GOVERNMENT OF THE PUNJAB
FINANCE DEPARTMENT

WHITE PAPER
BUDGET 2016-17

June 13, 2016

PREFACE

Government's policy preferences and intentions are manifested in the annual budget. White Paper is an explanatory memorandum of budget that aims to explain its salient features.

The executive summary provides a brief overview of prevailing economic environment and policy decisions that are translated into budgetary targets. The scheme of the paper follows the general pattern highlighting the budgetary details along with debt and contingent liabilities portfolio. It also underlines the fiscal effort in respect of buoyant tax like sales tax on services and PRA which is responsible for its collection. Separate chapters have been included on Estimates of Receipts & Expenditures and Public Account. Further, an update on the implementation status of Public Financial Management Reforms Strategy including pension reforms has also been included. The chapter on Annual Development Program delineates the government priorities in terms of development initiatives.

I must also take this opportunity to acknowledge and appreciate the painstaking efforts of all my colleagues in Finance Department who contributed towards preparation of this document.

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Government of the Punjab

June 13, 2016

CONTENTS

LIST OF ABBREVIATIONS

ABS	Annual Budget Statement
ADB	Asian Development Bank
ADP	Annual Development Programme
AIT	Agriculture Income Tax
APDP	Automated Pension Disbursement Project
BE	Budget Estimate
BF	Benevolent Fund
BOR	Board of Revenue
CDC	Central Depository Company
CDLs	Cash Development Loans
CFU	Corporate Finance Unit
CFY	Current Financial Year
CLC	Community Learning Centres
CMSES	Chief Minister's Self Employment Scheme
CTD	Counter Terrorism Department
CVT	Capital Value Tax
C&W	Communication & Works
DFID	Department for International Development
DMU	Debt Management Unit
E&T	Excise & Taxation
FBR	Federal Board of Revenue
FD	Finance Department
FIEDMIC	Faisalabad Industrial Estates Development & Management Company
FY	Financial Year
GDP	Gross Domestic Product
GDS	Gas Development Surcharge
GI	Group Insurance
GIS	Geographic Information System
GP Fund	General Provident Fund
GoPb	Government of Punjab
GPF	General Provident Fund
GRP	Gross Regional Product
GRR	General Revenue Receipt
GSDP	Gross State Domestic Product
GST	General Sales Tax

HUD & PHED	Housing Urban Development & Public Health Engineering Department
IBRD	International Bank for Reconstruction and Development
IC&YA	Information Culture & Youth Affairs
IDA	International Development Agency
J&C Program	Job & Competitiveness Program
JICA	Japan International Cooperation Agency
KIBOR	Karachi Inter Bank Offered Rate
KPRRP	Khadam-e-Punjab Rural Roads Programme
L&DD	Livestock and Dairy Development
LFY	Last Financial Year
LG & CD	Local Government & Community Development
LIBOR	London Inter-Bank Offered Rate
LNFBE	Literacy & Non-Formal Basic Education Department
LRMIS	Land Record Management Information System
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MIS	Management Information System
MPDD	Management & Professional Development Department
MTDF	Medium Term Development Framework
MTFF	Medium Term Fiscal Framework
NFBE	Non Formal Basic Education
NFC	National Finance Commission
NFIS	National Financial Inclusion Strategy
NHP	Net Hydel Profit
NLTA	Non Lending Technical Assistance
NSS	National Savings Scheme
PCF	Provincial Consolidated Fund
P&D	Planning & Development
PCGIP	Punjab Cities Governance Improvement Project
PEEF	Punjab Education Endowment Fund
PEF	Punjab Education Foundation
PEOP	Punjab Economy Opportunities Program
PESP	Punjab Education Sector Project
PFC	Provincial Finance Commission
PFM	Public Financial Management
PGPIF	Punjab General Provident Investment Fund
PHNP	Provincial Health & Nutrition Program
PHSRP	Punjab Health Sector Reforms Program

HRITF	Health Reforms Innovation Trust Fund
PIAIPP	Punjab Irrigated Agriculture Improvement Program Project
PIBs	Pakistan Investment Bonds
PIEDMIC	Punjab Industrial Estates Development & Management Company
PIFRA	Project to Improve Financial Reporting & Auditing
PKLI	Punjab Kidney Liver Institute
PLA	Personal Ledger Account
PPB	Punjab Privatization Board
PPF	Punjab Pension Fund
PPIC3	Punjab Police Integrated Command, Control & Communication Centre
PPMRP	Punjab Public Management Reform Program
PPP	Public Private Partnership
PRA	Punjab Revenue Authority
PRAL	Pakistan Revenue Automation (Pvt.) Limited
PSDP	Public Sector Development Programs
PSDP	Punjab Skills Development Project
PSIC	Punjab Small Industries Corporation
PSPA	Punjab Social Protection Authority
PSPC	Punjab Saaf Pani Company
RIMS	Restaurant Invoice Monitoring System
RE	Revised Estimate
RLNG	Regasified Liquefied Natural Gas
SBP	State Bank of Pakistan
SBS	Sector Budget Support
SED	School Education Department
SDG	Sustainable Development Goals
SNG	Sub-National Governance Programme
SPPAP	Southern Punjab Poverty Alleviation Project
S&GAD	Services & General Administration Department
TEVTA	Technical Education and Vocational Training Authority
TFCs	Term Finance Certificates
TMAs	Town Municipal Administrators
TRU	Tax Reform Unit
UIPT	Urban Immovable Property Tax
UNICEF	United Nations Children Fund
WDD	Women Development Department

EXECUTIVE SUMMARY

In the recent years, the focus of Pakistan's Government has been on consolidation of macroeconomic fundamentals and reviving and maintaining the growth momentum. Despite many challenges; prudent fiscal measures and efficient use of available resources has helped the economy to move towards stabilization. Resultantly, there has been an improvement in the macroeconomic indicators. The economy grew at 4.71 percent in FY 2015-16 which is the highest growth rate in the last eight years. The economy has shown resilience and improvement, with decrease in inflation, increase in Foreign exchange reserves, stability in exchange rates and unprecedented rise in capital market indices.

Punjab is bestowed with tremendous resources in the shape of a large population, strategic location sharing borders with Pakistan's other three provinces, immense agricultural potential and quality infrastructure. Government of Punjab has an ambitious plan to spur economic growth by efficiently utilizing the resources available. The Government believes that equitable economic growth can only be achieved by diverting maximum resources to social sector including Education and Health, production sector comprising Agriculture, livestock etc., provision of quality public services, building world class infrastructure, generating employment opportunities and protecting the vulnerable and marginalized of the province. The strategy for this accelerated economic growth and improved service delivery is people centric where the benefits of a strong economy must be felt by all.

In Financial Year 2015-16, Budget Estimate for General Revenue Receipts was estimated at Rs. 1,144.558 billion. The revised estimate is at Rs. 1,135.771 billion. The Provincial Consolidated Fund has been pitched at Rs. 1,681.417 billion for the Financial Year 2016-17 as compared to Rs. 1,447.242 billion for Financial Year 2015-16. For Financial Year 2016-17, General Revenue Receipts have been estimated at Rs. 1,319.966 billion. This increase in estimates of General Revenue Receipts for Financial Year 2016-17 is mainly due to expected increase of 17% in the receipts from the Federal Divisible Pool. The revenue collection by the Government of Punjab during Financial Year 2016-17 is estimated at Rs. 280.055 billion as compared to RE 2015-16 of Rs. 244.681 billion. For FY 2016-17, Provincial Tax Receipt has been estimated as Rs.184.436 billion which reflects an increase of 22% over RE of Rs.150.787 billion for FY 2015-16. This is an astounding achievement considering that Federal Tax target has grown by 16.7%. The current revenue expenditure for Financial Year 2016-17 has been estimated to be at Rs. 849.947 billion against the last year's allocation of Rs.753.011 billion.

Although, Punjab largely depends on federal transfers from the divisible pool for its expenditure plans, yet Government of Punjab is focusing on increasing its provincial revenues from its own sources as well as bringing in efficiency and plugging leakages in collections through better tax management and improving the monitoring mechanism. As a result, taxpayers facilitation and reducing the interface between the tax collectors and the tax payers have emerged as a priority areas of the provincial government.

In terms of provincial own receipts, Punjab Revenue Authority is the biggest revenue collecting agency for Punjab Government and sales tax on services has emerged as the most vibrant tax. It has shown a tremendous growth in tax collection since its inception in July 2012. During 2015-16 there was a growth of 38% in the collection as compared to the collection of 2014-15. A land mark achievement in promoting a voluntary tax cultures was the introduction of RIMS during 2016-17 bringing 152 restaurants in its orbit. The restaurant goers are motivated to collect computerized receipt and win a variety of prizes in a transparent and IT based draw every month. Furthermore, a survey is being conducted to bring more tax payers into the tax net. It is anticipated that PRA will show an increase of 20% during the FY 2016-17.

Excise & Taxation Department has notified expansion in rating areas and lowered the uniform tax rates from 20% to 5%. The manual records have been computerized (including GIS parameters) in the five City District Governments and Sialkot, while this exercise in medium and intermediate cities of Punjab will be carried out. The administrative procedures are also automated to generate automated billing and collection records. Now taxpayer can calculate property tax online.

In order to facilitate general public and taxpayers, Government of Punjab got Bank of Punjab declared as agent of State Bank of Pakistan in addition to National Bank of Pakistan for collection of Government receipts. The government further intends to include other major commercial banks in the net for the purpose. The pilot project of E-Stamp papers in Gujranwala has been launched in collaboration with Bank of Punjab for facilitation of tax payers. It will not only encourage a healthy competition of service provision between banks but also facilitate the taxpayers.

Punjab Government has a limited debt liability as compared to size of gross regional product of the province. On June 30, 2016 the total debt of the province would be Rs. 533.1 billion (3.5% of GSDP). This ratio appears even smaller in relation to national GDP. Out of the total debt, 3.2% or Rs.17.1 billion is domestic while 96.8% or Rs. 516.0 billion is foreign debt.

On the expenditure side, an effort has been made to provide for those recurring expenditures which directly help in improving the service delivery. The overall increase in current expenditure is only 13% while increase in development expenditure is around 37.5%.

In order to bring qualitative change in the lives of its citizens, the government has accorded top priority to social sector in the budget of 2016-17. For Education Sector, an allocation of Rs. 312.8 billion has been made in the BE of FY 2016-17. Within this sector, the government is primarily focusing on school education sector as it is a major pillar in the edifice of education system. The development budget of School Education has been increased from Rs.33.0 billion in FY 2015-16 to Rs. 47.7 billion in FY 2016-17. This expenditure, coupled with the DFID's contribution in the shape of construction of 6,000 new class rooms in schools with an estimated cost of Rs. 9.0 billion in FY 2016-17, would accumulatively amount to an increase of 71% over BE of FY 2015-16. This level of development spending in school education sector is unprecedented.

Further, an allocation of Rs. 4.0 billion has been made for PEEF during the year 2016-17 for providing scholarships to the intelligent but deserving students. Another initiative of Government for facilitating the people to educate their children in private schools is through PEF. An allocation of Rs. 12.0 billion has been made for FY 2016-17 for this purpose.

Regarding Health Sector, an amount of Rs. 207.3 billion has been allocated during FY2016-17. In primary and secondary healthcare sector, the focus is on revamping of all district headquarter hospitals and fifteen major tehsil headquarter hospital in Punjab. On the specialized healthcare side, in addition to provision of state of the art medical facilities in tertiary care hospitals, a major initiative is that of Pakistan Kidney and Liver Institute Lahore. In addition, Government has also initiated a comprehensive project of Clean Drinking Water (Punjab Saaf Pani Programme) with an allocation of Rs. 30.0 billion for the next financial year.

The agriculture, being lifeline of the province, makes this sector one of the top priorities of the Government. In order to facilitate the farmers community, Government of Punjab participated as a willing partner in the Prime Minister's Kissan Package announced by Federal Government in FY 2015-16. As its share, Rs.13.150 billion were distributed among farmers as cash compensation and Rs. 7.0 billion on account of subsidy on fertilizer during the year 2015-16 by the Government of Punjab. Government intends to further facilitate the agriculture community by introducing Khadim-e-Punjab Agriculture Package amounting Rs.100.0 billion in two years in line with the recently announced Kissan package by Federal Government for FY 2016-17. Moreover for improving the access of villages to market and urban centers, an allocation of Rs.27.0 billion has been made during FY 2016-17 for Khadim-e-Punjab Rural Roads Program. This is a flagship initiative of the provincial government which has changed the outlook of rural areas. Livestock is also an important sector in national production. In FY 2016-17, an amount of Rs. 9.2 billion has been allocated in the Annual Development program for this sector.

Energy crises has plagued the economy for many years and hampered it from realizing its full potential, stunting not only the growth of economy but also adding to the miseries of citizen and business community. In order to address this crisis, the government has not only initiated energy projects from its own sources but also focusing on providing an enabling environment to attract private sector investment in energy sector. The major energy projects currently ongoing in Punjab include 1180 MW Bhikhi Power Plant at Sheikhupura, 1223 MW Baloki Power Plant in Kasur, 1320 MW Qadirabad Power Plant at Sahiwal and 1230 MW Haveli Bahdur Shah Plant at Jhang. The government also achieved a major breakthrough in renewable energy sector when 100 MW Quaid-e-Azam Solar Power Plant was commissioned in July 2015. This has invited private sector for investment in renewable energy and keeping in view the potential of investment, Government has embarked upon the policy of divestment of Quaid-e-Azam Solar Power Plant.

To mitigate the effects of unemployment, the Government is implementing Self Employment Scheme since 2011 to provide interest free loans upto Rs.50,000. Through recirculation of loans, a total of Rs. 21.0 billion has been circulated amongst more than one million beneficiaries. For FY 2016-17, an amount of Rs. 3.0 billion has been earmarked for this purpose. Further, in order to enable youth of Punjab to actively participate in the competitive job market, Government of the Punjab has formulated Punjab Skills Strategy 2018 which aims to impart skills training to two million youth of Punjab by 2018. TEVTA and PVTC are key implementers of this strategy. For FY 2016-17, an amount of Rs. 6.5 billion has been allocated for this purpose.

The budget 2016-17 is part of a medium term growth strategy for a prosperous Punjab. Projects supported by the budget and included in Annual Development Plan seek to attract private investments to maximize employment opportunities for the people of Punjab. As stated, the focus of this budget is on social sector, production sector, law & order and skills development. The budgeted expenditures will enable citizens to take advantage of private sector employment opportunities and transform their lives for a better future. Economic growth can be spurred by participation of private sector and hence, government is committed to carry on with supportive policy reforms to maximize the impact of public expenditure on Punjab's economy.

The main budget figures are listed below:

GENERAL ABSTRACT OF REVENUES AND EXPENDITURE 2016-17

(Rs. in million)

RECEIPT		EXPENDITURE	
Description	**BE 2016-17**	**Description**	**BE 2016-17**
A - General Revenue Receipts		**A - Current Revenue Expenditure**	
General Revenue Receipts	**1,319,966.142**	**Revenue Expenditure**	**849,947.178**
Federal Transfers (Including Excise Duty on N/G)	1,039,910.787	General Public Services	437,555.747
Provincial Tax Revenue	184,436.450	Public Order & Safety Affairs	132,439.638
Provincial Non Tax Revenue	95,618.905	Economic Affairs	122,505.669
Provincial Own Receipts	32,700.000	Environment Protection	193.035
Straight Transfers (Excluding excise duty on N/G)	5,101.754	Housing and Community Amenities	13,986.438
Net Hydel Profit	9,180.000	Health	70,060.007
Net Hydel Profit Arrears	38,400.000	Recreational, Culture and Religion	3,180.155
Federal Grants	10,237.151	Education Affairs & Services	64,566.166
		Social Protection	5,460.323
B - General Capital Receipts		**B - Current Capital Expenditure**	
Capital Receipts	**246,497.666**	**Capital Expenditure**	**281,469.445**
Recoveries of Loans and Advances (A/C-I)	1,084.307	Public Debt	0.434
Debt (A/C-I)	16,068.084	Repayment of Principal	26,554.009
Recoveries of Investment-State Trading Schemes (A/C-II)	115,529.500	Investments	10,000.000
Cash Credit Accommodation (A/C-II)	113,815.775	Loans and Advances (Principal)	15,529.594
		State Trading in Medical Stores	40.133
		State Trading (Wheat) (A/C -II)	147,105.160
		Repayment of Commercial Bank Loans (A/C-II)	82,240.115
C - Development Receipts		**C - Development Expenditure**	
Foreign Project Assistance	114,952.815	**Annual Development Program**	**550,000.000**
		Core ADP	471,485.000
		Other Development Initiatives	78,515.000
Total Receipts A/C-I	**1,452,071.348**	**Total Expenditure A/C-I**	**1,452,071.348**
Total Receipts A/C-II	**229,345.275**	**Total Expenditure A/C-II**	**229,345.275**
Total Provincial Consolidated Fund	**1,681,416.623**	**Total Provincial Consolidated Fund**	**1,681,416.623**

BUDGET AT A GLANCE

(Rs. in Million)

CLASSIFICATION	BE 2015-16	RE 2015-16	BE 2016-17
A- CURRENT BUDGET			
General Revenue Receipts	1,144,558.319	1,135,771.201	1,319,966.142
Current Expenditures	753,010.825	746,855.766	849,947.178
A- Net Revenue Account-Surplus(+)/ Deficit(-)	**391,547.494**	**388,915.435**	**470,018.964**
B - CURRENT CAPITAL BUDGET			
Current Capital Receipts	15,408.911	6,569.119	17,152.391
Current Capital Expenditure	41,374.072	45,287.169	52,124.170
B - Net Capital Account-Surplus(+)/Deficit (-)	**(25,965.161)**	**(38,718.050)**	**(34,971.779)**
C - Surplus for Development (A+B)	**365,582.333**	**350,197.385**	**435,047.185**
D - ADP Financing Items			
Foreign Project Assistance	34,417.667	72,716.077	114,952.815
TOTAL RESOURCES FOR DEVELOPMENT (C+D)	**400,000.000**	**422,913.462**	**550,000.000**

DEPARTMENT WISE ALLOCATIONS

(Rs. in million)

Department	BE 2015-16	RE 2015-16	BE 2016-17
Agriculture	**18,998.742**	**23,555.433**	**48,054.750**
Development	10,506.792	2,490.770	19,959.985
Non Development	8,491.950	21,064.663	28,094.765
C.M. Secretariat	**344.201**	**572.464**	**423.808**
Non Development	344.201	572.464	423.808
Chief Ministers Inspection Team	**66.656**	**55.548**	**68.420**
Non Development	66.656	55.548	68.420
Communication and Works	**141,628.464**	**109,139.047**	**127,198.539**
Development	130,116.493	97,693.580	114,982.708
Non Development	11,511.971	11,445.467	12,215.831
Cooperatives	**236.523**	**305.898**	**376.392**
Development	24.000	61.025	118.257
Non Development	212.523	244.873	258.135
Education	**44,161.755**	**19,760.781**	**61,929.835**
Development	44,161.755	19,760.781	61,929.835
School Education	**29,397.587**	**21,120.179**	**31,934.537**
Non Development	29,397.587	21,120.179	31,934.537
Higher Education	**27,215.929**	**26,786.467**	**29,645.664**
Non Development	27,215.929	26,786.467	29,645.664
Libraries	**194.853**	**185.788**	**205.883**
Non Development	194.853	185.788	205.883
Environment Protection	**281.012**	**251.018**	**430.831**
Development	50.000	50.000	185.000
Non Development	231.012	201.018	245.831
Excise & Taxation	**937.917**	**1,355.892**	**1,048.923**
Non Development	937.917	1,355.892	1,048.923
Finance	**436,078.542**	**484,934.548**	**474,841.222**
Capital-A/c-I	32,486.338	29,827.700	41,734.633
Development	12,000.000	63,710.524	15,000.000
Non Development	391,592.204	391,396.324	418,106.589
Food	**273,065.116**	**241,651.953**	**244,941.168**
Capital-A/c-II	252,856.917	237,799.547	229,345.275
Development	21.817	201.884	251.582
Non Development	20,186.382	3,650.522	15,344.311
Forestry Wildlife & Fisheries	**6,029.816**	**5,138.017**	**7,660.318**
Development	2,305.629	1,488.342	3,538.819
Non Development	3,724.187	3,649.675	4,121.499
Governor's Secretariat	**241.878**	**243.249**	**264.754**
Non Development	241.878	243.249	264.754
Health	**83,717.082**	**92,671.615**	**103,620.096**
Capital-A/c-I	36.710	31.630	40.133
Development	20,118.929	29,673.979	31,536.130
Non Development	63,561.443	62,966.006	72,043.833
Home	**108,070.486**	**95,648.449**	**125,822.529**
Development	1,448.781	3,936.234	13,031.752
Non Development	106,621.705	91,712.215	112,790.777

Department	BE 2015-16	RE 2015-16	BE 2016-17
Housing Urban Development Public Health Engineering	**53,430.953**	**57,320.776**	**75,792.145**
Capital-A/c-I	-	604.119	-
Development	40,566.000	44,108.603	62,700.000
Non Development	12,864.953	12,608.054	13,092.145
Industries and Mineral Development	**16,971.912**	**13,314.316**	**18,559.166**
Capital-A/c-I	-	2,470.000	-
Development	9,285.000	3,490.811	10,571.790
Non Development	7,686.912	7,353.505	7,987.376
Information Culture and Youth Affairs	**1,748.076**	**1,817.488**	**3,058.473**
Development	155.653	99.664	285.205
Non Development	1,592.423	1,717.824	2,773.268
Irrigation and Power	**51,119.656**	**52,641.401**	**57,683.513**
Development	35,370.000	34,223.725	41,000.000
Non Development	15,749.656	18,417.676	16,683.513
Labour and Human Resource	**914.153**	**496.160**	**983.384**
Development	606.500	170.051	650.000
Non Development	307.653	326.109	333.384
Law and Parliamentary Affairs	**1,406.590**	**1,238.676**	**1,522.283**
Development	37.000	37.000	65.000
Non Development	1,369.590	1,201.676	1,457.283
Literacy and Non-formal Basic Education	**49.664**	**44.977**	**61.338**
Non Development	49.664	44.977	61.338
Livestock and Dairy Development	**9,421.287**	**6,297.040**	**13,161.960**
Development	4,997.222	1,983.141	8,824.747
Non Development	4,424.065	4,313.899	4,337.213
Local Government and Rural Development	**16,050.535**	**18,751.938**	**13,060.567**
Capital-A/c-I	7,447.000	7,322.006	7,339.000
Development	3,860.000	8,927.554	4,500.000
Non Development	4,743.535	2,502.378	1,221.567
Management and Professional Development	**188.281**	**124.577**	**186.599**
Non Development	188.281	124.577	186.599
Mines and Minerals	**1,734.073**	**2,037.367**	**2,242.124**
Development	1,395.514	1,720.010	1,848.668
Non Development	338.559	317.357	393.456
Planning and Development	**14,072.639**	**5,656.225**	**52,659.350**
Development	13,367.872	4,098.589	50,325.919
Non Development	704.767	1,557.636	2,333.431
Population Welfare	**660.250**	**3,951.214**	**1,418.665**
Development	600.300	3,814.624	1,321.274
Non Development	59.950	136.590	97.391
Provincial Assembly	**1,343.839**	**1,056.885**	**1,320.763**
Development	10.000	5.000	-
Non Development	1,333.839	1,051.885	1,320.763
Relief	**1,491.881**	**22,100.905**	**1,557.951**
Non Development	1,491.881	22,100.905	1,557.951
Religious Affairs and Auqaf Dept	**339.718**	**145.431**	**342.213**
Development	100.000	109.800	100.000
Non Development	239.718	35.631	242.213

Department	BE 2015-16	RE 2015-16	BE 2016-17
Revenue	**13,596.263**	**8,922.141**	**13,245.097**
Capital-A/c-I	0.434	0.035	0.434
Development	3,594.717	834.019	150.000
Non Development	10,001.112	8,088.087	13,094.663
Services and General Administration	**18,597.439**	**19,322.296**	**22,219.698**
Development	75.596	120.790	18.230
Non Development	18,521.843	19,201.506	22,201.468
Social Welfare (W) Development & Bait ul Mal	**1,910.889**	**776.167**	**2,032.498**
Development	1,207.280	123.559	1,288.653
Non Development	703.609	652.608	743.845
Special Education	**199.500**	**189.884**	**195.815**
Non Development	199.500	189.884	195.815
Sports	**877.685**	**866.059**	**182.830**
Non Development	877.685	866.059	182.830
Transport	**33,533.538**	**97,338.828**	**124,692.107**
Capital-A/c-I	1,317.110	1,279.989	1,470.830
Development	28,030.000	89,526.620	91,573.000
Non Development	4,186.428	6,532.219	31,648.277
Zakat and Ushr	**1,246.162**	**1,176.184**	**2,254.702**
Development	1,000.000	968.830	2,000.000
Non Development	246.162	207.354	254.702
Tourism Resort Development Deptt	**24.954**	**50.279**	**25.175**
Non Development	24.954	50.279	25.175
Prosecution Department	**23.782**	**13.194**	**24.217**
Non Development	23.782	13.194	24.217
Energy Department	**31,447.439**	**11,941.985**	**10,996.029**
Capital-A/c-I	86.480	3,751.690	1,539.140
Development	31,000.000	7,774.483	9,000.000
Non Development	360.959	415.812	456.889
Youth Affairs, Sports, Arch & Tour Sectt	**3,537.150**	**1,596.270**	**2,664.446**
Development	3,537.150	1,596.270	2,664.446
Women Development Department	**636.947**	**290.935**	**805.846**
Development	450.000	113.200	579.000
Non Development	186.947	177.735	226.846
Grand Total	**1,447,241.814**	**1,452,855.944**	**1,681,416.623**

Chapter 1

ESTIMATES OF RECEIPTS

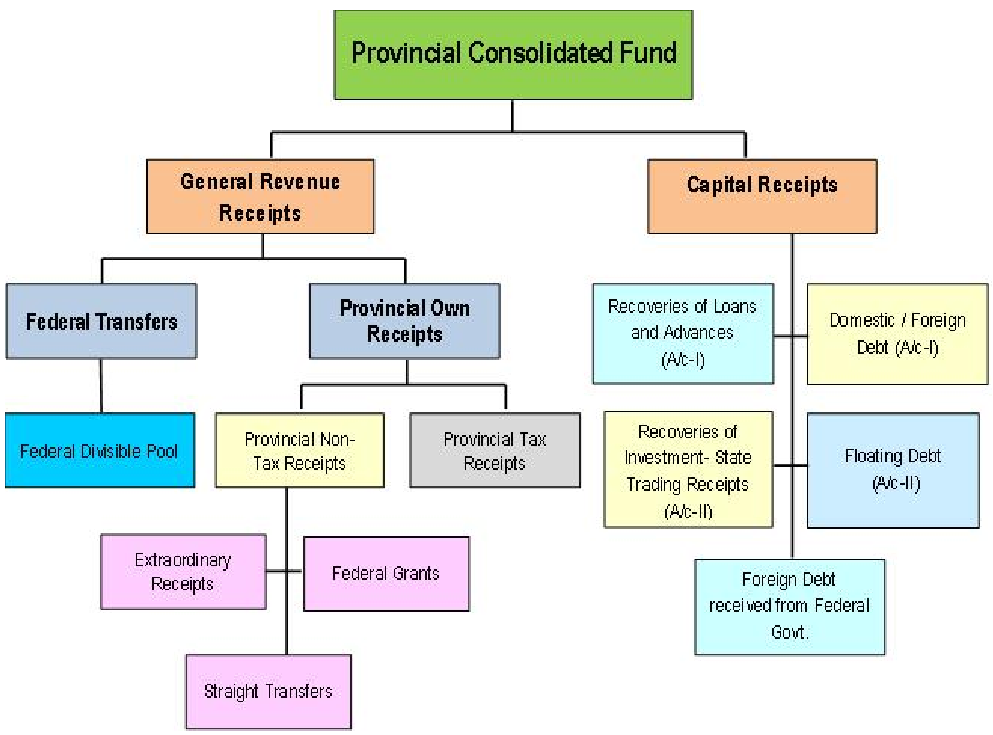
Annual budget is an estimate of all receipts and all expenditures of the government in a fiscal year. The volume of receipts determines resources that could be made available both for development expenditure as well as current expenditure. The scope of this Chapter is to provide a comprehensive analysis of the receipts of the provincial government as accrued in FY 2015-16 and as pitched for the forthcoming FY 2016-17.

Generally, provincial government classifies its receipts into the following two main categories:

I. General Revenue Receipts

II. Capital Receipts

The following flow diagram provides different sub-categories of the receipts under the two main categories mentioned above:-



In FY 2015-16, total receipts were estimated at Rs.1,447,241.814million against which the revised estimate 2015-16 has been fixed at Rs. 1,452,855.944 million. For FY 2016-17, total receipts have been estimated at Rs. 1,681,416.623 million.

Total receipts less food account receipts have been pitched at Rs. 1,452,071.348 million for the FY 2016-17 as compared to Rs. 1,194,384.897 million for BE 2015-16. The increase in the estimates of receipts for FY 2016-17 is mainly attributable to expected increase of 17% in the Federal Divisible Pool. For the FY 2016-17, Federal Divisible Pool Share for Punjab has been estimated at Rs. 1,039,910.787millionon the basis of FBR collection estimates of Rs. 3,621 billion whereas this share was budgeted at Rs.888,488.471 million in FY 2015-16.

Provincial Receipts consists of provincial tax as well as provincial non-tax receipts. For the FY 2016-17, provincial receipts have been estimated at Rs. 280,055.355 million. This includes provincial tax receipts of Rs.184,436.450million and provincial non-tax receipts of Rs. 95,618.905 million. It is pertinent to point out that in FY 2015-16 revised provincial receipts were estimated atRs.244,681.357 millionwith provincial tax component at Rs.150,787.001 million and non-tax component at Rs. 93,894.356 million. Thus, an increase of 16% has been estimated for BE of all provincial receipts in FY2016-17 as compared to revised estimates of FY 2015-16.

The Capital Receipts for FY 2015-16 were estimated at Rs.302,683.495 million, which have subsequently been increased to Rs. 317,084.743million on account of receipt of Rs. 45,000.000 million in foreign economic assistance(development capital receipt) in respect of Lahore Orange Line Metro Train Project.

The table below summarizes the estimates of total Provincial Receipts of the Government:

Table 1.1
Total Provincial Receipts

(Rs. in Million)

RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
General Revenue Receipt	**1,144,558.319**	**1,135,771.201**	**1,319,966.142**
Federal Divisible Pool	*888,488.471*	*891,089.844*	*1,039,910.787*
Provincial Taxes	*160,591.110*	*150,787.001*	*184,436.450*
Provincial Non-Tax	*95,478.738*	*93,894.356*	*95,618.905*
General Capital Receipts	**302,683.495**	**317,084.743**	**361,450.481**
Recoveries of Loans and Advances	*949.977*	*589.055*	*1,084.307*
DebtForeign	*14,458.934*	*5,980.064*	*16,068.084*
State Trading - (A/c. No.II)	*138,774.500*	*107,594.127*	*115,529.500*
Cash Credit Accommodation- (A/c. No.II)	*114,082.417*	*130,205.420*	*113,815.775*
Development Capital Receipts			
Foreign Projects Assistance	*34,417.667*	*72,716.077*	*114,952.815*
Total Provincial Consolidated Fund	**1,447,241.814**	**1,452,855.944**	**1,681,416.623**

The following section explains all components of revenue receipts in detail.

1.1 GENERAL REVENUE RECEIPTS

The main elements of General Revenue Receipt as per Annual Budget Statement are as under:

I) **Federal Transfers:**

- *Share of Federal Divisible Pool of Taxes* as per the 7th National Finance Commission (NFC) Award.
- *Straight Transfers* as per Article 161 of the Constitution and NFC Award with respect to royalties on Crude Oil and Natural Gas, and net proceeds of the Federal Excise Duty on natural gas;
- Federal Development and Non-Development Grants released to executing agencies. These are pass-through items.

II) **Provincial Own Receipt:**

- Provincial Tax Receipts
- Provincial Non-Tax Receipts
  a) Provincial Non-Tax Revenues;
  b) Extraordinary Receipts

Note: Straight transfers/federal grants, as per classification used in Annual Budget Statement (ABS), are usually included as part of Provincial Non Tax Receipts.

The table below shows the details of Budget Estimates and Revised Estimates for General Revenue Receipts for FY 2015-16 in comparison with the anticipated Budget Estimates for FY 2016-17. Federal Grants and Straight Transfers that form part of Provincial Non-Tax Receipts have been shown separately to give a clear picture of the provincial non-tax collection.

Table 1.2
General Revenue Receipts

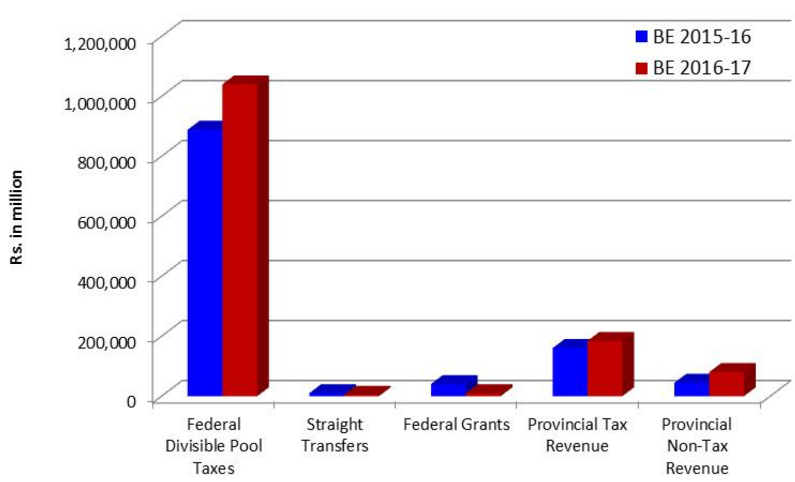
(Rs. in Million)

	GENERAL REVENUE RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
a	**Federal Divisible Pool Taxes**	**888,488.471**	**891,089.844**	**1,039,910.787**
	Tax on Income	382,976.793	377,438.381	444,145.533
	Land Customs	85,389.399	100,186.446	118,728.896
	Sales Tax	363,580.400	358,121.935	418,293.344
	Capital Value Tax	387.224	569.173	669.770
	Federal Excise	55,572.535	54,274.109	57,543.064
	Excise Duty on Natural Gas	582.120	499.800	530.180

	GENERAL REVENUE RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
b	**Provincial Tax Revenue**	**160,591.110**	**150,787.001**	**184,436.450**
	Board of Revenue	50,000.000	50,001.381	61,400.000
	Excise & Taxation	25,000.000	23,666.968	29,500.000
	Transport	550.610	660.000	801.000
	Punjab Revenue Authority	72,000.000	62,000.000	86,500.000
	Energy	13,040.500	14,458.652	6,235.450
C	**Provincial Non Tax Revenue (Excluding Straight Transfers and Grants)**	**44,846.106**	**31,522.622**	**80,280.000**
	Income from Property and Enterprise	21,454.756	335.652	48,100.599
	Receipts from Civil Administration and Other Functions	9,452.757	9,216.302	11,572.563
	Miscellaneous Receipts	13,938.593	21,970.668	20,606.838
D	**Straight Transfers**	**10,045.529**	**5,434.365**	**5,101.754**
	Net Proceeds of Royalty on Crude Oil assigned to Provinces	3,340.008	2,547.463	1,754.808
	Net Proceeds of Royalty on Natural Gas assigned to Provinces	2,048.538	1,366.898	1,349.940
	Surcharge on Natural Gas-share of net proceeds assigned to provinces	4,656.983	1,520.004	1,997.006
E	**Federal Grants**	**40,587.103**	**56,937.369**	**10,237.151**
	Development & Non-Development Grants from the Federal Govt. (PSDP)	25,154.000	49,168.475	--
	Foreign Grants - Dev. Grants from Foreign Governments	15,433.103	7,768.894	10,237.151
	Total Non Tax (c + d + e)	**95,478.738**	**93,894.356**	**95,618.905**
Total General Revenue Receipts		**1,144,558.319**	**1,135,771.201**	**1,319,966.142**

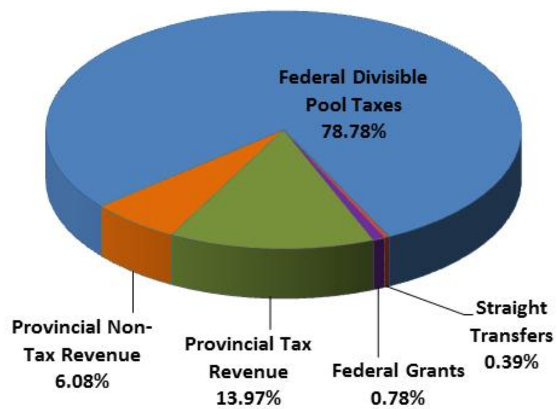
The graph below shows the comparison of Budget Estimates 2015-16 & Budget Estimates 2016-17 of different components of General Revenue Receipts:

Figure 1.1
General Revenue Receipts BE 2015-16 Vs. BE 2016-17



The pie chart below reflects the share of components of the General Revenue Receipts:

Figure 1.2
General Revenue Receipts BE 2016-17



A further elaborated analysis of the major components of General Revenue Receipts is presented below: -

1.1.1 FEDERAL TRANSFERS

a) Federal Divisible Pool Taxes

The major source of Revenue for the Provincial Government is the receipt of Federal Divisible Pool share which constitutes78.79% of the provincial revenues. This is primarily becausethe collection of almost all buoyant taxes, other than Sales Tax on Services, is still with the Federal Government. Under the 7th NFC Award, the Divisible Pool of Taxes as collected by FBR has been laid down as under:

1. Taxes on income
2. Wealth Tax
3. CVT
4. Taxes on sales of goods & purchase of goods imported-exported, produced, manufactured and consumed.
5. Export duties on Cotton
6. Customs duties
7. Federal Excise Duties excluding the excise duty on gas charged at well heads.

