locations through out the Province subsequent to this incentive.

## **F. Energy Sector**

Government of Sindh would work hand in hand with Government of Pakistan for overcoming the Energy Crises. In this context several projects are under finalization at federal level. Some important interventions are in the Alternate Energy side where Government of Sindh has already provided land for establishment of Wind Power Projects by Private Sector.

## **G. Developing Coal Resources**

Sindh has been blessed with huge natural resources. The resources in Thar are estimated at 175 billion tons, which is considered one of the largest coal reserves in the world, but unfortunately, despite acute power shortage and huge adverse impact of imported fuel on the country's balance of payments, the previous governments failed to exploit this resource. Major projects for development of Thar Coal and Keti Bandar initiated by the previous PPP government under the leadership of Shaheed Benazir Bhutto in 1996 were stalled by subsequent regimes.

Keeping in view the serious power crisis and escalating fuel prices, Thar Coal provides an excellent opportunity for establishing Coal based power projects. It is unfortunate that the previous government failed to announce appropriate up-front tariff and refused to allow meager tariff of 5.7 cents per kWh to a major Chinese company which offered to establish 600 MW power project on Thar Coal. Currently, WAPDA is paying approximately 15 cents per kWh to existing power projects, and based on the Tariff approved for expansion project of Hubco, the estimated cost per kWh for the new power projects, based on current fuel prices would be over 18 cents. Based on our estimates, the Country is expected to pay additional opportunity cost of around US \$ 1 billion per year due to delay in developing Thar Coal.

The Government of Sindh has already taken the initiative of inviting proposals for a joint venture on Thar Coal and based on the initial contacts, we are expecting an enthusiastic response from several reputed private sector groups. Following steps are planned for development of Coal resources:

- Preparation of feasibilities for Thar and Sonda, with a cost of Rs. 360 million.
- Establishment of Training Institute in Mechanized Mining in collaboration with some Foreign Institute at a cost of Rs. 600 million.

## **H. Expanding Use of IT in Government**

Government of Sind is conscious of the fact that Information Technology is the key to development and prosperity and to keep pace with the fast moving world we must adopt IT that will ensure transparency and efficiency in the government. Last year the budget allocation for IT development program was Rs. 265 million.

Realizing its significance this year budget for IT promotion is being raised to RS.1.62 billion.

To ensure transparency in the government, directives are being issued to all government departments, field offices and district coordination officers to display information regarding their development programs, functional responsibilities, periodic progress updates of on-going development projects on their respective websites. All departments of the government of Sind are being directed to update their respective websites in consultation with the IT department of the government of Sind. This has to be done on war footings.

### **Let me present the Fiscal Measures for FY 2008-09**

Finance Act, 2006 included electronic documents to be treated as instruments under the Stamp Act and under this the Central Depository Committee (CDC) was to recover the Stamp duty at the rate of 0.1 percent on the par value of each electronically transferred share. The management of Karachi Stock Exchange had reservations on this levy, and in order to encourage further development of Capital Market, the Government of Sindh has decided to do away with this Stamp Duty of 0.1% enacted through Finance Act, 2006, on electronic share transfer through CDC. This is being foregone to encourage local and foreign direct and portfolio investment.

The Special Development and Maintenance of Infrastructure Cess was levied under Section 9 of the Sindh Finance Act, 1994, for the purpose of meeting the costs of wear and tear on the infrastructure due to heavy traffic of the goods entering the province by air or sea, and for providing security. The Cess is being

charged at the rate of *0.5% of C&F* value on imports. **It is now proposed to enhance the rate of the Cess by 0.3% on various slabs of the imports to facilitate additional funds to the Government for meeting the cost of maintenance of infrastructure.**

*Mr. Speaker,*

The joints efforts of **all Coalition Partners** and now with a **very active involvement of Private Sector**, this Government will inshallah set the path for economic activities at rural and urban level alike and we are hopeful that this inclusive and very positive policy framework would bring a New Tomorrow, a Tomorrow of not only Hopes but of Reality for large majority of people of Sindh.

I would thus like to end with a prayer that God gives us the strength to be able to carry forward the Vision of our Great Leader, to provide “Roti Kapra and Makan” to our people; leading to progress and prosperity for the people of Sindh and Pakistan.

Pakistan Paindabad