

## **Budget Speech 2010-2011**

**Bismillah- e- Rehman-er-Raheem**

**Mr. Speaker**

It is indeed an honor for me to present the 3<sup>rd</sup> Budget of the Pakistan Peoples' Party led coalition Government in Sindh. I am thankful to Almighty Allah for his blessings and for this opportunity to serve the people of Sindh.

Earlier in mid- April, I placed the Government's Performance Report before this August House for informing the people about the major programs and activities which have been started to provide relief to the people; to trigger growth in different sectors and to strengthen the human development efforts.

The Pakistan Peoples' Party led Government at the centre and here in Sindh has faced one challenge after another in the last two years but we have remained steadfast in our resolve to strengthen the democratic institutions in the country. Today, the parliament, the judiciary, as well as the media are fully independent and the levels of check and balance of one institution over the other, have increased and strengthened to a great extent.

The policy of reconciliation initiated by Shaheed Mohtarma Benazir Bhutto effectively followed by our Co-Chairman and the President of Pakistan has paid off huge dividends. At our level it has helped to create greater understanding with MQM under the leadership of Mr. Altaf Hussain, PML (Functional) under the leadership of Pir Sahib Pagaro, ANP under the leadership of Mr. Asfand Yar Wali Khan, NPP under the leadership of Ghulam Murtaza Khan Jatoi and PML (Q).

In the last two years, the Pakistan Peoples' Party led Government under the leadership of President Asif Ali Zardari and the Prime Minister Yousuf Raza

Gillani has been able to achieve some historical achievements having implications in the entire country. Some of these are:

- ✚ Successfully battling the extremist elements through a full-fledged war against them;
- ✚ Containment of the fiscal and economic downslide on account of prudent financial policies and management;
- ✚ The NFC Award and the passing of 18<sup>th</sup> Constitutional Amendment through a national consensus is a historical achievement of this Government. These have resulted in enhancing the provincial autonomy and increase in resources of the provinces in accordance with manifesto of Pakistan Peoples' Party;
- ✚ The Benazir Income Support Program is one of the biggest poverty reduction program ever begun in this country;
- ✚ Strengthening of workers' rights through worker based investment schemes where by 12% shares have been offered to the workers in accordance with our party philosophy is another achievement of our government.

### **Mr. Speaker and Honorable Members**

As far as Sindh Government is concerned;

- ✚ We achieved a major **breakthrough and finalized a consensus NFC Award based on multiple criteria after over 19 years of stalemate.** For Sindh the biggest achievement is the inclusion of "Revenue Generation and Collection" as criteria for the resource distribution and the right to collect the Sales Tax on Services.

- ✚ The particular clauses relating to multiple criteria and Sales tax on Services were omitted from the Gazette Notification and we raised serious objections and had the Gazette Notification of the Award corrected.
- ✚ In the meanwhile we have passed the law for creating a Sindh Revenue Board for collecting the Sales Tax on Services.

### **Mr. Speaker**

Let me say this emphatically that getting this right to collect “Sales Tax on Services” has been our momentous achievement. We have won this with serious and persistent efforts. I wish to congratulate this House and the people of Sindh for this achievement. I sincerely believe that this empowerment would help us build the strength of our finances and strengthen provincial autonomy in true sense.

### **Mr. Speaker**

The economic slowdown; energy crises and inflation have severely affected the lives of ordinary citizens. We are sensitive to the hardships being faced by the common man and it was in this background that we rolled out interventions that could provide some immediate relief. Additionally, we began some programs for empowering the weakest sections of our society especially the women and to gradually move towards **“inclusive growth” as well as fulfill our promise of “Roti, Kapra aur Makan”**. Let me very briefly highlight these:

- ✚ According to various reports there are over 2 million landless haris in Sindh who are the poorest of the poor. We are trying to reach out to this section of society by giving them state land. Last year we distributed 43,000 acres of land to 4100 beneficiaries of which over 70% are women. The beneficiaries have been provided with free inputs of seed and fertilizer and on an average there has been an income of Rs. 100,000 per family in the Kharif 2009.