Under the 7th NFC Award, the vertical flows of the federation and provinces are shown in following table:-

Vertical Distribution of Resources

Federal Share	Provincial Share
42.5%	57.5%

The provincial share i.e. 57.5% is further divided amongst the provinces in the ratio given below:-

Horizontal Distribution of Resources

Punjab	Sindh	KPK	Balochistan
51.74%	24.55%	14.62%	9.09%

As per NFC Award, this distribution of resources was based on multiple criteria including population, inverse population density, revenue and poverty.

Since divisible pool transfers and own source revenue constitute 79% and 21% of General Revenue Receipt, even a small percentage variation in Federal Transfersleads to a major re-adjustment in provincial expenditure. In this context, the following table is presented which explains the variance between Budget Estimates and actual collection of taxes by FBR during last three years: -

Table: 1.3
Shortfall in FBR Collection

(Rs. in billion)

	2012-2013	2013-2014	2014-2015
Budget Estimates	2,381	2475	2810
Actual Collection	1,946	2116	2524
Shortfall	435	359	286
% shortfall	**(18%)**	**(15%)**	**(10%)**

b)Straight Transfers

Under Article 161 of the Constitution and the NFC Award, Straight Transfers to the provinces include:

i) The net proceeds of the Federal Excise Duty on natural gas
ii) Net proceeds of royalty on crude oil and natural gas assigned to the provinces under the Constitution.

Straight Transfers are reflected under the non-tax provincial receipts, yet for the purpose of clarity, the same have been shown separately under the Federal Transfers in this chapter. The Budget Estimates for FY 2016-17 have been pitched at Rs.5,101.754million.Since this is not a significant amount as compared to Punjab's overall receipts, Punjab unlike small provinces,relies more on Federal Revenue collection as well as its own provincial revenue collection to finance its expenditures.

Figure 1.3
Composition of Straight Transfers BE 2016-17

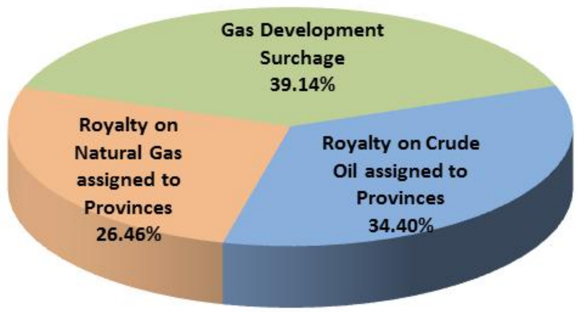


Table 1.4
Straight Transfers

(Rs. in Million)

Component	BE 2015-16	RE 2015-16	BE 2016-17
Gas Development Surcharge	4,656.983	1,520.004	1,997.006
Royalty on Crude Oil	3,340.008	2,547.463	1,754.808
Royalty on Natural Gas	2,048.538	1,366.898	1,349.940
Total	**10,045.529**	**5,434.365**	**5,101.754**

c)Federal Grants

The Public Sector Development Programs (PSDP) grants from federal government and budget support grants received from foreign development partners accumulatively form the Federal Grants. However, the federal PSDP grants are only pass-through items. These grants are released to executing agencies for implementation of Federal Development Projects.

Table 1.5
Federal Grants

(Rs. in Million)

Component	BE 2015-16	RE 2015-16	BE 2016-17
DFID-Program Grants (Foreign i.e. PESP-II, PHNP)	14,204.103	6,681.515	10,237.151
Development Grants (Foreign)	1,229.000	1,087.379	--
PSDP Grants / Federal Grant (Dev+N.Dev)	25,154.000	49,168.475	--
Total	**40,587.103**	**56,937.369**	**10,237.151**

The Revised estimates 2015-16 of DFID-Program Grants have declined to Rs.6,681.515 against the BE 2015-16 of Rs.14,204.103.This is mainly because of delay in disbursement of

Health Result Innovation Trust Fund Grant (USD 21.5 million) in light of the restructuring of the Punjab Health Sector Reform Program.Further, this decline is also due to the non-receipt of funds in Punjab Skills Development Project as Exchange of letter has not been signed as yet.The break-up of DFID-Program Grants is presented below:

Table 1.6
DFID Grants

(Rs. in Million)

Sr. No.	Particulars	BE 2015-16	RE 2015-16	BE 2016-17
1.	DFID-Punjab Education Sector Project-II	5,380.190	4,266.671	5,763.137
2.	DFID-Provincial Health and Nutrition Program	4,222.824	2,398.161	3,639.876
3.	DFID-Punjab Skills Development Project	2,424.214	-	834.138
4.	Punjab Health Sector Reform Program – HRITF Grant	2,176.875	-	-
5.	Sub National Governance Program	-	16.683	-
	Total Grant (Program)	**14,204.103**	**6,681.515**	**10,237.151**

The break-up of foreign multilateral grants is presented below:

Table 1.7
Foreign multi-lateral grants (mainly JICA)

(Rs. in Million)

Sr. No.	Particulars	BE 2015-16	RE 2015-16	BE 2016-17
1.	JICA-Upgrading to Mechanical System of Sewerage and Drainage Services in Gujranwala.	528.000	--	--
2.	Punjab Economic Opportunity Program	701.000	1,087.379	_
	Total Grant	**1,229.000**	**1,087.379**	**--**

1.1.2 PROVINCIAL OWN RECEIPTS

The second component of the General Revenue Receipts is termed as Provincial Own Receipt including:

a) <u>Tax Receipts</u>

i. Receipts from Direct Taxes (Agricultural Income Tax, Property Tax, Land Revenue, Professional Tax, Capital Value Tax etc.)

ii. Receipts from Indirect Taxes (Sales Tax on Services, Provincial Excise, Stamp Duties, Motor Vehicle Taxes, Electricity Duty etc.)

b) Non-Tax Receipts

i) Income from public owned property and enterprises

ii) Receipts from civil administration and other functions

iii) Miscellaneous Receipts from toll, fee, cess etc. collected by provincial departments (excluding Federal Grants and Development Surcharges and Royalties)

iv) Extraordinary Receipts

The estimates of Provincial Own Receipts are provided in Table below:

Table 1.8
Provincial Own Receipts

(Rs. in Million)

RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
a) Tax Receipts	**160,591.110**	**150,787.001**	**184,436.450**
i. Direct Taxes	34,759.596	34,241.276	42,142.465
ii. Indirect Taxes	125,831.514	116,545.725	142,293.985
b) Non-Tax Receipts	**95,478.738**	**93,894.356**	**95,618.905**
i. Income from Property and Enterprises	21,454.756	335.652	48,100.599
ii. Receipts from Civil Administration and other Functions	9,452.757	9,216.302	11,572.563
iii. Miscellaneous Receipts	13,938.593	21,970.668	20,606.838
iv. Federal / Foreign Grants	40,587.103	56,937.369	10,237.151
v. Straight Transfers	10,045.529	5,434.365	5,101.754
Total Provincial own Receipts	**256,069.848**	**244,681.357**	**280,055.355**

I.Tax Receipts

Following departments collect Provincial Tax Receipts.

1) Punjab Revenue Authority

2) Board of Revenue

3) Excise & Taxation Department

4) Energy Department

5) Transport Department

The detail of taxes collected during FY 2015-16and the BE for 2016-17 is providedbelow:

Table 1.9
Provincial Tax Receipts

(Rs. in Million)

TAX RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
Punjab Revenue Authority	**72,000.000**	**62,000.000**	**86,500.000**
Sales Tax on Services	72,000.000	62,000.000	86,500.000
Board of Revenue	**50,000.000**	**50,001.381**	**61,400.000**
Agricultural Income Tax	2,300.000	1,550.000	2,300.000
Registration	820.000	566.300	779.250
Land Revenue	13,678.986	11,302.981	14,447.491
Capital Value Tax	8,800.000	11,270.295	12,273.974
Stamps	24,401.014	25,311.805	31,599.285
Excise & Taxation	**25,000.000**	**23,666.968**	**29,500.000**
Urban Immovable Property Tax	8,660.000	8,647.000	11,510.000
Tax on Professions, Trades and Callings	770.000	795.000	810.000
Receipts under Motor Vehicles	11,205.000	10,815.045	12,724.300
CVT on Moveable Assets	-	360.945	-
Other Direct Taxes	-	16.000	-
Provincial Excise	2,800.000	2,650.568	2,920.200
Farm house tax	15.000	1.000	10.000
Tax on Luxury Houses	825.000	10.000	825.000
Other Indirect Taxes	725.000	371.410	700.500
Energy	**13,040.500**	**14,458.652**	**6,235.450**
Electricity Duty	13,040.500	14,458.652	6,235.450
Transport	**550.610**	**660.000**	**801.000**
Motor Vehicles fitness certificate and permit fee	550.610	660.000	801.000
Total Provincial Tax Revenue	**160,591.110**	**150,787.001**	**184,436.450**

The above table shows that tax collection by the Government during FY 2016-17 is estimated at Rs.184,436.450million, as compared to RE 2015-16 of Rs. 150,787.001million. In this way, the Government expects to increase its tax collection by 22% above the Revised Estimates. The Government isalsotaking necessary steps such as expansion in scope of different taxes,improving collection efficiency along-with initiatives like 'e-stamping', automation of property tax record through GIS mapping of properties, identification of new tax payers by conducting surveys, plugging of revenue leakages through introduction of technology and implementing other administrative measures.

A. Provincial Tax Receipts collected by Punjab Revenue Authority

Punjab Revenue Authority (PRA) is responsible for collection of Sales Tax on Services. For the FY 2016-17, the tax target for PRA has been fixed at Rs.86,500.000 million which shows an increase of 40% over revised estimates of FY 2015-16. Despite legal issues pertaining to constitution of PRA in FY 2015-16, PRA has been able to achieve an overall increase of 44% as compared to actual receipts of 2014-15. The details regarding PRA and its revenue collection are dealt in a separate chapter.

B. Provincial Tax Receipts Collected By Board of Revenue

Board of Revenue is responsible for collection of Agriculture Income Tax, Registration Duty, Land Revenue, Capital Value Tax and Stamp Duty. BOR'scollection is estimated to increase from Rs.50,000.000 million during FY 2015-16 to Rs.61,400.000 million in FY 2016-17.Furthermore, this increase is attributed to efficiency improvement and also to the initiative of E-stamping project through which the major leakages in stamp duties will be plugged. The following measures will also improve revenue collection of BOR:

The major tax heads under BOR's purview are elaborated for the purpose of clarity:

a) AgriculturalIncome Tax

Agricultural Income Tax (AIT) is an important direct tax of provinces. AIT Act was promulgated in 1997. It envisaged payment of fixed amount per acre of land. Major amendments were introduced in this Act in 2001 whereby holders of 25 acre irrigated land (equivalent to 50 acre un-irrigated land) were required to submit their AIT return. AIT Act has already been duly amended to collect tax from those who declare agricultural income under their income tax returns to FBR. Board of Revenue is also giving facilitation to the AIT filers for filing up the assessment forms at tehsil level offices.

b) Land revenue

Land revenue is a broad category, and includes a number of receipts related to land revenue functions. This category of Provincial Tax Receipts has a lot of potential and it is expected to contribute Rs 14,447.491 million to the provincial exchequer during FY 2016-17. During the last few years, government has tried to tap the buoyancy of this source by introducing structural reforms which include introduction of valuation tables to rural areas for the purpose of mutation. Government has completed the automation of land revenue record under a project named Land Record Management Information System (LRMIS). It is now negotiating with the World Bank to provide assistance to introduce reforms in urban areas under phase II of the project or under a new project. This automation is likely to enhance buoyancy of this tax.

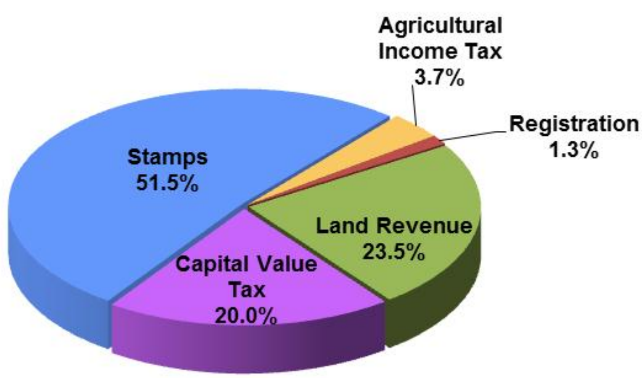
c) Stamp Duty

The increase in the BE 2016-17 can be attributed to revision of valuation tables/DC tables annually to reduce the gap between the value of property as ascertained through valuation tables and the market value of properties. Governmenthas reformed the existing system by introducing E-Stamps to plug leakages in this tax and to ensure greater transparency in the process of transfer of property.

Budget Estimates of Stamp Duty for FY 2016-17 have been pitched at Rs.31,599.285 millionincluding efficiency gain upto Rs.5.00 billion rupees.Overall this reflects an increase of 29%more than the BE 2015-16 of Rs. 24,401.014million.

The following pie chart shows the composition of taxes to be collected by the Board of Revenue as estimated for FY 2016-17.

Figure 1.4
Board of Revenue Taxes BE 2016-17



C. Provincial Tax Receipts Collected by Excise & Taxation Department

Excise & Taxation Department provides services for collection of eight different levies/taxes.The department aims to promote automation of its functions to optimize service delivery through reduced interface between public and government officials.

To cope with the challenge of technological changes, the department has taken number of initiatives in recent past. Computerization of motor vehicle registration in 36 districts of the province, public access to motor vehicle database for verification of registration, standardization of number plates, introduction of security featured registration books and life time token tax facility to small car owners, GIS based computerization of Property Tax in 6 major districts of the Punjab, online assessment of Professional Tax & Cotton Fee, 24/7 tax helpline for taxpayers, billing of Property Tax through computer generated notices and automated tax calculators for motor vehicle tax & property tax are some of the initiatives taken for public facilitation.

The major tax heads under purview of Excise & Taxation Department are elaborated for the purpose of clarity:

a) Urban Immoveable Property Tax (UIPT)

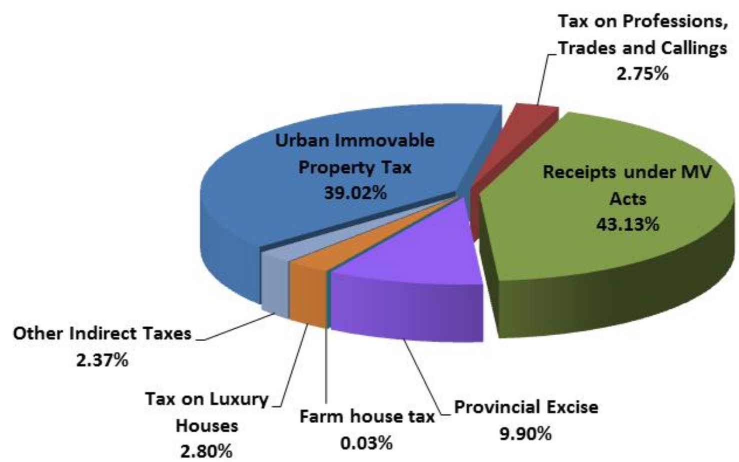
The UIPT for FY 2016-17 stands at Rs.11,510.000 million which is 33% higher than BE 2015-16.This is a tax devolved to TMAs, but for administrative purpose, it is being collected by the Provincial Government and passed on to the respective TMAs as per the agreed distribution formula.

b)Professional Tax

The B.E for FY2016-17 with respect to Professional Tax has been pitched at Rs.810.000 million against the Revised Estimates for FY 2015-2016 to the tune of Rs.795.000 million.

The following pie-chart shows the composition of taxes collected by Excise & Taxation Department as estimated by FY 2016-17.

Figure 1.5
Excise & Taxation Taxes BE 2016-17



II.Non-Tax Revenue

The regulatory functions performed by the Provincial Government; and rates and fees charged for the provision of certain social and economic services, constitute the non-tax revenue. However, for the purpose of this chapter, grants received from Federal Government & multilateral partners and Development surcharges on Gas and Royalties on Oil and Gas are shown separately. The next table summarises the Revised Estimates for FY 2015-16 against the BE for FY 2015-16.The budget estimate for FY 2016-17 has been estimated at Rs.32,700.000 million.

Table 1.10
Provincial Non Tax Revenue (Collected by Provincial Departments)

(Rs. in Million)

Component	BE 2015-16	RE 2015-16	BE 2016-17
Agriculture	643.040	643.720	653.165
BOR	2,774.283	4,129.946	2,912.997
C&W	2,304.030	2,372.557	2,583.900
Cooperatives	2.250	2.001	2.600
Education	1,405.850	1,319.001	1,490.970
Finance	557.637	459.152	623.480
Forest, Wildlife and Fisheries	889.000	1,154.658	1,012.067
Health	612.194	713.965	764.155
Home	844.552	973.144	851.100
HUD&PHED	771.500	801.012	2,325.000
Industries	326.510	761.104	329.640
Irrigation	2,341.123	2,020.287	2,555.729
Law & Parliamentary	341.750	389.087	382.100
L&DD	704.004	665.500	730.204
Mines & Minerals	4,200.000	3,712.500	8,700.000
Police	3,800.000	3,387.491	3,802.457
Miscellaneous	1,328.383	8,017.497	2,980.436
Total Provincial Own Receipts	**23,846.106**	**31,522.622**	**32,700.000**

The following table presents the object wise classification of provincial non-tax revenue:

Table 1.11
Provincial Non Tax Revenue

(Rs. in Million)

NON TAX REVENUE	BE 2015-16	RE 2015-16	BE 2016-17
Income from Property and Enterprises	**21,454.756**	**335.721**	**48,100.599**
Electricity (Net Hydel Profit)	21,000.000	--	9,180.000
Net Hydel Profit Arrears	--	--	38,400.000
Interest on Loans to District Govts. / TMAs	156.588	156.588	268.994
Interest on Loans to Financial Institutions.	160.000	135.000	135.000
Interest on Loans to Non-Financial Institutions.	132.151	39.624	110.896
Interest on Loans & Advances to Govt. Servants	0.517	0.209	0.209
Interest on Loans – Others	5.500	4.128	5.500
Dividends	--	0.172	--

NON TAX REVENUE	BE 2015-16	RE 2015-16	BE 2016-17
Civil Administration and other Functions	**9,452.757**	**9,216.302**	**11,572.563**
Fiscal Administration	**102.881**	**123.500**	**102.881**
Law and Order	**4,256.302**	**3,886.267**	**4,305.657**
Justice	*341.750*	*389.087*	*382.100*
Police Department	*3,800.000*	*3,387.491*	*3,802.457*
Jails including Civil Defense	*114.552*	*109.689*	*121.100*
Community Services	**2,375.530**	**2,467.569**	**2,668.900**
Communications & Works	*2,304.030*	*2,372.557*	*2,583.900*
Public Health	*71.500*	*95.012*	*85.000*
Social Services	**2,018.044**	**2,032.966**	**2,255.125**
Education	*1,405.850*	*1,319.001*	*1,490.970*
Health	*612.194*	*713.965*	*764.155*
Housing and Physical Planning	**700.000**	**706.000**	**2,240.000**
Miscellaneous Receipts	**64,571.225**	**84,342.402**	**35,945.743**
Agriculture	643.040	643.720	653.165
Board of Revenue	2,774.283	4,129.946	2,912.997
Fisheries	235.000	322.780	323.450
Forest & Wildlife	654.000	831.878	688.617
L&DD	704.004	665.500	730.204
Cooperative	2.250	2.001	2.600
Irrigation	2,341.123	2,020.287	2,555.729
Industries	326.510	761.104	329.640
Mines & Minerals	4,200.000	3,712.500	8,700.000
Home	730.000	863.455	730.000
Misc.	1,328.383	8,017.428	2,980.436
Federal / Foreign Grants	40,587.103	56,937.369	10,237.151
Straight Transfers	10,045.529	5,434.365	5,101.754
TOTAL NON-TAX RECEIPTS	**95,478.738**	**93,894.356**	**95,618.905**

A.Non-Tax Revenue – Income from Property and Enterprises

This component of the non-tax revenue is asignificant part of Non-Tax Revenue for the Province and comprise of two components.

- Net Hydel Profit
- Income from interest on loans advanced to financial institutions, local governments, autonomous bodies and government servants etc.

a. Net HydelProfit to Punjab Government

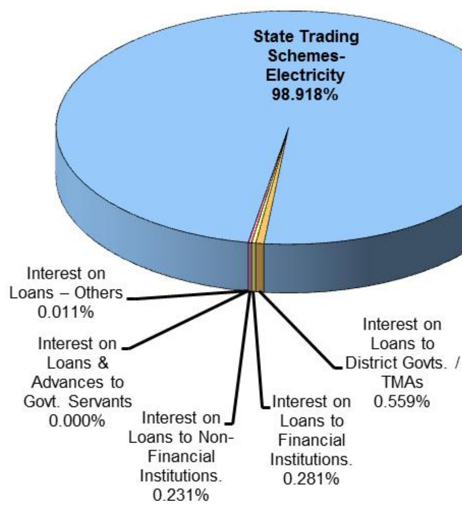
Federal Government has not paid the net Hydel Profit to Punjab Government, beyond

2004-05. Punjab Government had been consistently pursuing its case with Federal Government for clearance of the outstanding arrears and regular payment of payables accruing every successive year on the analogy of Khyber Pakhtunkhwa. The breakthrough was achieved in this regard during FY 2015-16. As a result of series of meetings between representatives of both Federal and Punjab Government, Federal Government has agreed to the payment of Net Hydel Profit. Accordingly, an allocation of Rs.38,400.000million has been made in BE 2016-17 on account of arrears of NHP for 2005 to 2016 and Rs. 9,180.000 million for the payment of regular Net Hydel Profit that will be accruing during FY 2016-17.

b.Interest on loans

Loans are extended to local governments, financial institutions and autonomous bodies to meet their current and development expenditure. The interest from these loans is another important part of receipts of "Income from Property and Enterprises". Interest amounting to Rs.335.549 million was received during FY 2015-16 and the interest income for FY 2016-17 has been targeted as Rs.520.599 million.

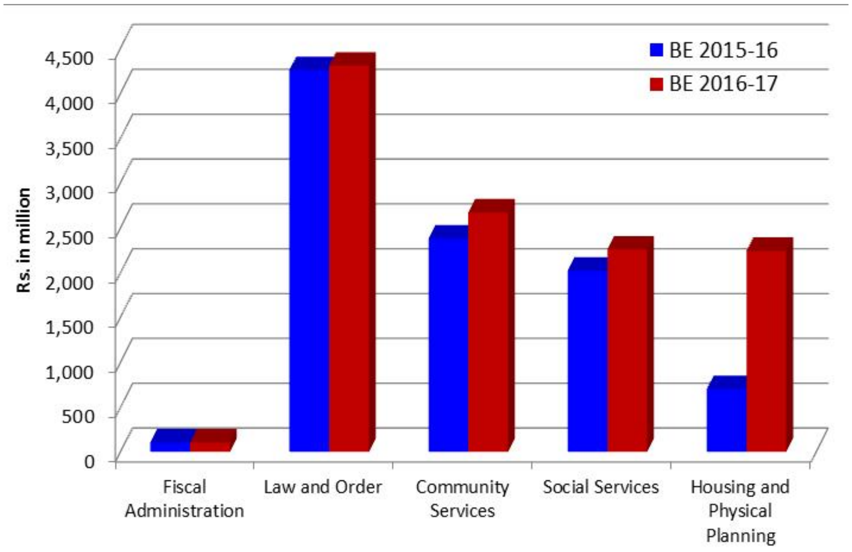
Figure 1.6
Income from Property and Enterprises BE 2016-17



B.Non Tax Revenue – Civil Administration & Other Functions

Non-Tax Receipts accrue mainly on account of regulatory functions performed by the Provincial Government and rates and fees charged for the provision of certain social and economic services and also include Federal Grants. Government is expected to collect Rs.11,572.563million during FY 2016-17 from these sources. A break-up of these receipts is graphically shown below:

Figure 1.7
Civil Administration and other Functions BE 2015-16 vs. BE 2016-17



a) Law and Order

There are three main components of law & order receipts:

1) Receipts collected by Law Department from *sale proceeds of unclaimed and escheated property, court fees realised in cash, General Fee, fines & forfeitures, receipt of official record room & recoveries of over-payments, etc.*

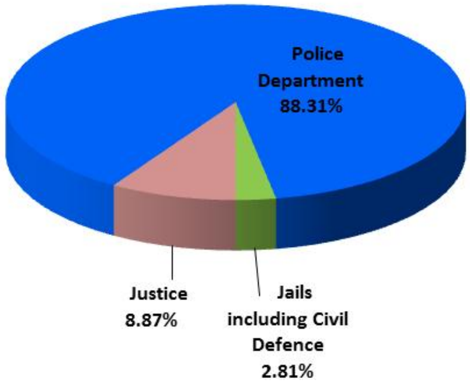
2) Receipts collected by Home Department include *sale proceeds of articles manufactured in jail, fines, overpayments on services rendered including supplies made by factory department to maintenance department in jail.*

3) Receipts collected by Police Department on account of *police personnel deputed at the strength of Railways, Federal Government, public departments, fees, fines, forfeiture, motor driving license fee, traffic fines, police land receipts and recoveries of overpayments.*

The total law & order receipts for 2016-17 are estimated at Rs.4,305.657 million which is 1.2% higher than last FY 2015-16. The collection of Police Department in FY 2016-17 is expected to be around Rs.3,802.457 million.

The contributions made by the above-mentioned heads of receipts in the total Law & Order receipts status are elaborated in the following figure:

Figure 1.8
Law and Order BE 2016-17

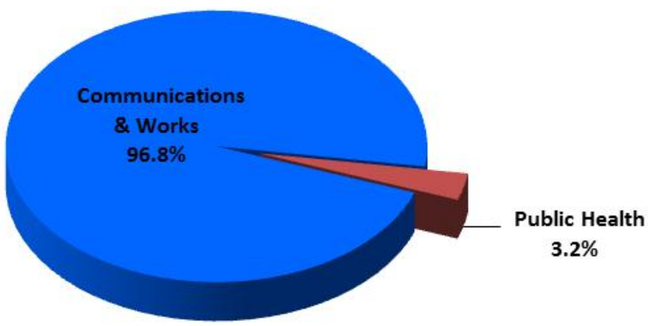


b) Community Services

The receipts accumulated from toll collection on provincial roads and bridges and through rent of government buildings are the major source of income in this category. The toll collection has been increased as compared to last year's collection.

Figure below elaborates the break-up of percentage contribution of each component of the total community service receipts estimated for FY 2016-17.

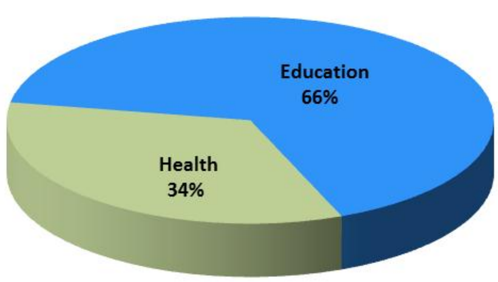
Figure 1.9
Community Services BE 2016-17



c) Social Services

These receipts pertain to different social services like Health and Education etc.The BE for FY 2016-17 has been set at Rs.2,255.125 million which is 12% higher than the BE 2015-16.

Figure 1.10
Social Services BE 2016-17

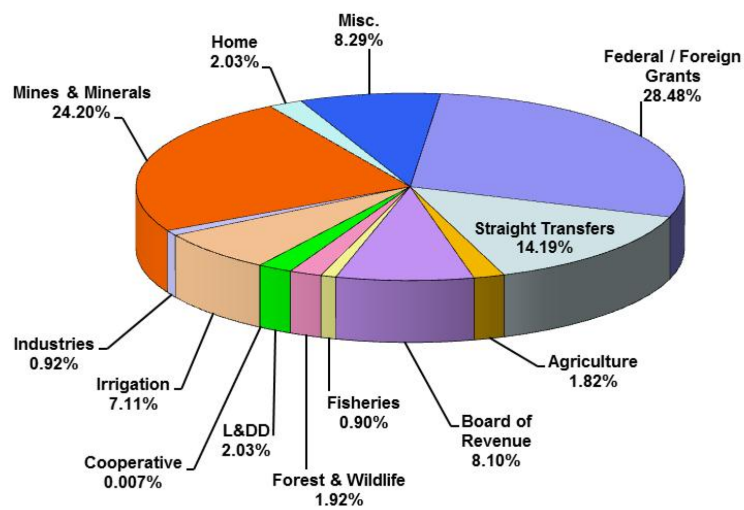


C.Non Tax Revenue – Miscellaneous Receipts

Under the receipts from economic functions, revenue on account of Abiana (water rate for irrigation), receipts from renting out agricultural machinery/equipment, sale of forest timber etc. are included. In the general category, other receipts such as small fees/charges on account of regulatory functions of the Government are included. Similarly, major receipts such as those accruing from arms license fee and royalty from mines and minerals are also included under this classification as shown in the following pie-chart.

The budgetary estimates for FY 2016-17 has been pitched at Rs.35,945.743 million.

Figure 1.11
Miscellaneous Receipts BE 2016-17



1.2 GENERAL CAPITAL RECEIPT

Current Capital Receipts of the province include all the new loans borrowed or raised by the Provincial Government and recoveries of loans which are granted to provincial entities/authorities/financial institutions, provincial employees or the District Governments.Current Capital Receipts may be credited either to the Provincial Government's Account No. I (Non-Food Account) or Account No. II (Food Account), depending on the nature of the receipt. Money raised through loans, budgetary-support programmes of multilaterals, recoveries of principal amount of loans advanced by the Government to its employees and autonomous bodies are credited to Current Capital Receipts (Account No.I). On the other hand, receipts from sale of wheat and financing for procurement of wheat accrue to Account No.II.

The table below presents the Current Capital Receipts figures for FY 2015-16 and FY 2016-17:

Table 1.12
Current Capital Receipts

(Rs. in Million)

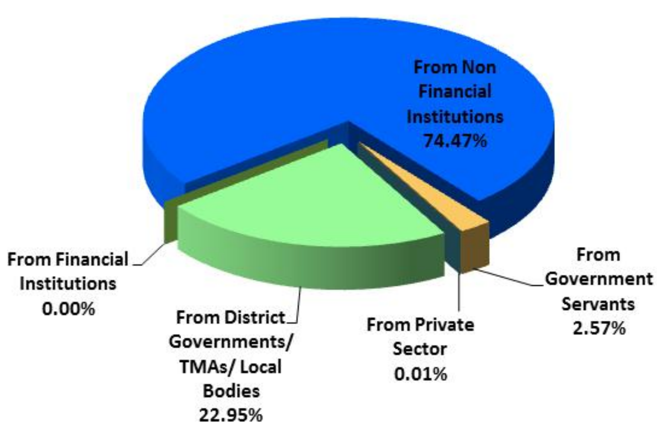
RECEIPTS	BE 2015-16	RE 2015-16	BE 2016-17
a)Loans & Advances/Recoveries of Loans and Advances	**949.977**	**589.055**	**1,084.307**
From District Governments/TMAs/Local Bodies	26.634	26.634	248.876
From Financial Institutions	_	--	--
From Non-Financial Institutions	891.983	534.455	807.465
From Government Servants	31.195	27.917	27.917
From Private Sector	0.165	0.049	0.049
b) Debt	**14,458.934**	**5,980.064**	**16,068.084**
Permanent Debt-Domestic	0.434	0.035	0.434
Permanent Debt-Foreign	14,458.500	5,980.029	16,067.650
Account No. I (a) + (b)	**15,408.911**	**6,569.119**	**17,152.391**
Recoveries of Investment-State Trading Schemes	138,774.500	107,594.127	115,529.500
Cash Credit Accommodation	114,082.417	130,205.420	113,815.775
Account No. II	**252,856.917**	**237,799.547**	**229,345.275**
Total Current Capital Receipts (I & II)	**268,265.828**	**244,368.666**	**246,497.666**

a) Recoveries of Loans and Advances

In this category Rs1,084.307 million are estimated to be received during FY 2016-17. The recoveries of loans and advances includes an amount of Rs. 248.876 million which will be recovered from District Government/TMAs and Rs. 807.465 million from agencies like Punjab Small Industries Corporation and Punjab Industrial Estate Development & Management Company etc.

It will be useful to provide a synopsis of the significant items categorised under Recoveries of Loans and Advances.

Figure 1.12
Recoveries of Loans and Advances BE 2016-17



b) Permanent Debt - Account No. I

Domestic and foreign loans borrowed directly or through the Federal Government comprise the permanent debt of the provincial government. The B.E. 2016-17 for the permanent debt (foreign) has been estimated at Rs. 16,067.650 million against the B.E. 2015-16 of Rs. 14,458.500 million. The Government would receive support loan from World Bank under Punjab Health Sector Reforms Program, Punjab Cities Governance Improvement Project, Education Sector Reform Program, Punjab Public Management Reform Program, Punjab Skills Development Project, and Punjab Jobs & Competitiveness Project from the World Bank. The revised estimates of 2015-16 have been significantly declined. One of the reasons is the non receipt of $ 50.3 million under Punjab Cities Governance Improvement Project which is now to be disbursed by December 2016 during FY 2016-17. Secondly, a shortfall of $ 11.22 million occurred due to the restructuring of Punjab Health Sector Reforms Program. Further, the receipt in respect to Punjab Jobs and Competitiveness Project has decreased due to delay in signing the loan agreement and an amount of $ 15 million will be received in this respect in FY 2016-17.

Table 1.13
Details of Current Capital Receipts (Foreign Loans).

(Rs. in Million)

Sr. No.	Detail of Loan	B.E. 2015-16	R.E. 2015-16	B.E. 2016-17
1	Punjab Education Sector Reform Program-II	-	2,652.327	-
2	Punjab Cities Governance Improvement Project	5,092.875	-	5,306.650
3	Punjab Health Sector Reforms Program	2,227.500	1,134.657	-
4	Punjab Public Management Reform Program	1,012.500	522.000	1,055.000
5	Punjab Skills Development Project	1,063.125	627.045	1,477.000
6	Punjab Jobs & Competitiveness Project	5,062.500	1,044.000	1,582.500
7	Punjab Education Sector Reform Program-III	-	-	6,646.500
	Total	**14,458.500**	**5,980.029**	**16,067.650**

c) Public Debt – Account No. II (Food Account)

Food Account of the province commonly known as Account No.II is also maintained with the State Bank of Pakistan like Account No.I. However, the former account is meant exclusively for transactions relating to state trading in food commodities by the Food Department. Finances for food commodity purchases are raised through ‘Cash Credit Accommodation’. Consortia of banks have been organised to carry out this process. Under this arrangement, wheat grain is procured directly from farmers by the Food Department, and financed by banking consortia. Receipts from the sale of wheat are then deposited in Account No. II, from where they are utilised to retire the consortia loans.Noticeably, the RE 2015-16 of ‘Recoveries of Investment-State Trading Schemes’ was Rs.237,799.547 million compared toBE 2015-16 of Rs.252,856.917 million on account of less sale of targeted sale of wheat during the financial year. Moreover, the recoveries from Sale of Wheat for the FY 2016-17 is estimated at Rs.229,345.275 million.

Development Capital Receipts

The loans borrowed from multilateral donor agencies through the Federal Government for specific foreign-assisted development projects are termed as Development Capital Receipts or foreign project assistance. Combined with the Development Revenue Receipts and surpluses from the General Revenue Account and Capital Account, Development Capital Receipts finance the Annual Development Programme of the province. The Budget Estimates for FY 2016-17 for Foreign Project Assistance are pitched at Rs. 114,952.815 million compared to Budget Estimates 2015-16 of Rs.34,417.667 million and RE 2015-16 of Rs.72,716.077million.

The above mentioned Development Capital Receipt is to be utilized for a number of development projects as listed below:

Table 1.14
Detail of Foreign Aid

(Rs. in million)

Sr. No.	Particulars	BE 2015-16	RE 2015-16	BE 2016-17
1	IDA-5151-Pak Land Records Management Information System (Additional Financing)	1,540.063	2,786.421	-
2	IDA-5081-Pak Punjab Irrigated Agriculture Productively Improvement Program Project (PIPIPP)	4,680.506	4,128.925	3,921.845
3	JBIC-PK-P53 Rehabilitating Lower Chanab Canal System (Pt.-B)	48.000	267.736	-
4	ADB-2300-Pak Punjab Irrigated Agriculture Improvement Project	130.000	100.000	130.000
5	ADB-2299 & 3351-Pak (PIAIP) Lower Bari Doab Canal Improvement Project	4,000.000	3,500.000	3,500.000
6	JBIC-PK-P59 Punjab Irrigation System Improvement Project	100.000	384.036	-
7	IBRD-7900-Punjab Barrages Improvement Phase-II Project (Jinnah Barrage)	1157.000	1,300.000	1,500.000
8	ADB-2286-Pak Renewable Energy Development Sector Investment Program	2686.000	2,626.000	1,015.970
9	ADB-2287-Pak Renewable Energy Development Sector Investment Program	13.000	-	-
10	France/VINCI-Extension of Water Resource for Faisalabad City Phase-I	266.665	468.309	-
11	IFAD-825-PK - Southern Punjab Poverty Alleviation Project	1,196.433	1,114.350	654.000
12	2841-New Khanki Barrage Construction Project	7,500.000	4,000.000	4,000.000
13	2971-Pak - Pakpattan Canal and Sulemanki Barrage Improvement Project	3,000.000	1,550.000	2,000.000

Sr. No.	Particulars	BE 2015-16	RE 2015-16	BE 2016-17
14	IFAD-432-Livestock and Access to Market Project	500.000	101.620	731.000
15	3159-3160-Pak - Rehabilitation and Upgradation of Trimmu Barrage & Panjnad Headworks	400.000	1,100.000	3,000.000
16	Rawalpindi Wholesale Market Project	100.000	-	-
17	ADB-3264-Pak- Flood Emergency Reconstruction and Resilience Project	5,600.000	3,209.680	6,500.000
18	IDA-5686-Disaster & Climate Resilience Improvement Project	1,500.000	1,019.000	2,300.000
19	Engineering Design of Jalalpur PDA for Jalalpur Irrigation Project	-	60.000	200.000
20	Enhancing PPPs in Pakistan (Punjab)	-	-	500.000
21	Lahore Orange Line Metro Train Project	-	45,000.000	85,000.000
	Total Loans	**34,417.667**	**72,716.077**	**114,952.815**

Chapter 2

ESTIMATES OF EXPENDITURE

2.1 OVERVIEW OF EXPENDITURE

Expenditure is money spent by the Government on public service delivery and investments to deliver these services. The Estimates of Expenditure presents the provincial budget in a simple and lucid manner, highlighting its salient features and making it easy for a layman to understand. A main objective of the Government is to consolidate its assets and leverage them to gain efficiencies. With this view, enhanced allocationsare made in the Current Budget in such a manner that the infrastructure created through Development Budget is optimally and efficiently leveraged to gain value for money.

