

# Tracking Development Budgets in Pakistan

Fiscal year 2017-18 to 2019-20



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## Table of Contents

Scope of the Study .....	1
Methodology.....	1
1. Federal Budget of the Government of Pakistan .....	2
1.1 Revenue .....	2
1.1 1.2 Federal Expenditure .....	2
1.2 Federal Government Public Sector Development Programme (PSDP) Analyses for FY 2017-18 to 2019-20 .....	3
2. Provincial Budget of Punjab.....	6
2.1 Revenue .....	6
2.2 Expenditure .....	6
2.3 Punjab ADP .....	7
3. Provincial Budget of Sindh.....	9
3.1 Sindh Government Tax Revenue and Expenditure Analysis .....	9
3.2 Sindh Government Annual Development Programme Analysis .....	10
4. Provincial Budget of Khyber Pakhtunkhwa.....	11
4.1 Khyber Pakhtunkhwa Government Tax Revenue Analysis .....	11
4.2 Khyber Pakhtunkhwa Government Annual Development Programme .....	12
5. Provincial Budget of Balochistan .....	15
5.1 Balochistan Government Tax Revenue Analysis.....	15
5.2 Balochistan Government Annual Development Programme Analysis .....	16

## Scope of the Study

This study gives a brief review of the analysis of revenue and development patterns at federal and provincial levels for the financial year 2017-18 to 2019-20.

The Federal Board of Revenue (FBR) collects federal taxes while provinces have own mechanisms to collect the provincial revenue which mainly includes General Sales Tax on Services. After the eighteenth constitutional amendment in 2010, provinces are given the powers to device their own revenue collection systems. In Punjab province Punjab Revenue Authority is responsible for the collection of provincial taxes, In Sindh province Sindh Revenue Authority is constituted to collect the provincial taxes, In Khyber Pakhtunkhwa the tax collection authority is Khyber Pakhtunkhwa Revenue Authority while Balochistan Revenue Authority is responsible for the provincial taxes collection in Balochistan province.

Analysis of Development budget which is called Public Sector Development Programme (PSDP) at Federal level and Annual Development Programme (ADP) at provincial levels is also covered in the study.

## Methodology

The objective of the study is to analyze the patterns of revenue collection and development spending of Federal Government and Provincial Governments of all the four provinces for the given time period.

The review process for this study took into consideration various policy documents, which include Federal budgets, National Finance Commission Award (NFC), Public Sector Development Programmes (PSDP), and Annual Development Programme (ADP) of Punjab, Sindh and Balochistan. CGPA also tried to use the relevant RTI laws for the actual releases and expenditures. Different reviews in newspapers were also studied on budgets. Review of literature and different publication reports were also the part of the research analysis.

The study has been divided into four parts. At first stage Budget of the financial year 2017-18 and 2019-20 at Federal and provincial level is elaborated. The overall budget is the summary of all the available resources and its expenditures. Main contributor of resources is the revenue collection while expenditures is further spread to current budget expenditure and development budget expenditure.

At second stage revenue collection against the targets has been analyzed at Federal and Provincial levels, Revenue is further divided into two major types, one is tax revenue while the other is non tax revenue.

The third stage covers the development spending patterns against the allocations at Federal and Provincial levels. What was planned and what executed?

While at last stage a comparison has been done among the performance of the Federal and Provincial Governments. The revenue collection targets has been analyzed with the actual revenue collected and its performance percentage. Similarly the expenditure patterns are analyzed with the allocations and performance percentage.

At the end of the study, there is a chapter on key findings and recommendations. These findings and recommendations aim to generate debate on the performance of Federal and Provincial Governments against their revenue generation and development spending targets.

## 1. Federal Budget of the Government of Pakistan

### 1.1 Revenue

Federal budget is the estimate of revenue and spending for each fiscal year by a Government. Revenue is mostly generated through taxes. The federal government has an ambitious target for revenue generation in 2019-20, Rs8.23 trillion compared to Rs4.75 trillion in 2017-18. The estimate for the external receipts (loans) has drastically increased, from Rs511.4 billion in 2017-18 to Rs3032.3 in 2019-20. It will have huge implications for the future debt repayment capacity.

**Table 1: Federal Receipts**

<b>Receipts (Rs. in Billions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>Revised 2018-19</b>	<b>2019-20</b>
Tax Revenue	4,330.5	4,888.6	4,393.8	5,822.1
- FBR Taxes (both direct/Indirect)	4,013	4,435	4,150	5,555
- Other Taxes	317.5	453.6	243.8	267.1
Non-Tax Revenue	979.9	771.8	637.7	894.4
a) Gross Revenue Receipts	5,310.3	5,660.5	5,031.6	6,716.6
b) Less Provincial Share	2,384.2	2,590	2,462.6	3,254.5
I) Net Revenue Receipts	2,926.1	3,070.4	2,568.9	3,462
II) Capital Receipts (Non Banks)	528	443	1031.6	831.6
III) External Receipts	511.4	1118	1403.1	3032.3
IV) Provincial Surplus	347.3	285.6	58.9	422.9
V) Bank Borrowing	390.1	1015.3	1356.3	338.9
VI) Privatization Proceeds	50	0	0	150
<b>Total</b>	<b>4752.9</b>	<b>5932.4</b>	<b>6419.1</b>	<b>8238.1</b>