- ✚ The second phase for allotment of 53,000 acres of land has begun and khuli Katchehries have already been held in different districts. In this phase inshallah another 5000 women members of landless haris will be allotted the land together with free inputs and other services.
- ✚ Subsequent to completion of Darawat Dam, over 50,000 acres of land would be distributed amongst the women members of landless haris in this region. Forest land will also be allotted to landless haris.
- ✚ This is clearly “social transformation”. This is Shaheed Zulfiqar Ali Bhutto’s promise and our Shaheed Bibi’s dream. Many international papers have written on this program. Let me read out from Huffington Post of UK on this program;

**“Sindh's land distribution program is seen as a bold step forward: for the first time in Pakistan as well as South Asia, state land is being specifically distributed to landless women peasants in an attempt to begin reducing poverty and bring about much wider social changes in rural areas.”**

- ✚ Under the **UC based Poverty Reduction Program in the two pilot districts of Shikarpur and Kashmore**; we have extended small loans to over 33,000 poor women. Over 11,000 youth have been imparted skills and more than 2500 low cost rural houses for poor have been completed.
- ✚ Under this intervention more than 56,000 households have been provided with **‘Benazir Sehat Salamat Cards’** through which the entire family is provided health insurance for upto Rs. 25,000 per member.
- ✚ This program is now being extended to 8 more districts. Work has already begun in Thar and Jacobabad and soon it would commence in Thatta, Badin and Larkano.

- ✚ Under the **Benazir Women Support Program** of Sindh, which is different from BISP, we have by now disbursed a cash grant of Rs. 1000 per month to over 150,000 poor women and this would reach to 300,000 women by June 2010. The MPAs are kindly requested to expedite the process of identification so that disbursement could gain momentum.
  
- ✚ Under the **Benazir Youth Development Program** we have trained over 60,000 youth in different trades in the last two years and 20,000 are under training. Hence 80,000 youth have received some training as well as stipends to facilitate temporary incomes. An independent study shows that over 27% youth have become self-employed or gained employment from the first batch of youth trained last year. World Bank has appreciated this program and shown confidence by committing US\$ 16 million in next year for this program.
  
- ✚ On Technical Training, the STEVTA is finalizing MoUs, with a range of public and private sector organizations like Engro; TDAP; Hunar Foundation to set-up high quality and demand driven technical training programs in existing institutes.
  
- ✚ Under the **Behan Benazir Basti Program**; 400 Houses in Badin, Thatta and Karachi have been completed through the UNDP. 10,000 houses for the poor are being constructed in the rural areas through Civil Society Organizations. Work on 4300 houses is in different stages of completion.
  
- ✚ Another important step towards inclusive growth is that we lifted the ban on employment and by now Government has provided more than **53,500 jobs through a transparent process and on the basis of merit.**
  
- ✚ For providing basic services to the remote villages and settlements, **Government has spent Rs. 5.2 billion** on provision of electricity and gas

and by now approximately 800 villages have been provided with electricity and 250 with gas facility.

- ✚ The Sindh Katchi Abadies Authority has regularized over 27 Katchi Abadies and in these 4423 leases have been granted. Regularization work is under progress in over 206 Katchi abadies.
- ✚ In addition, the Board of Revenue has regularized 204 traditional Goths in Karachi and over 14 such settlements in Hyderabad. Through this, ownership rights have been granted to over 28,000 households. **If, we take an average extended family size at 10 then over 280,000 people have benefited from this regularization.**
- ✚ Next year the Gothabad Regularization program will target another 2000 historic and traditional Goths and lease rights will be given to target **households of 250,000 which will benefit a population of 2.5 million.** Geographic survey is also being conducted through satellite to track the future growth.

## **Mr. Speaker**

**History will testify that all these pro- poor programs for which we have spent around Rs. 15 billion in the last two years will facilitate “inclusive growth” and a large majority of the target population will Insha-Allah come out of chronic poverty.**

## **Law & Order**

On Law & Order, as I had earlier stated in April and I would like to repeat that this Government has succeeded in maintaining Law and Order in the province especially in Karachi. When the Government took power in 2008, the crime situation was alarming with frequent incidents of cell phone and vehicle snatching, sectarian and ethnic killings in Karachi and kidnapping and feudal killings in interior of Sindh. The Government evolved a comprehensive strategy

and undertook a massive crackdown on the crime regions. If we compare May 2010 with May 2008, the crime has reduced drastically. For instance:

- Street Crime 64% lower than May 2008
- Vehicle Snatching 45% lower than May 2008
- Kidnapping for Ransom 27% lower than May 2008
- Highway Robberies 18% lower than May 2008

On the side of Terrorism, effective counter terrorism measures and operations against Extremist elements has helped in containing possibilities of terrorist attacks. Sindh Police arrested 128 terrorists and about 12 such terrorists have been eliminated. The trend of target killing in Karachi has also been contained to a great extent, due to serious efforts, of the coalition Government.

For future we will continue to handle the Law and order through political management as well as by improving vigilance and professionalism of our law enforcement agencies especially the police. **We have increased police budgets from Rs. 17.9 billion in 2007 to Rs. 29.6 billion for 2010-11. This is more than 65% increase.** For next year we are providing an additional amount of Rs. 1.7 billion for improving the mobility of forces; availability of equipment, arms and ammunition as well as CC TV Cameras. We are now trying to encourage use of modern technology for containing crime and terrorism.

## **Jail Reforms**

This Government has initiated extensive jail reforms aimed at better living conditions in the jails.