In the coming years, the basic challenge for Punjab's economy is to grow at a fast rate to provide quality jobs to young people entering the workforce every year. For sustained improvement in living standards, economic growth has to be private sector-led, employment-intensive and exports-oriented. Importantly, it has to be anchored in adequate resource mobilization, efficient social service delivery and improved law and order.

The Budget 2016-17 is aligned with the priorities having substantial allocations for law and order, thriving schools, functional hospitals,better roads, system of justice, water supply and sanitation and other services, whereby, a common citizen would be able to benefit from all other amenities of public use.

The Provincial Budget 2016-17 of the Punjab Government is a balanced budget with the total outlay of Rs.1,681.417billion.The budget includes the current expenditure of Rs. 849.947 billionand the development expenditure of Rs. 550.000 billion.Thus, the Annual Development Programme is 32.7% of the total outlay as compared to FY 2015-16 and the growth in Annual Development Programme is 37.5% higher than the last financial year. Total allocation for Education is of Rs. 312.8 billion of both district and provincial governments. Likewise, total expenditure in Health is of Rs. 207.3 billion of both district and provincial governments.

Table 1.1 reflects the allocations for Current Revenue Expenditure and Development Expenditure of Punjab Government for the year 2015-16 and 2016-17.

Table 2.1
Abstract of Expenditure 2016-17

(Rs. in Million)

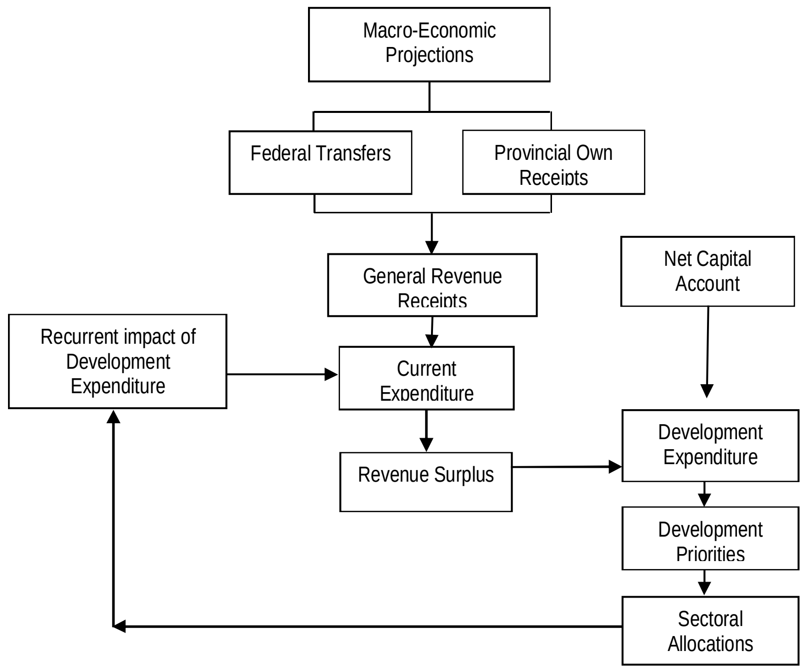
CLASSIFICATION	BE 2015-16	RE 2015-16	BE 2016-17
A. CURRENT REVENUE EXPENDITURE	**753,010. 825**	**746,855.766**	**849,947.178**
General Public Services (including transfers to Local Governments)	405,260.487	406,808.718	437,555.747
Public Order & Safety Affairs	123,437.912	108,009.631	132,439.638
Economic Affairs	77,600.342	75,991.836	122,505.669
Environment Protection	178.232	153.442	193.035
Housing and Community Amenities	17,336.967	13,319.247	13,986.438
Health	61,761.119	61,455.340	70,060.007
Recreational, Culture and Religion	2,781.741	2,703.898	3,180.155
Education Affairs & Services	59,433.725	50,419.808	64,566.166
Social Protection	5,220.300	27,993.846	5,460.323
B. CURRENT CAPITAL EXPENDITURE	**294,230.989**	**283,086.716**	**281,469.445**
Public Debt	0.434	0.035	0.434
Repayment of Principal	23,986.337	28,827.700	26,554.009
Investments	6,000.000	1,000.000	10,000.000
Loans and Advances (Principal)	11,350.591	15,427.804	15,529.594
State Trading in Medical Stores	36.710	31.630	40.133
State Trading (Wheat) (A/C-II)	146,999.847	159,251.420	147,105.160
Repayment of Commercial Bank Loans (A/C-II)	105,857.070	78,548.127	82,240.115
C.DEVELOPMENT EXPENDITURE	**400,000.000**	**422,913.462**	**550,000.000**
Annual Development Programme	400,000.000	422,913.462	550,000.000
TOTAL EXPENDITURE	**1,447,241.814**	**1,452,855.944**	**1,681,416.623**

2.2 BUDGETARY FRAMEWORK UNDER THE CONSTITUTION

The budgetary framework broadly represents the total receipts of Provincial Government, which comprises Federal Transfers and Provincial Own Receipts, and Total Expenditure. Overall expenditures of the government are classified under Provincial Consolidated Fund and Public Accounts of the province pursuant to the Article 118 of the Constitution of Islamic Republic of Pakistan.

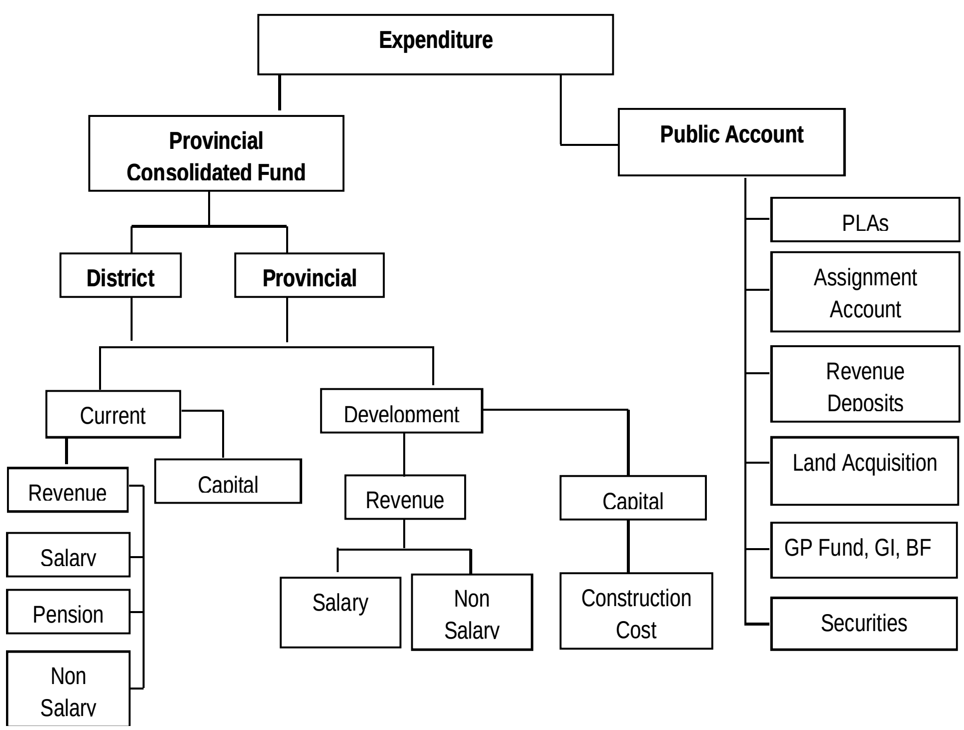
Article 121 of the Constitution relates to Expenditure incurred under Provincial Consolidated Fund. Expenditure from the Provincial Consolidated Fund can either be Developmental Expenditure or Current Expenditure.After accommodating the demands of current revenue expenditure and current capital expenditure, the net surplus is available for financing the Development Expenditure, which is also financed directly through foreign aided projects. The framework of provincial budget is depicted below at Figure 2.1.

Figure 2.1:Budgetary Framework



The provincial budget allocation tends to strike a balance between the competing demands of current and development expenditure. Without compromising on essential areas of current and capital expenditure, the provincial budget bids to ensure maximum surplus for Development Expenditure. Components of provincial expenditure are represented in the Figure 2.2.

Figure 2.2:Expenditure Classification



Against the various components of expenditure, a comparison of allocations in year 2015-16 and 2016-17is explained as under:

Table 2.2
Total Provincial Consolidated Fund

(Rs. in Million)

CLASSIFICATION	BE 2015-16	RE 2015-16	BE 2016-17
Current Revenue Expenditure	753,010.825	746,855.766	849,947.178
Current Capital Expenditure	294,230.989	283,086.716	281,469.445
Development Revenue Expenditure	220,715.467	288,181.255	388,498.093
Development Capital Expenditure	179,284.533	134,732.207	161,501.907
Total Provincial Consolidated Fund	**1,447,241.814**	**1,452,855.944**	**1,681,416.623**

2.3 CURRENT REVENUE EXPENDITURE

The Current Revenue Expenditure for 2016-17 has been estimated to be at Rs. 849,947.178 millionagainst the last year allocation of Rs.753,010.825 million.

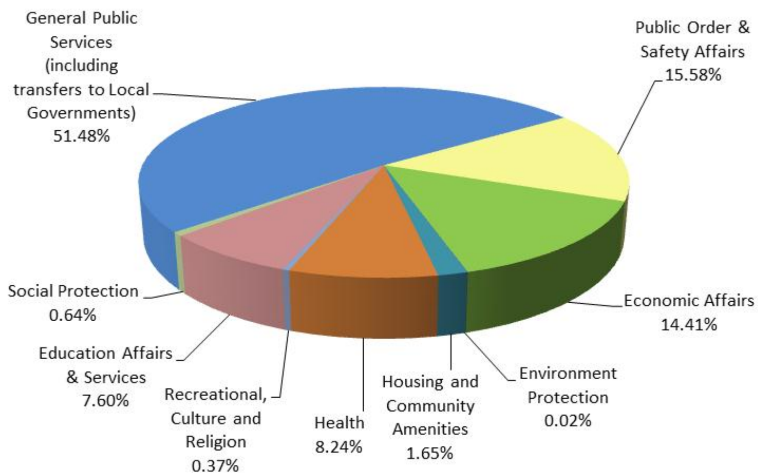
Current Revenue Expenditure is classified into 9 Functional Heads andcomparison of allocation against the main Functional Heads of Expenditure in Current Revenue Expenditure is tabulated as below:

Table 2.3
Function Wise Current Revenue Expenditure

(Rs. in Million)

CLASSIFICATION	BE 2015-16	RE 2015-16	BE 2016-17
General Public Services (including Transfers to Local Governments)	405,260.487	406,808.718	437,555.747
Public Order & Safety Affairs	123,437.912	108,009.631	132,439.638
Economic Affairs	77,600.342	75,991.836	122,505.669
Environment Protection	178.232	153.442	193.035
Housing and Community Amenities	17,336.967	13,319.247	13,986.438
Health	61,761.119	61,455.340	70,060.007
Recreation, Culture and Religion	2,781.741	2,703.898	3,180.155
Education Affairs & Services	59,433.725	50,419.808	64,566.166
Social Protection	5,220.300	27,993.846	5,460.323
Total Current Expenditure	**753,010.825**	**746,855.766**	**849,947.178**

Figure 2.3
Current Revenue Expenditure 2016-17



Functions-wise Trend in Current Expenditure

The trend of Current Expenditure under different functions for last five years alongwith budgetary allocation for FY 2016-17 is reflected in the table below.

Table 2.4
Trends in Current Revenue Expenditure (Function Wise)

(Rs. in Million)

FUNCTION	Actual 2012-13	Actual 2013-14	Actual 2014-15	RE 2015-16	BE 2016-17
General Public Services	308,772.100	345,702.661	392,588.611	406,808.718	437,555.747
Public Order & Safety Affairs	83,900.388	87,667.865	98,008.942	108,009.631	132,439.638
Economic Affairs	57,019.828	50,025.179	59,199.075	75,991.836	122,505.669
Environment Protection	83.126	146.839	164.894	153.442	193.035
Housing and Community Amenities	5,557.759	3,931.511	13,842.970	13,319.247	13,986.438
Health	34,610.952	40,657.877	45,601.696	61,455.340	70,060.007
Recreational, Culture and Religion	2,164.883	2,784.574	2,015.915	2,703.898	3,180.155
Education Affairs & Services	37,740.356	32,135.766	36,844.644	50,419.808	64,566.166
Social Protection	6,209.258	6,334.916	21,755.509	27,993.846	5,460.323
Total Revenue Expenditure	**536,058.650**	**569,387.188**	**670,022.257**	**746,855.766**	**849,947.178**

The table shows an increase from Rs.536,058.650 million during 2012-13 to Rs.849,947.178 million during 2016-17. There has been a substantial increase in allocations for education, health, law & order and subsidies for public sector delivery in the current budget.

Salient Features of the Allocations for different Departments / Functions for FY 2012-13

For FY 2016-17, the total outlay of current expenditure is estimated at Rs.849,947.178 million against Revised Budget Estimates of Rs. 746,855.766 million for FY 2015-16 which shows an increase of approximately 13.8%. Broadly, allocations in the current budget for FY 2016-17 have been made on the following principles / parameters:

- 10% increase in pay and pension for civil employees of Government of Punjab. Provincial salary budget has been estimated as Rs. 221,201.543 million in FY 2016-17 and expenditure on Pension is pitched at Rs. 128,000.000 million in FY 2016-17.
- Allocations for the Health Department have increased from Rs. 63,561.443million in FY 2015-16 to Rs. 71,069.811million in FY 2016-17 representing an increase of 13% over the budget estimates of FY 2015-16.Allocation of Rs. 14,741.691 million has been made in FY 2016-17 for provision of free medicines in public sector hospitals.
- Expenditure on the Education Sector has been estimated at Rs. 61,273.618 million in FY 2016-17 against Budget Estimates of Rs. 57,057.533 in FY 2015-16 showing an increase of 9%.
- Expenditure on account of Public Order and Safety Affairs has been estimated at Rs. 132,439.638 million in FY 2016-17 against the budget estimate of Rs.123,437.912million in FY 2015-16 showing an increase of 7.3% in comparison with the FY2015-16.
- To ensure proper upkeep and maintenance of infrastructure, a reasonable increase in allocations of M&R allocations for public infrastructure have been proposed in the BE of FY 2016-17.
- Allocationsfor pro-poor initiatives like Ramzan package, public transport and wheat subsidy have been budgeted at Rs. 65,453.000 million for FY 2016-17 reflecting an increase of 178% as compared to FY 2015-16.
- Allocations for POL and Utilities have been made keeping in view reduced oil prices.

2.3.1 General Public Services

General Public Services includes primarily the expenditure on the provision of services related to executive and legislative organs; and financial and fiscal affairs. Further, transfers to local governments under the PFC Award, 2006, are also included in this category of expense.The allocation for general public services is pitched at Rs.437,555.747million in FY 2016-17. It includes transfers to local governments and other entities amounting to Rs.279,668.830 million and an amount of Rs.157,886.917 million for Executive and Legislative Organs.

Allocations under General Public Services including the transfers to Local Governments are shown in the Tables below:

Table 2.5
General Public Services

(Rs. in Million)

General Public Services	BE 2015-16	RE 2015-16	BE 2016-17
Executive & Legislative Organs, Financial & Fiscal Affairs	131,840.270	146,380.333	157,886.917
Transfers to Local Governments and other entities	270,320.465	256,450.748	274,131.802
General Services	3,097.814	3,975.750	5,535.075
General Public Services not elsewhere defined	1.938	1.887	1.953
Total	**405,260.487**	**406,808.718**	**437,555.747**

It is anticipated that the new local government setup will come in place in FY 2016-17. The government is working on devising a new PFC Award keeping in view the structures and functions of the local governments as envisaged under PLGA 2013. As such, the allocation for transfers to District Governments, Tehsil Municipal Administrations, Union Administrations and Cantonment Boards has been kept at the level of FY 2015-16.

2.3.2 Public Order and Safety Affairs

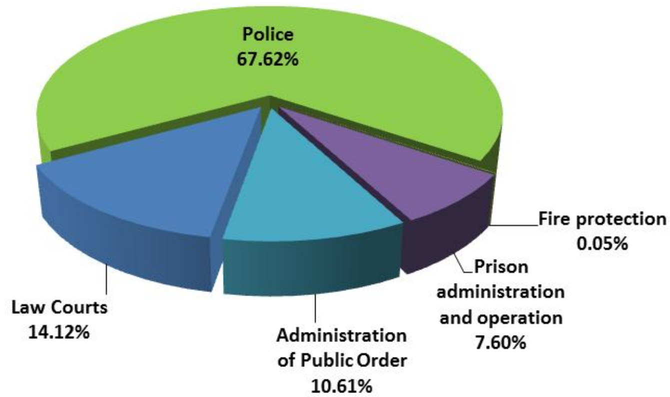
Expenditures on courts of law, police, prisons, relief and crisis management including fire protection, anticorruption establishment / economic crimes, and civil defence are included under this head. The allocation earmarked for Public Order and Safety Affairs for 2016-17 is Rs.132,439.638 million as compared to Rs.123,437.912 million in FY 2015-16 showing a growth of 7.3% from last year. This allocation includes Rs.89,552.014 million for Punjab Police, that is 2% more than the allocation made in the last financial year. The allocation for the counter terrorism department, elite police force and district police have been substantially enhanced to ensure preparedness of Police to provide better law and order to the general public.The allocations under various sub-classification are tabulated below:

Table 2.6
Public Order and Safety Affairs

(Rs. in Million)

Public Order and Safety Affairs	BE 15-16	RE 2015-16	BE 2016-17
Law Courts (High Court & Lower Judiciary)	15,959.794	15,625.902	18,703.299
Police	87,917.978	78,877.463	89,552.014
Fire Protection (Civil Defence)	64.544	52.672	68.979
Prison Administration and Operations (Jails)	7,640.461	6,661.120	10,063.254
Administration of Public Order (including Rescue & Emergency Services)	11,855.135	6,792.474	14,052.092
TOTAL	**123,437.912**	**108,009.631**	**132,439.638**

Figure 2.4
Public Order and Safety Affairs BE 2016-17



2.3.3 Economic Affairs

Government departments contributing to economic development fall under thisclassification. The departments include Agriculture, Food, Irrigation, Forestry & Fisheries, Fuel & Energy, Communication and Works, Wildlife & Fisheries, Industries, Livestock & Dairy Development, Mines & Mineral Department, etc. For Economic Affairs,an allocation of Rs.122,505.669 million has been suggested in FY 2016-17against budgetary estimate of Rs.77,600.342 million in FY 2015-16. The allocations for these sectors have primarily been enhanced to cater for the repair & maintenance of roads, building infrastructure and canals & drainage network, research, extension and field services to farmers and vocational training of the labor force.

Table below shows the break-up of this expenditure across major departments.

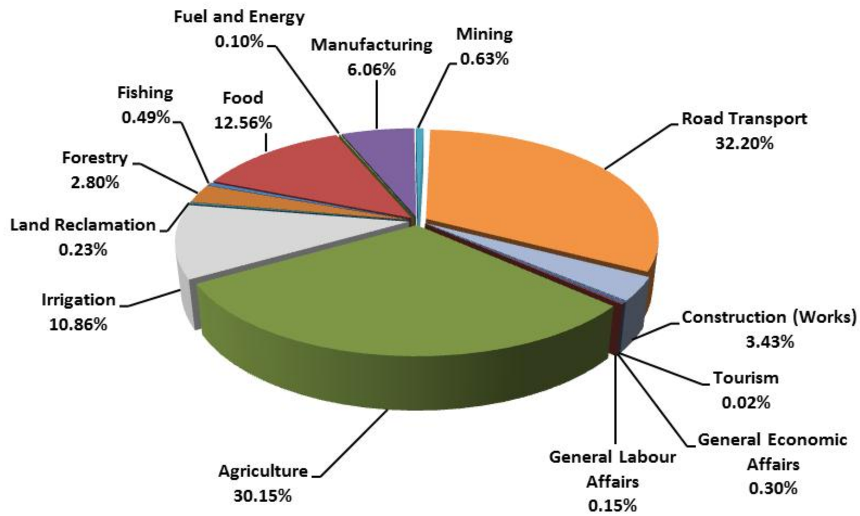
Table 2.7
Economic Affairs

(Rs. in Million)

ECONOMIC AFFAIRS	BE 2015-16	RE 2015-16	BE 2016-17
General Economic, Commercial & Labour Affairs	**434.134**	**413.804**	**557.539**
General Economic Affairs	263.599	220.408	370.219
General Labour Affairs	170.535	193.396	187.320
Agriculture, Food, Irrigation, Forestry & Fishing	**57,225.132**	**56,041.412**	**69,947.979**
Agriculture	17,023.307	28,558.035	36,931.018
Irrigation	12,480.034	13,051.710	13,307.281
Land Reclamation	293.955	292.921	285.404
Forestry	3,021.742	3,001.558	3,434.837
Fisheries	617.681	568.212	599.385
Food	23,788.413	10,568.976	15,390.054
Fuel and Energy	**110.437**	**92.873**	**118.158**
Administration	110.437	92.873	118.158
Mining and Manufacturing	**7,850.960**	**7,507.931**	**8,205.651**
Manufacturing	7,127.621	6,912.668	7,428.605
Mines	723.339	595.263	777.046

ECONOMIC AFFAIRS	BE 2015-16	RE 2015-16	BE 2016-17
Construction and Transport	**11,954.725**	**11,885.537**	**43,651.167**
Roads & Transport	7,920.224	7,378.650	39,446.322
Construction & Works	4,034.501	4,506.887	4,204.845
Other Industries	**24.954**	**50.279**	**25.175**
Tourism	24.954	50.279	25.175
Grand Total	**77,600.342**	**75,991.836**	**122,505.669**

Figure 2.5
Economic Affairs Expenditure, BE 2016-17



Agriculture

Agriculture is central to economic growth and development in Punjab. Its contribution to national agricultural economy is overwhelming. Keeping in view the problems faced by the Agriculture Sector, in the FY 2015-16 Government of Pakistan announced a comprehensive agriculture package – *Kissan Package*– to provide immediate relief to the farming community.Government of Punjab participated in the said package. Under this package an amount of Rs.20,000.000 million was spent in Agriculture Sector in Punjab in the shape of direct subsidies to wheat and rice growers, subsidy to make available DAP at reduced price to farmers and payment of electricity duty for agricultural tubewells.

Growth in agriculture sector improves the incomes of poor household groups substantially, as it is the most pro-poor sector in terms of growth. Government of Punjab convened an agricultural convention in March 2016. In view of the importance of the Agriculture sector, the Government of the Punjab has announced an Agriculture Package worth Rs. 100.0 billion to be spent in next two financial years. For the FY 2016-17, an amount of Rs. 50.0 billion would be spent on Agriculture Package.

Subsidies

Subsidy for Kissan Package, wheat, Ramzan Package and Public Transport form part of this classification. For FY 2016-17, the total extent of subsidy would be at Rs.65,453.000 million against the last year figure of Rs. 23,545.854 million with an increase of 178%.

2.3.4 Housing and Community Amenities

Cities and towns have an important role in making Punjab competitive for investment and development by benefitting from a skilled labor force. Urban areas create jobs and attract investment that helps economic growth.Therefore, the Government accedes high priority to this sector.

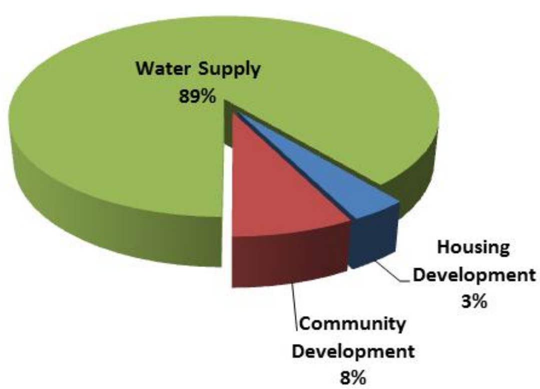
This sector includes expenditure on Housing Urban Development & Public Health Engineering Department, Environment Protection and Local Government and Community Development Department. An allocation of Rs.13.986.438 millionhas been made under this classification against the last year's allocation of Rs. 17.336.967 million. Details of expenditure on Housing and Community Amenities are provided in table below:

Table 2.8
Housing and Community Amenities

(Rs. in Million)

HOUSING AND COMMUNITY AMENITIES	BE 2015-16	RE 2015-16	BE 2016-17
Housing Development	500.592	446.486	502.353
Community Development (including Ashiana Housing Scheme)	4,629.140	910.556	1,065.001
Water Supply & Sanitation	12,207.235	11,962.205	12,419.084
Total	**17,336.967**	**13,319.247**	**13,986.438**

Figure 2.6
Housing and Community Amenities BE 2016-17



2.3.5 Health Services

In order to improve service delivery, Government of Punjab bifurcated Health Department into two separate departments; (i) specialized health care and medical education department and

(ii) primary and secondary healthcare department in FY 2015-16. As far as the functional classification of Health Services is concerned, it includesallocation for hospitals, healthcare Institutes, laboratories and other expenditure related to health administration, including the general administration. The overall allocation for Health sector has increased by 13% from Rs. 61,761.119 million during FY 2015-16 to Rs.70,060.007 million for 2016-17.

The major allocations related to Health Sector are for purchase of medicine, repair of machinery and equipment. In view of the importance of medical supplies, an effort has been made to provide maximum possible resources for purchase of medicines and other supplies for both the departments. Resultantly, the allocations for free medicines has been enhanced from Rs.10,933.378 million in FY 2015-16 to Rs.14,741.691 million in FY 2016-17. Similarly, Rs.842.198 million has been allocated for the repair and maintenance. The allocation for General Administration has been kept at Rs.1,039.012 million. In addition, a sum of Rs. 1,000.000 million has been allocated to cater for emergencies and control of epidemics.

Figure 2.7
Purchase of Drugs and Medicine

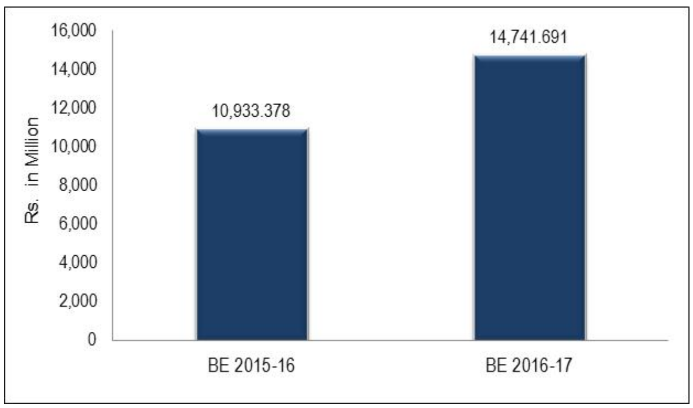
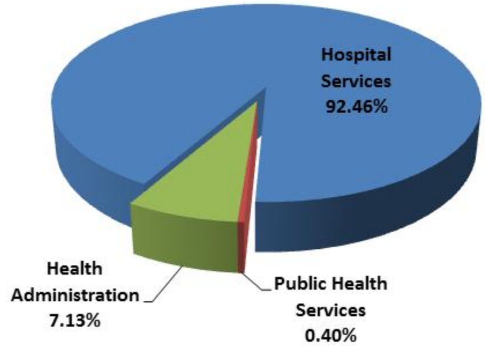


Table 2.9
Health Services

(Rs. in Million)

HEALTH	BE 2015-16	RE 2015-16	BE 2016-17
Hospital Services	54,462.882	52,236.546	64,779.772
Public Health Services	158.732	247.998	283.020
Health Administration	7,139.505	8,970.796	4,997.215
Total	**61,761.119**	**61,455.340**	**70,060.007**

Figure 2.8
Health Services BE 2016-17



2.3.6 Recreation, Culture and Religion

The allocation under this classification has increased from Rs. 2,781.741million to Rs.3,180.155million for thecurrent financial year 2016-17. Rs.312.331 million have been earmarked for General Administration, whereas, Rs.2,867.824 million has been allocated for Public Service Delivery expense with a special focus in the promotion of arts and cultural heritage.

Table below shows the breakup of different services under this functional classification and their allocations for financial year 2016-17 along with Revised Estimates for FY 2015-16.

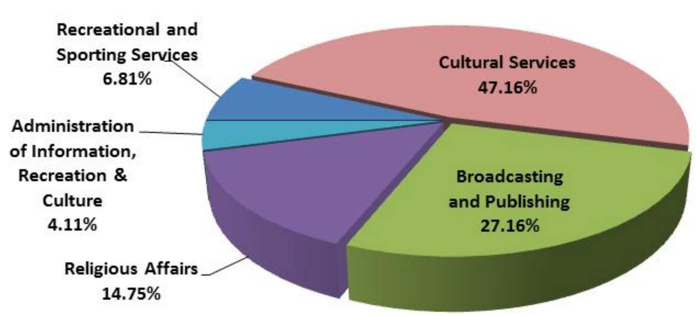
Table 2.10
Recreation, Culture and Religion

(Rs. in Million)

	BE 2015-16	RE 2015-16	BE 2016-17
Recreational and Sporting Services	909.701	896.298	216.612
Cultural Services	475.734	624.588	1,499.818
Broadcasting and Publishing	816.422	811.710	863.756
Religious Affairs	459.251	221.026	469.165
Administration of Information, Recreation & Culture	120.633	150.276	130.804
Total	**2,781.741**	**2703.898**	**3,180.155**

From the above table, it is apparent that Cultural Services, Broadcasting and Publishing constitute a major expenditure under this classification. The allocation for promotion of cultural activities has been pitched at Rs. 1,499.818 million which includes grant in aid to Bab-e-Pakistan of Rs. 1,000.000 million.

Figure 2.9
Recreation, Culture and Religion BE 2016-17



2.3.7 Education Affairs and Services

Education has continued to be the top priority of the government in its overall policy framework for the socio-economic development of Punjab. A better educated workforce results in adoption of more efficient production technologies and improved labor productivity. Education is a means for economic mobility, especially for the poor and a necessity for Pakistan which has a large young population.

In view of the foregoing, the allocation for Education Affairs and Services for the financial year 2016-17 has increased from Rs.59,433.725million to Rs.64,566.166 million as against the outgoing financial year. The General Administration expenditure has been enhanced by 7% from last year and the Public Service Delivery allocation has been enhanced by 9% from the last financial year to the tune of Rs.63,796.547 million.

Allocations under various sub sectors of Education are tabulated below:

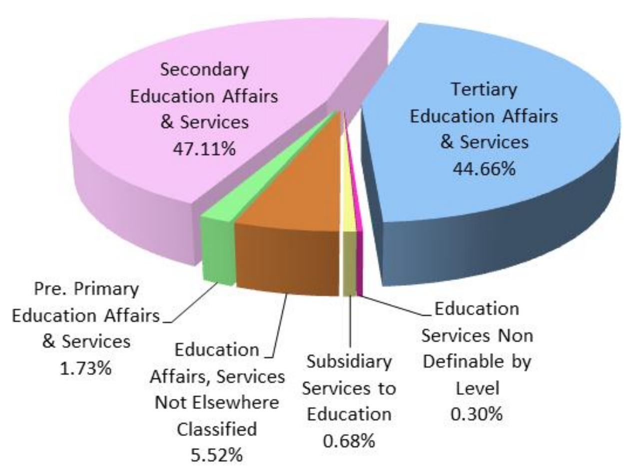
Table 2.11
Education Affairs and Services

(Rs. in Million)

Education Affairs & Services	BE 2015-16	RE 2015-16	BE 2016-17
Pre. Primary Education Affairs & Services	1,135.183	948.649	1,115.866
Secondary Education Affairs & Services	27,889.853	19,978.893	30,415.006
Tertiary Education Affairs & Services	26,273.627	25,577.935	28,835.169
Education Services Non Definable by Level	199.500	189.884	195.815
Subsidiary Services to Education	404.159	350.840	438.607
Education Affairs, Services Not Elsewhere Classified	3,531.403	3,373.607	3,565.703
Total	**59,433.725**	**50,419.808**	**64,566.166**

In the overall allocation of Education Affairs & Services shown in Table above, budgetary provisions relating to Universities of Education, Health and Agriculture are also included.

Figure 2.10
Education Affairs & Services BE 2016-17



2.4 CURRENT CAPITAL EXPENDITURE

Current Capital Expenditure like current capital receipt, figures both in the Account No. I and Account No. II of the Provincial Government maintained with the State Bank of Pakistan. Expenditure items under Current Capital Expenditure in Account No. I (Non Food) include the following:

(i) Principal Repayment of Domestic, Foreign and Market Debt

(ii) Loans and advances to corporate bodies of the Government of Punjab or associated with the Government of Punjab.

Expenditure in Account No.II (Food) are mainly incurred on state trading operations of the government in food grains especially procurement of wheat and repayment of loans taken from the commercial banks for trading operations of Food Department.

The details of the current capital expenditure are shown in Table below:

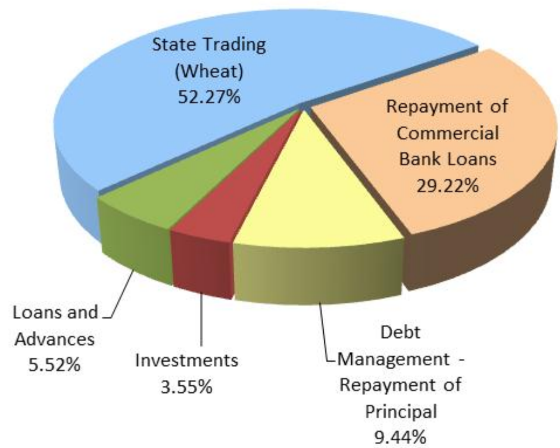
Table 2.12
Current Capital Expenditure

(Rs. in Million)

CURRENT CAPITAL EXPENDITURE	BE 2015-16	RE 2015-16	BE 2016-17
Public Debt	**0.434**	**0.035**	**0.434**
Permanent Debt (Market Loan)	0.434	0.035	0.434
Debt Management - Repayment of Principal	**23,986.337**	**28,827.700**	**26,554.009**
Domestic Debt Federal Government (CDL& CDL Scarp)	4,780.393	4,780.393	2,926.433
Foreign Debt (Debt Servicing)	19,105.944	24,021.307	23,527.576
Blocked Allocation for Exchange Risk Cover	100.000	26.000	100.000
Investment	**6,000.000**	**1,000.000**	**10,000.000**
Capitalization of Pension Fund	6,000.000	1,000.000	10,000.000
Loans and Advances	**11,350.591**	**15,427.804**	**15,529.594**
Loans to other Non-Financial Institutions	11,350.590	15,427.804	15,529.593
Loans to Government Servants	0.001	--	0.001
State Trading in Medical Stores	**36.710**	**31.630**	**40.133**
Total Account No. I	**41,374.072**	**45.287.169**	**52,124.170**
Public Debt Account No. II	**252,856.917**	**237,799.547**	**229,345.275**
State Trading (Wheat)	146,999.847	159,251.420	147,105.160
Repayment of Commercial Bank Loans	105,857.070	78,548.127	82,240.115
Total Current Capital Expenditure	**294,230.989**	**283,086.716**	**281,469.445**

The detail of the current capital expenditure is represented in the chart below:

Figure 2.11
Current Capital Expenditure BE 2016-17



In order to fulfill the growing contingent liability of Pension and General Provident Fund an amount to the tune of Rs.10,000.000 million has been kept for the capitalization of both the Pension Fund as well as the General Provident Fund.

Revised Estimates 2015-16 for Debt Servicing of foreign loans has been increased in comparison to Budget Estimates 2015-16 due to appreciation of US Dollar and Yen vis-à-vis Pak Rupees and the decision of the Federal Government to shift the exchange risk to Government of the Punjab in respect of ADB Loan No. 2216-Pak Punjab Resource Management Program-II. Further, RE 2015-16 regarding loans advanced to non-financial institutions has been raised to the tune to Rs.15,427.804 million and the basic reason is the supplementary grant of Rs.3,645.210 million to Energy Department for construction of Spur line for Qadirabad Power Project.

DEVELOPMENT BUDGET

Development Outlay includes:

- Annual Development Programme (Core ADP) Rs. 471.485 billion
- Other Development Initiatives Rs. 78.515 billion

The table below shows the outlay of development budget of Punjab Government for the last nine years and allocations for FY 2016-17.

Table 2.13
Development Budget

(Rs. in billion)

Year	Development Budget	%
2008-09	162.060	
2009-10	178.634	10.2%
2010-11	196.015	9.7%
2011-12	220.000	12.2%
2012-13	250.000	13.6%
2013-14	290.000	16.0%
2014-15	345.000	19.0%
2015-16	400.000	15.9%
2016-17	550.000	37.5%

2.5 DEVELOPMENT REVENUE EXPENDITURE

Development Revenue Expenditure is part of the development budget classified under grant PC22036 (036) – Development– Revenue. The expenditure under this grant pertains to expenses other than the brick and mortar expense and includes employees' related expense, purchase of transport, machinery and equipment, operating expenses, research and development, training etc. provided under the projects during the execution of the projects. Development Expenditure on Revenue account refers to expenditure on proposed and ongoing projects/schemes which are being financed from normal government operations and financial budgetary support through foreign multilateral grants.The allocation for development revenue expenditure has been pitched Rs. 388,498.093 million for FY 2016-17 as compared to FY 2015-16 of Rs.220,715.467 million.