### 1.1 1.2 Federal Expenditure

The major chunk of the federal expenditure goes the debt servicing/interest payment, defense affairs and development expenditure. There is a huge rise in the public expenditures, almost 73%, in last three fiscal years. In 2017-18, total public expenditures were Rs4.75 trillion, which rose to 8.23 trillion in 2019-20. However, development spending has been reduced by Rs326 billion in the budget estimates of 2019-20 compared to 2017-18. The actual reduction in development budget is even more when the dollar-rupee conversion is taken into consideration in both these years. However, the interest payment and defense spending have witnessed marked increase.

**Table 2: Federal Expenditures**

<b>Expenditure (Rs. in Billions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>Revised 2018-19</b>	<b>2019-20</b>
Current	<b>3477.1</b>	<b>4780.3</b>	<b>5589.4</b>	<b>7288.1</b>
- Interest Payments	1363	1620.2	1987.3	2531.6
- Pension	248	342	342	421
- Defense Affairs and Services	920.2	1100.3	1137.7	1152.5

<b>Expenditure (Rs. in Billions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>Revised 2018-19</b>	<b>2019-20</b>
- Grants and Transfers	430.2	477.9	478.3	831.1
- Subsidies	138.8	174.7	254.9	271.5
- Running of Civil Government	376.8	463.3	460.2	431.2
Development	<b>1275.8</b>	<b>1152.1</b>	<b>829.6</b>	<b>949.8</b>
Federal PSDP	1001	800	500	701
Net lending	122.6	171.8	166.7	163.1
Other development expenditure	152.2	180.2	162.9	85.7
<b>Total</b>	<b>4752.9</b>	<b>5932.4</b>	<b>6419.1</b>	<b>8238.1</b>

## 1.2 Federal Government Public Sector Development Programme (PSDP) Analyses for FY 2017-18 to 2019-20

The allocation of development budgets in 2019-20 depicts drastic change in the deployment priorities of incumbent PTI government, compared to previous government. The cabinet division development budgets have been raised from Rs159.7 million in 2017-18 to Rs15.9 billion in 2019-20. During the same time period, the higher education budgets have been slashed from Rs35.6 billion to Rs29 billion. Since the erstwhile tribal areas have been merged with Khyber Pakhtunkhwa, therefore, there is no allocation of development budgets to ministry of States and Frontier Region (SAFRON). In fact, the government has already announced to abolish this ministry. Rs48 billion have been allocated for development of merged areas (tribal districts) in 2019-20. This has drastic increase compared Rs10 billion in 2018-19. Aviation division development budget has decreased to Rs1.2 billion in 2019-20, compared to Rs4.3 billion in 2017-18. Development budgets for climate change have drastically increased to Rs7.5 billion in 2019-20 compared to only Rs815 million in 2017-18. On the other hand, budgets for housing and works have been reduced from Rs10.9 billion in 2017-18 to Rs2.9 billion in 2019-20. The budgets seems inappropriate for start of the 50 million housing project.

**Table 3: Federal Development Budget (In Million)**

<b>S. No</b>	<b>Name of Ministry/Agency</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2018-19 revised</b>	<b>2019-20</b>
A.	<b>FEDERAL MINISTRIES</b>				
1	AVIATION DIVISION	4,348.7	4,677	1,592	1,267
2	CABINET DIVISION	159.7	1,116	100	15,986
3	CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION	5,203.4	13,906	-	-
4	CLIMATE CHANGE DIVISION	815.0	803	71	7,579
5	COMMERCE DIVISION	1200.0	1,500	-	100
6	COMMUNICATIONS DIVISION (Other than NHA)	13660.3	14,481	151	248
7	DEFENCE DIVISION	535.0	641	171	456
8	DEFENCE PRODUCTION DIVISION	4468.0	2,810	1,630	1,700
9	ESTABLISHMENT DIVISION	268.0	175	1	333
10	FEDERAL EDUCATION & PROFESSIONAL TRAINING DIVISION	2961.9	4,337	3,439	4,797
11	FINANCE DIVISION	20,926.4	16,951	13,509	36,822
12	FOREIGN AFFAIRS DIVISION	200.0	200	-	30