- ✚ For this a special package of Rs. 300 million was released in current year to up-grade basic infrastructure including sewerage, washrooms; provision of 15 ambulances with emergency equipment, increase in the budgets of Diet and medicine.
- ✚ The pay and allowances of prison police were brought at par with the police.

- ✚ A committee headed by Mr. Justice (Rtd) Nasir Aslam Zahid, is extending legal aid to the prisoners and for this a team of 100 dedicated lawyers are being engaged for legal representation in the courts.
- ✚ Rs. 200 million have been earmarked for next financial year to carry forward these reforms

Let me present before the House an overview of major sectoral achievements and plans for coming year.

## **Urban Development**

**Karachi is the economic heart of Sindh and it remains the endeavor of the provincial government to invest in Karachi's infrastructure so as to continue to enhance the City's productive capacity.**

Over the last two years, Government has approved 230 schemes in Karachi at a cost of Rs. 50 billion and has allocated Rs. 20 billion in last two years. For next year Rs. 16 billion have been allocated for different schemes of Karachi.

- ✚ In 2009-10, other than regular schemes, a Rs. 2 billion Karachi Package was provided for financing many Flyovers including Chanesar Halt, Dr. Zaiuddin Road, Hotel Mehran Flyovers and improvement of many major roads including Shahrah-e-Quaideen, Adam Khan Road, Extension of Preedy Street etc.
- ✚ Karachi Circular Railway is an important project being taken up with the assistance of Japanese Government. Government of Sindh is an equity partner in the Karachi Urban Transport Company which will undertake this project.

**Following two roads in Karachi have been planned to be undertaken through the Public Private Partnership mode:**

- ✚ Link Road from National Highway to Super Highway (25 Kms)
- ✚ Road on Malir Band from KPT Bridge to Super Highway (44 Kms )

### **Lyari Development Package:**

In the current year Rs. 871 million were allocated for Lyari Package and we have attained following progress:

- ✚ 31 schemes of water supply and sewerage have been completed and Rs. 226 million are being spent on construction of various roads;
- ✚ Rs. 125 million are being spent to upgrade various playgrounds and parks and 26 schools are being rehabilitated;
- ✚ For next year Rs. 659 million have been allocated for Lyari Development
- ✚ Rs. 1300 million has been provided for financing schemes of Keamari; Malir and Rural Karachi through separate packages in the next year.

### **Hyderabad Development Package:**

Government of Sindh provided Rs. 3.8 billion against the Hyderabad Package comprising of 31 schemes relating to roads, water supply, sanitation and parks etc.

- ✚ Rs. 485 million was provided in the current year and Rs. 1 billion is being earmarked for Hyderabad Package for next year.
- ✚ In addition, a drainage scheme for Qasimabad has been initiated to provide necessary rehabilitation of existing sewerage system

## **Larkana Development Package:**

A Larkana Package comprising of 22 schemes costing Rs. 4.6 billion was approved to be funded by GoP and GoS on 50:50 basis.

- ✚ Government of Sindh has released Rs. 2 billion in the last two years and has allocated Rs. 1.2 billion for Larkana for next year.

## **Sindh Cities Improvement Project:**

The North Sindh Urban Services Corporation (NSUSC) has begun operations and will now take over the water supply, sewerage, solid waste management services of the 7 cities in the north Sindh in Phase- I. This will be followed by another cluster in central Sindh covering the cities of Nawabshah, Moro, Shahdadpur, Hala, Sanghar and Dadu.

- ✚ Many schemes of water supply and solid waste management and drainage are under finalization for the 7 cities.
- ✚ Sewerage work has been started in Khairpur and landfill sites are being developed in Larkana, Rohri and Shikarpur.
- ✚ Master Plans are being prepared for Dadu, Thatta, Khairpur, Sukkur, Larkana, Mirpurkhas and Nawabshah to guide development of these cities for the next thirty (30) years in an integrated manner.

## **Other Sectoral Interventions**

### **Clean Drinking Water and Sanitation**

The coverage of water and sanitation services which has otherwise been handed over to TMAs remains a huge challenge. Government plans to strengthen the PHED department for improving the coverage of these services.

- ✚ The main objective is to rehabilitate the 1700 water and sanitation schemes which have been lying abandoned all over Sindh. In this regard 114 (79 water supply & 35 drainage) schemes, were rehabilitated in 2008-09 and 10 water supply & 05 drainage schemes were completed in June 2009
- ✚ In the current year, 47 water supply and 50 drainage schemes will be completed by June 2010 with the cost of Rs.1.6 billion.
- ✚ In addition Rs. 500 million were provided for water and drainage facilities for the people of small villages.
- ✚ We have further approved installation of 29 RO plants in Thar, for ensuring availability of drinking water to the people.
- ✚ For next year, there is an allocation of Rs. 3.7 billion under water and sanitation sector.