2.6 DEVELOPMENT CAPITAL EXPENDITURE

Development capital expenditure is the capital investment under the development programs for roads & bridges, buildings, irrigation sector etc. that is financed through loans and borrowings from multilateral donor agencies through Federal Government for specific foreign assisted development projects. It is pertinent to point out that development portfolio is well explained in the following chapter.

Chapter 3

REVIEW OF DEVELOPMENT PROGRAMME 2015-16

&

ANNUAL DEVELOPMENT PROGRAMME 2016-17

Home to over half of the country's population and endowed with abundant resources, Punjab lies at the heart of the national economy. The provincial economy has demonstrated remarkable resilience over the past decade as it outpaced most of the national economic and social indicators. In the current year, Punjab has made a substantial contribution of 54 percent to the country's GDP[1].The government's progressive approach towards social issues and innovative solutions for persistent problems are among the vital contributors to this accomplishment.

Punjab possesses immense economic potential. With integrated irrigation system, fertile lands, and remunerative livestock production, the province has promising prospects for agribusiness. The maturing industrial centers and innovative services sector are complemented by an industrious labour force to provide a firm base for economic prosperity. The untapped potential is being harnessed by a determined political leadership by creating a business climate which is conducive to optimizing the value-addition process and start-ups by a youthful entrepreneurial class.

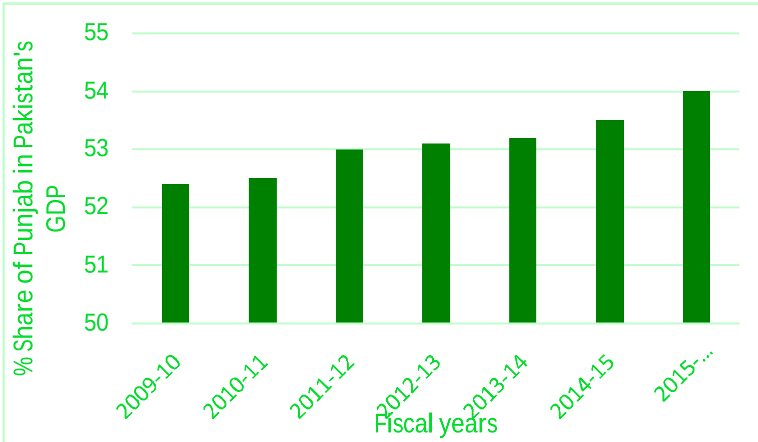
Punjab's development policies in the next few years will be decisive, given the dynamics of Asian geo-political economy. The development of trade and energy infrastructure under China Pakistan Economic Corridor (CPEC) and GSP-Plus status present remarkable opportunities for the province. Augmented with the prospects of regional integration within South Asia and economic cooperation with Turkey, Punjab can outperform its previous economic growth rates and become a major player in this game changer. However, managing the youth bulge, energy shortage, rapid urbanization and an arduous security situation are among the most onerous tasks for the government.

[1]Punjab Bureau of Statistics calculations.

Figure 1

Percentage of Punjab's share in the GDP of Pakistan, 2009-2016

Given the consistently increasing share of Punjab in the national annual production of goods and services, it has a considerable impact on the country's economy.



Source: Punjab Bureau of Statistics
**July-April 2015-16*

To capitalize on the aforementioned opportunities and to address the upcoming challenges, the Government of Punjab has devised the Punjab Growth Strategy. Encompassing all sectors of economy, this strategy presents a comprehensive plan to catalyze economic development. Growth is made inclusive by explicitly addressing development needs of South Punjab, rural areas, women and minorities. It is complemented by the Medium Term Development Framework (MTDF)which provides stability, cohesiveness and sustainability to development initiatives. To address the persisting stagnant national labour productivity, the strategy provides a framework to analyze and take on the challenges related to skills development and labour market. Moreover, the government is tailoring its policies to crowd-in private investment by providing a propitious investment climate which will reverse the declining trend of private investment over the past several years. While endeavouring to keep the field largely open for the private sector, public-private partnerships and outsourcing, the government acknowledges that provision of public goods is among its core responsibilities and it will continue to invest optimally to attain equitable social outcomes.

The Annual Development Programme (ADP), formulated by the Planning and Development Department, Government of Punjab, is the key policy instrument to execute the development vision, meet policy objectives and to achieve economic targets set by the Government. By virtue of its size and sectoral range, the strategic ADP interventions are the principal drivers of pro-poor, inclusive, and sustained economic growth. It is formulated within a three-year rolling framework to ensure course correction in the medium term. In the past five years, the emphasis has been on bridging the critical infrastructure gaps in rapidly urbanizing economy.

While this will continue as an ongoing effort, the major chunk of the additional investment in the next two years will be channeled towards the social sector.

Annual Development Programme 2015-16

With a marked increase in the share of economic and social services, the size of Development Programme 2015-16 was Rs.400 billion. The programme laid foundations for a number of flagship projects of economic and social infrastructure. Massive investments were made to develop human resource, attain equitable regional development, and to reduce gender inequality. Furthermore, adequate funds were allocated to a multitude of infrastructure projects including urban mass transit, an integrated rural road network, and irrigation systems. The government complemented the investment in industrial states with power generation facilities to overcome energy shortage, promote industrial growth and to enhance the competitiveness of production sector. Following are the major schemes that were completed in the FY 2015-16.

i. Khadim-e-Punjab Rural Road Programme Phase I and II were completed under which roads of over 3500 km were rehabilitated across the province.

ii. The rehabilitation and modernization of Jinnah Barrage was completed with a total cost of Rs. 12.7 billion. This barrage is crucial for the irrigation and water management of several districts of Southern Punjab.

iii. 6,558 water courses were upgraded

iv. 2568 dilapidated school buildings were reconstructed, 23 new colleges were established and missing facilities were provided in over 6500 schools.

v. Operation theatres, Intensive Care Units (ICUs) and several medical departments including orthopedics, neurosurgery and plastic surgery were upgraded, and modern equipment was provided to selected tertiary care hospitals in order to improve the delivery of health services.

vi. Several agricultural research institutes were strengthened to increase their capacity to provide innovative solutions for persistent problem areas of the sector.

vii. Database of 4.6 million livestock farmersfor extension services was established.

viii. Under Punjab Economic Opportunities Programme, skills training was provided to over 145000 youth of South Punjab with a total cost of Rs. 8.16 billion.

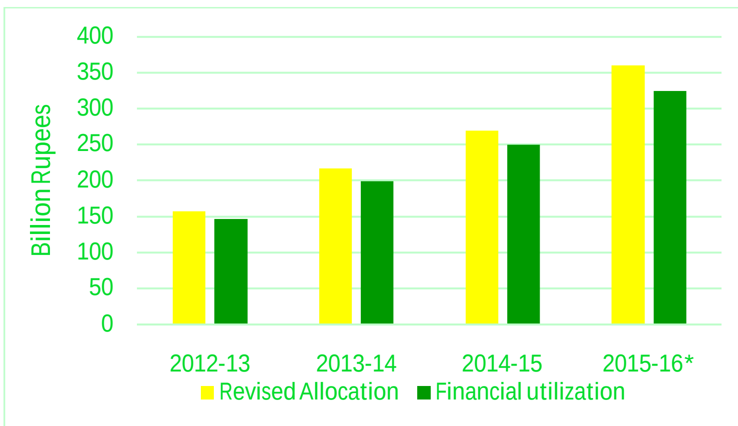
ix. Solar panels were installed in more than 50 government offices to promote green energy.

x. Land Records Management & Information Systems Project (Phase-I) has been completed with total cost of Rs. 12.26 billion with the objective to improve the land records service delivery in the province of Punjab.

xi. Punjab Social Protection Authority was established.

In FY 2015-16, the government allocated 53 percent of the total development budget to ongoing projects. This optimal division of financial resources for ongoing and new schemes implies that there are better prospects of ongoing projects to be completed within schedule. About 1700 schemes/projects are expected to be completed by the end of current fiscal year. Examining recent trends demonstrates that the Government has made significant improvements with regard to timely project completion, adequate financial utilization and implementation of projects/programmes. One of the positive trends is demonstrated by Figure 2. Evidently, the financial utilization and subsequently the implementation of development portfolio has been consistently increasing over the past years. Financial utilization is expected to be over Rs. 300 billion for the current fiscal year. This high rate of utilization despite the marked increase in financial allocations over the past few years indicates that capacity of the Government of Punjab to undertake and execute large scale projects is consistently increasing.Moreover, the block allocations have declined in recent years which indicates that the planning of high-priority projects has improved and they can be financed and reviewed under ADP.

Figure 2
ADP Financial Utilization 2013-16



Source: Planning and Development Department Calculations
**Expected utilization*

Annual Development Programme 2016-17

The formulation process of ADP 2016-17 was informed by principles of value for money through public sector investments. Government of the Punjab is adding new dimensions in ADP formulation process which further aligns it with Government's vision and its strategic framework. Learning from previous experiences, the Planning and Development Department has undertaken several measures to ensure that targets set for ADP formulation are achieved effectively and within stipulated time. These steps included providing the key departments with sector experts and project development specialists to help them refine their strategic vision within framework of the Growth Strategy and subsequently translate it into ADP schemes. Furthermore, P&D engaged with a panel of experts from international agencies to ameliorate the process of project review and appraisal. Moreover, MoUs with public sector universities were signed for provision of expert advice by renowned academics to various sections of Planning and Development Department for due diligence, project appraisal and portfolio prioritisation. All these steps have made the process of ADP formulation more participatory and evidence based.

The salient features of the ADP 2016-17 are as under:

i. Schemes that could contribute to reforming the business climate or procure investments in core infrastructure projects are favoured. The selected projects are expected to have a high positive impact on industrial growth, domestic commerce, exports and employment opportunities.

ii. The feasibility for Public-Private Partnership arrangements has been thoroughly explored and applied wherever possible to crowd-in private investment.

iii. The development schemes that create and enhance urban clusters and ensure provision of requisite services are prioritised.

iv. Compared to previous years the allocations for education and health sectors have been markedly increased.

v. Several new schemes have been introduced to empower women and to accelerate the social inclusion of marginalised groups.

vi. Projects are distributed across the province to achieve equitable development in all regions.

vii. Adequate funding is allocated to complete the projects in a shorter timeframe for public welfare. Major thrust is on completion of on-going projects which required a shift from thin to adequate funding for on-going schemes to avoid time and cost over-runs.

viii. Maximum financial allocation was provided to those ongoing schemes which are at an advanced stage of implementation.

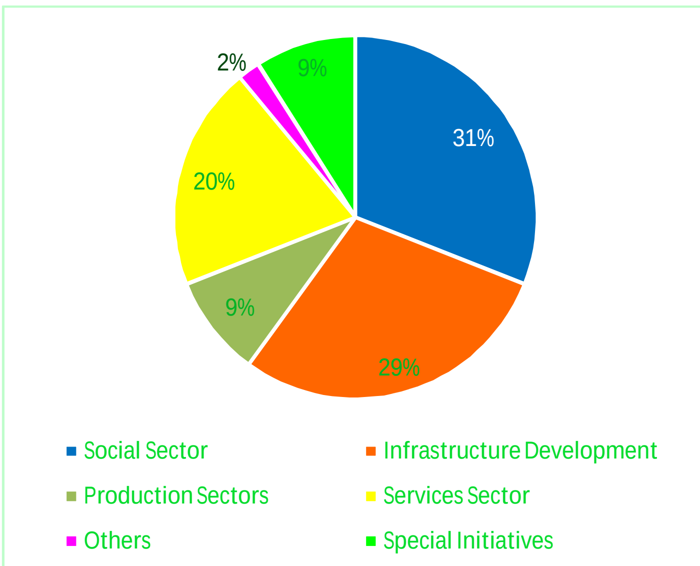
ix. Completion and operationalization of under executed projects particularly in the social sector is a focal point.

The size of Development Programme 2016-17 is Rs. 550 billion. The sector-wise distribution of the funds is illustrated in Figure 3. The social sector received the highest priority (31 percent) followed by infrastructure. Having achieved the critical mass of infrastructure required for the economy to function efficiently, this year agriculture, education, health, water supply and law and order will be the top priority in the development portfolio of the Government of Punjab. Major financial allocations to these sectors will develop human resource and stimulate economic activity. The Government has earmarked Rs. 100 billion under the Khadim-e-Punjab Kisan Package for the next two years to revive agricultural sector. These funds will be spent on welfare of the farmers and agricultural development to increase the per acre yield. Since more than 40 percent of Punjab's labour force is engaged in agricultural sector, this package will immensely benefit large masses of population. More than Rs.168 billion have been allocated to the social sector with major focus on

Education (Rs.73 billion, 13%), Health (Rs.44 billion, 8%) and clean drinking water (Rs. 45 billion, 8%). Within education sector, school education is of highest priority with the objective of enrolling the out of school children and the provision of missing facilities necessary for schools to function efficiently. Similarly, the health sector is focused on primary and secondary sub-section. The key objective is to upgrade all DHQs and 15 THQs. These investments demonstrate the Government's commitment to provide equal opportunities to all segments of society by providing high-quality education and health services. Moreover, the Khadim-e-Punjab SaafPaniProgramme is a flagship initiative for provision of clean drinking water particularly to the underdeveloped rural areas of South Punjab. The access to basic hygiene will prevent several waterborne diseases and increase the overall well-being of several communities.

Figure 3

Sector-wise distribution of Development Programme 2016-17



Source: Planning and Development Department

Following are the major projects/programmes of ADP 2016-17:

- Khadim-e-Punjab Kisan Package (Rs.50 billion)
- An allocation of Rs.41 billion for Irrigation Sector development to enshrine rehabilitation, improvement and modernization of infrastructure coupled with holistic reforms aiming at integrity and sustainability of the system through improved management and service delivery.
- Khadim-e-Punjab School Strengthening Programme (Rs.50 billion)
  - Construction of 10,000 new class rooms in schools (Rs.15 billion)
  - Reconstruction of dilapidated School Buildings (Rs.8 billion)

- Provision of missing facilities in Schools (Rs.5 billion)

- Punjab Education Endowment Fund (PEEF) (Rs. 4 billion)
- Establishment of 46 colleges in Punjab
- Lahore Knowledge Park including IT & Engineering University Lahore, Punjab (Rs. 2.0 billion)
- Pakistan Kidney & Liver Institute (PKLI), Lahore (Rs. 4 billion)
- Revamping of all DHQ Hospitals in Punjab (Rs. 3.7 billion)
- Revamping of 15 THQ Hospitals in Punjab (Rs1.5 billion)
- Re-vamping of four tertiary care hospitals in Punjab (Rs. 2 billion)
- Upgradation of existing DHQ Hospitals into Teaching Hospitals at Gujranwala, Sialkot, Sahiwal and D.G.Khan (Rs.4.31 billion)
- Prevention and Control of Hepatitis in Punjab (Rs.500 million)
- Infection Control Programme (Rs.400 million)
- Integrated Reproductive Maternal New Born & Child Health (RMNCH) & Nutrition Programme (Rs. 2.5 billion)
- Health Insurance Scheme (Rs. 1.5 billion)
- Expanded Programme for Immunization (EPI) (Rs. 1 billion)
- Purchase of Mobile Health Units (Rs. 1 billion)
- Allocation of Rs.30 billion for Provision of clean drinking water under **Khadim-e-Punjab SaafPaniProgramme** which is one of the basic requirements of a healthy hygienic living.
- Rehabilitation of urban and rural water supply and sewage system (Rs. 14.37 billion)
- An allocation of Rs.14 billion for Good Governance Initiatives & Information Technology.
- Project for Safe City in Lahore, Rawalpindi, Gujranwala, Multan, Faisalabad and Bahawalpur (Rs. 11.13 billion)
- Lahore Orange Line Metro Train Project (Rs.85 billion)
- Allocation of Rs.27 billion for **Khadim-e-Punjab Rural Roads Programme**. The Programme has been designed to improve and modernize road network in rural areas to facilitate transportation of agriculture produce from Farm to Market. This will not only help in better farming activities but also helpful in stimulating rural economy.
- Allocation of Rs.15 billion for District / TMA Development Programme.
- Allocation of Rs.12.6 billion for Industries Sector to modernize industrial infrastructure in order to attract private investment.

- Allocation of Rs.9 billion for investment in the Energy Sector to overcome power shortages in the Province and stimulate industrial growth.
- Allocation of Rs.6.5 billion for Skills Development Programme including Rs.3 billion for TEVTA and Rs.2 billion for PVTC.

Following are the major initiatives by Government of the Punjab in collaboration with the international agencies for the FY 2016-17:

i. **Punjab Jobs & Competitiveness Programme:** World Bank funded programme of US $ 100 Million to create market based jobs in the Punjab to support the targets set in Punjab Growth Strategy 2018.

ii. **Skills Development Programmes**

   a. Under Skills Development Programme, Department for International Development UK will provide £ 38.4 million for 5 years while share of the Government of Punjab will be £ 89.1 million. Under this programme, technical & vocational skills training will be provided to 330,000 poor and vulnerable people (40% women) across all districts of Punjab to enhance their employment prospects and incomes. The programme also aims to support institutional development of the Punjab Skills Development Fund (PSDF), policy, regulatory and institutional reforms in the skills sector in Punjab to improve the quality and market relevance of skills.

   b. Punjab Skills Development Project is funded by World Bank: The Project is expected to benefit youth who wish to gain job specific skill and training in order to join the labor market, as well as individuals in the labor force who wish to increase their earning capacity through in-service training. An estimated 70,000 trainees will directly benefit from the project, of which at least 15% will be female. Students from poor households are likely to benefit from the project because of the pro-poor weightage in competitively selecting Training Providers under the increase access sub-component of the projects.

iii. **Punjab Agriculture & Rural Transformation Project:** This project will help in improved agriculture productivity, value addition in agriculture and dairy products, marketing of agro based industry, provision of micro financing facilities to small farmers, encouragement of corporate farming & creation of cooperative societies of farmers especially small land holders, provision of better storage and packaging facilities to small farmers.

iv. **Punjab Education Support Project III:** This project is the continuation of the Phase II of the Punjab Education Support Project. World Bank will provide US $ 300 Million in 5 years for education sector through this project. The main objective of this project is the achievement of 100% primary school enrollment of out of school children.

v. **Transformation of Irrigation Department to Water Resource Department:** Asian Development Bank (ADB) is funding various projects related to irrigation in Punjab. This project which is related to restructuring of the Irrigation Department into Water Resource Management Department. This project will help to bring all the activities related to the Water management & preservation under the umbrella of Water Resource Management Department.

vi. **Punjab Cultural and Heritage Tourism Promotion Project:** Purpose of this project is the preservation of the religious sites of sikhs, bhudhists and hindu communities and to promote cultural and religious tourism in the province. This project is expected to boost the tourism and allied industries of the province.

As a result of the aforementioned features of the development programme and initiatives of the Planning and Development Department, this year the programme is more aligned with the Growth Strategy objectives, and further enables the accomplishment of Sustainable Development Goals (SDGs). Among the pillars of growth strategy, employment generation and social development have been the prime focus of most schemes. Moreover, in the ADP 2016-17, an allocation of well above 80 percent of the total budget outlay broadly addresses fourteen SDGs. Among these goals, the highest allocations are for good health and well-being, and quality education. The substantial allocations to these sectors rebut the long-standing critique of development analysts on Pakistan for pursuing policies which promote growth without development and demonstrate the Government of Punjab’s commitment to provide equal opportunities for all citizens.

Sector-wise summary of Annual Development Programme 2016-17 is given below:

Table 4.1
Development Programme 2016-17

(Rs. in million)

S. No.	Sector	Total ADP Estimates 2016-17	Other Dev. Programme 2016-17	Grand Total
	Social Sectors	**108,372**	**60,500**	**168,872**
1	Education	52,023	21,300	73,323
	School Education	32,760	15,000	47,760
	Higher Education	11,218	6,000	17,218
	Special Education	962	-	962
	Literacy & NFBE	1,883	-	1,883
	Sports	4,700	300	5,000
	Youth Affairs	500	-	500
2	Health & Family Planning	35,736	8,100	43,836
	i. Primary and Secondary Health Care	17,800	200	18,000
	ii. Specialized Health and Medical Education	17,000	7,500	24,500
	iii. Population Welfare	936	400	1,336
3	Water Supply & Sanitation	15,000	30,000	45,000
4	Social Welfare + Punjab Social Protection Authority	584	1,000	1,584
5	Women Development	529	100	629
6	LG&CD	4,500	-	4,500
	Infrastructure Development	**157,250**	**1,250**	**158,500**
7	Roads	79,000	-	79,000
8	Irrigation	41,000	-	41,000
9	Energy	8,750	250	9,000
10	Public Buildings	11,800	-	11,800
11	Urban Development	16,700	1,000	17,700
	Production Sectors	**35,005**	**14,265**	**49,270**
12	Agriculture	19,800	200	20,000
13	Cooperatives	208	-	208

S. No.	Sector	Total ADP Estimates 2016-17	Other Dev. Programme 2016-17	Grand Total
15	Forestry	2,200	-	2,200
16	Wildlife	735	-	735
17	Fisheries	755	-	755
18	Food	865	-	865
19	Livestock & Dairy Development	8,427	800	9,227
20	Industries, C & I (inc. skill development)	822	11,765	12,587
21	Mines & Minerals	393	1,500	1,893
22	Tourism	800	-	800
Services		**109,023**	**-**	**109,023**
23	Governance & IT	13,950	-	13,950
24	Labour& HR Development	650	-	650
25	Transport & Mass Transit	92,273	-	92,273
26	Emergency Service	2,150	-	2,150
Others		**11,835**	**500**	**12,335**
27	Environment	185	-	185
28	Information & Culture	400	-	400
29	Archaeology	400	-	400
30	Auqaf& Religious Affairs	100	-	100
31	Human Rights & Minority Affairs	800	-	800
32	Planning & Development + VGF	9,950	500	10,450
Special Initiatives / Programme		**52,000**		**52,000**
33	PM's SDG Programme	15,000	-	15,000
34	Special Development Package	10,000	-	10,000
35	Priority Programme + Public Awareness Campaign	10,000	-	10,000
36	District/TMA Development Programme	15,000	-	15,000
37	Baluchistan Development Package	-	2000	2,000
Total		**471,485**	**78,515**	**550,000**

SECTORAL ANALYSIS

Sectoral analysis presents an overview of each sector with regard to financial outlay, achievements during 2015-16 and major initiatives/targets for financial year 2016-17.

EDUCATION

The Punjab Government has set objectives of Education sector in the form of "Re -Launch of Chief Minister's Reforms Road Map – 2018 Goals". Priorities of the education sector include 100% enrollment of all children of school going age, retention of all enrolled students up to 5-16 years, gender parity, high standard infrastructure in schools, merit based recruitment of teachers, and incentives for good performance coupled with access to quality education. Policy is geared towards ensuring achievement of Sustainable Development Goals for inclusiveness and equitable & quality education for all. Moreover, objectives of this sector are in line with the Punjab Growth Strategy, which aims to focus on demand side interventions to increase demand for education to poor and vulnerable groups in order to enhance human capital.

Box 1: Strategy for Education Sector

Education is a means for economic mobility, especially for the poor and a necessity for Punjab, which has a large young population. The Government will focus on demand-side interventions to increase the demand for education amongst the poor and vulnerable groups.

Increasing the supply of educational inputs will enhance the resource utilization of existing schools; enhancing public-private partnerships to improve the quality of education, regulation and monitoring of school performance. To improve the quality of learning, the Government will empower the District Education Authorities as per the Punjab Local Government Act 2013.

In School Education Sector, milestone achievements were made during FY 2015-16. Missing Facilities were provided in 6511 schools in Punjab. IT Labs were also established in 546 Secondary and Higher Secondary Schools having highest enrollment. Additional classrooms were also built in schools having highest enrollment in Punjab. Moreover, 2568 dilapidated buildings of schools were re-constructed, 235 New Primary Schools were established and merit scholarships were awarded to 18940 students.

The achievements of Punjab Education Foundation include issuance of 3,10,918 vouchers in 1,370 partner schools after identification and registration of deserving children in age cohorts of 6-16 years under Education Voucher Scheme (EVS), access to schools in areas where no formal schools exist in radius of one km by establishing 1,632 schools having enrolment of 1,50,004 students under New School Programme (NSP) and provision of financial assistance to low fee private schools through public private partnerships in poor neighborhoods and rural areas of Punjab under Foundation Assisted Programme (FAS). Such schools are 3312 having an enrolment of more than 1,467,461 students.

An allocation of Rs. 47.760 billion has been made in FY 2016-17 under development programme for School Education Sector. Targets fixed for 2016-2017 include: Provision of Missing Facilities in all schools in Punjab by providing Rs. 5 billion allocation during FY 2016-17, provision of IT Labs in 625 Secondary Schools / Higher Secondary Schools having highest enrollment, Provision of 12,500 Additional Classrooms in primary schools in Punjab by allocating Rs. 15 billion in FY 2016-17, Reconstruction of 4,063 dilapidated buildings of schools in Punjab through an allocation of Rs. 8 billion and opening of 500 New Primary schools in Punjab through PEF.

HIGHER EDUCATION

A well-established Higher Education Programme is essential for the creation of a knowledge-based economy. Punjab aims to move its economy to high productivity, for which a vibrant higher education sector is critical. To create a knowledge-based economy, an entire infrastructure of facilities is required which provides the “software” for economic growth by creating a highly skilled pool of workers and an enabling environment for firms.

A better-educated workforce results in adoption of more efficient production technologies and improved labor productivity. Punjab aims to focus on demand side intervention and to increase the capacity of human resource by imparting quality education. The policy of the Higher Education Sector is to develop knowledge based economy along with a focus on equitable and quality education.

During FY 2015-16, an allocation of Rs. 14.73 billion was made to Higher Education Sector. The achievements include: Commencement of classes of Khawaja Farid University of Engineering and Information Technology (UEIT) R.Y. Khan, provision of 72,000 classroom chairs in colleges, establishment of 23 new colleges in Punjab along with upgradation of 02 Colleges and provision of missing facilities in 41 colleges of Punjab.

An allocation of Rs. 17.218 billion has been made in FY 2016-17 under the development programme for Higher Education Sector. An allocation of Rs. 4 billion has been earmarked to the Punjab Education Endowment Fund for financial assistance through scholarships to the talented poor and deserving students.

Major targets envisaged to achieve under Higher Education Sector for FY 2016-17 include: Establishment of 46 colleges in Punjab, Provision of Missing facilities to 42 colleges in the Punjab, Distribution of 100,000 laptop to talented students on merit basis, Establishment of four Women Universities at Sialkot, Multan, Bahawalpur and Faisalabad and upgradation of 02 colleges. New initiatives under this sector include: IT and Engineering University, Lahore, Construction of Building of Women University, Sialkot, Construction of building of Engineering College of University of Sargodha, Feasibility for Establishment of University of Technology & Applied Sciences, Lahore, Faculty Pedagogy Skill Programme, Establishment of Universities at Sahiwal, Okara, Jhang, Establishment of GC University Faisalabad Sub-campuses at T.T. Singh and Jaranwala and Strengthening of Science / IT Labs in Colleges.

SPECIAL EDUCATION

The Special Education Department is working towards providing a conducive learning environment to the special children. The objectives of this sector include: Enhancing Enrolment of Special Students, Skill Development and Rehabilitation of Disabled Students, Welfare, Betterment and Well-being of children with disability and providing required facilities to special students such as computer, furniture and teaching aids.

The achievements made during FY 2015-16 are: Setting up Speech Therapy unit in Govt. Training College for Teachers of Deaf Gulberg-II Lahore, Strengthening of Speech Therapy Unit Govt. National Special Education Centre, (H.I) at Johar Town, Lahore, Capacity Building of Institutions / Centers of Special Education in Punjab, Capacity Building of District Education Officer (Spl.Edu) in Punjab, Capacity Building of Govt. Training College for the Teachers of Blind Lahore, Construction of Buildings of Govt. Special Education Centre, KallurKot, KarorLaleson MCC Bahawalpur & Slow Learners Bahawalpur, Establishment of Govt. Special Education Centers (04-disabilities), Establishment of Govt. Secondary School of Special Education for Hearing Impaired Girls at Mianwali (Bifurcation), Up-gradation of Govt. Special Education Institution / Centers at Khushab, Hafizabad, Sheikhupura, Nankana Sahib, Kasur, Okara, JalalpurPirwala& Layyah from Middle to Secondary Level, Up-gradation of Govt. Special Education Center at Wagha Town, Ravi Town & Shalimar Town (District Lahore) from primary to middle.

An allocation of Rs. 962.461 million has been earmarked in FY 2016-17 under the development programme for Special Education Sector. Major targets envisaged to achieve include: Punjab Inclusive Education Project at Bahawalpur & Muzaffargarh, Voucher Scheme for Inclusive Education at PEF Schools for main streaming of Special Needs Children (Pilot Project at Lahore, Multan & Rawalpindi), Establishment of Teachers Training Institute for Special Education in Collaboration with PAF, Capacity Building of Institutions / Centers of Special Education in Punjab, Establishment of Govt. Degree College of Special Education at Multan, Establishment of 02-Govt. Secondary Schools of Special Education for Hearing Impaired in Girls at Gujranwala & Rawalpindi (Bifurcation).

LITERACY AND NON-FORMAL BASIC EDUCATION

Vision of the sector is "literate, learning and prosperous Punjab". Objectives under this Sector include: Non-formal Education to out-of-school children, primary level education from class 0-V levels, illiterate adolescent and illiterate adults; basic cognitive cum psychomotor skills relating to basic literacy & life-skills.

The achievements made during the FY 2015-16 include: Establishment of 11, 430 NFBES & NFEFS, Provision of primary level education to 3, 82, 000 out-of-school children, Establishment of 110 NFEAC, Provision of basic literacy to 2, 200 illiterate adolescents, Establishment of 4, 700 ALC, Provision of basic literacy to 93, 000 illiterate adults, Establishment of state-of-art IT based real time equipped monitoring system, Establishment of state-of-art IT based real time equipped assessment system and Establishment of research based academic systems.

Major targets fixed in the Literacy Sector for the year 2016-17 are: Establishment of 13, 000 NFBES & NFEFS, Provide primary level education to 4, 00, 000 out-of-school children, Establishment of 180 NFEAC, Provide basic literacy to 4, 500 illiterate adolescents, Establishment of 6, 687 ALC, Provide basic literacy to 6, 50, 000 illiterate adults.

SPORTS & YOUTH AFFAIRS

The vision of the department is to provide sports infrastructure in province and to serve the nation through sports and healthy activities. Moreover, the department is keen to meet international sports standards and organize world-class competitions.

In ADP 2015-16, Rs.2.5 billion was allocated to Sports Sector. The department took initiative of different projects such as: Construction of prototype gymnasium at tehsil level in 07 tehsils of Punjab, Construction of international level multipurpose indoor gymnasium at Nishtar Park Sports Complex in Lahore, Construction of Sports Complex in Sheikhupura& Kasur and Construction of stadiums in various districts of Punjab.

In ADP 2016-17, Rs. 5 billion has been allocated to 149 on-going and 26 new schemes for sports sector. Major targets and new initiatives for the sports sector are: Completions of all play field projects in Lahore, Establishment of gymnasiums in various districts of Punjab, Provision of missing facilities in international swimming pool at Nishtar Park Sports Complex, Lahore, Laying of synthetic hockey turfs at National Hockey Stadium Lahore, Construction of international level tennis stadium at Nishtar Park Sports Complex, Lahore, Establishment of Sports Complex in Sargodha and Faisalabad (PPP Mode), Construction of multipurpose parking plaza with international level hostel for players, five star hotel and museum in Nishtar Park Sports Complex, Lahore (PPP Mode), Establishment of Mini Sports Complex, Multan (PPP Mode), Up-Gradation of sports complex at Sahiwal (PPP Mode), and allocation for playfields in all districts of Punjab and Establishment of Punjab Youth and Sports Endowment Fund.

In addition to above, a scheme namely Chief Minister's E-Rozgar Scheme has been included at a total cost of Rs.883 million. The purpose of this scheme is to establish co-working labs in 36 districts of Punjab as well as training of 10,000 youth to promote employment generation.

HEALTH AND POPULATION PLANNING

The Health Sector development programme has been focused to deliver quality healthcare services to the community through an efficient and effective service delivery system that is accessible, equitable, affordable and sustainable. This has been done by focusing on universal healthcare services, emphasis on good governance, taking a systems strengthening approach, optimal utilization of resources and by improving institutional capacities. Moreover, Health Department also aims to improve health and quality of life of all, particularly women and children, through access to essential health services. The Government's commitment to improve health sector is quite evident from the fact that the provincial health sector budget allocation (current and development) has increased substantially.

In ADP 2015-16, Rs.93.64 billion was allocated to Health & Family Planning Sector. During 2015-16 the total development outlay for the health sector which includes Primary and Secondary Healthcare, Specialized Health and Medical Education and family planning for its 361 schemes, was 22 billion out of which 40% was for the capital part and 60% for the revenue portion. A specific percentage of 34 % was reserved for the schemes in Southern Punjab so that it is not deprived of funds. The expected financial utilization for these schemes is 90%.

A major policy shift took place in 2015-16 by bifurcation of the Health Department into two - Primary and Secondary Healthcare (P&SH) and Specialized Health and Medical Education (SH&ME) for effective gains and better implementation. Moreover, 75 schemes have been completed in this year by P&SH department, which include establishment of new healthcare facilities and up-gradation of new healthcare facilities including BHU, RHC, THQ and DHQ mainly serving the rural population. Drug Testing Laboratory in Lahore has been upgraded. Major preventive ongoing programmes like EPI, IRMNCH, HIV/AIDS and Hepatitis control would also continue in next year. SH& ME department has completed 37 schemes which include: System strengthening through up-gradation of ICUs, operation theatres, medical, neuro surgery, orthopeads and plastic surgery departments have been completed in designated tertiary care hospitals. Angiography machines have been provided to Faisalabad Institute of Cardiology, Punjab Institute of Cardiology and Mayo hospital Lahore. Burn and reconstructive surgery centres have been established in Faisalabad, Lahore and Multan. Ventilators have been provided in various hospitals throughout Punjab and Children's Hospital Faisalabad (Phase I) has been completed. PKLI project has been started in full throttle. Health Insurance scheme to benefit the poor and marginalized has started which will start reaping benefits next year.

Box 2: Strategy for Health Sector

The Government seeks to prioritize preventive healthcare relative to curative healthcare, given the significant gains possible from improving the preventive health system. The Government also seeks to do the following:

- ensuring uninterrupted supply of essential medicines at all public health facilities;
- creating an extension programme of basic drug information targeting vendors/pharmacists for infectious diseases, hygiene and family planning;
- creating a system for the diagnosis of major infectious diseases at primary health facilities;
- seeking improvements in the management of health system and outsourcing some parts to the private sector;
- linking health provision with social protection programmes to provide protection to poor households against large expenditures on health, through health insurance tools;
- establishing a disease surveillance system using modern technology

As regards Population Planning, Strengthening of Regional Training Institutes of Population Welfare Department in Lahore and Multan have been completed whereas establishment of 11 Family Health Clinics and establishment of new Family Welfare Centers along with introduction of Community based Family Planning Workers are under execution.

The total development outlay for 2016-17 for P&SH department is Rs.18 billion (Rs. 17.8 billion ADP and Rs. 0.20 billion ODP). It has 200 schemes out of which 86 schemes will be completed. The main aim is consolidation of ongoing programmes and also having a system strengthening approach to improve the functioning of already established health facilities. Major targets and new initiatives for P&SH sector are: New preventive programmes of EPI, IRMNCH, Hepatitis control, Infection Control Programme, Revamping of all DHQ and 15 THQ Hospitals, X-ray units in 40 RHC's/THQ hospitals in Punjab, Introduction of Emergency Ambulance Service (Pilot in 3 districts) and Preventive programme for Non-Communicable diseases are other highlights for next year.

Furthermore, the total development outlay for SH&ME department for 2016-17 with its 126 schemes is Rs. 24.5 billion (Rs. 17 billion ADP and Rs. 7.5 billion ODP). 68 schemes will be completed next year. The main focus would be on revamping of 4 tertiary care hospitals in Punjab, provision of missing specialties in DHQ Hospital to teaching hospitals at Gujranwala, Sahiwal, Sialkot and DG Khan, up- gradation of already existing facilities like Radiology, Urology, Pediatric, Cardiology, ICUs, Breast Clinics, Pediatric Cancer etc. departments. In addition, 4 medical colleges at Gujranwala, Sahiwal, D.G Khan and Sialkot would be completed during 2016-17.

The total development outlay for Population Planning Sector for its 13 schemes is Rs.1.336 billion (Rs. 0.936 billion ADP and Rs. 0.4 billion ODP) for the FY 2016-17. New initiatives are: Establishment of Adolescent Reproductive Health Education Cells in Family Health Clinics attached with 09 Teaching Hospitals, Social Franchising of Clinical Services (pilot) and Establishment of Punjab Population Innovation Fund (PPIF).

WATER SUPPLY & SANITATION

Provision of safe drinking water and improved sanitation in Punjab is the priority of Punjab government. Water Supply and sanitation sector is catalyst for improving socio-economic circumstances and raising living standards of community. The Government has also undertaken a number of initiatives to accelerate the provision of safe drinking water and to improve sanitation facilities. To achieve the goal of preventive health, a mega programme with the name of "Punjab SaafPaani Project under Punjab SaafPani Company (PSPC)" has been undertaken. The objective of

Box 3: Strategy for Water Supply and Sanitation

The Government will seek to build its institutional capacity at the**Divisional level** for **water and sanitation** (including solid waste management), which are mainly service delivery functions. The Government also seeks to do the following:

- Investment in this area will have a major benefit of preventing diseases and reducing expenditure in healthcare.
- Raise the productivity of our labour force, which will lead to economic growth.
- Supply clean drinking water to the population of Punjab through different interventions to be designed by professionals based on data.
- SaafPaani project, which the government wishes undertake on a large-scale to help improve the health of millions of people by providing safe drinking water.
- Rs. 30 billion has been allocated to SaafPani Project for provision of safe drinking water to the population of 66 tehsils in Phase-I.

this initiative is to provide safe and clean water to un-served & underserved rural areas particularly those of southern Punjab. This will lead to the reduction of water borne maladies, which ultimately will lead to lower direct and indirect healthcare costs. To achieve this cherished goal of clean Punjab, the sanitation component is being equally focused. Pakistan Approach to Total Sanitation (PATS) and Multi Sectoral Nutrition Strategy for WASH Including Water Supply, Sanitation and Hygiene (WASH) would be given priority besides launching of mega sewerage and drainage schemes in Districts Sargodha, Bakhar, R.Y Khan and Chiniot.