## **Livestock and Fisheries**

Livestock and Fisheries are two important sectors of the rural economy where investments can accrue immediate benefits to the poor.

- ✚ In the Fisheries sector, we have included schemes to install floating jetties and landing structures in the Indus delta system, modification of boats and provision of fishing gear, establishment of a cold chain from landing sites to Karachi
- ✚ **The Sindh Dairy & Meat Development Company** has been launched to reach out to the small farmers with 5 or less animals with multiple services. Major objective is to raise milk productivity and connect the small farmers to credit and milk processing systems for raising their incomes.
- ✚ **We are also establishing a 1300 acre Dairy Village as a processing zone for meat animals at Bhambore in Thatta.**

## Road Sector

In the current year, Rs. 12.3 billion were provided for the road sector and we expect to complete improvements of 415 kms of roads and new construction of 1500 kms. MPAs sponsored road schemes of 652 kms are under implementation with a cost of Rs. 2.4 billion. For FY 2010-11, an allocation of Rs. 13 billion has been made for the road sector.

## Women Empowerment

It is evident from the poverty reduction measures unfolded by the Government of Sindh that these are all focused on “women”. **The landless Hari Program; the UC based Poverty Reduction Program; the Benazir Women Support Program; the Behan Benazir Basti Program are all targeted at strengthening women economically and socially.** This is unprecedented and it shows our seriousness on raising women’s status and their role in society.

The Women Development department is working on a range of schemes to facilitate “Women Empowerment” including advocacy and awareness about women’s rights. They are operating a fund to provide legal aid for women prisoners; another fund has been created for assistance to women victims of crime.

## Tourism

On the Tourism side, two major projects are under implementation. For the Keenjhar Lake Development, the Government has already floated the Expressions of Interest and the process for getting Investors for this project has already begun.

For the Gorakh Hills Development, the first component which is being undertaken is the improvement of the existing access road to make the access road safe and easily navigable.

## **Culture and Heritage**

Government was successful in getting the administrative control of 129 archeological Sites in Sindh on the directive of the President of Pakistan. The department is presently engaged in evolving interventions for better conservation of these sites. In addition, the department is:

- ✚ Setting up Cultural Complexes, in every district for providing an integrated facility having a library, a museum, an art gallery and an auditorium.
- ✚ An 'Endowment Fund' of Rs. 100 million has been established during FY 2009-10 for assisting needy artists.

## **Minorities**

Government has been allocating dedicated funds for the welfare of Minorities since last two years. This year Rs. 100 million were provided for multiple interventions while grants worth Rs. 250 million would be provided in the next year for social needs of the minorities including the rehabilitation of the religious and cultural places; stipends for poor students; financial assistance to the families in distress. We plan to rehabilitate the famous site of Sindh Belo at a cost of Rs. 20 million.

## **Sports**

The Sports Department is working on a range of activities for promoting sports and encouraging healthy competition in the Society. Other than organizing different sports events they are working on the establishment of stadiums in different cities.

## Vision and Policy for Future

### Mr. Speaker

The nation is calling for ‘change’, a change where a large majority of the population can have jobs and incomes which can support their basic necessities of life. This can only become possible if the country picks up the pace of economic growth to over 8 to 9 percent for at least a period of one decade like China and others. This level of growth is however, only possible if there exists a strong infrastructure base to support economic activities.

At the provincial level, the provincial public expenditure can definitely push up the growth however, we continue to follow a routine **“project approach”** where we include thousands of small schemes into the Annual Development Program. These projects at best have small localized impacts but these do not lead to any large multiplier impacts. Development planning is a vibrant process of change where all projects must fit into a Plan which can trigger growth. We have accordingly prepared a **“Concept Note for a Priority Development Plan”**, with the overall objectives of:

- Reducing the regional income gap
- Reducing the personal income gap and
- Promoting gender empowerment and equity

These objectives can only be facilitated if we **increase investments in priority sectors for creation of high impact economic assets which can lift the province into the 21<sup>st</sup> century economy**. In this regard, the six major sectoral interventions being taken up through budget 2010-11 are:

## 1. Development of Coal and Energy

### Mr. Speaker

As you are aware, we have huge resources of coal which can provide cheap energy to this country for more than 100 years. The coal linked investments have already been delayed and it is now time to put all our resources together to create “**Coal linked Economic Hub in South East of Sindh**”. For the last two years, we have worked rigorously to move forward on this central development theme for Sindh and Pakistan. We have by now achieved some major breakthroughs:

- Joint Venture has been signed with Engro Group for development of coal mining and establishment of 1200 MW power plant. A similar Joint venture for a 300 MW Power Plant in Badin Coalfields has been finalized with Al-Abbas Group.
- Licenses have been granted to M/S Oracle for 300 MW power plant and to M/S Cougar Energy of UK for 400 MW power plant. Dr. Samar Mubarkband is also carrying out a Pilot Project for Underground Coal Gasification in Thar Block-IV.
- In order to incentivize investment in coal based power projects, the Thar Coal Energy Board has approved unprecedented fiscal incentives that include; tariff based on Internal Rate of Return (IRR) of 20% if they are able to achieve financial close by 2015 and an IRR of 20.5 % for projects achieving financial close by 2014.

The major challenge before us is to create the necessary infrastructure for facilitating the above investments. For this the Government has already initiated work on the feasibilities. For instance:

- ✚ Feasibility for the 296 km Dual Carriage way from Karachi to Islamkot via Thatta, Badin and Mithi already stands advertized.
- ✚ The project for the construction of a water conduit for transmitting water to Thar Coalfields has been included in the Federal PSDP.
- ✚ Feasibility for the Electricity Transmission Line has been undertaken by NTC.

The cost of this infrastructure has been estimated to be US \$ 1.1 billion or nearly Rs. 100 billion. **In order to make a beginning, and to reflect unwavering commitment of the Government of Sindh to the development of coal and energy, we are allocating Rs. 10 billion in the next year’s budget for starting these projects with our own resources.** It is expected that Federal Government, will provide an equal amount from their budget 2010-11 to ensure expeditious development of infrastructure. We are in close contact with the World Bank for helping us in investor solicitation as well as financing infrastructure.

## **2. Water, Irrigation and Agriculture and containing Sea Intrusion**

Being the lower riparian, Sindh continues to be faced with water shortages which are likely to grow in coming days. The major issues that we need to address are to **intensify our efforts for Water Conservation and Improve irrigation practices.** This will be done by firstly putting all programs for lining of canals and other waterways under a comprehensive Master Plan.

- ✚ Secondly, where feasible, the current flood irrigation practices will be replaced by appropriate water saving technology for enhancing water use efficiency.
- ✚ The most significant component under water will be **“Construction of Reservoirs on the Major Canals”**. These reservoirs will be filled in

during rainy seasons and the stored water would be utilized during water shortages. This program is being carried forward under the vision and guidance of the President of Pakistan Mr. Asif Ali Zardari , who rightly believes that Sindh's food security and economic productivity is dependent on assured water supplies for which we must make necessary preparations. Rs. 4 billion have been allocated for this initially.

- ✚ Our current investment on Irrigation and Drainage is **Rs. 4.8 billion** and we are raising this by 100% to **Rs. 10.5 billion for the coming year.**
- ✚ **We are earmarking Rs. 1 billion for plantation of mangroves on a large scale on our coastal belt to contain sea intrusion. This will be taken -up in collaboration with international agencies**

## **Agriculture**

In agriculture sector, we have been successful in increasing the wheat production and now we are not only self-sufficient but have a left over stock of over 240, 000 tons. This year we have procured 1.5 million ton which is unprecedented. Similarly, we have been successful in producing more rice, cotton and sugarcane also.

Under Agriculture, we plan to formulate an agricultural policy – that accounts for water and other input availability constraints, cropping patterns, output pricing regimes.

- ✚ One of the most important reforms, which is under implementation with the support of Asian Development Bank is modernizing the **Agriculture Markets** in a phased manner. We plan to convert these markets into corporate entities having boards comprising of stakeholders. The basic objective is to reduce the role of the Arthi; raise incomes of growers and provide competitive prices for ordinary consumers.

- ✚ For encouraging greater productivity; we **provided 5000 Tractors to farmers on subsidy costing Rs. 1.35 billion during 2009-10. This will be continued next year as well.** A wide range of Agriculture implements and over 300 tube wells were also provided to growers on subsidy.
  
- ✚ Under the Sindh Development Fund (SDF) for encouraging Agro-based Industry, we have provided credit assistance to three projects. Two are milking parlours and one is milk pasteurization in Sanghar. These projects would facilitate hygienic milk production, milk exports, and job creation in rural areas.

### **3. Improving Connectivity; Investing in Strategic Economic Corridors**

#### **Mr. Speaker**

The third strategic intervention under the “**New Development Approach**” is to create regional growth nodes and provide connectivity through the major economic corridors which will drastically reduce the transportation time and costs and trigger economic activity. In this regard, we have prepared a Road Master Plan and this is the first time ever in Sindh that a Road Master Plan has been prepared. Phase- I of the Master Plan comprises of 9 strategic highways and 2 bridges over the Indus, having an approximate length of over 1000 km. The highways selected in the Phase- I are:

- i. **Karachi-Thatta-Badin-Mithi-Islamkot Road (296 Kms):** This is the road that we would take up on top priority basis for connecting Coalfields with Karachi.
  