An allocation of Rs.24 billion was made to Water Supply & Sanitation for the FY 2015-2016. 1167 schemes were implemented which comprised 509 on-going schemes and 658 new schemes. Out of these schemes, 466 schemes will be completed by the end of June 2016 with an estimated cost of Rs. 7,870.200 million, which constitute almost 40% of completion.

Annual Development Programme 2016-17 for Water Supply and Sanitation has been formulated with an effort to minimize throw forward of on-going schemes by allocating maximum resources. Rs. 8 billion has been allocated to the on-going schemes, which is 53% of total size. Rs.7 billion has been earmarked for new schemes which constitute 47% of the total size.Targets and Major Initiatives fixed for 2016-2017 include: Access to safe and clean drinking water, Improving sanitation and environment sustainability, Ensuring priority in resource distribution for water supply & sanitation sector, Rehabilitation of dysfunctional water supply schemes in brackish and barani areas, and Inclusion of Waste water Treatment Plants and Water Quality Survey & Sewerage Master Plan/Cities Development Plan.

SOCIAL PROTECTION

SOCIAL WELFARE & BAIT-UL-MAAL DEPARTMENT

Social Welfare Department is working with an objective to provide institutional care, capacity building and enabling services for vulnerable segments of the society and to help them live in a dignified way. The vision of Social Welfare Department is to achieve the ultimate goals of Welfare State through socio-economic uplift of people free from economic adversity, discrimination and vulnerability both socially and economically. The Department provides facilities like shelter homes for the neglected women, old age homes for aged, children homes, beggar homes, Violence Against Women Centers (VAWC) and District Industrial Homes (Sanatzars) etc. The Government of the Punjab is committed to ensure the welfare of vulnerable groups including women, destitute, senior citizens, children and less privileged people residing in various regions of Punjab.

In ADP 2016-17, an amount of Rs.1584 million has been earmarked for this sector. The major part of the proposed allocation for the FY 2016-17 will be utilized for establishment of Qasr-e-Bahboods in various districts of Punjab and establishment of Survivors of Violence Against Women Centers (VAWC). During FY 2016-17, the department will implement 19 new schemes. These schemes include construction of buildings of Shelter Homes, establishment of Mini

Sanatzars, expansion of VAWCs, establishment of Beggars Home, establishment of Dastkari schools and research study/situational analysis of ex-sex workers and their rehabilitation mechanism. An amount of Rs. 1000 million has been earmarked for the poverty alleviation programmes of Punjab Social Protection Authority.

Targets and Major Initiatives of the department fixed for 2016-2017 include: Establishment of Mini Sanatzar at Pasroor (Sialkot) &Taunsa (DG Khan), Establishment of Beggars Home at Faisalabad & Multan, Construction of Building of Shelter homes at Multan, Lodhran, Pakpattan, Kasur, Layyah, Hafizabad, Sheikhupura and Narowal, Expansion of VAWC by upgrading the existing Dar-ul-Amans& Shaheed Benazir Bhutto Women Crisis Centres in Bahawalpur and Rawalpindi, establishment of 4 Dastkari schools in Lahore and Research Study/Situational Analysis of Ex-Sex Workers and their Rehabilitation Mechanism.

WOMEN DEVELOPMENT DEPARTMENT

The Women Development Department was established on 8th March, 2012 (International Women's Day) to materialize the goal of women's empowerment and to implement the pragmatic vision of Quaid-e-Azam i.e. "Make female substantive segment of society to play vital role in the economic uplift of the society". The Department not only ensures the practical interpretation of safeguarding women's rights within the constitutional and legal framework, but also promotes gender mainstreaming in all sectors of the economy. Recently, a post of DIG Women Protection has been created to supervise the working of police officers posted at Violence against Women Centres (VAWCs) in Punjab.

In ADP 2015-16, an amount of Rs.500 million was allocated for the Women Development Sector and the major achievements of the department during the FY 2015-16 are:- Toll Free Women's Helpline, Research Report on Situation Analysis of Women Employment in Private Sector, launching of Punjab Women Empowerment Initiatives, 2016&Gender Parity Report, 2016.

An amount of Rs.629 million has been earmarked in the Development Programme 2016-17 for Women Development Sector. Major part of the proposed allocation for 2016-17 will be utilized to increase awareness among women in Punjab about their rights and available opportunities announced by the Government of the Punjab under Women Empowerment Initiatives of 2012, 2014 and 2016, to develop a model for sustainable development of Working Women Hostels and rehabilitation of existing Working Women Hostels.

A dedicated Domestic Worker Training Programme will also be undertaken during 2016-17 with the aim to provide better employment opportunities to the home based workers and to meet the needs of working women in the form of trained domestic workers. An amount of Rs.295 million has been earmarked under Women Development Fund for provision of women specific facilities like washrooms, waiting areas, etc at public places and government offices envisaged under Women Empowerment Initiatives, 2016. In ADP, 2016-17, an amount of Rs.100 million is earmarked for development programme of Punjab Commission on the Status of Women (PCSW). The new initiatives which will be implemented during 2016-17 are: Development of Model for sustainable development of Working Women Hostels, Rehabilitation of existing Working Women

Hostels, Domestic Workers' Training Programme, Support for Working Women Hostels and Women Development Fund.

LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT

Local level development and provision of civic services in urban and rural areas are the functions of District Governments, Tehsil Administrations and Union Councils. The provincial level development programmes of LG&CD are primarily aimed at bridging the financial and physical gaps, providing province wise interventions and building the capacity of local governments to perform their assigned tasks more efficiently. The total budget allocated for FY 2015-16 was Rs. 3.73 billion. The achievements made during FY 2015-16 are as follows: Model Cattle Markets at Sheikhupura and Faisalabad have been completed and are successfully operating, Eliminated 37 ponds from major villages of the Punjab, Developed the 36 multi-purpose parks and grounds on reclaimed lands of ponds and Constructed boundary walls of 25 graveyards.

During FY 2016-17 an allocation of Rs.4.5 billion has been made in the development programme for LG&CD Sector. Targets and Major Initiatives fixed for 2016-2017 include: Punjab Municipal Services Improvement Project Phase-II (World Bank Assisted), Improvement of Conditions of the Public Graveyards in Punjab, Establishment of Model Graveyard (Shehr-e-Khamoshan) in Punjab, Preservation and Restoration of Lahore Fort and Construction of Union Council Office Buildings in Punjab.

ROADS

Roads are the predominant mode of transport in the country commuting more than 90% of the passengers and freight traffic with an average yearly growth rate of 4.5% and 10.5% respectively. Strategies for road sector development in the province have been focusing on consolidation and maintenance of the existing assets, which include a vast network of provincial highways, intra & inter district roads, and the communication links comprising rural access and farm-to-market roads. In addition, the province's road sector development portfolio also includes major urban and intra city road projects.

Box 4: Strategy for Road Sector

The vision for Punjab's road sector aims at upgrading, augmenting and maintaining a modern road network in the province under most cost-effective, optimal and efficient development and managementregimes. Strategic interventions of the sector include:

- Connectivity of strategic assets withprovincial and national road networks
- Undertaking improvements in road design and specifications
- Improvement of existing roads geometry
- Development, rehabilitation and up-gradation of urban road network in mega cities

For the FY 2015-16, an amount of Rs. 83.437 billion was allocated. The total number of schemes was 928, out of which 415 were on-going and 513 were new schemes. Overall the progress of road sector achieved 100% utilization. The major goals achieved of this sector during the year include: Completion of Khadim-e-Punjab Rural Roads programme. Phase I with Construction/Rehabiliation of 251 roads of 2022 KM length and in Phase II, 154 roads have been completed with 1570 KM length and Rehabilitation works of all damaged roads during flood 2014.

During FY 2016-17, an amount of Rs.85 billion is being allocated for the Road Sector. The total number of schemes in the FY 2016-17 is 719 out of which the roads sector focuses on completion of 610 ongoing schemes. Targets and Major Initiatives fixed for 2016-17 include: Completion of schemes pertaining to Khadim-e-Punjab Rural roads Programme Phase-III and Phase IV, Up-gradation of road research and material testing institute and building research stations, Construction of:

- Access Road from Lahore – Sheikhupura – Faisalabad Road to Bhikhi Power Plant
- Metalled road from Sheikhupura Interchange (M-2) to QAAP along Motorway
- Road from Mian Wala Ghat (Jamber – Chunian Road) to Balloki Power Plant and Qadirabad Power Plant
- Metalled road from Chichoki Malian Railway crossing to QAAP near Bamban Kalan of length 3.30 Km.

Improvement / Rehabilitation of:

- Road from Pattoki to Kanganpur
- Rawalpindi Murree Kashmir Road from Lower topa to Kohala
- Road from Gujranwala (Awan Chowk) to M-2 KhanqahDogran Interchange, (PHASE-I)

IRRIGATION

Water is a critical resource for sustainable economic development of Pakistan, irrigated agriculture has great importance in the socio-economic life of the country. It provides linkage and ripple effects through which growth in other sectors is stimulated. Pakistan's agriculture primarily depends upon irrigation, irrigated lands supply more than 90% of the total agricultural production which accounts for about 26% of GDP and employee around 40% of the labor force. Timely availability of water immensely influences crop production and yields. Therefore, in order to meet the agricultural needs, Irrigation department is fully focused in ensuring adequate, equitable and timely availability of water. The fundamental investment priority of the provincial government is not only to address issue of water scarcity but also to mitigate potential threat to structural stability of century's old water conveyance network. There is also a serious concern emanating from the expected increase in frequency of super floods coupled with inter seasonal fluctuation of surface flows in the coming years due to climate change.

To cope with the above-mentioned challenges, the Government of Punjab has allocated Rs.41.000 billion in ADP 2016-17 including Khadim-e-Punjab Kissan Package programme amounting to Rs. 5.000 billion. There are 138 Nos. of total schemes in the ADP 2016-17, in which

81 Nos. of schemes are ongoing and 57 Nos. are new schemes. These schemes cover the water conservation, drainage, enhancing physical resilience by providing sustainable risk mitigation measures for better flood management, interventions along with programmes envisaging irrigation system rehabilitation and development along with institutional reforms.

Targets and Major Initiatives fixed for 2016-2017 include, implementation of the mega projects which are construction of new Khanki barrage, rehabilitation and upgradation of Trimmu and Punjnad barrages on Chenab river, rehabilitation and upgradation of Pakpattan canal, Lower Bari Doab Canal, construction of Greater Thal Canal Project (Chobara branch), detailed designing and land acquisition of Jalalpur canal irrigation system and entailing a number of irrigation channels rehabilitation project. It also includes province-wide lining of selected distributaries and minors, in various canal commands in saline ground water and high seepage zones. Moreover, construction of nine (9) new dams and rehabilitation of six (6) existing small dams serving for drinking water supply to urban areas and irrigation supplies to rain-fed (barani) farmlands in Potohar are included. Furthermore, reconstruction and improvement of flood protection infrastructure alongwith substantial completion of flood dispersion and management structures are included to harness and channelize hill torrents in D.G. Khan and Rajanpur districts to avoid flood devastation in vast areas of Punjab.

ENERGY

Energy is lifeline of an economy and most vital instrument of socioeconomic development of a country. Pakistan is facing huge crises of shortage of electricity and Punjab is not an exception. Government of Punjab is working along with the Federal Government within the constitutional framework to deal with the crises. Our priorities are to invest public money optimally to increase the generation capacity, enable and facilitate the private sector to invest in this area, promote the energy conservation culture so that the electricity is provided to all consumers including domestic, industrial and commercial users at the best affordable rates.

In conjugation to federal efforts to bridge the current shortfall of electricity and to support tremendously growing future demand, Government of Punjab has taken multiple initiatives both in public and private sectors to promote and strengthen power industry in the province. We are on a path to make Punjab an energy secured area. In addition to public sector spending the provincial energy department has established one window service and fast track & transparent processing to streamline the private investment in the area of Energy Sector.

The Provincial Government is also working with leading International Financial Organizations to create an energy fund of US$ 1.5 to 2.0 Billion for the development of energy infrastructure. This is going to be a huge step forward contributing to improve the provincial financial indicators and boost the investors' confidence.

During the FY 2015-16, Rs. 31 billions were allocated in this sector. Major programmes included; the establishment of RLNG Power Project at Bhikki (Rs. 15.00 billion), establishment of coal base power projects, (Rs. 9.00 billion) and development of hydel power project under REDSIP (Rs. 3.5 billion).

As Government of the Punjab has succeeded to attract private investment in Energy Sector and number of power projects are started. These projects are scheduled on fast track completion within 2 to 3 years and over 8000 MW will be added to the National Grid by these private sector projects. Therefore; allocation for Energy Sector has been rationalized to Rs. 9.00 billion in Public sector for the FY 2016-17, which includes an allocation of Rs. 4.63 billion for hydel Power project under REDSIP. The major Targets and Initiatives for 2016-17 include; completion of Renewable Energy Development Sector Investment Programme (REDSIP) hydel power generation project at Marala, Pakpattan, Chianwali&Deg outfall and commencement of:

- RLNG based power project for 1000-1200 MW at Bhikki, Sheikhupura.
- 15-20 MW Bio Mass Power Project at Faisalabad.
- Energy Efficiency & Conservation Programme.
- Construction of Energy Resource Centre.
- Solar Solution for Basic Health Units in Punjab.
- New Initiatives in Energy Sector including development of local resources for electricity production.

PUBLIC BUILDINGS

Punjab's Medium Term Development Framework (MTDF) envisions the sector's role as constructing and maintaining residential and office accommodation facilities in the public sector. It renders functionally adequate services in most cost-effective manner in order to ensure conducive environment for an efficient public service system. Public Buildings sector contributes to economy in manifold manners. First of all, it provides basic and essential infrastructure to the government for its working. Government requires the public offices & official residences as essential physical resources to carry out its functions/operations. Proper functioning of the government results in systematic management of social, economic and political systems. A well-managed country gains prosperity and development through its well-managed governing system through public buildings.

Spending on public buildings also triggers demand and contributes towards economic growth and revival. It also generates wide-range employment opportunities. Its multiple effects on the economy are demonstrated through the wide-ranging potential of the construction activities in generating industrial production, developing small and medium enterprises, creating self-employment opportunities, flourishing business, commerce and trade activities and at the same time enhancing utilization of indigenous natural and man-made resources. In addition to above, it also contributes significantly in fostering social cohesion and environmental improvements.

In the FY 2015-16, 423 schemes were initiated that were allocated Rs. 9.14 billion. Out of the total schemes, 251 schemes were ongoing with an allocation of Rs.6.464 billion and 172 schemes were new with an allocation of Rs.2.676 billion, but due to partial/thin allocation to ongoing and new schemes, majority of the schemes remained incomplete. This also resulted in huge financial throw forward. In order to overcome this problem and to operationalize on-going schemes, schemes, which achieved up to 60 percent completion, have been allocated full funds. On this anology, completion of 131 schemes, out of 423 schemes on going schemes is being achieved in ADP 2015-16.

Targets and Major Initiatives fixed for 2016-17 include: Completion of 36 Police Stations and partial completion of 53 police stations, Capacity strengthening and Project Development/Management of Police Department, 20 Nos. schemes of Counter Terrorism Department, 07 No child protection institutes, 04 No District Jails, 04 no schemes of Governor's House Lahore, 06 Nos. Border Military Police Stations and 03 Nos. of schemes of C&W have been provided with ample funding against their approved cost. By virtue of this strategy, this public building will be operationalized and would add value to public service

URBAN DEVELOPMENT

Urban Development is pivotal part of the Punjab Annual Development Programme. Urban Development is viewed as a means of improving the standard of living of urban population as well as a component of the Punjab Growth Strategy that features "Cities as engines of growth". The department endeavors to make urbanization process sustainable in case of Punjab by building inclusive urban communities, promoting investment culture in cities, regenerating poor urban localities, improving accessibility and incorporating climate-change effects in the infrastructure development projects.

Box 5: Strategy for Urban Development

The Government aims to achieve objectives of Urban Development sector by focusing on the following:

i. Provision of adequate and efficient urban services in cities, to provide enabling environment for making them Engines of Economic Growth.
ii. Better legal, institutional and institutional frameworks for empowered, responsive, efficient and accountable government entities.
iii. Master and strategic Planning for all urban centres to guide all future investments.
iv. Strategic Regional Planning in Punjab to cater for growth of economic regions.
v. Facilitating the provision of affordable housing for the growing population.

For the FY 2015-16 an amount of Rs.17.473 billion was allocated for the Urban Development sector. 58 on-going and 166 new schemes were envisaged in ADP 2015-2016 for the sector. Out of total number of 224 schemes, 135 schemes, costing Rs.13.099 billion were completed during 2015-16. Funds amounting to Rs.1.9 billion were allocated for Other Development Initiatives. The schemes of the Department completed during 2015-16 are:- Elimination of Sewerage Inlets in Lahore Branch Canal from Harbanspura Interchange Lahore Ring Road to BRB Canal, Extension of Water Resources for Faisalabad City (Phase-I), Replacement of

Outlived / Rusted / Leaking Pipelines in Faisalabad (Gastro Package-II), Water Supply Distribution Network in Gujranwala City, Replacement of Outlived/Rusted/Leakage Pipelines in Gujranwala, Widening / Improvement of Double Road from Murree Road to I.J.P. Road, Rawalpindi, Dualization of Adiyala Road from Govt. Servant Housing foundation to Adiyala Jail, Rawalpindi, Sewerage, Drainage and Waste Water Treatment System in Rawalpindi and Up-Gradation/ Rehabilitation of Rawal Lake Filtration Plant, Rawalpindi.

For the FY 2016-17, total allocation is Rs.16.7 billion which includes Rs.11.372 billion for ongoing schemes and Rs. 5.328 billion for new schemes. Moreover, Rs.1 billion has been provided for Other Development Initiatives. It is further added that out of total 106 numbers of schemes, 67 numbers of schemes with cost of Rs. 27.651 billion would be completed during 2016-17.

Targets and Major Initiatives fixed for 2016-17 include Construction of flyover at Kacha Jail Road, Lahore, Provision of Sewerage System for UC-117,118 & 120 Lahore, Replacement of Outlived, Deeper and Inadequate Water Supply lines with HDPE Pipes, Lahore (Gastro Phase-II), Lahore, Construction of RCC Conduit Sewer from ShoukatKhannum Hospital Chowk to SattuKatla Drain, Lahore, Restoration of Original Cross Section (40 feet) of SattuKatla Drain from Ferozepur Road to Peco Road, Lahore, Rehabilitaion of Airport Road from Ammar Chowk to Karal Chowk, Rawalpindi, Rehabilitation/ Improvement of Rawal Road from Airport Road to Chandni Chowk, Rawalpindi, Construction of Metalled Road adjacent abbade Link Roads 20 KM with Drains and Construction of Metalled Road from N-70 KM No.74 to Fort Munro via LangarKhandarsir Length 5 Km.

PRODUCTION SECTOR

AGRICULTURE

Agriculture is the mainstay of our economy. Although, Punjab economy has witnessed a considerable diversification over the years, however, agriculture still remains an important sector of the economy and a driving force for growth and development. It provides employment to 43.5% of the people in the province, and to more than 61% in rural areas. It provides food, shelter, and livelihoods to the inhabitants and raw material to the industry. Chief Minister's vision for Agriculture sector is to transform it into a science-based, vibrant, and internationally linked sector that can not only meet food security challenges but also compete in the domestic and international market.

Box 6: Strategy for Agriculture Sector

The Government has envisioned enhancing growth in agriculture by facilitating productivity, increasing competitiveness in agriculture marketing and trade by providing a conducive climate for private investment, and improving supply chain and value addition. The following are the key strategic components of the Agriculture Growth Strategy:

- Increasing crop productivity
- Better value chain
- Better use of energy
- Increasing high value agriculture
- Focusing on land and environment
- Increasing cultivated area
- Regulatory and Institutional changes

During the FY 2015-16, Rs 10.725 billion were allocated for 16 on-going and 17 new development schemes. Out of this total outlay, Rs. 2.5 billion have been diverted to Orange Line Train. From the remaining allocation of Rs. 8.225 billion. The remaining amount of Rs. 7.136 billion was released.

The schemes of the Department completed during 2015-16 are:- Strengthening of Research Facilities at Fodder Research Sub-station, AARI, Faisalabad for the Development of Silage type Corn Varieties; Strengthening of Food Technology & PHRC, Ayub Agricultural Research Institute, Faisalabad; Development of Genetic Engineering Facilities at Agri. Biotechnology Research Institute, AARI, Faisalabad; Development of Castor bean varieties and Sunflower hybrids to enhance the oilseeds production; Establishment of Soil and Water Testing Lab at Chiniot and Nankana Sahib; Construction of Girls Hostel for 1000 Students at UAF; Establishment of Sub-Campus of PMAS-Arid Agriculture University Rawalpindi at Attock; and Construction of Agriculture Engineering offices and Workshop at Toba Tek Singh.

During FY 2016-17, it has been planned to execute 25 on-going and 14 new schemes for which provision of Rs 10 billion is being made during 2016-17. In addition, Rs 10 billion is being allocated for Khadim-e-Punjab Kisan Package. Targets and Major Initiatives of 2016-17 are: Punjab Irrigated Agriculture Productivity Improvement Project (PIPIP)-World Bank Assisted; Establishment of Punjab Bio-Energy Institute (PBI) at UAF; Establishment of Sub-Campus of University of Agriculture Faisalabad at Depalpur, District Okara; Extension Service 2.0 - Farmer Facilitation Through Modernized Extension; Optimizing watercourse conveyance efficiency through enhancing lining length; Provision of Laser Land Levellers to the farmers / service providers on subsidized costs; Promotion of Agriculture Mechanization in Punjab;, Developing Pothwar into an Olive Valley; Scheme for 50 overseas Ph.D. Scholarships for University of Agriculture Faisalabad; Establishment of Muhammad Nawaz Shareef University of Agriculture, Multan (Phase II); Establishment of model farms linked with improved supply chain and value addition; Diversification to high value cropping through promotion of horticulture; Commissioned Research for development of Cotton Seed; Improvement / Modernization of Agricultural Produce Markets (Phase I); Provision of Forensic Fertilizer Testing Facilities at Provincial Reference Fertilizer Testing Laboratory Raiwind Lahore and Provision of Forensic Pesticide Testing Facilities at Provincial Pesticide Reference Laboratory, Kala Shah Kaku

COOPERATIVES

Cooperatives Department has the potential to alleviate poverty through the principles of cooperation and to promote self-help and mutual aid, thrift and resource building, equality and democracy, to safeguard the interest of members and to ensure democratic and participatory growth.Rs 100 million were allocated during year 2015-16 for 01 ongoing and 02 new development schemes and Rs. 145.045 million were released. Major intervention has been Computerization of land titles and records of cooperatives housing societies.

The scheme of the Department completed during 2015-16 is: Computerization of land titles and records of cooperatives housing societies.During 2016-17, it has been planned to execute 02 on-going and 01 new schemes for which provision of Rs 208 million is being made during 2016-17.

FORESTRY

The vision of Forest Department is to develop, maintain and maximize forest resources in a scientific, environmentally sustainable, ecologically stable and socially acceptable manner. During FY 2015-2016, original allocation was Rs 900 million & revised allocation was Rs 814.534 million during year 2015-16 for 22 on-going and 11 new development schemes. Rs. 814.534 million were released out of which 81% i.e. Rs. 652.23 million have been utilized.

Major interventions have been; Establishment of Shahbaz Sharif Forest Park Deepalpur Plantation. Satellite Based GIS Mapping of Major Forest of the Punjab for REDD + Readiness; Chief Minister's Special Initiative for Mass Afforestation in Punjab; Environmental Afforestation of Degraded Land in Deepalpur Plantation; Ecological Afforestation in Kharian; Development of Patisar Lake and additional recreational facilities in Lal Suharna National Park; Rehabilitation of Existing Forest Parks in Punjab; Mechanization of Forestry Operation & Fire Fighting Techniques; Afforestation in Riparian Forests in Central Zone; Establishment of Punjab Forest Academy for in-service and post graduate training; Biomass increase in Lal Sohanra National Park Bahawalpur.

Following schemes of Forest Department worth Rs 419.343 million were completed during FY 2015-16 are as follows:-Integrated Afforestation & Eco-Development of Karrianwala Forest; Development of Jallo Forest Park Lahore (PC-II); Afforestation along Important Highways in Punjab; Satellite GIS Based mapping of major forests in Punjab for REDD + Readiness; Development of Range Lands in Punjab; Human Resource Development, and Rehabilitation & Re-seeding of retrieved Rangelands in Bhakkar& Layyah Districts.

During FY 2016-17, it has been planned to execute 27 on-going and 10 new schemes for which provision of Rs 1.2 billion is being made in ADP 2016-17.. Major Initiatives to be undertaken during 2016-17 are as under:- Rehabilitation of Khanewal irrigated plantation; Rehabilitation of Changa Manga irrigated plantation; Development of Jallo Forest Safari; and Afforestation in Murree Hills.

WILDLIFE

The vision of Wildlife Department is to protect, conserve, manage and sustain diversified species and their natural habitat.Original allocation for the FY 2015-2016 was Rs 700 million & revised allocation was Rs 387.574 million during year 2015-16 for 12 on-going and 04 new development schemes. Rs. 387.574 million were released out of which 89% i.e. Rs. 343.872 million have been utilized.

Major interventions have been Improvement / Rehabilitation of Wildlife Park BansraGali Murree; Development of Animal safaris and Improvement of existing facilities at Safari Zoo, Lahore; Human Resources Development; Establishment of Deer Safari and Improvement of Wildlife Park Changa Manga District Kasur; PC-II for Establishment of Zoo at Multan; Protection, Conservation and Sustainable Development of Wetland at Taunsa Barrage, District Muzaffargarh; Establishment of Chinkara and Blackbuck Breeding Centre, Lal Suhanra National Park, Bahawalpur; PC-II for Feasibility for the Establishment of National Safari Park in Salt Range and Improvement / Rehabilitation of Wildlife Park Vehari.

Following schemes of Wildlife Department were completed during 2015-16:-. Development of Animal safaris and Improvement of existing facilities at Safari Zoo, Lahore; Human Resource Development; Establishment of Deer Safari and Improvement of Wildlife Park Changa Manga; PC-II for establishment of zoo at Multan; Protection, Conservation and Sustainable Development of Wetland at Taunsa Barrage District Muzaffargarh; and Establishment of Chinkara and Blackbuck Breeding Centre, Lal Suhanra National Park, Bahawalpur; PC-II for establishment of National Safari Park in Salt Range and Improvement / Rehabilitation of Wildlife Park Vehari.

During FY 2016-17, it has been planned to execute 3 on-going and 07 new schemes for which provision of Rs 735 million is being made during 2016-17. Major Initiatives to be undertaken during 2016-17 are as under:- Development of Animal Safaris and improvement of existing facilities at Safari zoo Lahore (Phase-II), Establishment of National Safari Park in Salt Range, Improvement & Development of Jallo Safari, Lahore and Improvement / Modernization of Lahore Zoo, Lahore.

FISHERIES

The vision of Fisheries department is to conserve, manage and develop aquatic resources in Punjab public and private sector to meet the protein requirements of growing population.During FY 2015-16, Original allocation was Rs 600 million and revised allocation was Rs. 501.638 million during 2015-16 for 11 on-going and 03 new development schemes. An amount of Rs. 501.638 million were released out of which 91% i.e. Rs. 455.938 million have been utilized.

Major interventions have been Establishment of Fish Seed Rearing Farm for Production of large size Fish Seed and Biological Diversification in Chashma District Mianwali; Production of Fingerlings of Culturable Fish Species during Winter Season; Mass Motivation Campaign for Promotion of Fisheries/Aquaculture in Punjab; Propagation of Mono-sex Tilapia (Pilot Project); Development of Fisheries in Small Dams of Northern Region; Development of Fisheries in Saline and Brackish Waters of the Southern Zone of Punjab; Feasibility studies for establishment of aquaculture processing zone under PPP Mode & Promotion of intensive culture systems of high value fish species.

The schemes of the Department completed during FY 2015-16 are as under:- Production of fingerlings of Culture able Fish Species during winter season and Mass motivation campaign for promotion of Fisheries/ Aquaculture in Punjab.

During FY 2016-17, it has been planned to execute 11 on-going and 02 new schemes for which provision of Rs 755.000 million is being made. Major Initiatives to be undertaken during 2016-17 are as under: Establishment of Aquaculture processing zone under PPP Mode and Provision of Alternate Energy Source (Solar Pumps) to fish Farmers Community on matching grant basis.

FOOD

The vision of Food Department is to ensure food security & safety for the inhabitants of the Punjab through provision of essential foodstuff at affordable prices & safeguarding interest of wheat & sugarcane growers through support price. Food sector is passing through process of change in accordance with the changing dynamics regarding procurement of wheat, its storage and releases and to cope with the food security challenges. The challenging scenario also needs paradigm shift according to global dynamics coupled with enhancing storage capacity of wheat.

Rs 725 million were allocated during year 2015-16 for 01 on going and 03 new development schemes. However, 3 non-ADP schemes were also included in Food Department's portfolio of ADP 2015-16. Rs. 556 million were released. Major interventions have been construction of concrete silos 30,000 M. Tonnes capacity one each at DG Khan, Bahawalnagar and Bahawalpur, installation of 28 weigh bridges at different PR centres in Punjab and Construction for the accommodation, improvement and upgradation of Food Testing Laboratory, GPA Lahore.

The schemes of Food Department completed during 2015-16 are: Construction of concrete silos 30,000 M. Tonnes capacity at ManaAhmadani, District DG Khan and Acquisition of Land for Construction for the accommodation, improvement and upgradation of Food Testing Laboratory, GPA Lahore (Phase-II).

During 2016-17, it has been planned to execute 05 on-going and 04 new schemes for which provision of Rs 865 million is being made during 2016-17. Major Initiatives to be undertaken during 2016-17 are: Construction of concrete silos 30,000 M. Tonnes capacity at Ahmadpur East, Distt. Bahawalpur, Construction of concrete silos 30,000 M. Tonnes capacity at Chishtian, Distt. Bahawalnagar and Construction for the accommodation, improvement and upgradation of Food Testing Laboratory, GPA Lahore (Phase I&II).

LIVESTOCK

Livestock is an emerging economic sector with high potential in terms of economic returns. Farmers earn about 30-40% of their income from livestock and it is source of livelihood especially for landless and marginalized farmers. The vision of livestock department is sustainable livestock sector development, which contributes to food and nutritional security, enhance its contribution to broad based economic growth livelihood and well-being of actors in the livestock sector. Rs 5065.000 million were allocated during FY 2015-16 for 17 on-going and 10 new development schemes, Rs. 2.688 billion were released.

The schemes of the Department completed during FY 2015-16 are: Provision of Missing Facilities at CVAS Jhang; Re-Structuring & Re-organization of Breeding Services in Punjab; Strengthening of Barani Livestock production Research Institute (BLPRI), Kherimurat, District Attock; Production of high yielding multicut fodder / varieties seed at LPRI, B/nagar District Okara; Provision of Rural Poultry Breeds through augmenting R&D; Enhancing Dairy Production through Exotic Semen; Establishment of Model Veterinary Hospital at one tehsil of each Division in Punjab; Completion of Remaining Works under all Phases of Support Services Project for Livestock Farms; Establishment of Veterinary Livestock centre at chak no 469/GB, Sumandari ,Faislabadand Establishment of Veterinary Hospital in Jaggo Head Gujrat.

Box 7: Strategy for Livestock Sector

The Government plans to support livestock development in a policy environment that helps farmers, by smartly deploying public investments in core public goods and inducing private capital in the sector. The Government aims to achieve this by focusing on the following objectives:

- Increase per animal productivity by appropriate measures to improve the genetic potential.
- Structurally improve extension services to guide and encourage livestock farmers to adopt improved methods of animal husbandry.
- Shift focus to enhancing the quantity and nutritional quality of feed and fodder supplies and its processing.
- Enable the transformation of livestock business from subsistence to commercial ventures.
- Improve the functioning of cattle markets and involve private sector wherever interest is shown.
- Promote private sector involvement and facilitate its entry into livestock sector.
- Involve community organizations and joint ventures with foreign investors in the field of livestock production.
- Monitor activities through e-monitoring to promote e-governance, based on ongoing pilots.

During FY 2016-17, it has been planned to execute 16 on-going and 13 new schemes for which provision of Rs. 5.227 billion is being made during 2016-17. In addition, Rs. 4 billion is being allocated for Khadim-e-Punjab Kissan Package. Major Initiatives to be undertaken during 2016-17 are as under: Poverty Alleviation of Poor Women through Provision of Heifer and Sheep / Goat in Punjab; Establishment of University of Veterinary & Animal Sciences at Bahawalpur; Rehabilitation& Mechanization of Government Livestock Farms (LES Khushab, LES Shergarh, LES Jugaitpeer, LES Fazilpur& LES Rakhghullama); Enhancing beef production in Punjab – Phase II; Establishment of Training Centre for Biologics at UVAS, RAVI Campus Lahore; Improvement of Low Producer Cattles in Punjab; Up-gradation of Facilities for Augmenting & Production of Biologics at VRI, Lahore; Enhancing Competitiveness of Livestock Production System by joint venture of L&DD with Skilled Community Activist; Developing Rural Poultry Models to Support Rural Economy; Revamping of Semen Production Units Qadirabad&karelhewala under PPP mode; . Donkey Conservation and Breed Improvement Farm at BLPRI, Kharimurat District Attock; and Up-gradation of facilities for augmenting and production of biology’s at VRI, Lahore.

INDUSTRIES, COMMERCE & INVESTMENT

Industries, Commerce & Investment Sector is one of the main pillars of Punjab Growth Strategy that envisages promotions of industry, commerce and investment for technological up-gradation, employment generation in industrial & services sector. Moreover, it focuses on attracting private sector investment as well as increasing exports. The department has also focused on facilitating the Skill sector for meeting the requirement of industrial sector. During the year 2015-16, Rs.7, 330 million were allocated to this sector which included: Rs.2, 000 million for Chief Minister's Self-employment scheme, Rs. 1000 million for PIEDMC/FIEDMC and Rs 1000 million to Punjab Skill Development Project (PSDP).

Box 8: Strategy for Industries, Commerce & Investment

The Government plans to support Industries, Commerce & Investment department in a policy environment that helps in promoting industrial development, trade and investment in the province. The Government aims to achieve this by focusing on the following objectives:

- Promoting trade & investment and working for the private sector development.
- Create an enabling and facilitative business environment.
- Reduce the cost of doing business thereby opening avenues of business creation and improving living standards for all by fostering economic growth, technological competitiveness and sustainable development
- Addressing issues related to fair trade and compliance with international trade regime.
- Conduct research and provide technical expertise to private sector.
- Advocacy and implementation of Trade & Investment policies of the Provincial Government.

For the financial year 2016-17, Rs. 12,587 million have been allocated to Industries, Commerce & Investment Sector which also includes an allocation of Rs. 3,000 million for Chief Minister's Self Employment Scheme, Rs 2,100 million for PIEDMC/FIEDMC, Rs. 615 million for Punjab Skill Development Project-PIU, Rs.900 million for Punjab Skill Development Fund (PSDF), Rs. 3000 million for TEVTA and Rs.2000 million for PVTC.

Major Targets for 2016-17 include the following: Chief Minister's Self Employment Scheme (CMSES) for disbursement of loans on revolving basis to mitigate the youth unemployment in Punjab, Training of 550,000 individuals through Skill Development Programmes / projects of PSDF, TEVTA and PVTC, Establishment of Quaid-e-Azam Apparel Park, Provision of missing facilities in Small Industrial Estates (SIE) in order to enhance colonization with a special focus on promotion of garment sector, Attracting foreign direct investment (FDI) through PBIT comprehensive scheme under World Bank's J&C Programme and Establishment of Strategic Policy Unit for enhancing the latent capacity of the department and attracting investment in Punjab.

MINES & MINERALS

Mines and Minerals Department, Government of the Punjab is the responsible instrument of the state for mineral resource wealth mapping, its development and exploration. Punjab is lavishly blessed with mineral wealth that needs to be exploited systematically. Currently, 20 minerals are being excavated out of 35 known. Punjab has almost one billion tons of coal and 900 million tons of iron ore reserves. Under the dynamic leadership of Chief Minister Punjab, Mines & Minerals Department is leaving no stone unturned to promote and facilitate Mines & Minerals Exploration in Punjab to attract local and foreign investment, thereby ensuring a positive thrust in the provincial GDP.

During the FY 2015-16, funds amounting to Rs.1.832 billion were allocated to Mines & Minerals Department including an allocation of Rs.1.5 billion for Punjab Mineral Company (PMC). The PMC is presently working on exploration and resource estimation of Iron Ore and associated metallic minerals in ChiniotRajoa under its Phase-1 project. It is also working on phase-II project for exploration and resource estimation of Iron Ore and other Minerals in District Chiniot, Faisalabad and other areas of Punjab. This will hopefully result in establishment of steel mill in Punjab. M&M Department is also facilitating Chinese Company in development of Coal Fire Power Plants at Mines Mouth with indigenous coal under China-Pak Economic Corridor initiative.

The schemes completed/major initiatives during FY 2015-16 are as follows: ''Undertaking the first ever power project of 330 MW mine mouth model based on indigenous coal'', ''First ever complete exploration, drilling and estimation of Copper & Iron Resources in Chiniot / Rajoa with local funding'', ''Feasibility of first ever steel mill in Punjab based on indigenous raw material'', ''Commencement of 2nd Phase of exploration of metallic minerals", "Up-gradation of mines rescue and safety stations''.