- ii. **Ratodero- S M Thahim-Jacobabad (61 Kms):** Ratodero is expected become a very Strategic Town after completion of Gwadar Ratodero Highway. The dual carriageway between Ratodero and Jacobabad will reduce the distance by 27 kms and add to strategic value of both these cities.

- iii. **Qazi Ahmad– Benazirabad – Sanghar– MirpurKhas Road (159 kms) and**
- iv. **Hala- Shahdadpur-Sanghar Road (58 Kms):** These two highways will connect different cities in central Sindh. Given the population and economic base of these major cities; these highways will facilitate massive economic growth in this central region.
- v. **Hyderabad-Badin Road (100 Kms):** The feasibility of this highway is almost complete and we would be bidding for Investors in August this year.
- vi. **Nara Canal Road from Sukkur to Umerkot (374 Kms):** has been planned to convert the Inspection Path into a road. Apart from reducing distance, this road will also divert slow moving agricultural transport from N-5.
- vii. **Nawabshah-Ranipur via Faiz Ganj- Mirwah:** This road was taken up through an ADB project but has been left half way due to litigation. This road would also be developed as a dual carriageway.

For over 25 years after independence, the river Indus in Sindh could be crossed at only two points. The government of Shaheed Zulfiqar Ali Bhutto built the Dadu Moro Bridge and recently the Khairpur-Larkana Bridge has been inaugurated by the President Asif Ali Zardari. We now propose addition of two more bridges over the Indus to connect Kandhkot with Qadirpur and Jhirk to Mullah Katyar. The connectivity between the Right and Left banks of the Indus will provide a big boost to economic activity all along the Indus.

### **Mr. Speaker**

We plan to take up this portfolio through public private partnerships as it is not possible to finance this portfolio costing about Rs. 100 billion from the public

funds. Our experience shows that in PPP mode, depending on the traffic volume of these roads, there would be a requirement of approximately 30 to 40% subsidy from the Government. This means that this can be achieved if we earmark around Rs. 30 to 40 billion in next three years. We are accordingly setting aside Rs. 10 billion in next FY to begin the process of big infrastructure development in Sindh.

#### **4. Developing and Strengthening Industrial Zones around Gas Fields and potential Hydel Power Projects**

There is an urgent need to strengthen the existing Industrial Estates and develop others for expanding our manufacturing industry's base. There are two specific interventions that we plan to undertake in the coming year:

- ✚ Firstly, we are working with the Asian Development Bank – to move towards a corporate structure of Industrial Estates by creating Management Companies led by the stakeholders for a more efficient management. A beginning is being made with Kotri, Nooriabad, Benazir bad, Larkana and Khairpur Industrial Estates.
  
- ✚ Secondly, new Industrial Estates would be built around regions where captive power can easily be provided to these Estates. For instance around the Gas Fields in Sindh which can provide Gas to these estates without transmission losses. Secondly, these can be located near the potential “Run of the River Hydel Project Sites in Sindh”. Sindh has many sites on its major canals where some hydel projects can be undertaken.
  
- ✚ We would continue to work for creating a new city near Thatta namely “Zulfiqarabad” for which we have already created a land Bank company.
  
- ✚ The Board of Investment is working on the Education City Project, which is going to be expedited for setting up of World Class Universities in the outskirts of Karachi. This will generate huge economic activity and lead to critical human resource development in the country. Agha Khan

Foundation has planned to invest over \$ 450 million for the establishment of a University here.

## 5. Improving Quality of Education

### Mr. Speaker

The fifth major intervention in the coming year relates to Education where we are faced with twin challenges of access as well as quality of education. Approximately 4 million children in the age group of 4-15 are out of school and a large majority of these are rural girls. Secondly, while there are 4.3 million children in the public school system, there are however, issues of quality of education which need to be addressed on urgent basis. In order to address these weaknesses we are proposing following interventions:

- ✚ Gradually strengthen the bigger category of schools into ‘**Comprehensive Schools**’. Here Comprehensive Schools refer to schools having classes from Grade 1 to 10. These are planned to have strong school administration with all necessary powers including proper budgets and facilities both academic and co- curricular which can facilitate better learning outcomes. We plan to establish 100 comprehensive schools next year.
- ✚ Rationalize the school portfolio on the basis of actual need at UC level with the objective to create 5 to 10 big schools at each Union Council that provide all facilities including transportation for children and teachers in 5 to 10 km vicinity.
- ✚ Third component relates to establishment of Boarding Schools at Taluka level in phased manner. These schools will provide a full learning and personality building environment to the children. We plan to establish at least 10 Boarding schools next year.