For the FY 2016-17, an amount of Rs.1.893 billion has been allocated to M&M Sector including Rs.1.5 billion for Punjab Mineral Company (PMC). Targets and Major Initiative fixed for 2016-17 include: ''Completion of Feasibility Study of Chiniot and Rajoa'', Completion and operationalization of scheme titled "Mines Rescue & Safety Area. Sub Station, Ara Basharat", Commencement of project for defining & mapping of mineral resources corridors in Punjab", and "Imparting of trainings under Skills Development Project of M&M Department (Chief Minster's Skills Development Initiative)".

TOURISM

The department has a vision to preserve, develop and beautify the existing and potential tourist locations to attract tourists from within as well as outside the province / country.

In ADP 2015-16 Rs.930 Million were allocated to execute 14 schemes. Major initiatives taken by the department are: Feasibility study for installation of Cable Car in Murree, Development of eco-tourism in soon valley at Khabekhi and Uchali Lake Khushab, Lahore tourist bus service, Development of resort for religious tourism at Nankana Sahib, Feasibility and designing for development of recreational resort along Indus River at AttockKhurd.

In ADP 2016-17, it has been planned to execute 12 schemes for which provision of Rs.800 Million is being made. Major initiatives to be undertaken during 2016-17 are: Punjab cultural heritage & economic growth project, Development of BansaraGali surface park into eco-friendly Entertainment Park, Construction of building for Institute of Tourism and Hotel

Management (ITHM) **(PPP Mode)**, Renovation and beautification of lake at KalarKahar and Feasibility study for development of KotliSattian as alternate tourist destination to Murree.

GOVERNANCE & INFORMATION TECHNOLOGY

Worldwide information and Communication Technology (ICT) is proving instrumental in modernizing governance, increasing transparency and reducing information costs along the value chain for businesses. The Government of Punjab aims to leverage upon the revolution in Information and Communication Technology (ICT) to modernize governance and keep Punjab abreast with global proficiencies in service delivery. It continues to play a pivotal role in introducing strategic interventions that increase the digital literacy of citizens; nurture venture capitalists and mature businesses; implement smart monitoring that increase transparency; and reduce the turnaround time (TAT) in public service delivery.

During FY 2015-16, an amount of Rs. 8.54 billion was allocated to the Governance and IT Sector. Major milestones achieved during FY2015-16 are: Completion of Land Records Management and Information Systems Project (Phase–I), Completion of Technology Incubator at Arfa Software Technology Park Programme, Completion of Driving License Management Information System (Phase II) and Completion of Computerization of Transport Department (TDAS) Phase II.

For the FY 2016-17 an amount of Rs 13.95 billion has been earmarked for Governance & IT Sector for implementation of projects sponsored by Punjab Information Technology Board and other Government Departments. Targets and major initiatives fixed for FY 2016-17 are: The flagship project of the Police Department/Safe City Authority namely 'Punjab Police Integrated Command, Control and Communication Centre' in six mega cities in order to ensure fool proof security, improve the law and order situation and make marked improvements in the traffic management system of mega cities in the province; the 'Automation of Case and Courts Management System at LHC & District Courts Lahore' to help improve service delivery of justice to general public; the 'Local Government Automated Financial Management and Monitoring System' in order to increase transparency and visibility of the financial accounts of the Punjab Government; the 'GIS Integrated Computerization of Urban Immovable Property Tax (UIPT) and the 'Ease for Tax Payers Programme' to enhance government revenue and tax payer facilitation.

LABOUR & HUMAN RESOURCE DEVELOPMENT

Labour and human resource development sector endeavors to facilitate and support the labour force in meeting modern day challenges through improvement of working conditions and workplace environment. The department is cognizant of the fact that augmentation of skills and provision of an enabling and a secure work environment move in tandem to increase labour productivity and enhance workers' efficiency. The department is striving to raise awareness regarding rights and responsibilities under labour laws, assist the industry by holding internationally accredited trainings on labour related standards and establishment of modern labour market information system.

For the FY 2016-2017, the allocation of this sector has been increased by Rs.40 million to Rs.650 million. In order to fully focus on on-going schemes and ensure their timely completion, no new scheme has been proposed for the year 2016-2017.

Box 9: Strategy for Labour& HR

The Government plans to support the Labour& HR Department by promoting the welfare and protecting the rights of labour force and workmen. The Government aims to achieve this by focusing on the following objectives:

- Promotion of healthy labour management and industrial relations for greater socio-economic progress and development.
- Laying equal stress on labour's housing, safety and protection in order to make them more committed to their work.
- Prevention of child and bonded labour keeping in view the national and international standards.
- Regulatory and Institutional changes

Targets and Major Initiatives fixed for 2016-17 include: The flagship project of this sector "Integrated Project for Promotion of Decent Work for Vulnerable Workers in Punjab Province" which aims to address the critical issues of child and bonded labour and also to assess and subsequently suggest measures to improve extremely unfavorable work conditions at brick kilns. This project shall be gradually phased into all 36 districts of the province in three waves of ten, ten, and sixteen districts. Interventions to be carried out under this project include imparting of non-formal education and skills training, provision of interest-free microcredit, social protection and community monitoring. Such projects are of an immense importance for the provincial economy since the preservation of the Generalized System of Preferences (GSP) Plus status accorded to Pakistan by the European Union (EU) is contingent upon the efforts made to eliminate child and bonded labour.

TRANSPORT & BRTS

Multan Metro Bus: The execution of 18.5-kilometer signal free BRTS corridor of International standard was undertaken with a cost of Rs. 28.208 billion. Gestation period of this project is one year and 90% work has been completed. The project is going to benefit more than one lac commuters daily. It will substationally reduce the traveling time with improved, rapid, efficient, modern and environment friendly urban transport system. It will also increase the access of labour force of Multan city to the job centers as well as low paid employees to their offices and students to their educational institutions thus increasing their social and economic uplift through the safe mode of urban transport facility.

Lahore Orange Line Metro Train: The execution of 27.1 kilometer orange line metro train project was undertaken with Chinese loan assistance worth Rs.165.226 billion. Gestation period of this project is 27 months. About 250,000 passengers will be benefited daily through the modern, rapid and safe mode of urban transport system after implementation of this project. Civil works of the project were undertaken by LDA through the local contractors. Funding for the land acquisition, shifting of utilities and other allied and support services (Rs.28.142 billion) provided by the Punjab Government during FY 2015-16.

In addition to above, funds amounting to Rs.866.547 million were also allocated to Transport Sector for implementation of eight (8) schemes. Against which, funds amounting to Rs.162 million were released by the Department. Project for establishment of Transport Planning Unit in Transport Department completed and transferred to SNE. Implementation of other projects is at an advance stage.

The schemes/Initiatives of FY 2015-16 are as follows: ''Commencement of Lahore Orange Line Metro Train Project", "Execution of Metro Bus Multan Project (90% physical progress)'', ''Establishment of two Vehicle Inspection and Certification System (VICS) stations in Lahore'', ''Implementation of ApnaRozgar Scheme'', ''Launching of Punjab Transport Infrastructure Management System website, ''Establishment of Transport Planning Unit in Transport Department'' and ''Construction of General Bus Stand at Rahim Yar Khan''.

For the FY 2016-17, funds amounting Rs. 92,273 million have been allocated for the transport sector including Chinese loan assistance of Rs. 85 billion for Lahore Orange Line Metro Train project. Targets and Major Initiatives fixed for 2016-17 include: ''Implementation of Lahore Orange Line Metro Train Project'', ''Completion of Multan Metro Bus Project," "Land Acquisition for Multi-Model Intercity Bus Terminals (MIBT)'', ''Establishment of, Multi-Model Intercity Bus Terminals in Lahore", "Establishment of Bus Terminal Cum Commercial Complex at Railway Station, Lahore'', ''Land Acquisition for Vehicle Inspection and Certification System (VICS)'', ''TPV Services for Vehicle Inspection and Certification System (VICS)'' and ''Provision of Scooties to Working Women in Lahore (Pilot Project)''.

EMERGENCY SERVICES

Emergency services play an extremely critical role in saving lives of numerous accident victims by providing them timely care. Government of Punjab believes that it is every individual's basic right to receive timely and quality medical attention in the case of an emergency and therefore it has increased the allocation for this sector from Rs.1.9 billion in FY 2015-16 to Rs.2.15 billion in FY 2016-17 which represents a 13 percent increase. New schemes have been incorporated which aim at expanding the provision of emergency services at Tehsil levels and increasing the capacity of existing units.

The need for specialized urban rescue units has long since been felt and it was further intensified by recent incidents involving collapse of large structures and fire breaking out in multi-storey buildings. In order to cater to this need, the Punjab Government has allocated Rs.152 million for the FY 2016-17 for the project "Establishment of Urban Search and Rescue Units of Rescue 1122" in the divisions of Faisalabad, Multan, and Gujranwala. For expansion of emergency services at tehsil level, Rs.39 million has been allocated for "Establishment of Emergency Services" in tehsils of Hassanabdal and Jand in district Attock.

ENVIRONMENT

Environment Protection Department, Government of the Punjab primarily deals with integration of environmental considerations in all economic activities while achieving the goals of economic growth and development. The department intends to create environmental awareness among the masses, monitor and continuously review the Environment Quality Standards, effectively exercise the regulatory control on environmental pollution and impart environmental sustainability through capacity building of provincial departments.

In ADP 2016-17, Rs.185 million has been earmarked for this sector. The major part of the proposed allocation for 2016-17 will be utilized for provision of development of biodiversity parks in collaboration with District Governments, Installation of ambient air quality monitoring stations in the Punjab, Capacity Building of EPA Punjab and Study for most feasible treatment option for Hudiara Drain Wastewaters.

The major initiatives which will be implemented during 2016-17 include: Installation of ambient air quality monitoring stations in 4 cities in the Punjab, Capacity Building of EPA Punjab for enforcement of Environmental Standards in Combined Effluent Treatment Plants (CETPs) and Industrial Estates (IEs) under J&C Programme, Construction of model vertical shaft Brick kiln in Collaboration with the Punjab Brick Kiln Association (PPP Mode) and Rationalization, revision and development of environmental quality standards and industry specific standards.

INFORMATION& CULTURE

The Information & Culture Department is linked with the activities and plan of Government Departments and Offices with regard to dissemination of information and promotion of cultural history of the Punjab and upgrading art councils and museums. In ADP 2015-16, an amount of Rs. 360 million was allocated to Information & Culture Department. These funds were utilized to upgrade Art Councils, Museums; and, to promote language, art & culture of the Punjab.

The department has completed two schemes in FY 2015-16: Hiring of Consultant of Adaptive re-use of existing building of Murree Arts Council into cinema/auditorium/theatres and Project for Citizen Engagement and Public Perception Analysis for improving governance and service delivery in Punjab.

In ADP 2016-17, an amount of Rs.400 million has been allocated to Information & Culture Department. This includes 08 on-going and 06 new schemes. Targets and Major Initiatives fixed for 2016-17 include: Chief Minister's Talent Hunt Programme, Research and Publication of Punjabi Dictionary/History Books and launch of cultural events and awards for restoration and transformation of Cultural Celebrations, Research and promotion of arts, crafts and culture of Punjab through documentaries by international level consultant.

ARCHAEOLOGY

The Vision of Archeology sector is ''to protect built heritage of Pakistan located in Punjab through archeological explorations, documentation, analysis, interpretation, conservation, preservation, restoration and exhibition of material and artifacts. During the FY 2015-16, Rs.400 million was allocated and the department has completed the following schemes: Establishment of museum at KalarKahar, district chakwal, Conservation and development of Katas Raj temple, district Chakwal, Establishment of museum and art gallery at Gujrat, Capacity building of Directorate General of Archeology and Preservation & restoration of Shahi Masjid Sarghana district Vehari.

In ADP 2016-17, an amount of Rs.400 million has been allocated to protect & promote the cultural heritage of Punjab. Targets and Major Initiatives fixed for 2016-17 include: Conservation of historical monuments near Metro Track Orange Line, Development of garden walkways, access roads and tourist information Centre at HiranMinarSheikhupura, Improvement and Up-gradation of Taxila museum, Restoration of walkways and provision of public facilities at Noor Jahan's Tomb Shahdara Lahore, Restoration & up-gradation of central archeological laboratory Lahore Fort and Preparation of Documentaries of Monuments & Development of well-equipped resource center.

HUMAN RIGHTS & MINORITY AFFAIRS

Minorities constitute an integral part of any society and play a vital role in the socio-economic progress of the community. The Punjab Growth Strategy for 2018 has emphasized on ensuring social protection of vulnerable segments of the society to achieve inclusive economic growth. Allocation for the financial year 2015-2016 for this sector was Rs.500 million. For the FY 2016-17, allocation to this sector has been increased to Rs.800 million which represents a significant increase of 60 percent from previous year's allocation.

Targets and Major Initiatives fixed for 2016-17 include: A Block allocation of Rs. 705 million has been provided for development schemes of HR & MA. Additional Rs.12 million has been allocated to organize various events and initiate campaigns on creating awareness about human rights. These schemes exemplify Punjab Government's resolve to provide minorities a level playing field in terms of their socio-economic pursuits so that they can reap the fruits of economic growth and live in prosperity as much as anyone else. Moreover, Rs 25 million has been provided for Educational Scholarships to minority students.

AUQAF & RELIGIOUS AFFAIRS

In the wake of growing religious intolerance and heightening sectarian violence, there is an added responsibility on the Auqaf department to promote religious and sectarian peace, harmony and brotherhood. In addition to that, Auqaf department is striving to provide improved standards of religious services and facilities at mosques and shrines and is doing its best to ensure the existence of a peaceful environment for devotees. The department is also endeavouring to standardise the publication of Holy Quran. Repairing, re-habilitating and reconstructing shrines and mosques in neglected and far-flung areas also features on the department's agenda.

During 2015-16, a total of Rs. 99.8 million was spent on 15 projects. These include: Completion of Quran and Seerat Complex, Completion of re-construction of the Shrine of HazratMadhu-lal-Hussain, and Construction of retaining wall and electrification work at the Shrine of Hazrat Shah Rukn-e-Alam.

The total allocation for this sector for the fiscal year 2016-17 has been fixed to Rs. 100 million. A total of 2 new schemes costing Rs.45 million have been included in the department's development portfolio for 2016-17. The most noteworthy addition to departmental schemes for 2016-17 has been the inclusion of the scheme titled "Establishment of Quran Museum/Library in the Punjab Institute of Quranic and Seerat studies for researchers, scholars, and academicians" for which Rs.40 million have been allocated. The inclusion of this project reiterates the commitment of the Auqaf department to facilitate researchers and academicians in the best possible manner by providing them access to information and other relevant resources needed to conduct research. Another related scheme titled "Documentation, Survey and Preservation of existing features of historical-cum-religious monuments to facilitate researchers, academicians and intellectuals" has been included in the ADP for 2016-17. In addition to this, a block allocation of Rs 38 million has been made for new initiatives.

PLANNING & DEVELOPMENT

The mandate of Planning & Development Sector includes provision of technical support and coordination to various Government Departments to devise strategies for employment generation and sustainable development for improving the living standards of Rural & Urban population of the Punjab. It also deals with less developed regions of Punjab consisting of *Barani* tracts, sandy deserts of Cholistan, Tribal areas of D.G. Khan and Rajanpur and 11 districts of Southern Punjab. Government assigns high priority to the removal of regional disparities in the Province. This objective is being achieved through direct investment in less developed areas to enhance rural household income and employment opportunities, improving infrastructure and providing financial support to enhance production and skill development of the target groups through participatory approach.

DFID assisted "Punjab Economic Opportunities Programme (PEOP)" initiated in 2010-11 in districts of Bahawalpur, Bahawalnagar, Lodhran and Muzaffargarh has now been extended to 10 more districts. Under this programme, 1,45,500 youth including 60,000 female trainees have been provided skills training. International Fund for Agriculture Development (IFAD) has joined the efforts of Government of the Punjab for maintaining the regional balance and poverty alleviation by launching a project "Southern Punjab Poverty Alleviation Project" (SPPAP) in 2011-12 in the districts of Bahawalpur, Bahawalnagar, Rajanpur and Muzaffargarh having a total cost of Rs.4,126 million. During the project period around 80,000 families would be provided financial supports for assets creation and livelihood enhancement in the shape of provision of Livestock animals, land to landless widows and clean drinking facilities to masses.

In ADP 2015-16 an allocation amounting to Rs. 6.28 billion was made to the Planning and Development Sector. Schemes completed during FY 2015-16 and milestones achieved are:Around 20 Provincial Government servants have been awarded scholarship for Master Degree Programme under Punjab Capacity Building Programme–*IV* for Policy Makers and Civil Servants, Around 52,000 youth (including 40% females) was provided skills development training in more than 200 trades under DFID Assisted Punjab Economic Opportunities Programme (PEOP). Under IFAD assisted Southern Punjab Poverty Alleviation Project (SPPAP) 850 low cost houses were constructed and distributed among the poorest widows of the project area. Small ruminant (2 goats package) to 9600 poor people and vocational and entrepreneurship training to 6700 unskilled people was provided under SPPAP. 150 Community Physical infrastructure (CPI) schemes initiated and completed in Tribal Area of Punjab through Tribal Area Development Project (TADP) and under this programme, 10365 solar system of 50 watts were provided to the people of the tribal area. Construction of 7 new roads initiated for which sufficient funds provided and around 48% civil work completed during the year 2015-16. Under Integrated Development of Cholistan, 5 new roads of 70 Km length were constructed and 4 new bouzers were provided for supply of water in emergency in Cholistan. Under ABAD, 79 Mini dams, 94 Lift Irrigation schemes and 44 dug wells were constructed in Potohar and Barani areas of Punjab. A total of 76 development projects have been evaluated by Directorate General of Monitoring and Evaluation and Under Khadim-e-Punjab rural road programme (Phase I & II) TPV of 255 schemes has been conducted.

TheGovernment of the Punjab has allocated Rs.10.45 billion for P&D Sector for the FY 2016-17. Planning & Development sector wishes to achieve the objective of strengthening of social services and reducing poverty and income inequality. In ADP 2016-17 with an allocation of Rs.1.156 billion to SPPAP, 11,000 beneficiaries would be provided support to enhance their income. Under Cholistan Development Authority, an amount of Rs.1.327 billion has been earmarked that would create a visible impact and improvement in the living quality of people of Cholistan.

Major Projects and Initiatives fixed for 2016-17 include:DFID assisted Punjab Economic Opportunities Programme (PEOP) for Skills Development intervention, Tribal Area Development project for physical Infrastructure development, Community Development and Social Infrastructure, IFAD assisted Southern Punjab Poverty Alleviation Project (SPPAP) for livelihood enhancement, Rehabilitation and construction of roads and water supply schemes in Cholistan, Water Resource Development through Construction of Mini Dams in Potohar and Barani Areas of Punjab, Rain water-harvesting project in all villages in Potohar Area by ABAD through command area development, catchment treatment works (soil conservation works, afforestation / plantation of forest tress), and solar energy irrigation system, Promotion of alternate energy for command area development in Potohar Region, Construction of water supply pipeline from Kudwala to Banna Post in Cholistan, Water supply pipeline extension proposed on the existing schemes district Bahawalpur, Capacity Building of Civil Servants through Master / M. Phil Degree and certification programme to accelerate the performance, delivery mechanism and efficiency of Government servants of the Punjab, Capacity building of P&D Department for improved policy planning and monitoring development process in Punjab (Phase-II), Capacity building of Directorate General of M&E for improved project planning, monitoring and evaluation of development projects in Punjab, Punjab sustainable development goals project, Flood emergency reconstruction and resilience project (P&D component), and Restructuring /revamping of Punjab Economic Research Institute to make it a viable research entity.

Chapter 4

PUBLIC ACCOUNT OF THE PROVINCE

4.1 INTRODUCTION

Article 118 of the constitution defines Public Account as all monies which do not form the part of Provincial Consolidated Fund (PCF) but are

(a) Received by or on behalf of the Provincial Government; or

(b) Received by or deposited with the High Court or any other Court established under the authority of the Province.

Public Account consists of those monies for which the Provincial Government has a statutory or other such obligation. These are in the form of trust monies for which the Government has a fiduciary responsibility. These transactions are outside the Provincial Consolidated Fund on both the receipt and expenditure side, and are categorized as:

a) Unfunded Debt (deferred liabilities);
b) Deposits and reserves;
c) Remittances.

Public Account consists of series of accounts, each of which is separately governed under specific rules framed for the said purpose. Main elements of the Public Account in the Annual Budget Statement are summarised as follows:

a) Assets

- Cash and Bank Balances
- Receivable

b) Deposits and Reserves / Liabilities

- Control Account
- Trust Account-Fund
- Trust Accounts-Others
- Special Deposit-Investments
- Special Deposit Fund

Annual Budget Statement (ABS) summarises its main elements as per following table:

Table 4.1
Public Account of the Province

(Rs. in Million)

RECEIPTS AND DISBURSEMENTS	BE 2015-16	RE 2015-16	BE 2016-17
A:RECEIPTS	**(602,071.970)**	**(697,219.673)**	**(732,080.657)**
Assets	**(776.738)**	**(1,027.824)**	**(1,079.215)**
Receivable	(776.738)	(1,027.824)	(1,079.215)
Deposits and Reserves	**(601,295.232)**	**(696,191.849)**	**(731,001.441)**
Other Liabilities	(320,381.580)	(397,851.545)	(410,294.122)
Control Account	(56,000.000)	(4,522.836)	(4,748.978)
Trust Account Fund	(21,240.412)	(15,031.248)	(15,882.810)
Trust Accounts-others	(84,295.350)	(122,055.648)	(128,158.431)
Special Deposit – Investments	(117,024.890)	(153,349.348)	(168,366.815)
Special Deposit Fund	(2,353.000)	(3,381.224)	(3,550.285)
B: DISBURSEMENTS	**602,071.970**	**697,219.673**	**732,080.657**
Current Assets	**-**	**-**	**-**
Cash and Bank Balances	-	-	-
Receivables	-	-	-
Liability	**602,071.970**	**697,219.673**	**732,080.657**
Current / Other Liabilities *	422,000.000	396,433.515	409,305.191
Control Account	-	2,622.169	2,753.277
Trust Account Fund	25,110.000	21,318.342	22,384.260
Trust Account Others	126,717.750	118,882.807	124,826.947
Special Deposit – Investments	20,298.890	153,909.421	161,604.892
Special Deposit Fund	7,945.330	4,053.419	11,206.090
Net Public Account (A-B)	**--**	**--**	**--**

* This include the Pension Fund liability

4.2 RECEIPTS

4.2.1 ASSETS

Assets as Public Account Receipts consist of Cash and bank balances, Investments, Loans and advances, Imprest monies, Advances to employees, Returns from investments and loans etc.

4.2.2 DEPOSITS AND RESERVES

Major part of receipts of the public account consists of deposits and reserves. These include Intergovernmental adjustments, Remittances, Suspense funds, Special deposit fund, Welfare fund, Development fund, Education & training fund, Income Tax deductions from salaries, Personal Ledger Accounts (PLAs) and Trust Account Fund comprising of Provident, Benevolent and Group Insurance Fund.

A large number of items of miscellaneous receipts and expenditure are also part of the deposits and reserves. But these do not follow any particular pattern, especially receipts and expenditures relating to PLAs, which are kept with government treasuries, of autonomous and local bodies of the provincial government. The same is true in the cases of suspense accounts.Whether net receipts from Suspense will be positive or negative depends entirely on if misclassification in respect of receipts has been more than in respect of expenditure and vice versa. The net effect of such receipts and expenditure for the purposes of budgeting is assumed to be nil due to the reason that equal size of receipts and disbursement is reflected on both sides of the said accounts.

4.3 DISBURSEMENTS

4.3.1 CURRENT ASSETS

Cash, bank balances and receivable are included under the category of current assets.

4.3.2 LIABILITY

Liabilities are indicated as disbursements to be made from deposits and reserves and are also shown as contra item to the deposits and the reserves.

Chapter 5

PENSION REFORMS

5.1 A Preview of Pension Scheme in Punjab

Punjab has a Defined-Benefit (DB) pension scheme for its permanent employees regulated under Section 18 of the Punjab Civil Servants Act 1974, and the Punjab Civil Service Pension Rules. The scheme entitles government servants for pension who have either reached the age of superannuation (60 years) or have retired early after serving for 25 years. Pension Rules also prescribe ten years as a minimum qualifying service for receipt of pensionary benefits in the form of gratuity. Gross Pension is determined on the basis of last drawn pay multiplied with the number of years of service and factor 7/300. A pensioner has the option of commuting upto 35%of his gross pension at the time of retirement. Net pension is paid for the life time of the employee. After his death, his family is entitled to family pension. As a policy, the Government also increases pension periodically to mitigate the effects of inflation.

Punjab is the largest province of the country in terms of population.Keeping in view the service needs of a large population,a large civil service is needed. Currently Punjab has approximately one million active employees and half a million pensioners.

5.2 Pension Liability and Expenditure

As per actuarial valuation undertaken in 2010, present value of pension liabilitieswas estimated at Rs. 687.7 billion. Again,an actuarial valuation was undertaken in 2015 to have updated estimates of present value of pension liabilities.As per this actuarial valuation, this liability has been estimated at Rs. 3,180 billion. There has been a significant increase in pension liabilities of both active employees andpensioners. Details are as under:

	Number		Accrued Liability (in billion)	
	2010	**2015**	**2010**	**2015**
• Active Employees	938,511	951,521	401.90	1,826.76
• Pensioners	436,995	465,030	285.80	1,353.24
Total	**1,375,506**	**1,416,551**	**687.70**	**3,180.00**

In line with growing liabilities, pension expenditure has also increased from Rs. 25.5 billion in FY2009-10toa revised estimate of Rs. 112.0 billion in FY2015-16.This reflects an increase of

439% over a period of six years. Pension expenditure for FY2016-17 has been budgeted at Rs.128 billion.

5.3 Pension Reforms

In recent times, pension reforms have gained pace around the world. In conformity with the global trend, the Government of Punjab also initiated a number of pension reforms in last few years.

5.3.1 Liability Management

To ascertain pension liabilities, actuarial valuations are undertaken with regular intervals as mentioned earlier. Until now actuarial valuations have been undertaken in 2007, 2009, 2010 and 2015. Actuarial valuations not only determine the accrued liability for active employees and pensioners but it also highlights the reasons behind increase in such liabilities.

5.3.2 Fund Management

Punjab Pension Fund was established through an enactment by the Punjab Provincial Assembly. An elaborate structure for the management of Punjab Pension Fund was established with the induction of professional management. Moreover, number of committees such as management committee, investment committee, accounts and audit committee, human resource committee were established to carry oversight function. These committees have representation from not only public sector but also have an adequate representation of professionals from private sector. An elaborate oversight mechanism is also in place to review and oversee the investment policy, funding strategy and other such arrangements related to fund management. In line with the parameters laid down in the legal framework of Punjab Pension Fund, Central Depositary Company (CDC) has been appointed as the trustee of the Fund.

5.3.3 Pension Disbursement Management

While far reaching reforms were introduced not only to ascertain pension liabilities but also to set-aside funds to meet future pension liabilities, it was also felt that there is a need to reform and improve existing pension processing and disbursement system.The reformed system must focus on facilitating existing and future pensioners. Accordingly, it was found expedient to conceive, develop and implement a reformedsimplified pension processing and disbursement system through the use of ICT based applications. In addition to ease of doing business, reformed pension disbursement system allows pensioners to have access to more convenient modes of receipt of pension. The system was piloted in Lahore, Chakwal, Rahim Yar Khan and Multan Districts in 2013. After successful implementation of the pilot, the same has beenscaled-up and rolled out in 11 more districts of the Punjab Province.

5.4 Problems in Previous Pension Disbursement System

Under previous dispensation for pension disbursement,pension sanctioning authority used tocalculate pension amount. After submission of pension papers AG Office/DAO used to check pension calculated by the department. In case of any discrepancy, pension papers were sent back to the department for confirmation of pension amount calculated by the AG Office/DAO. This caused lot of delay in issuance of Pension Payment Order (PPO).

In the previous system, after issuance of PPO there was disconnect between Accounting Office and Disbursing Authority.Pensioner or his representative would visitNBP/Treasury Office for collection of pension.Pensioner's visit twice a year at the NBP/Treasury Office was mandatory for providing proof of his/her life.Any change in pension on account of annual revision was posted manually by NBP/Treasury Office. As a result, AG Office/DAO was not aware of the pension amount being paid to a pensioner. Previous system of pension disbursement was cumbersome and lacked transparency.

5.5 Reformed Pension Disbursement System

Under the reformed system, departments do not calculate pension. AG/DAO has been made the authority to calculate pension amount. This has resulted in preparation of PPO without delay as pension papers are not returned to departments for confirmation of pension amount.

Disbursement of pension by providing an option of pension disbursement through scheduled commercial banks, in addition to existing mechanism of pension disbursement only through NBP/Treasury counters,is an important part of reformed disbursement system. Under this system, it has been envisaged that there would be front loading of the pensionary benefits on the analogy of payroll through pension-roll functionality in SAP R/3 system of PIFRA. Pension is credited directly into pensioners' bank accounts which they can withdrawthrough chequeand ATM/Debit Card.

Proof of life through biometric verification of pensioners' thumb impression is planned through NADRA. Revision in pensionary emoluments announced by the Government from time to time is made by respective Accounting Offices and credited into pensioners' bank accounts. For effective functioning of this system, technological integration of various offices/ entities involved in pension disbursement i.e. Accountant General/DAOs, PIFRA and NADRA have been envisaged.

5.6 Financial Inclusion of Government to Person (G2P) Payments

The automated pension disbursement through direct credit of pension into pensioners' bank account has the potential to be animportant milestone in the financial inclusion strategybeing jointly pursued by the State Bank of Pakistan and theGovernment of Punjab. By accessing modern banking services through this strategy, pensioners will find withdrawal of pension much easier in comparison with the erstwhile manual, cumbersome and non-transparent system. Greater number of pensioners to be brought in this system over a period of time will encourage banks to offer better services to hitherto unbankedpopulation.

5.7 Uniqueness and Impact of Innovation

Cash withdrawal by pensioners through branchless banking outlets and bank-led model of mobile companies is unique in a sense that it even saves them from visiting the bank. The innovation will be of great convenience to pensioners. Further, biometric verification of pensioners for proof of their life through NADRA will allow pensioners to go through this verification process without visiting to NBPs/Treasury Offices and waiting in queue for verification of their particulars manually. Pensioners will also be encouraged to save as withdrawalof money will take place when it is actually neededby the pensioner. A host of banking disbursement modes e.g. Cheque, Debit Card, ATMs, branchless banking outlets and bank-led model of mobile companies will facilitate pensioners as they can withdraw anytime from anywhere in Pakistan.The automated pension disbursement will bring greater transparency and accuracy into the whole system. It will also help in reducing leakages in the system.

5.8 Seamless transition from Payroll to Pension-Roll

Reformed pension disbursement system besides offering new avenues of withdrawal of pension also focused on 'seamless transition' ofa civil servant from payroll to pension-roll. The project undertakes hand holding of new pensioners and arranges issuance of their PPO from AG Office. For this purpose a Pension Cell supervised by Consultant (Technical Treasuries) has been created in the Finance department. Administrative departments send pension cases to Pension Cell from where Punjab Pension Fund's (PPF) staff takes them to AG Office and gets the PPO prepared. On receipt of PPO pensioner is called at PPF's office to collect his PPO. Pensioners' facilitation through hand holding not only saves pensioners' from visits to AG Office but also results in seamless transition from payroll to pension-roll.

5.9 New Simplified Procedure of Processing andDisbursement of Pensionthrough Pension-Roll

A major reform was introduced in December' 2012 in the form of "New Simplified Procedure of Processing and Disbursement of Pension through Pension-Roll". Under this simplified procedurea pensioner has to give a one page descriptive roll containing a list of his/her family members, an undertaking for making good any established recovery and option for commutation percentage he/she wants to avail. The Pension Sanctioning Authority (PSA) in return issues a one page notification order of his/her retirement which is submitted to the AG Office/DAO along with a copy of his/her last pay slip, a copy of CNIC and original service book. In case of a gazetted civil servant, a service profile is also submitted by the pensioner. The AG Office/DAO prepares Pension Payment Order (PPO) on the basis of these documents and does not seek anyother document from the pensioner. These reforms were piloted in Lahore district and pensioners retiring in January 2013 were advised to submit their pension papers under new procedure.

Until now "New Simplified Procedure of Processing and Disbursement of Pension through Pension Roll" has been implemented in fourteen (14) more districts of Punjab namely Chakwal, Rahim Yar Khan, Multan, Attock, Rawalpindi, Jhelum, Bahawalpur, Lodhran, Kasur, Sheikhupura, Nankana sahib, Khanewal, Vehari and Bahawalnagar. Finance Department also has plans to implement these new simplified procedures inremaining twenty one (21) districts of Punjab.

Another major reform titled "Disbursement of Commutation and Monthly Pension through Pension-Roll" was notified by the Government on January 9, 2013. Irrespective of how a pension case is processed i.e. through old pension papers or through new simplified procedures, the pensioners in all districts of Punjab will henceforth be disbursed their commutation and monthly pension through pension-roll only. This reform has the effect that new pensioners are only paid pension directly into their bank account instead of payment through NBP.As a consequence of this initiative by the Government the process of enrolment into pension-roll by direct credit of pension into bank account has picked up considerably in all districts of Punjab.

Recently, the Controller General of Accounts (CGA) has directed AG/DAOs to speed up registration of old pensioners into pension-roll. A report generated from SAP R/3 PIFRA system shows enrolment of234,502 pensioners in pension-roll at 31st March 2016 compared to 8,279 pensioners enrolled in pension-roll at 31st December 2012 (Annex-I).

5.10 Institutional arrangements for Reformed Pension Disbursement System

In order to accomplish proof of life of pensioners through biometric verification of their thumb impression technological integration has been envisaged betweenNADRA and PIFRA. This technological integration will be of great importance as its success will open new avenues for disbursement of other welfare payments by use of Information Technology through automated verification of beneficiary.

Commercial banks, office of the Accountant General Punjab, District Account Offices will be the key partners in reformed pension disbursement system. SAP R/3 system with its expected updated and improved version shall serve as a backbone of reformed pension disbursement system.Commercial banks and telecommunication companies will partner in this initiative as the government intends to broaden delivery modes ofpensionary benefits through commercial banks and telecommunication companies.

5.11 Planned Project Implementation and Up-scaling

Reformed pension disbursement system waspiloted in Lahore district. Afterproject parameters were in place and transition from manual to reformed pension disbursement was successfully achieved, the project up-scaled it in 14 more districts of the Province.The Government now plans to implement reformed pension disbursement system in remaining 21 districts of Punjab. It is expected that completetransition from manual to reformed pension disbursement will be accomplished in a couple of years.

5.12 Pension included in National Financial Inclusion Strategy

Pension is one of the key public financial management subjects. Federal and provincial governments are faced with increased amount of pension payments. The State Bank of Pakistan and the Federal Finance Division have included pension as one of the subjects in National Financial Inclusion Strategy (NFIS). Punjab is well represented on the Council and Steering Committee of the NFIS which oversees all initiatives of financial inclusion in the country. Steering Committee has formed Technical Committees to carry out detailed work in different areas. Finance Department, Government of the Punjab and the Punjab Pension Fund has representation on Technical Committees of "Pension" and "Digital Financial Services & Payment Systems". Through these representations the Government of Punjab and the Punjab Pension Fund will be able to play a significant role in advising the Federal Government on retirement schemes in the country and their disbursement through digital modes.

Chapter 6

DEBT AND CONTINGENT LIABILITIES

6.1 DEBT STOCK

Debt management is a specialized function that requires establishing and executing a strategy for managing government's debt. At present, Province of Punjab has a small debt liability compared to size of the gross regional product of the province. At end-June 2016, the province's total debt was Rs. 533.1billion (Table 6.1), or 3.5% percent of GSDP[1]. This ratio appears even smaller in relation to national GDP, i.e. 1.8 percent[2]. Bifurcation of Punjab's total debt is:

- Domestic Debt Rs.17.1billion (Annex-II)
- Foreign Debt Rs. 516.0 billion (Annex-III)

Table 6.1
Punjab Total Debt Stock as on June 30, 2016

	Stock *Rs. Billion*	In percent of Total
Foreign Debt	516.0	96.8%
Domestic Debt	17.1	3.2%
TOTAL	**533.1**	**100.0%**

Note: 1US$ = Rs104.4 is used to estimate rupee value of foreign debt stock as of end June, 2016.

6.1.1 Debt Management Unit

Government has been contemplating the modernization of its debt management operations. The need for devising a debt management reform plan was also highlighted by World Bank assisted Debt Sustainability Analysis 2012. During FY 2015-16, Government of the Punjab established a Debt Management Unit in Finance Department for developing and implementing a comprehensive plan for management of sub-national debt. This entails raising the required amount of borrowing at low cost, diversify the sources of borrowing and maintain a maturity profile that avoids excessive repayments in any one year.

[1]There are no official provincial GDP estimates in Pakistan. Nominal gross provincial value added (GSDP) used for Punjab is Rs.15,263.3 billion.
[2] This ratio is calculated using the nominal GDP of Pakistan in 2015-16 at factor cost that approximates to Rs.29,500.0 billion.

Key functions of the Unit include:

(i) Preparation and execution of debt management strategy,
(ii) Developing an automated database of debt and guarantees,
(iii) Developing and implementing the policies and procedures necessary for sound administration of debt, and
(iv) Assisting the Government in developing and Implementing a legislative framework for effective debt management.

6.1.2 Domestic Debt

Domestic liability of Government of Punjab consists of a series of Cash Development Loans (CDLs) from the Federal Government over the years. All of these loans were obtained at fixed interest rates with original maturity of 25 years. 71% of loans have been repaid till the close of financial year FY 2015-16. As on 30 June 2016, a principal amount of Rs. 17.1 billion would still be outstanding. A large portion of this outstanding balance will be repaid over the next five years but complete repayment will materialize by FY 2029-30.

Until FY2014-15, all loans raised by Government of the Punjab were either lent or guaranteed by the Federal Government. Although sub-article (1) of Article 167 of the Constitution of Pakistan, 1973 recognized the authority of a Province to raise loans or issue guarantees upon the security of the Provincial Consolidated Fund, sub-article (3) required the provinces to obtain consent of Federal Government before raising any new loan if any of its outstanding loans were lent or guaranteed by Federal Government. Thus sub-article (3) acted as a practical constraint on provincial borrowing and discouraged the provinces to develop their own borrowing strategies and legislative frameworks.

As a result of 18th Amendment to the Constitution, sub-article (4) was inserted in Article 167 which provided a clear mechanism for determining the limits/ceilings for raising of loans and issuance of guarantees by provinces. The sub-article stated that the limits and conditions for provincial borrowing and guarantees will be fixed by National Economic Council (NEC). In June 2015, the NEC's decision to fix provincial borrowing limits was communicated to the provinces. The borrowing limit for Punjab was fixed at Rs. 61.75 billion.It is worth mentioning that government of Punjab has used this facility in FY 2015-16 by extending provincial guarantees to the extent of Rs.57.0 billion in respect of development projects of energy and infrastructure sectors.

Table 6.2
Punjab Outstanding Domestic Debt as of June 30, 2015

	Stock *Rs. Billion*	Avg. Interest Rate	Avg. Maturity *No. of Yrs*	In percent of Total
CDL (Normal)	10.0	13.29%	25	18%
CDL (Scarp)	7.1	12.70%	25	12%
TOTAL	***17.1***	***13.10%***	***25***	***100%***

6.1.3 Foreign Debt

Punjab's foreign debt portfolio is highly concessionary and of long term maturity. The details of Punjab's outstanding debt as of June 30, 2016 is as under:

Table 6.3
Punjab Outstanding Foreign Debt as of June 30, 2016

	Stock *Rs. Billion*	Avg. Interest Rate	Avg. Maturity *No. of Yrs*	In percent of Total
ADB	199.0	0.96%	13	38.6%
IDA	194.8	0.87%	19	37.8%
IBRD	45.3	0.86%	12	8.8%
CHINA	45.6	2-3%	--	8.8%
JAPAN	22.6	1.65%	17	4.4%
IFAD	4.6	0.83%	20	0.9%
FRANCE	3.9	1.60%	16	0.8%
IDB	0.2	2.50%	9	0%
TOTAL	***516.0***	***1.38%***	***15***	***100.0%***

In 2015-16, average interest rate on foreign debt stood at only 1.38 percent with average maturity of 15 years (Table 6.3). Most of the loans are based on fixed interest rates and the remaining loans are based on variable interest rate. Foreign debt, in terms of currency composition, is heavily denominated in US Dollars which accounts for more than two-thirds of foreign debt stock. During 2015-16, foreign debt stock increased by Rs.79.9 billion. Exchange rate movements of US Dollar and Japanese Yen did not prove favorable for the Province and resulted in translational loss[3] in the foreign debt stock of Punjab government to the tune of Rs.20 billion during 2015-16.

As of 30 June 2016, program loans/non-project constituted 46% of Punjab's foreign debt portfolio while the remaining 54% came in the form of project aid. Program (non-project) aid pertains primarily to three sectors i.e. education, governance, and poverty reduction. Project aid pertains to a number of sectors including Water (14%), Transport & Communication (11%), Agriculture (8%), Governance (5%), Physical Planning & Housing (4%), Education & Training and Social Welfare (2% each), Rural Development & Poverty Reduction, Flood Resilience, Health & Nutrition and Energy (1% each) (Figure 6.1).

[3] In Pakistan, external loans are contracted in various currencies but disbursements are effectively converted into Pak Rupee. As Pak Rupee is not an internationally traded currency, other currencies are bought and sold via selling and buying of USD. Hence, the currency exposure of foreign debt originates from two sources: USD/other foreign currencies and PKR/USD. This two pronged exchange rate risk is called translational gain/loss.

Debt Servicing

Punjab's total debt service in 2015-16 stood at Rs.33 billion (2.2% of total provincial receipts). Almost 76.8% of the servicing was on account of foreign debt, as it constitutes 96.8% of the total provincial debt (Figure 6.2). Interest payments on total debt are Rs.4.1 billion for FY 2015-16.

Figure 6.1
Total Outstanding Debt of Punjab (2008/09 – 2015-16)

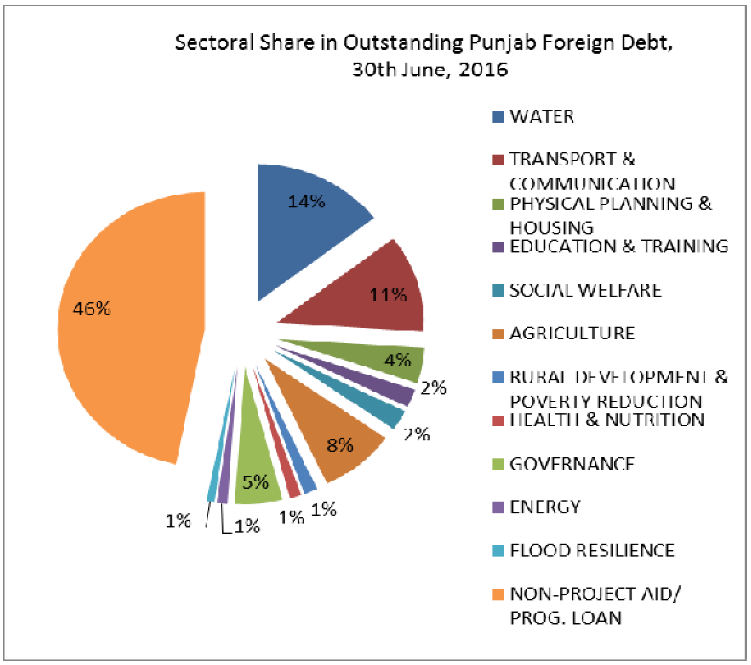
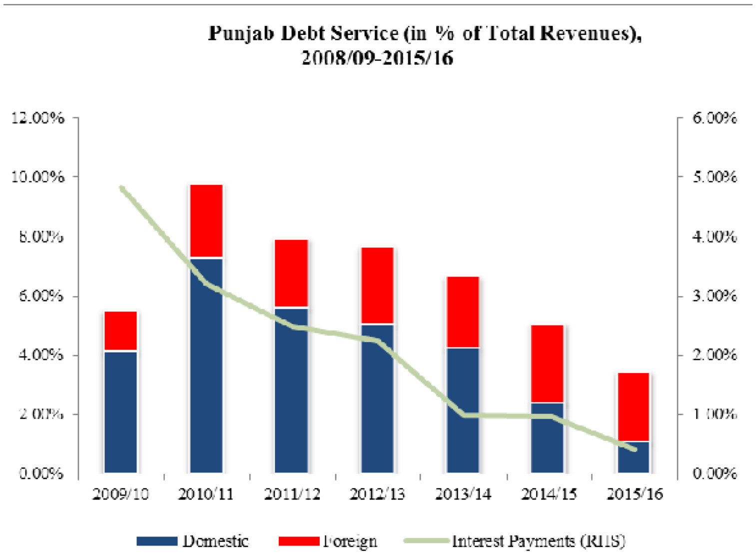


Figure 6.2

Financial Charges paid by Punjab on its Debt as % of total Revenues), 2008/09 - 2015/16



DEVELOPMENT PARTNERS

There is a special impact of Development aid and expertise in the countries with resource constraints and insufficient capacity to plan, develop and implement different projects/programs. The role of development organizations thus becomes essential as they help the developing and the under-developed countries in overcoming their obstacles to socio-economic progress. Such international agencies not only provide financial support but also a wide range of technical and administrative facilities especially in the sectors like education, health, agriculture, population etc. A number of Donors have been active in facilitating Punjab to overcome its socio economic problems:

1. WORLD BANK

World Bank Group (WBG) has been playing a pivotal role in economic development of Pakistan by providing assistance in education, skill development, health, irrigation, urban development, agriculture, land / revenue record automation and governance reforms which are highly appreciated. The World Bank Group refers to the International Bank for Reconstruction and Development (IBRD) and its affiliates, the International Development Association (IDA), the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for the Settlement of Investment Disputes (ICSID).

World Bank, with 46.6% holding (IDA 37.8% + IBRD 8.8%), is the principal creditor of Punjab's foreign debt. The World Bank Group has a portfolio of Rs. 240.1 billion approximately advanced to Punjab Government as loans and soft credits till 30th June, 2016. World Bank's Active Portfolio consists of 09 projects having total outlay of Rs.139.3 billion.

A. International Bank for Reconstruction and Development (IBRD)

IBRD provides loans and other assistance primarily to middle income countries. The institution provides a combination of financial resources, knowledge and technical services, and strategic advice to developing countries, including middle income and credit-worthy lower income countries.

B. International Development Association (IDA)

IDA is the part of the World Bank that helps the world's poorest countries and aims to reduce poverty by providing loans and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions. IBRD was established to function as a self-sustaining business and provides loans and advances to middle-income and credit-worthy poor countries.

2. ASIAN DEVELOPMENT BANK (ADB)

ADB is the second creditor with 38.6% of Punjab's foreign debt. Assistance from the organization has helped to strengthen social and environmental safeguards, improve infrastructure, provide better public services and support institutional reforms in the Province.

The ADB has a portfolio of Rs.199.0 billion approximately advanced to Punjab Government as loans and soft credits till 30th June, 2016. Asian Development Bank's Active Portfolio consists of 08 projects having total outlay of Rs.95.2 billion.

3. DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DfID)

DfID is a United Kingdom government department responsible for administering overseas aid. The goal of the department is "to promote sustainable development and eliminate world poverty". DfID's main programme areas of work are Education, Health, Social Services, Water Supply and Sanitation, Government and Civil Society, Economic Sector (including Infrastructure, Production Sectors and Developing Planning), Environment Protection, Research, and Humanitarian Assistance.

DfID has a portfolio of Rs.76.9 billion approximately granted to Punjab Government till 30th June, 2016. DfID's Active Portfolio consists of 03 projects having total outlay of Rs. 55.3 billion.

4. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

IFAD is a specialized agency of the United Nations dedicated to eradicating rural poverty in developing countries. It was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. Seventy-five percent of the world's poor live in rural areas in developing countries, yet only 4% of official development assistance goes to agriculture. IFAD holds 4.4% of Punjab foreign debt.

5. JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

JICA has been providing assistance in three focus areas: 1) ensuring human security and human development, 2) improving the economic base, and 3) stable, balanced development such as in Pakistan -Afghanistan border areas. By flexibly applying its various schemes (grant aid, Japanese ODA loans and technical cooperation), JICA is strengthening polio eradication and immunization measures, and providing water and sewer infrastructure and institutional arrangements to respond to rapid urbanization. JICA is also providing assistance for building power transmission and road networks primarily through ODA loans, and strengthening domestic industries through technical cooperation. Other assistance JICA is providing includes technical assistance for disaster preparedness at the national level.

6.2 PENSION

Government has a Defined-Benefit (DB) Pension Scheme for its permanent employees. Traditionally, the pension scheme was being managed on 'pay-as-you-go' basis i.e. pension payment during a year was made out of that year's revenues regardless of point of accrual of the liability. Considering the rising burden of pension expenditure, Government has, over the last few years, been following a more systematic approach towards valuation, reporting and funding of pension liability.

6.2.1 Valuation of Pension Liability and Contribution Rate

Actuarial valuation is the most significant aspect of managing pension liability. The Government of Punjab carried out actuarial valuation of its pension liability in 2007, 2009, 2010 and 2015. The increase in pension liability over the years can be seen from the following:

Period (Rs. In billion)	Liability Rate	Contribution
• June 2007	425	29.3%
• June 2009	598	24.4%
• June 2010	688	23.5%
• June 2015	3,180	48.2%

Actuarial valuation assumes certain economic and demographic assumptions. Assumptions used for each of the above valuation are as under:

Valuation Period	Rate of Return on Assets	Salary Increase	Pension Increase	New Hires
• June 2007	10%	9%	6%	-
• June 2009	12%	11%	8%	1%
• June 2010	12%	11%	8%	1%
• June 2015	10%	9%	8%	1%

Major causes resulting in increase in pension liability from June 2007 to June 2015 are as under:

a) Pensionable salary has increased at the rate of 12% per annum during the last 14 years compared to the assumed rate of 9% to 11%.

b) Pension has increased at the rate of 12% per annum during the last 14 years compared to assumed rate of 4% to 8% per annum.

c) 96,583 contract employees have been regularized until FY 2014-15. 173,741 employees are still on contract at June 30, 2015.

d) Increase in rate of Family Pension from 50% to 70% of gross and net pension w.e.f. July 1, 2010.

e) Increase in minimum pension from Rs.2,000 per month to Rs.3,000 per month w.e.f.July 1, 2010.Similarly, minimum family pension has been increased from Rs.1,000 per month to Rs.2,250 per month w.e.f. July 1, 2010.

f) Increase in liability due to changes in economic assumptions, which are primarily the reduction in differential between the discount rate and future pension increase rate from 4% to 2%, works out to Rs.367 billion.

g) Change in demographic assumptions has increased the liability by Rs.393 billion. It is evident from review of past retirement patterns that almost one-third of new retirees are aged below the age of superannuation (i.e. 60 years).This experience cannot be ignored especially since it substantively increases pension liability. In addition, there is worldwide recognition that pension systems must take into account future improvements in mortality otherwise the underlying liability will be underestimated.

h) Impact of increasing future net pensions by 72%, at the time the first pension is calculated, has increased the liability by Rs.666 billion.This factor was not taken into account in the previous valuation. It increases the liability of active employees and future contribution rate. This policy distorts the basic structure of the pension scheme by breaking the relationship between pensionable pay and the pension amount at retirement/death.

Changes in benefits, changes in assumptions and policy of continuing pension increases to future new pensioners havedramatically increased the accrued liability and resulted in high contribution rate of 48.2%.

6.2.2 Pension Expenditure

Having discussed accrued pension liability and contribution rate it is pertinent to see increase in pension expenditure over the years.

(Rs. In billion)

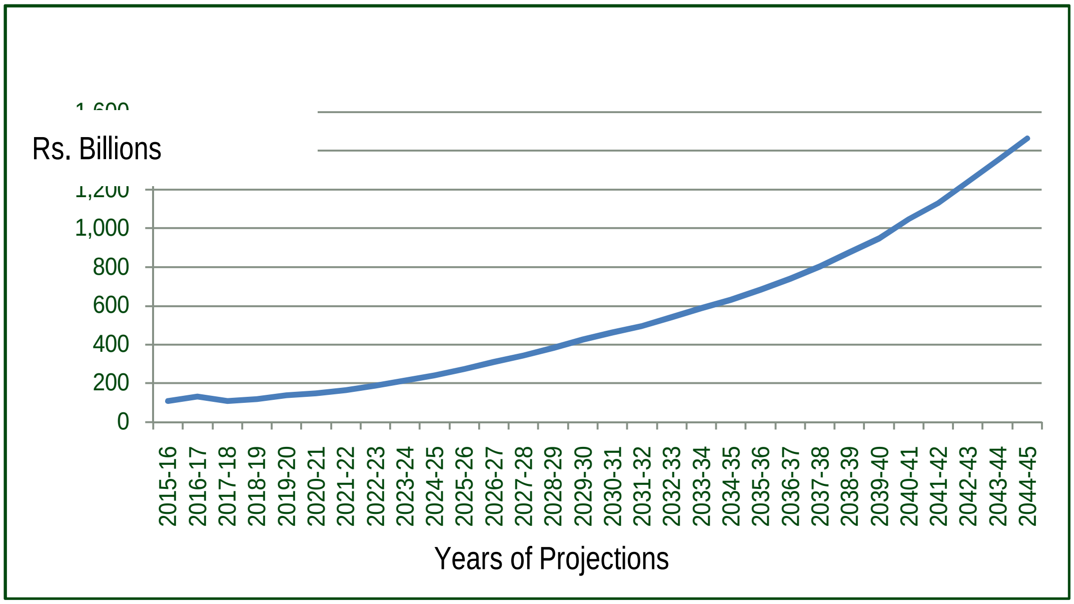
Period	Pension Expenditure	Current Revenue Expenditure	Ratio of Pension Exp. to Current Revenue Expenditure
• FY2010-11	36	370	9.7%
• FY2011-12	50	444	11.3%
• FY2012-13	67	536	12.5%
• FY2013-14	76	569	13.4%
• FY2014-15	90	670	13.4%
• FY2015-16 (RE)	112	746	15.01%

It is evident from the above that the ratio of pension expenditure to total Current Revenue Expenditure has risen from almost 10% to 15% in last five years which is a cause of concern. It also suggests that pension and salary raises every year must be tied to inflation so that these expenditures remain manageable.

Increase in pension payments over 30 years' time scale is illustrated in Annex-IV.

Graphical representation of expected pension payments over 30 years is as under:

Figure 6.3
Expected Pension Payments



6.2.3 Funding Strategy and Government's Contribution

Punjab Pension Fund has been created to invest funds set aside by the Government for meeting, at least partially, its future pension liability in accordance with the investment policy approved by the Management Committee of the Fund.

In order to keep the capitalization of Pension Fund on course, it is important that a funding strategy is adopted which is regularly reviewed and updated. Previous funding strategy was adopted in 2010. A new funding strategy is being contemplated after the actuarial valuation for 2015 to cater to the needs of funding growing pension liabilities.

In FY 2016-17, Punjab Government has budgeted an amount of Rs.8.0 billion for capitalization of Punjab Pension Fund.

6.2.4 Punjab Pension Fund's Performance

As of May 31, 2016 Punjab Pension Fund has a total assets of Rs. 36,904 million. The Fund's exposure to different investment types is summarized as under:

(Amounts in millions)

	30 June 2014		30 June 2015		31 May 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Pakistan Investment Bonds	16,084	65.5	7,788	23.2	7,510	20.4
Term Finance Certificates	593	2.4	559	1.7	393	1.1
Treasury Bills	493	2.0	-	-	-	-
Short term bank deposits	5,300	21.6	8,100	24.1	10,000	27.1
National Saving Schemes	1,000	4.1	16,286	48.4	17,600	47.7
Cash at bank	206	0.8	183	0.5	724	1.9
Accrued Mark-up	867	3.5	660	2.0	627	1.7
Other assets*	12	0.1	42	0.1	50	0.1
Fund Size	**24,555**	**100.0**	**33,618**	**100.0**	**36,904**	**100.0**

*Other assets include prepaid expenses for management and book value of fixed assets of the Fund

Long-term investments consist of Pakistan Investment Bonds (PIBs) and Term Finance Certificates, medium-term investments consist of National Saving Scheme (NSS) products and short-term investments consist of Treasury Bills and short term bank deposits.

PROFITS / RETURNS

Time Weighted Return (TWR) earned by the Fund is summarized as under:

Period	Annualized Return for the period		Year End Discount Rate	YoY CPI Inflation	Long-term Benchmark
	Gross Return	Net Return*			CPI Inflation + 3%
FY 2008-09	15.21%	15.00%	14.00%	13.14%	16.14%
FY 2009-10	13.79%	13.61%	12.50%	12.69%	15.69%
FY 2010-11	13.48%	13.32%	14.00%	13.13%	16.13%
FY 2011-12	13.96%	13.79%	12.00%	11.26%	14.26%
FY 2012-13	12.85%	12.69%	10.00%	5.85%	8.85%
FY 2013-14	12.05%	11.90%	10.00%	8.22%	11.22%
FY 2014-15	15.88%	15.71%	7.00%	3.16%	6.16%
FY 2015-16 (11 Month)	10.80%	10.68%	6.25%	3.20%	6.20%
Jul 2008-May 2016 (CAGR)	13.52%	13.35%	10.68%	8.97%	11.97%

*Net Return means the return after deducting expenses incurred on management of PPF

** CAGR means Compound Annualized Growth Rate

In order to lock-in fixed nature high yields for a longer period of time, the Fund has invested a large proportion of its assets in medium to long-term fixed-rate instruments consisting mainly of PIBs and NSS. At the end of May-16, around 68.1% of total portfolio is invested in PIBs& NSS.

The investment strategy followed over the past few years i.e. investment in long-term fixed-rate instruments at attractive yields has worked well.Although inflation and interest rates have declined, Pension Fund continues to earn an attractive real rate of return over CPI Inflation because of its high yielding portfolio of PIBs and NSS.

6.3 GENERAL PROVIDENT FUND

In addition to the Pension Scheme, Government requires its permanent employees to subscribe to the General Provident (GP) Fund which is a Defined Contribution Scheme. General Provident Fund contributions are deducted from salaries of Government employees and credited to GP Fund Account which is part of the Public Account of the Province. Government has a fiduciary responsibility for these contributions. To avert the possibility of using Public Account balances as a borrowing window for Government expenditures, there was a need to create a separate GP Investment Fund. There was also a need to replenish the amounts earlier utilized from GP Fund Account as the Government maintained a common cash balance for both Provincial Consolidated Fund and Public Account. Based on these considerations, Government of the Punjab passed Punjab General Provident Investment Fund Act 2009 to establish an investment fund for management of GP Fund liabilities of the government.

6.3.1 General Provident Fund Liability

The amount of GP Fund payment of a Government employee is the accumulated contribution deducted from his/her salary during service plus interest announced by the Government on such contributions on annual basis.

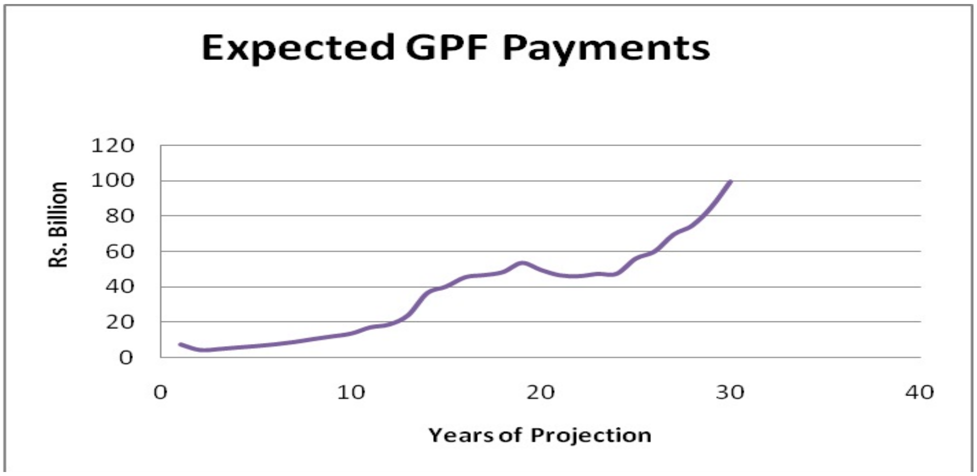
Based on the recent actuarial valuation,accrued GP Fund liability at June 30, 2015 is estimated at Rs. 181.5 billion.

The growth in GP Fund liability, assuming interest credited to GP Fund balances at the rate of 12% per annum, for 30 years' period, is illustrated in Annex-V.

6.3.2 General Provident Fund Payments

Graphical representation of expected GP Fund payments over 30 years' is as under:

Figure 6.4



6.3.3 Funding Strategy

An amount of Rs. 4.0 billion is already placed in the Public Account of the province for transfer to Punjab General Provident Investment Fund. An amount of Rs. 2.0 billion has also been allocated for this purpose in the budget of FY 2016-17.

Chapter 7

Punjab Revenue Authority

Punjab Revenue Authority (PRA) is completing its fourth financial year. In this period, PRA has emerged as the single largest tax collection agency of Punjab. At the commencement of the financial year, total number of services was increased to fifty nine including ten new services i.e. intercity carriage of goods, visa processing, supply of tangible goods, public relations, accountancy, domestic transportation of goods by air, facilities for travel(by air), chartered flight services, debt collection, supply chain management, photography and sponsorship services.

Application of Reduced Tax Rate:- Standard Punjab sales tax rate remains at 16%. Telecom services are chargeable to tax @ 19.5%. The services of property development/promotion, freight forwarders and facilities for travel (by air) are chargeable to fixed rates of tax. At the commencement of the Financial Year 2015-16, while broadening the scope of Punjab sales tax to include tail-end services which usually belong to informal services sector, PRA proposed a reduced rate scheme to encourage them to enrol in the system. As a result, services provided by tour operators/ travel agents and services provided by accountants were subjected to reduced rate of 5% without the input adjustment. The above said time bound schemes subject to specified conditions are adopted as a "tax bait" to attract historically delinquent regimes towards tax compliance in incremental mode. Apart from the above said scheme on January 11th, 2016 non-authorized, stand-alone services providers in respect of laundries/dry cleaners, car/automobile dealers, auto/electronic equipment workshops, healthcare/ gyms/ physical fitness, salons, property dealers and construction services were given the option to the reduced rate scheme @5% without the input adjustment and subject to the conditions, limitations and restrictions specified otherwise. Franchise services and Toll processing services were offered reduced rates of 10% and 2% respectively without the input adjustment. Services provided by cable TV Operators (only opting for the scheme) were also offered 2% reduced rate. VAT does not discourage such innovative and flexible approaches to attract the business community towards voluntary tax compliance. Such special limited schemes eventually increase taxpayer's confidence in the fairness of the tax system.

Registration of Tax Payers:- Since its inception in 2012, PRA by using multiple source data and field surveys, has been identifying service sector businesses, about which PRA determines that such are prima facie liable to be registered with PRA and pay Punjab sales tax. Under the said scheme, businesses are initially persuaded for the voluntary registration.In case of resistance, the businesses are compulsory registered and persuaded to comply with the PSTS. Initially only 615 tax payers were registered with PRA, details of which were primarily transferred from FBR's system (through PRAL). However, in the financial year 2015-16 to broaden the tax net and PRA's outreach, PRA established four Commissionerates in the divisional headquarters of Rawalpindi, Multan, Faisalabad and Gujranwala and a sub office in Murreewhich played an active role for registration of taxpayers. The total registry of tax payers has been recorded at 21,582 by May 2016. Yearly registration details are given as under:

Table – 1
Yearly Registration Details

S.No	Year	Voluntary Registrations	Compulsory Registrations	Total (added)
1.	2012-2013	1,959	383	2,342
2.	2013-2014	1,951	679	2,630
3.	2014-2015	4,351	932	5,283
4.	2015-16*	6,571	4,756	11,327
	Total Registry	**14,832**	**6,750**	**21,582**

**(Till May 2016)*

Revenue Achievements:-As per the Budget Statement 2015-16, the overall target of Punjab Revenue Authority was fixed at Rs.72.00 billion. This budgetary target was based on several new revenue measures taken at the time of presentation of Finance Act 2015-16. The revenue performance of the Punjab Revenue Authority has significantly improved as compared to the previous financial year. However, it is lagging behind the fixed target owing to reasons described below:

- Punjab Infrastructure Development Cess which was levied through the Punjab Infrastructure Development Cess Act, 2015 was optimistically worked out to add Rs.5.0 billion to the collections at the start of the FY-2015-16. The said Cess faced hiccups at the implementation stage and collection has only commenced in the last week of May, 2016.
- On 30.07.2015, the Punjab Government decided to exempt internet services from the levy of Punjab Sales Tax on Services Act, 2012. The cost of this exemption is estimated at a minimum of Rs.5.0 billion.
- Right after the devolution of the sales tax on services to the provinces, FBR did not withdraw federal excise duty on most services chargeable to provincial sales tax. Therefore Facilities for travel (by air), transportation of goods by air and chartered flight services were charged with sales tax on services at the time of Finance Bill of 2015-16. Although, at the said time PRA had duly received advice on the constitutional soundness of its budget proposals with respect to the above-specified services, a number of airlines have challenged this levy which has resulted in almost negligible collection so far against a total budgetary estimate of Rs.1.725 billion.
- Punjab Government introduced taxation on inter-city carriage of goods through insertion of entry no.48 of the Second Schedule to the Punjab Sales Tax on Services Act, 2012 with effect from 01.07.2015. However, Oil Tankers Association of Pakistan approached

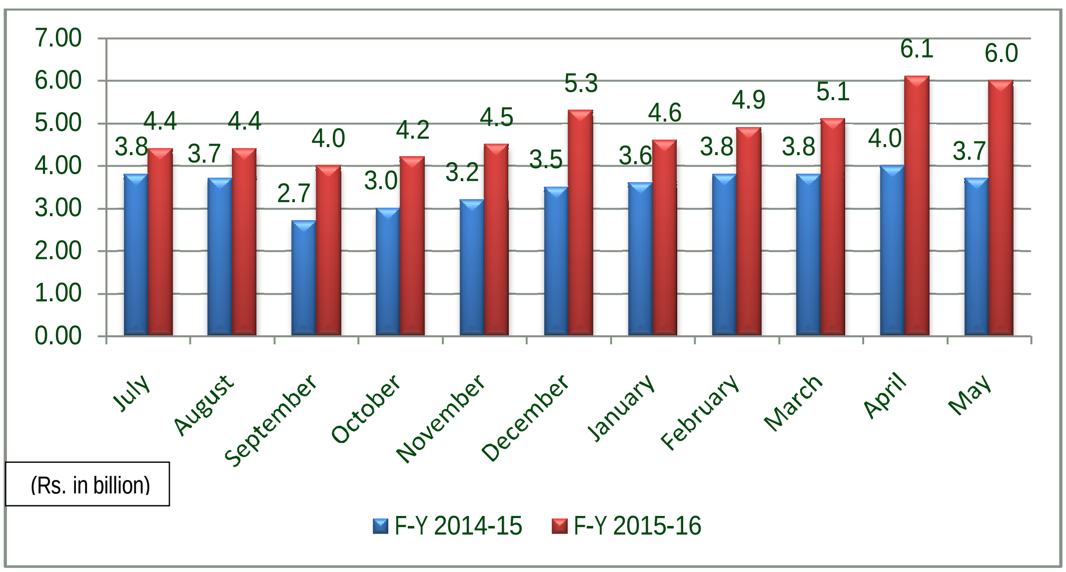
the Federal Petroleum Ministry and on the request of the said Ministry, the subject taxation has been held in abeyance from time to time. This however has resulted in an overall annual loss of approximately Rs.2-3 billion on recurring basis. The Finance Department has sought to claim the loss from the Federal government through the Ministry of Petroleum & Natural Resources.

PRA has otherwise performed admirably with a collection of Rs.54.0 billion till May 2016 during the current financial year as against total collection of Rs.38.0 billion for the same period of the previous financial year which marks an increase of 39%. This collection has been complemented by PRA's enforcement drive and its greater outreach through establishment of Commissionerates in Rawalpindi, Gujranwala, Faisalabad and Multan, which were all set up during the current financial year.

Following is the comparative graphical representation of the receipt collection in FY 2014-15 and FY 2015-16.

Figure:1

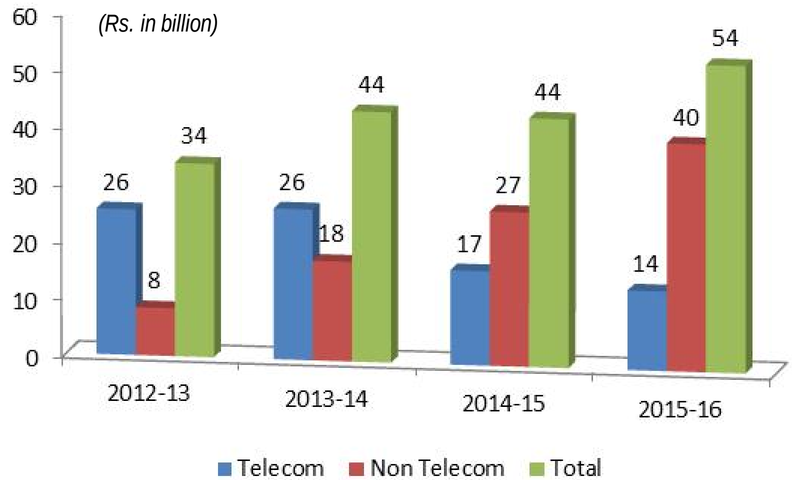
Receipt Collection for FY 2014-15 and FY 2015-16 (upto May)



Telecom and Non-Telecom Revenue collection comparison:-Traditionally PRA's collections mainly consisted of the revenues from the telecom sector. However, over the time revenue from said sector is decreasing pertaining to three main reasons. Firstly, PRA has expanded its tax net and added new services to the 2nd schedule of the Punjab Sales Tax on Services Act, 2012. Coupled with effective enforcement, this has resulted in increased collections from such sectors and secondly, the collections of telecom sector are decreasing in absolute terms. Due to the technological up-gradation to maintain the prescribed standards of 3G and 4G, import of the advanced equipment and with the imposition of import duty of 6% by FBR on such equipment, the input claims from telecom sector are skyrocketing virtually resulting in less tax payment to PRA. Thirdly, with the expansion in the number of taxable services telecom sector being one of the formal sector has to withhold/pay PSTS on such services which subsequently results in input claims. Historical comparison of revenue collections from telecom and Non-telecom sector is as follows:

Graphical representation of the Break-up of collection between Telecom and Non-Telecom sectors is as follows:-

Figure – 2
Tele Non-Tele Revenue Collections



Taxpayers' education:- PRA has been conducting seminars/workshops across Punjab in collaboration with civil administration, trade bodies/associations, tax bar associations, universities etc. wherein the participants from the concerned sectors are fully enlightened about the system of Punjab sales tax. PRA has also been using electronic and print media for the advertisements on Punjab sales tax to disseminate public service messages for compliance with Punjab sales tax. Number of FAQs on PRA's website is gradually increasing. These FAQs carry tremendous importance for the guidance of taxpayers. Most of the taxpayers correspond with PRA only through electronic means i.e. website, email etc. and PRA replies emails within 24 hours.

IT Developments:-PRA is currently availing paid IT services of PRAL for the purposes of collection of Punjab sales tax. PRA is actively working on avenues for additional ultra-advance IT-based solutions for compliance issues. In this regard, PRA is in the process of setting up its own IT Wing as a strategic objective so that effective IT-based solutions resulting in lesser human involvement could be introduced. The IT Wing will also become the custodian of PRA's own Databank as envisioned under the Punjab Revenue Authority Act, 2012.

Restaurant Invoice Monitoring System (RIMS):-RIMS has been designed by PRA with the support of PITB (Punjab Information Technology Board) and PRAL. Under the system, through real time internet-based connectivity, the invoice data of restaurants is captured by PRA into its system and propriety of monthly declarations of restaurants are checked by the system on the basis of online-retrieved invoice data. For the said purpose PRA has launched 'AMANAT' scheme.

Under the said scheme restaurant goers are urged through effective media campaigns to electronically share their respective invoices with PRA through Facebook, Whatsapp, and SMS. A random monthly ballot is held for the participants out of the shared invoices. The scheme consists of exciting prizes i.e Cars (Toyota corolla, Honda City, Suzuki Mehran), Umrah Tickets, LED TVs, Tablets and Food Vouchers for participants. PRA has so far conducted two ballots, however, the scheme has been very successful in terms of revenues as well as in building confidence of the taxpayers. PRA has also signed an MOU with the 'Punjab Food Authority' and 'Tourism Development Corporation Punjab (TDCP)' to collectively monitor/promote the restaurant sectors.It is expected that the said scheme will not only increase the tax compliance but it will also boost the relentless efforts of Punjab Food Authority to enforce the prescribed standards of food quality and hygiene and complement the efforts of the Tourism Department in terms of promoting the ever-famous food of LAHORE. The MoU is also an example of Punjab Government's innovative approach towards provision of services through close coordination between its agencies.

RIMS scheme is initially launched only in Lahore and it will be gradually expanded to the rest of Punjab. Initial success of RIMS also points out to the fact that other business regimes involving walk-in-customers or spot clientele will also be subjected to similar system-based watch. This scheme will be replicated in two districts i.e. Multan and Rawalpindi during the FY 2016-17.

Budget Vision:-Based upon R&D work conducted and the experiences gained during 2015-16, PRA has developed a precise and comprehensive budget vision for the year 2016-17. This vision includes new services through identification surveys, indigenization of IT capacity/operations, formal launching of (non-intrusive) audit operations and systematic HR development and resource mobilization. With the materialization of these points, PRA is expecting to bring a further robust revenue growth in the year 2016-17 and in the long run intends to move to a negative list whereby all services will be taxable except for those specifically exempted. It will eventually broaden the tax base in traditionally untapped/ non-compliant wide range of services so that Punjab has a large taxpayer base for consistent revenue growth unimpeded by non-performance of any specific sector.

Chapter 8

Public Financial Management Reform

Public Financial Management (PFM) is a process by which governments translate public resources into public services. It is essential as it allows a Government to achieve its policy objectives and goals in a transparent and accountable manner. Built around the principles of transparency and accountability, it helps bridging the gap between the state and citizens.

Government of the Punjab has introduced various reforms, both at provincial and district level, to strengthen PFM. The main PFM reforms so far introduced by the Government are explained in the following sections.

8.1 REFORMS AT PROVINCIAL LEVEL

(a) PFM Reform Strategy

The Government of Punjab (GoP) has an ambitious agenda for growth and its achievement is contingent upon significant reforms in revenue generation and PFM systems of the government. In the past there have been many stand-alone initiatives to improve PFM in Punjab; however these have never been consolidated in the form of a cohesive strategy or an action plan. Therefore, a key challenge for the Finance Department was to develop an overarching strategy for public financial management reforms and get buy in for that at the highest political level to make a meaningful contribution.

Accordingly, the PFM Reform Strategy was developed last year. It serves as a platform for coordinated PFM reform effort. The strategy aims at enhancing fiscal space, reducing transaction costs, maximizing returns on public spending and building capacity of human resource for PFM. Development of the strategy was followed up with animplementation plan to identify key deliverables of the intended initiatives, set target dates for completion of different activities and identifying the officer responsible for implementing the activities.