- ✚ Total Education budget including that of District Governments is Rs. 60 billion. On Provincial side we are increasing the Education development budget from Rs. 5.9 billion to Rs. 7 billion. An additional Rs. 6 billion is being earmarked for Boarding Schools and Comprehensive Schools.
- ✚ In addition, there is a Rs. 7 billion worth Sindh Education Reform Program, which is under implementation with the support of World Bank and European Union since last over two years.

## 6. Health

Health is the sixth priority sector and alike Education, health service delivery is faced with many challenges. We have remained sensitive to the issues of Health and have tried to address multiple aspects which impinge on the health service delivery.

We have given phenomenal increases to health development budgets. In 2007-08 it was only Rs. 1.2 billion and we raised this to Rs. 5.7 billion in the current year. This is over 300% increase. For next year we are proposing to increase health development budget to Rs. 6.3 billion and Rs. 10.6 billion on recurrent side.

- ✚ In the current year, large number of health institutions including all the teaching Hospitals have been improved and additional facilities have been provided.
- ✚ Sindh is the only province which took up the cause to contain the menace of Hepatitis and earmarked over Rs. 2.7 billion in 2008. By now under the **“Hepatitis Free Sindh”** we have been able to contain the menace of hepatitis to a great extent. **Over 1.5 million population including new born babies and school going children have been immunized against**

**Hepatitis B and over 38,000 patients of Hepatitis B and C are getting treatment all over Sindh.**

- ✚ The primary health cover has been drastically improved through the Peoples Primary Health Initiative. There are now over 934 Health Facilities where we have provided all basic facilities including a doctor as well as a Women Medical officer and free medicine. **The number of patients in these facilities has gone up to 13 million as against 2.7 million in 2007. This program has been widely acknowledged. It was also appreciated in a conference in Germany**
- ✚ Government has taken up the rehabilitation of all the District Headquarter Hospitals and the up gradation of the Taluka Hospitals to DHQ level. By now construction work has begun on 4 DHQs and three THQs. Next year the remaining hospitals will be taken up.
- ✚ Shaheed Benazir Bhutto University of Medical Health Sciences at Larkano has been established with two affiliated colleges i.e. Chandka Medical College Larkano and Ghulam Muhammad Mahar Medical College Sukkur.
- ✚ Foundation Stone of Shaheed Mohtarma Benazir Bhutto Medical College Lyari has been laid by the President of Pakistan.

Our future vision on health is to integrate the preventive and primary health care at the Basic Health Unit level and to strengthen the secondary and tertiary health care.

**Mr. Speaker**

**Let me present the Revised Estimates 2009-10 before the House**

The Revised Estimates for the Divisible Pool and Grant-in Aid are Rs. 125.2 billion that is the same as the Budget Estimates. The Straight Transfers which

were budgeted at Rs.50.1 billion have been revised to Rs. 53.7 billion showing an increase of 2.1%. The District Support Grant of Rs. 27.6 billion has been revised to Rs. 29.5 billion.

Against Budget Estimates of **Rs. 39.1 billion** the Revised Estimates for Provincial Tax and Non Tax receipts are **Rs. 39.6 billion**. The Provincial Tax Receipts have shown a growth of 7% during the course of the year.

On the Expenditure side, **Current Revenue Expenditure for 2009-10 was Rs. 213.4 billion**. This has been revised to Rs. 224.8 billion mainly because of 15% adhoc relief to government employees in their pay.

### **Budget Estimates for Fiscal Year 2010-11**

Estimated Revenue Receipts from Divisible Pool under the new NFC Award are **Rs. 207.3 billion, with 78.2% increase over 2009-10 budget**. This however includes the receipts relating to Octroi and Zila Tax. The Estimates under Oil and Gas Receipts are Rs. 51.2 billion against Revised Estimates of Rs. 53.7 billion.

Provincial Own Receipts have been pitched at Rs. 50.5 billion with an increase of 27% over the Revised Estimates of outgoing year. We have in addition made a provision of Rs. 25 billion for the Sales Tax on Services, which we will InshAllah begin to collect soon. Our aim will be to target collection of Rs. 40 billion however we have made slightly conservative estimates in budget as this is the first year.

On the Expenditure side, the Current Revenue Expenditure has been estimated at Rs. 268.3 billion with an increase of 19.3% over Revised Estimates of Rs. 224.8 billion.

The shares of Local Governments have been worked out to be Rs. 120.8 (including Rs. 33.2 billion of District Support Grant) on the basis of the 2007 PFC Award and it reflects an increase of 20% over budget 2009-10.