Details of the major initiatives undertaken as part of the PFM reform strategy have been explained in the following paragraphs.

(b) Restructuring of Finance Department

It was felt recently that the department had not transformed itself alongwith the ever-changing requirements of the modern day Government. More specifically it was felt that the department needed specialized units to discharge newly evolving areas of work relating to corporate financial management, debt management and taxation policy. Further, it was felt that the function of Finance Department pertaining to release of funds for development schemes needs to be further strengthened to avoid any delay in release of funds.

In order to address these issues, a thorough restructuring exercise was undertaken by the Finance Department. Main features of the restructuring are as follows:

i. The department has been divided into two wings (i) budget & resources wing and (ii) expenditure and investment wing. Both would be headed by officers of the rank of Special Secretary. Under the new arrangement, budget and resource wings would comprise five groups of office: budget, establishment, regulation, monitoring and policy & planning. An 'establishment' group of office has been carved out of the budget wing to look after the affairs of attached departments of the Finance Department. The expenditure and investment wing would comprise of economic services, social services, local government finance and development. Each of these groups of offices would be headed by an additional secretary.

ii. The coordination function for release of development funds has been concentrated in the 'development' group of office under the expenditure and investment wing of the Finance Department. The step would help improve coordination with planning & development department on this important function.

iii. Specialized units such as tax reform unit, debt management unit, corporate finance unit and NFC Secretariat have been added to the organogram of the department to build the department's capacity for modern day PFM needs.

The revised organogram of Finance Department can be seen at Annex-VI.

(c) Institutional Development of Finance Department

Tax Reform Unit (TRU) and Debt Management Unit has been exclusively discussed in this white paper. As far as Corporate Unit is concerned, the need for establishment of this unit was felt as government has been expanding service delivery to citizens through a corporate style dispensation in order to ensure effectiveness and timeliness of the service provision.

This unit will help Finance Department to perform its role on the board of directors of the public sector companies in an effective manner. It is expected that the CFU will contribute in building Finance Department's capacity for financial management, governance, risk management and compliance relating to the corporate entities of the Governmentand will also ensure effective representation of Finance Department on the boards of directors of the public sector companies.

The vision, organogram, functions and job description of staff for CFU have been developed and recruitment of staff is in progress.

(d) Development of New Systems

Fiscal Monitoring Committee (FMC) has been established under Finance Minister and is meeting regularly to improve budget execution and reconciliation. The greater emphasis on monitoring fiscal progress has contributed to increase in revenue collection and improvement in utilization of funds apart from strengthening internal controls through ensuring reconciliation of accounts.

It was felt that the government's financial rules need to be updated. As part of the PFM reforms, it has been decided to revise financial rules such as Punjab Financial Rules, Treasury and Subsidiary Treasury Rules, Departmental Financial Rules, Delegation of Financial Powers Rules and Budget Manual. The revision of financial rules is being approached to simplify systems, devolving greater authority and synchronizing rules with the requirements of automation of processes in the Government.

The government is trying to gradually shift from input based, bottom up, incremental form of budgeting to policy based, output oriented medium term budgeting. Output based budgeting had already been introduced in seven departments before the development of the PFM reform strategy. Under the PFM reform strategy, OBB is being extended to School Education Department and two important public sector companies viz. SaafPaani Company and Lahore Waste Management Company in Punjab.

(e) Capacity Building of Finance Department

To cope with the expanding scope of work, there is also a need for capacity building of officials working in its units and wings. For this purpose the Training Needs Assessment of Finance Department has been initiated that will encompass organizational analysis, job analysis and personal analysis.

(f) Budget Transparency and Accessibility

Government of the Punjab is committed to a more open and transparent budgetary process through various initiatives including publishing of the annual Citizens' Budget and 'Punjab Budget Transparency Review' report. The main purpose of the Citizens' Budget is to present the budgetary information clearly and concisely using non-technical language for increased comprehension by general public. This initiative has promotedaccountability of the Government and has led to improved Open Budget Index (OBI)/ Budget Transparency Report (BTR) score of the Government.

(g) Engaging Citizens and their Political Representatives in the Budget Formulation

For the budget 2016-17, pre-budget consultation exerciseswere conducted by the Finance Department to seek suggestions from members of provincial assembly as well as chamber of commerce and industries and other segments of society including agriculturists. For the input of Provincial Assembly members, a Pre-Budget Consultation questionnaire was developed to determine priorities for budgetary allocation in different sector. The priorities coming out of the pre-budget session of the provincial assembly were ranked and compiled in a report and shared with all departments to use in the budget making process.

(h) Provincial Finance Commission (PFC) Award

Local Government structure of Punjab has been completely revamped under the Punjab Local Government Act, 2013 (PLGA 2013). To ensure uninterrupted provision of resources by devolved service delivery authorities, an Interim PFC Award will be brought forward to provide adequate resources to newly elected local governments under PLGA 2013 when the new local governments are put in place. The interim award is directed towards translating existing allocations into a local government grants framework with some additionalities. Deliberations have been made on formula options by the PFC Committee using an advanced simulation model. Efforts are being made to decide a need based system of transfers that would promote horizontal equalization and take the service delivery needs of local governments into account.

8.2 PFM REFORMS AT DISTRICT LEVEL

The following reforms at district level are being piloted in Sheikhupura, Hafizabad, MandiBahauddin, Sahiwal, Vehari and Bahawalnagar districts.

a. Evidence Based Budgeting at District Level

Over the last two years increased efforts have been made to build capacities of district governments to use evidence for planning, budgeting and monitoring of service delivery in health education and other sectors. Consequently, this year budgetary allocation in six districts of Punjab was increased not through incremental budgeting approach rather by using evidence based budgeting specifically considering the needs of women, girls and marginalized. Needs assessment studies and comprehensive analysis of district budgets in primary health care were carried on the basis of which proposals were formulated for district budget 2015–16.

b. Expenditure Tracking at Service Delivery Level

Public Expenditure Tracking System (PETS) has been introduced in Punjab for increased transparency, efficiency and effectiveness of the budgetary expenditure. The PETS survey in Primary Health Care for Bahawalnagar and MandiBahauddin was conducted last year.On the basis of these findings, a detailed implementation plan was developed to improve flow of funds to service delivery units in six districts of Punjab andit has led to improved availability of medical staff, medicines and other resources required at BHUs in the pilot districts. To ensure sustainability of the reform, a system-based expenditure tracking of funds to service delivery units/BHUs is being introduced at district level.

c. Geographic Information System (GIS) for Monitoring Services

Service delivery planning and monitoring is necessary for effective implementation of PFM reforms and it has been facilitated by use of GIS. Last year GIS cells were established in two districts and are now functioning at advanced level. This year 4 more GIS cells have been established. They were primarily set up to help in planning and monitoring of services in health and education, however considering the benefits reaped from GIS their scope has been expanded to other areas including transportation, revenue generation and district administration.

GLOSSARY

A

Ad Valorem Taxes: Taxes levied as a percentage of the price of a good or service.

B

Bridge Financing: It is a method of financing used to maintain liquidity while waiting for an anticipated inflow of cash.

Budget: A financial statement of government's estimated revenues and expenditures for the fiscal year.

Budget Outlay: Total estimate of receipts and expenditures from the sources and for the purposes indicated in the budget.

Budget Deficit: Excess of government expenditures over revenues raised by taxes, fees and charges levied by governmental authorities.

C

Cash Development Loans: The CDLs were raised by the Federal Government to cover its foreign currency deficits on very high mark up rates in most of the cases and transferred to provincial governments from time to time.

Capital Gains: Increases in the value of assets over a given accounting period.

Current Capital Expenditure: Current Capital Expenditure like current capital receipt figures both in the Account No.I and Account No. II of the Provincial Government maintained with the State Bank of Pakistan. The expenditures under this head in Account No.I consist of the following:

I. Principal Repayment of Domestic, Foreign and Market Debt. It also includes repayment on account of Ways and Means Advances availed by the Government of the Punjab from the State Bank of Pakistan during the financial year.
II. Loans and advances to corporate bodies of the Government of Punjab or associated with the Government of Punjab.

Expenditures in Account No. II are mainly incurred on state trading operations of the government in food grains especially procurement of wheat and repayment of loans taken from the commercial banks for trading operations of Food Department.

Current Revenue Expenditure: Current Revenue Expenditure includes expenditures on government's regulatory, administrative and other such functions including provision of social and economic services.

D

Debt Finance: Use of borrowed funds to finance government expenditures.

Development Expenditure: As per the classification in the Annual Budget Statement, development expenditure is divided into two distinct parts:

a) Revenue Expenditure
b) Capital Expenditure

Development revenue expenditure is classified under grant PC22036 (036) – Development – Revenue. The expenditure under this grant pertains to most of the expenses other than the brick and mortar expense. Employees related expense, purchase of transport, machinery and equipment, operating expenses, research and development, training etc. provided under the projects during the execution of the projects are all part of the development revenue expenditures. Development capital expenditure is the capital investment under the development programs in roads, buildings, irrigation sectors etc.

Direct Tax: Direct tax is a tax the burden of which is born entirely by the individual or the entity that pays it and it can not be passed elsewhere; for example corporate tax, income tax etc.

Dividends: Direct payments by a corporation to its share holders.

Domestic Debt: Debt owed to the creditors residing in the same country as the debtor.

E

Entity: The organizational unit within the government responsible for management and control of particular resources. In a budgetary framework, each entity shall receive an allocation of funds and the entity mangers would be responsible for the expenditure incurred.

External Debt: Portion of a government's debt owed to the foreigners / external governments and institutions

Extraordinary Receipts: Extraordinary receipts were previously reflected as a part of capital receipt but now are classified as General Revenue Receipts. A significant portion of these receipts accrue from privatization / disinvestment of government owned assets, and sale of land etc.

F

Federal Divisible Pool: The biggest source of revenue for the Provincial Government is its share from the Federal Divisible Pool of Taxes. The Divisible Pool comprises of taxes on income, wealth tax, capital value tax, taxes on sales and purchases, export duty on cotton, customs duties, GST (CE Mode) and federal excise duties excluding the excise duty on gas charged at well-head, and any other tax which may be levied by the Federal Government. With the exception of federal excise duty on gas, the taxes mentioned above are distributed between the Provinces and the Federal Government.

Federal Transfers: A payment made by the Federal Government to the province either out of the Federal Divisible Pool or for other social benefit programs.

Fiscal Capacity: Fiscal capacity is a measure of the ability of a jurisdiction / government to finance government services.

Fiscal Equalisation: Use of grants to adjust for differences in the capacity to finance basic government services amongst states / governments.

Fiscal Federalism: Division of taxing and expenditure functions amongst different levels of government.

Foreign Debt: The money one country owes to another country as a result of loan and / or a negative balance of trade.

Function: The economic function relating to provision of a particular service, activity or a program.

Fund: The pool of money from where the budget allocation is made e.g. consolidated fund.

G

General Revenue Receipt: General Revenue Receipts include the following:

I) Federal Transfers:
- Share of Federal Divisible Pool of Taxes under the NFC Award, 2009
- Straight Transfers on account of constitutional provisions, royalties on oil and gas
- Federal Grants

II) Provincial Own Revenue:
- Provincial Tax Revenue including Provincial GST on Services collected by the Federal Board of Revenue
- Provincial Non-Tax Revenue (As per the classification used in ABS, the Provincial Non-Tax Revenue includes Federal Grants and Straight Transfers)
- Extraordinary Receipts

H

Historical Cost: Acquisition price of the asset.

I

Indirect Tax: A charge levied by the state on consumption, expenditure, privilege or right but not on income or property. Custom duties levied on imports, excise duties on production, sales tax or value added tax at some stage in production – distribution process are few examples of Indirect Tax.

Incremental Budgeting: Budgetary approach that uses the previous period's budget or actual performance as a base with incremental amounts added for the new period.

Inflation: In economic terms, inflation is a general increase in prices and fall in the purchasing value of money.

L

Land Revenue: Land Revenue means all sums and payments in money received or legally claimable by or on behalf of the Government from any person on account of any form of land.

M

Matching Grants: Grants containing the requirement that the recipient government / jurisdiction will match the money through its own revenues.

MTBF: Medium Term Budgetary Framework (MTBF) is a multi year approach to budgeting which links the spending plans of the government to its policy objectives in medium term (usually three years).

N

Nominal Value: Nominal value refers to a value expressed in money of the day (year etc.) as opposed to real value which adjusts for the effect of inflation on the nominal value.

O

Object: Accounting classification describing the item of expenditure, receipt, asset or liability.

Overdraft: An overdraft is a state where the withdrawals exceed the available balance.

P

Property Tax: A government levy based on the market value as assessed by assessing agency or based on certain formulas / parameters. It is a capital tax on property calculated on the estimated value of the property.

Provincial Consolidated Fund: The Fund which comprises all revenues received and all loans raised by the provincial government and all monies received by it in repayment of any loan.

Public Account: Public Account consists of those moneys for which the Provincial Government has a statutory or other such obligation to account for but these are not available for appropriation for the general operations of the Government

Public Debt: Public Debt is the total liability arising from the borrowings of the government including both domestic loans and foreign (or external) loans.

Public Finance: Field of economics that studies government activities, alternative means of financing government expenditures and their effects upon the economies in general.

S

State Trading: State Trading operations of the provincial government relate to procurement and sale of food grains especially wheat. Transactions pertaining to state trading are kept separately and their receipts and expenditures are credited and debited to the provincial government's food account i.e. Account No.II with the State Bank of Pakistan. It is carried out with the borrowing from commercial banks as per cash credit facility extended by these banks.

Straight Transfers: The expression Straight Transfers used in the White Paper means the transfers on account of surcharge and royalties on oil and gas made by the Federal Government in pursuance of the relevant constitutional provisions.

T

Tax Revenue: It is a compulsory financial contribution imposed by the Government to raise revenue. It is levied on a specified rate on income or property, prices of goods and services etc.

Transfer Payments: Government expenditures that redistribute purchasing power amongst citizens.

U

Unconditional Grants: Sharing revenues among governments with no string attached to the use of funds.

Annex-I

PENSION ROLL STATUS
Dec-2012 through Mar-2016

Sr. No.	Payroll Area	District Name	At Dec-2012	At Mar-2016
1	AK	Attock	0	3,985
2	BH	Bahawal Nugar	57	7,969
3	BK	Bhukkar	225	3,878
4	BR	Bahawal Pur	386	7,559
5	CH	Chakwal	136	6,762
6	CT	Chiniot	0	996
7	DG	D.G.Khan	1,652	6,112
8	FD	Faislabad	734	14,503
9	GA	Gujranwala	0	9,258
10	GT	Gujrat	6	5,605
11	HF	Hafizabad	0	2,269
12	JG	Jhang	0	3,480
13	JM	Jhelum	5	5,164
14	KB	Khushab	264	3,562
15	KS	Kasoor	457	3,782
16	KW	Khaniwal	0	7,134
17	LE	Lahore	36	26,842
18	LN	Lodhran	1	2,649
19	LY	Layyah	22	4,116
20	MB	Mandi Bahudin	0	2,006
21	MH	Muzzaffar Garh	20	6,835
22	MI	Mianwali	1,133	4,771
23	MN	Multan	9	12,234
24	NK	Nankana	0	1,766
25	NL	Narowal	157	4,994
26	OK	Okara	0	6,167
27	PK	Pak Pattan	0	2,052
28	RI	Rawalpindi	0	7,071
29	RN	Rahim Yar Khan	0	10,737
30	RP	Rajanpur	209	3,141
31	SA	Shaikhupura	0	6,857
32	SG	Sargodha	2,770	16,540
33	SL	Sahiwal	0	5,380
34	ST	Sialkot	0	7,075
35	TS	Toba Tek Singh	0	4,734
36	VR	Vehari	0	6,517
		Total	**8,279**	**234,502**

Annex-II

DEBT STOCK OF PUNJAB GOVERNMENT AS ON 30.06.2016

(A) DOMESTIC DEBT:

(Rs. in million)

Sr. No.	Loan No.& Name	Rate of Interest	Total Amount of Loan	Amount Paid	Balance outstanding
(i)	CASH DEVELOPMENT LOANS				
1	1987-88	15.28%	2,881.961	2,881.961	-
2	1988-89	14.84%	2,610.940	2,610.940	-
3	1990-91	15.93%	7,472.036	7,472.036	-
4	1991-92	14.51%	7,331.700	7,331.700	-
5	1993-94 (NORMAL)	15.94%	4,640.959	3,387.395	1,253.564
6	1993-94 (SAP TIED)	15.94%	3,437.940	2,509.275	928.665
7	1994-95 (NORMAL)	15.59%	2,036.459	1,276.602	759.857
8	1994-95 (SAP TIED)	15.59%	1,215.433	762.021	453.412
9	1995-96 (SAP TIED)	15.94%	994.659	526.090	468.569
10	1996-97 (NORMAL)	16.31%	457.427	202.490	254.937
11	1997-98 (NORMAL)	8.50%	6,000.000	3,112.912	2,887.088
12	1999-2000 (NORMAL)	11.21%	470.246	164.479	305.767
13	1999-2000 (SAP TIED)	11.21%	4,167.200	1,457.484	2,709.716
	Total Cash Development Loans		**43,716.960**	**33,695.385**	**10,021.575**
(ii)	CASH DEVELOPMENT LOANS FOR SCARP TUBEWELLS PROJECTS				
1	1988-89	14.84%	320.125	320.125	-
2	1989-90	15.93%	461.174	461.174	-
3	1990-91	15.93%	554.411	554.411	-
4	1991-92	14.51%	518.700	469.183	49.517
5	1992-93	15.24%	708.055	706.485	1.570
6	1993-94	15.94%	709.082	529.878	179.204
7	1994-95	15.59%	1,034.210	636.588	397.622
8	1995-96	15.94%	1,362.837	711.214	651.623
9	1996-97	16.31%	791.617	403.326	388.291
10	1997-98	8.50%	707.146	342.755	364.391
11	1998-99	17.71%	1,049.209	307.149	742.060
12	1999-2000	11.21%	968.059	338.599	629.460
13	2000-01	11.70%	922.910	269.490	653.420
14	2001-02	10.72%	887.491	235.495	651.996
15	2002-03	7.42%	387.173	109.943	277.230
16	2003-04	7.20%	320.000	78.921	241.079
17	2005-06	9.79%	964.051	132.302	831.749
18	2007-08	10.14%	1,075.980	85.989	989.991
	Total Loans for Scarp Tubewells		**13,742.230**	**6,693.027**	**7,049.203**
TOTAL DOMESTIC LOANS (i) + (ii)			**57,459.190**	**40,388.412**	**17,070.778**

Annex-III

DEBT STOCK OF PUNJAB GOVERNMENT AS ON 30.06.2016

(B) FOREIGN DEBT

(Figures in million)

Sr. No.	Loan Number	Rate of Interest %	Contracted Amount of Loan *(Foreign Currency)*		UP TO 30.06.2016 Actual Disbursement *(Foreign Currency)*	Amount Repaid *(Foreign Currency)*	Outstanding Balance *(Foreign Currency)*	Outstanding Balance *(Pak. Rs.)*
1.	IFAD-18-PA (SF)	1.00	$	1.667	1.667	1.134	0.533	55.684
2.	IFAD-48-PA (SF)	1.00	$	6.555	6.555	4.182	2.373	247.758
3.	IFAD-83-PA (SF)	1.00	$	6.346	6.346	3.871	2.475	258.431
4.	IFAD-432-PA	0.75	$	37.000	1.000	-	1.000	104.400
5.	IFAD-492-PAK(SF)	0.75	$	15.073	15.073	3.840	11.233	1,172.725
6.	IFAD-825-PAK	0.75	$	40.000	26.373	-	26.373	2,753.382
7.	IBRD-3327-PAK (SF)	0.75	$	11.160	11.160	5.590	5.570	581.508
8.	IBRD-7277-PAK (SF)	LIBOR	¥	12,107.500	11,924.279	3,711.842	8,212.438	7,849.448
9.	IBRD-7379-Pak	LIBOR	¥	11,780.000	11,780.000	1,964.90	9,815.096	9,381.269
10.	IBRD-7380-Pak	LIBOR	$	50.000	47.432	7.912	39.520	4,125.903
11.	IBRD-7454-Pak	LIBOR	$	100.000	100.000	8.340	91.660	9,569.304
12.	IBRD-7900-Pak	LIBOR	$	145.600	121.761	-	121.761	12,711.867
13.	IBRD-J&C	LIBOR		100.000	10.000	-	10.000	1,044.000
14.	PK-P50 (SF)	2.30	¥	5,788.761	5,788.761	2,682.591	3,106.170	2,968.878
15.	JBIC-PK-P53	1.30	¥	12,523.000	10,994.116	256.809	10,737.307	10,262.718
16.	JBIC-PK-P59	1.30	¥	11,382.000	9,785.010	-	9,785.010	9,352.512
17.	IDA-106-PAK	0.75	$	1.750	1.750	1.718	0.032	3.341
18.	IDA-466-PAK (SF)	0.75	$	9.786	9.786	7.448	2.338	244.087
19.	IDA-620-PAK(SF)	0.75	$	12.586	12.586	9.008	3.578	373.585
20.	IDA-630-PAK(SF)	0.75	$	26.600	26.600	18.620	7.980	833.112
21.	IDA-678-PAK	0.75	$	2.745	2.745	1.879	0.866	90.410
22.	IDA-683-PAK (SF)	0.75	$	16.366	16.366	11.195	5.171	539.852
23.	IDA-813-PAK (SF)	0.75	$	12.500	12.500	8.028	4.472	466.877
24.	IDA-892-PAK (SF)	0.75	$	2.514	2.514	1.552	0.962	100.433
25.	IDA-1109-PAK (SF)	0.75	$	10.794	10.794	5.940	4.854	506.719
26.	IDA-1113-PAK (SF)	0.75	$	1.230	1.230	0.660	0.570	59.508
27.	IDA-1163-PAK (SF)	0.75	$	21.758	21.758	11.960	9.798	1,022.911
28.	IDA-1239-PAK (SF)	0.75	$	20.181	20.181	10.504	9.677	1,010.262
29.	IDA-1348-PAK (SF)	0.75	$	4.077	4.077	1.986	2.091	218.292
30.	IDA-1375-PAK (SF)	0.75	$	5.810	5.810	2.842	2.968	309.859
31.	IDA-1487-PAK (SF)	0.75	$	27.310	27.310	12.990	14.320	1,495.050
32.	IDA-1603-PAK (SF)	0.75	$	19.390	19.390	8.342	11.048	1,153.411
33.	IDA-1670-PAK(SF)	0.75	$	13.809	13.809	5.520	8.289	865.374

Sr. No.	Loan Number	Rate of Interest %	Contracted Amount of Loan *(Foreign Currency)*		UP TO 30.06.2016 Actual Disbursement *(Foreign Currency)*	Amount Repaid *(Foreign Currency)*	Outstanding Balance *(Foreign Currency)*	Outstanding Balance *(Pak. Rs.)*
34.	IDA-1693-PAK (SF)	0.75	$	2.989	2.989	1.200	1.789	186.719
35.	IDA-1762-PAK (SF)	0.75	$	20.941	20.941	8.066	12.875	1,344.134
36.	IDA-1888-PAK (SF)	0.75	$	32.521	32.521	21.148	11.373	1,187.377
37.	IDA-1895-PAK (SF)	0.75	$	83.834	83.834	53.448	30.386	3,172.332
38.	IDA-2003-PAK (SF)	0.75	$	18.596	18.596	11.150	7.446	777.319
39.	IDA-2004-PAK (SF)	0.75	$	3.836	3.836	2.256	1.580	164.945
40.	IDA-2154-PAK (SF)	0.75	$	7.624	7.624	4.224	3.400	354.950
41.	IDA-2245-PAK	0.75	$	22.248	22.248	11.120	11.128	1,161.763
42.	IDA-2257-PAK (SF)	0.75	$	5.825	5.825	2.920	2.905	303.249
43.	IDA-2354-PAK (SF)	0.75	$	65.693	65.693	29.556	36.137	3,772.720
44.	IDA-2383-PAK (SF)	0.75	$	4.028	4.028	1.808	2.220	231.735
45.	IDA-2464-PAK (SF)	0.75	$	11.262	11.262	4.544	6.718	701.322
46.	IDA-2468-PAK (SF)	0.75	$	31.150	31.150	13.233	17.917	1,870.535
47.	IDA-2593-PAK(SF)	0.75	$	23.820	23.820	8.340	15.480	1,616.099
48.	IDA-2999-PAK (SF)	0.75	$	16.849	16.849	3.798	13.051	1,362.524
49.	IDA-3050-PAK (SF)	0.75	$	20.190	20.190	4.032	16.158	1,686.865
50.	IDA-3776-PAK (SF)	0.75	$	7.892	7.559	0.756	6.803	710.210
51.	IDA-3855-Pak	0.75	$	100.644	100.644	6.290	94.354	9,850.521
52.	IDA-4046	0.75	$	96.469	96.469	2.412	94.057	9,819.522
53.	IDA-4176	0.75	$	102.573	102.573	-	102.573	10,708.621
54.	IDA-4258-Pak	0.75	$	46.000	45.006	-	45.006	4,698.602
55.	IDA-4317-Pak	0.75	$	99.426	99.426	-	99.426	10,380.106
56.	IDA-4586-Pak-PESRP	1.50	$	350.000	353.341	-	353.341	36,888.800
57.	IDA-4890-Pak-PESRP	1.50	$	50.000	48.479	-	48.479	5,061.227
58.	IDA-5081-Pak (PIPIP)	1.25	$	250.000	171.963	-	171.963	17,952.937
59.	IDA-5106-Pak (PESP-II)	1.25	$	350.000	329.493	-	329.493	34,399.051
60.	IDA-5151-Pak LRMISP	1.25	$	70.000	70.443	-	70.443	7,354.243
61.	IDA-5153-Pak (PCGIP)	1.25	$	145.000	94.658	-	94.658	9,882.248
62.	IDA-5258-Pak (PHSRP)	1.25	$	100.000	32.871	-	32.871	3,431.732
63.	IDA-5314-PPMRP	1.25	$	50.000	25.916	-	25.916	2,705.646
64.	IDA-5630-PSDP	1.25	$	50.000	6.000	-	6.000	626.400
65.	IDA-5686-DCRIP	1.25	$	125.000	11.880	-	11.880	1,240.320
66.	IDB-0079-Pak	2.50	ID	3.777	3.777	2.350	1.427	210.223
67.	ADB-331-PAK (SF)	1.00	$	39.500	39.500	37.130	2.370	247.428
68.	ADB-433-PAK (SF)	1.00	$	2.850	2.850	2.461	0.389	40.612
69.	ADB-495-PAK (SF)	1.00	$	13.118	13.118	10.742	2.376	248.029
70.	ADB-734-PAK	1.00	$	19.456	19.456	12.847	6.609	689.977
71.	ADB-750-PAK (SF)	1.00	$	40.425	40.425	25.048	15.377	1,605.342
72.	ADB-758-PAK	1.00	$	15.026	15.026	9.321	5.705	595.613

					UP TO 30.06.2016			
Sr. No.	Loan Number	Rate of Interest %	Contracted Amount of Loan *(Foreign Currency)*		Actual Disbursement *(Foreign Currency)*	Amount Repaid *(Foreign Currency)*	Outstanding Balance *(Foreign Currency)*	Outstanding Balance *(Pak. Rs.)*
73.	ADB-759-PAK (SF)	1.00	$	5.985	5.985	3.720	2.265	236.438
74.	ADB-851-PAK (SF)	1.00	$	5.670	5.670	3.834	1.836	191.645
75.	ADB-871-PAK (SF)	1.00	$	25.633	25.633	17.297	8.336	870.234
76.	ADB-901-PAK (SF)	1.00	$	44.536	44.536	28.948	15.588	1,627.367
77.	ADB-916-PAK (SF)	1.00	$	6.018	6.018	3.800	2.218	231.509
78.	ADB-917-PAK (SF)	1.00	$	45.061	44.171	27.607	16.564	1,729.288
79.	ADB-973-PAK (SF)	1.00	$	10.738	10.738	6.164	4.574	477.526
80.	ADB-977-PAK (SF)	1.00	$	17.805	17.805	10.245	7.560	789.234
81.	ADB-1012-PAK	1.00	$	24.117	24.117	13.859	10.258	1,070.912
82.	ADB-1185-PAK (SF)	1.00	$	79.163	79.163	33.653	45.510	4,751.196
83.	ADB-1200-PAK	1.00	$	13.147	13.147	5.583	7.564	789.658
84.	ADB-1209-PAK	1.00	$	39.206	39.206	16.660	22.546	2,353.800
85.	ADB-1210-PAK (SF)	1.00	$	17.454	17.454	7.412	10.042	1,048.341
86.	ADB-1260-PAK	1.00	$	48.134	48.134	18.055	30.079	3,140.242
87.	ADB-1297-PAK(SF)	1.00	$	46.351	46.351	17.375	28.976	3,025.045
88.	ADB-1301-PAK	1.00	$	56.670	56.670	19.828	36.842	3,846.328
89.	ADB-1350-PAK	1.00	$	2.803	2.803	0.910	1.893	197.633
90.	ADB-1373-PAK	1.00	$	15.946	11.717	3.515	8.202	856.283
91.	ADB-1401-PAK	1.00	$	50.662	50.662	13.927	36.735	3,835.140
92.	ADB-1454-Pak(SF)	1.00	$	29.947	29.947	7.106	22.841	2,384.634
93.	ADB-1467-PAK	1.00	$	30.655	30.655	7.277	23.378	2,440.682
94.	ADB-1493-PAK	1.00	$	64.479	64.479	15.314	49.165	5,132.800
95.	ADB-1531-PAK	1.00	$	30.842	30.842	6.562	24.280	2,534.832
96.	ADB-1534-Pak	1.00	$	14.671	14.671	3.128	11.543	1,205.089
97.	ADB-1578-PAK	1.00	$	14.909	14.909	3.162	11.747	1,226.380
98.	ADB-1671-PAK (SF)	1.50	$	15.800	13.207	5.228	7.979	833.022
99.	ADB-1679-PAK	1.00	$	7.968	7.968	1.500	6.468	675.253
100.	ADB-1877-PAK	1.50	$	28.068	28.068	11.403	16.665	1,739.856
101.	ADB-1878-PAK	LIBOR	¥	14,176.659	$ 46.179	42.998	3.182	332.176
102.	ADB-1900-PAK	1.50	$	4.967	0.667	0.181	0.487	50.808
103.	ADB-1928-PAK	LIBOR	¥	18,396.800	8,762.487	6,800.659	1,961.828	1,875.115
104.	ADB-1950-PAK (SF)	1.50	$	50.000	53.881	12.348	41.533	4,336.073
105.	ADB-2030-PAK (SF)	LIBOR	¥	21,761.000	21,761.000	14,936.750	6,824.250	6,522.618
106.	ADB-2031-Pak (SF)	1.50	$	1.897	1.897	0.356	1.541	160.928
107.	ADB-2060-Pak (SF)	1.50	$	45.000	24.535	4.599	19.936	2,081.339
108.	ADB-2061-Pak	LIBOR	¥	4,896.225	2,743.518	490.267	2,253.251	2,153.658
109.	ADB-2134-Pak	1.50	$	41.000	28.785	4.878	23.907	2,495.842
110.	ADB-2144-Pak	LIBOR	¥	7,995.750	7,995.750	4,592.776	3,402.974	3,252.563
111.	ADB-2145-Pak	1.50	$	75.000	75.594	16.536	59.058	6,165.676

Sr. No.	Loan Number	Rate of Interest %	Contracted Amount of Loan *(Foreign Currency)*	UP TO 30.06.2016 Actual Disbursement *(Foreign Currency)*	Amount Repaid *(Foreign Currency)*	Outstanding Balance *(Foreign Currency)*	Outstanding Balance *(Pak. Rs.)*
112.	ADB-2211-Pak	LIBOR	$ 20.000	11.473	1.348	10.125	1,057.003
113.	ADB-2212-Pak	1.50	$ 40.000	2.228	0.232	1.996	208.374
114.	ADB-2216-Pak	LIBOR	$ 200.000	200.000	97.000	103.000	10,753.200
115.	ADB-2286-Pak	LIBOR	¥ 5,599.000	6,298.257	148.654	6,149.603	5,877.790
116.	ADB-2287-Pak	1.50	$ 5.000	-	-	-	-
117.	ADB-2299-Pak	LIBOR	¥ 25,637.827	17,705.351	839.203	16,866.148	16,120.664
118.	ADB-2300-Pak	1.50	$ 10.000	8.970	0.435	8.535	891.065
119.	ADB-2385-Pak	LIBOR	$ 250.000	250.000	79.825	170.175	17,766.270
120.	ADB-2386-Pak	1.50	$ 8.800	6.929	0.144	6.785	708.337
121.	ADB-2485-Pak	1.50	$ 100.000	95.974	-	95.974	10,019.639
122.	ADB-2547-Pak PGEIP	LIBOR	$ 75.000	75.000	16.093	58.907	6,149.861
123.	ADB-2548-Pak PGEIP	1.50	$ 75.000	76.466	-	76.466	7,983.038
124.	ADB-2644-Pak	1.50	$ 150.000	150.969	-	150.969	15,761.183
125.	ADB-2841-Pak	1.50	$ 270.000	150.599	-	150.599	15,722.498
126.	ADB-2971-Pak	LIBOR	$ 73.000	34.136	-	34.136	3,563.777
127.	ADB-3160-Pak	LIBOR	$ 50.000	10.536	-	10.536	1,099.958
128.	ADB-3264-Pak	LIBOR	$ 218.040	30.744	-	30.744	3,209.674
129.	Lahore Orange Line Metro Train Project		$ 1,626.000	436.416	-	436.416	45,561.870
130.	French Loan-Lahore Waste Water Treatment Plant Project	1.60	€ 70.000	0.706	0.042	0.623	73.936
131.	French Loan-Extension of Water Resources for Faisalabad City Phase-I	1.60	€ 33.440	35.032	2.387	32.645	3,874.054
	Total						**516,044.225**

Foreign loans to be repaid in Pak Rupees *(Rs. in million)*

125.							
						GRAND TOTAL (IN PKR)	
Total $					**$**	**4,178.820**	**436,268.779**
Total ¥					**¥**	**79,114.075**	**75,617.233**
Total Islamic Dinar					**ID**	**1.427**	**210.223**
Total Euro					**€**	**33.268**	**3,947.990**
Grand Total (in Rs.)							**516,044.225**

Exchange Rates : Exchange Rates : US $ 1 = 104.4, ¥ = 0.9558, ID = 147.332 & € 1 = 118.672

Annex-IV

CASH FLOW PROJECTIONS

The estimated Pension benefit payments over the next 30 years are given in the following table.

(Rs. in billion)

Year	Pensions	Commutation	Total
2015-16	84.528	27.472	112.000
2016-17	98.100	29.900	128.000
2017-18	94.761	16.713	111.474
2018-19	100.409	18.517	118.926
2019-20	117.463	21.649	139.112
2020-21	124.774	24.286	149.060
2021-22	139.434	27.398	166.832
2022-23	156.211	33.213	189.424
2023-24	175.744	39.805	215.549
2024-25	198.200	45.371	243.571
2025-26	223.802	52.135	275.937
2026-27	252.747	57.400	310.147
2027-28	284.571	58.602	343.173
2028-29	319.719	66.353	386.072
2029-30	358.742	69.329	428.071
2030-31	400.208	64.061	464.269
2031-32	442.693	55.474	498.167
2032-33	486.983	56.082	543.065
2033-34	534.339	55.739	590.078
2034-35	583.946	48.486	632.432
2035-36	635.964	49.069	685.033
2036-37	691.410	49.232	740.642
2037-38	750.824	52.655	803.479
2038-39	815.368	60.239	875.607
2039-40	885.595	65.402	950.997
2040-41	963.234	84.246	1,047.480
2041-42	1,048.027	83.597	1,131.624
2042-43	1,139.832	100.539	1,240.371
2043-44	1,240.748	112.905	1,353.653
2044-45	1,349.229	116.437	1,465.666

Annex-V

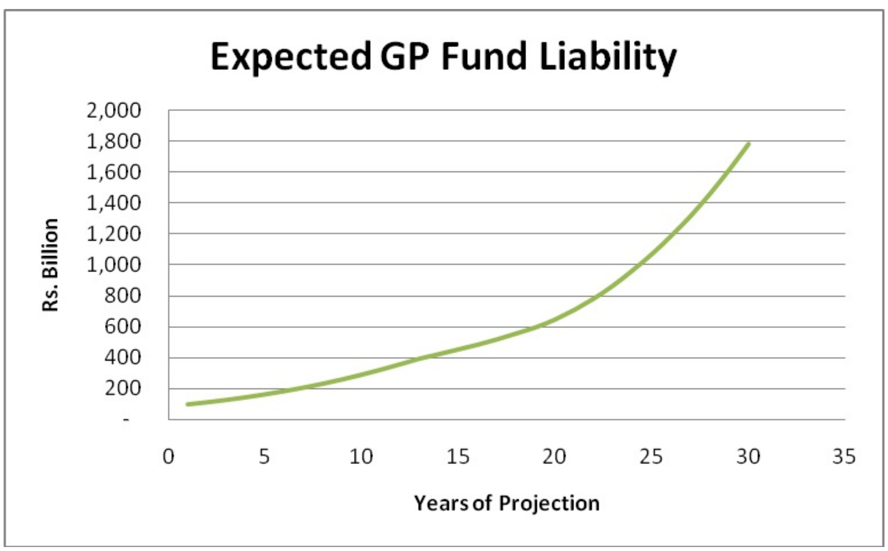
EXPECTED GP FUND LIABILITY (WITH 5 YEAR INTERVAL)*

(Rs. in billion)

Year	Expected GP Fund Liability
2015 – 16	181.5
2020 – 21	320.5
2025 – 26	482.9
2030 – 31	708.8
2035 – 36	1189.3
2039 – 40	1,784.9

* As per Actuarial Valuation as on 30th June 2010

Graphical representation of growth in GP Fund liabilities over 30 years' is as under:



Annex-VI

REVISED ORGANOGRAM OF FINANCE DEPARTMENT