## **Development Budget 2010-11**

**Mr. Speaker,**

We are increasing our Development Budget for facilitating greater economic activity. **We are increasing the Provincial ADP to Rs. 115 billion against the current year's allocation of Rs. 75 billion with an increase of 53%.**

The total size of our Development Portfolio adds to **Rs. 135 billion** as under:

- |                              |                   |
|------------------------------|-------------------|
| ○ Provincial ADP             | Rs. 115.0 billion |
| ○ Federal PSDP Grants        | Rs. 14.4 billion  |
| ○ Foreign Project Assistance | Rs. 4.2 billion   |
| ○ DERA/SCIP                  | Rs. 1.5 billion   |

### **MPAs Priority Program**

With a view to ensure greater involvement of the public representatives in the development of their constituencies, we have enhanced their allocation from Rs.10 million to Rs.60 million each. For this they would be required to identify schemes under different sectors like roads, water, sanitation, health and electricity and gas etc.

**District Development portfolio has been estimated at Rs. 18 billion.**

**Total Budget size of the Government for the fiscal year 2010-11 is Rs. 422 billion as against total Revenue of Rs. 397 billion with a deficit of Rs. 25 billion.**

This deficit is 6% of the total Budget of Sindh and hopefully we should be able to finance this through following measures:

- ✚ Improving our revenue collection; mobilizing additional resources; containing current expenditures through ban on wasteful expenditures especially vehicles and discouraging unnecessary foreign visits etc.

- ✚ We also expect to resolve the issue of SCARP CDLs. Here we have over paid an amount of Rs. 22 billion to the Government of Pakistan and we plan to take the issue with federal government again.

### **Increase in the Pay of Government Employees**

In line with the Federal Government's announcement the Government of Sindh proposes to increase the pay of the provincial government employees.

- ✚ Adhoc Relief of 50% of basic pay
- ✚ 100% increase in the medical allowance of employees in grade 1 to 15
- ✚ 15% of initial basic pay as medical allowance for employees in BS- 16 to 22

These increases are estimated to cost an additional amount of Rs. 31 billion to the provincial exchequer

### **Award of Time Scale and Qualification allowance to the Teachers**

Government of Sindh has accepted the long standing demand of the teachers for a Time Scale to the teachers along with the qualification allowance. This would cost the Government an amount of Rs. 1.8 billion.

### **Fiscal Measures**

Government of Sindh is proposing following fiscal measures for enhancing revenue receipts, to boost investments and to provide relief to certain sections of society.

### **Capital Value Tax**


After the 18<sup>th</sup> Amendment in the Constitution of Pakistan, the levy of Capital Value Tax (CVT) on immovable property falls under the provincial domain. Federal Government was collecting this tax at the rate of 4%. Government of Sindh proposes to levy this tax @ of 2% for Residential and 2.5% for

Commercial immovable property which would reduce the burden on people of Sindh by 37.5% and 50% respectively.

### **Rationalizing of Stamp Duty and Registration Fee**

1. Government is proposing to reduce the rates of Stamp Duty on Conveyance Deed to 2% from the existing 3% with a view to expand the net and facilitate greater documentation. In this regard the Valuation Table of the immovable Properties would be increased in accordance with prevalent inflation.

2. Stamp Duty is being reduced in favor of Real Estate Investment Trusts (REITs) and the end users so as to facilitate resource mobilization and investment through the vehicles of REIT in the formal sector. This will help in fast track development of real estate and housing sectors. Following reductions are proposed:

 **Stamp duty on Conveyance Deed to be reduced to 1% from existing 3%**

 **Registration to be reduced from 1% to 0.5%**

3. Stamp Duty is being proposed to be reduced on some financial instruments (Participation Term Certificate, Term Finance Certificate and Commercial Papers) to harmonize the rates with the rates of Islamabad and Punjab. This would help documentation of these financial instruments in Sindh which would produce a positive effect in the economic activities.

### **Property Tax limit Reduction for Widows, Orphans and the Disabled**

We are proposed to increase the exemption limit of annual value for assessment of Property Tax in respect of properties owned by widows, minor orphans, permanently disabled persons from the existing limit of Rs. 24,000 to Rs. 48,000. This would be a relief to widows, minor orphans and disabled persons

## **Conclusion**

### **Mr. Speaker**

In conclusion, let me say that this post-NFC year is a landmark period and we are taking this opportunity to embark on a new path.

Water use efficiency will boost agricultural output, coal will provide abundant energy, the high-speed highway network will create rapid connectivity to markets, and improved education will produce educated and skilled manpower. We are laying the foundation of a new era.

If Sindh follows this path for the next 5 to 7 years, we would have transformed our economic base into a modern, efficient and competitive arena for investors. Today, workers are searching for jobs at any wage. **Let us all work for the day when investors will be offering higher wages in search for workers.**

That would be the day when we can all stand proud for having fulfilled the cause for which our great leaders laid their lives. This would be our tribute to Shaheed Zulfiqar Ali Bhutto and Mohtarma Shaheed Benazir Bhutto.

Pakistan Piandabad