S. No	Name of Ministry/Agency	2017-18	2018-19	2018-19 revised	2019-20
13	HIGHER EDUCATION COMMISSION	35662.8	35,830	21,465	29,047
14	HOUSING & WORKS DIVISION	10,993.9	5,433	4,069	2,930
15	HUMAN RIGHTS DIVISION	306.0	300	1	143
16	INDUSTRIES & PRODUCTION DIVISION	2737.2	1,775	685	2,343
17	INFORMATION & BROADCASTING DIVISION	811.7	1,644	226	516
18	INFORMATION TECHNOLOGY & TELECOM DIVISION	1538.0	3,046	863	7,342
19	INTER PROVINCIAL COORDINATION DIVISION	3044.1	3,553	2,064	340
20	INTERIOR DIVISION	15685.7	24,008	10,540	9,848
21	LAW & JUSTICE DIVISION	1200.0	1,025	556	1,340
22	NARCOTICS CONTROL DIVISION	220.0	251	73	135
23	NATIONAL FOOD SECURITY & RESEARCH DIVISION	1615.9	1,808	578	12,048
24	NATIONAL HEALTH SERVICES, REGULATIONS & COORDINATION DIVISION	48701.4	25,034	8,133	13,377
25	NATIONAL HISTORY & LITERARY HERITAGE DIVISION	272.7	551	80	128
26	NATIONAL SECURITY DIVISION	100.0			
27	PAKISTAN ATOMIC ENERGY COMMISSION	15085.0	28,340	22,711	24,457
28	PAKISTAN NUCLEAR REGULATORY AUTHORITY	321.5	300	264	301
29	PETROLEUM & NATURAL RESOURCES DIVISION	554.2	943	463	582
30	PLANNING, DEVELOPMENT & REFORM DIVISION	8541.4	16,240	4,503	7,964
31	PORTS & SHIPPING DIVISION	12775.6			
32	RAILWAYS DIVISION	42900.0	34,411	22,793	16,000
33	RELIGIOUS AFFAIRS & INTER FAITH HARMONY DIVISION	15.0	-	-	1,000
34	REVENUE DIVISION	790.1	2,559	1,408	1,818
35	SCIENCE & TECHNOLOGICAL RESEARCH DIVISION	2538.7	3,900	695	7,407
36	STATISTICS DIVISION	200.0	200	-	-
37	SUPARCO	3500.0	4,700	6,477	6,033
38	TEXTILE INDUSTRY DIVISION	217.5	280	62	203
39	WATER & POWER DIVISION (WATER SECTOR)	36750.0	79,000	37,895	85,021
B.	CORPORATIONS				
1	NATIONAL HIGHWAY AUTHORITY	324720.337	210,000	190,150	155,967
2	WAPDA (POWER)	60,909.361	36,125	21,283	41,792
	TOTAL (CORPORATIONS)	<b>385629.698</b>	<b>246,125</b>	<b>211,433</b>	<b>197,759</b>

S. No	Name of Ministry/Agency	2017-18	2018-19	2018-19 revised	2019-20
C.	SPECIAL AREAS				
1	AJK (BLOCK & OTHER PROJECTS)	25844.303	26,377	26,481	26,894
2	GILGIT-BALTISTAN (BLOCK & OTHER PROJECTS)	18300.000	18,329	14,984	17,805
3	SAFRON / FATA (BLOCK & OTHER PROJECTS)	26900.000	28256	31874	-
	<b>TOTAL (SPECIAL AREAS)</b>	<b>71044.303</b>	<b>44,706</b>	<b>41,465</b>	<b>44,699</b>
D.	PRIME MINISTER'S GLOBAL ACHIEVEMENT PROGRAMME SDGS	30000.000	5,000	24,000	24,000
E.	SPECIAL FEDERAL DEVELOPMENT PROGRAMME	40000.000			
F.	ENERGY FOR ALL	12500.000			
G.	CLEAN DRINKING WATER FOR ALL	12500.000			
H.	SPECIAL PROVISION FOR COMPLETION OF CPEC PROJECTS	5000.000	5,000	-	-
I.	ERRA	7500.000	8,500	6,500	5,000
J.	Merged Areas of FATA 10 Years Development Program		10,000	10,000	48,000
	<b>TOTAL (PSDP)</b>	<b>866000.000</b>	<b>1650,000</b>	<b>1200,000</b>	<b>1613,000</b>
J.	<b>SPECIAL FEDERAL DEVELOPMENT PROGRAMME FOR TEMPORARILY DISPLACED PERSONS(TDPs) AND SECURITY ENHANCEMENT</b>	90000.000	45,000	4,720	17,000
K.	PRIME MINISTER'S YOUTH & HUNARMAND PROGRAMME	20000.000	10,000	-	5,000
L.	GAS INFRASTRUCTURE DEVELOPMENT CESS	25000.000	5,000	208	1,000
	<b>GRAND TOTAL</b>	<b>1,001,000</b>	<b>1,650,000</b>	<b>1,200,000</b>	<b>1,613,000</b>



## 2. Provincial Budget of Punjab

### 2.1 Revenue

All provinces in Pakistan are heavily dependent on federal divisible pool for the revenue. The federal budget estimates Rs3254.5 billion transfer of the federal divisible pool to provinces in 2019-20 under the 7<sup>th</sup> NFC award. Punjab, being the largest province in term of population, get Rs1601.4 billion. If federal government fails to collect federal taxes, it has direct bearings on the provinces revenue as well. However, Punjab is also eyeing to get Rs294.9 from provincial tax. After the 18<sup>th</sup> constitutional amendment, provinces have more autonomy in resource generation and fund utilization. Collection of taxes on services has been transferred to provincial governments. In Punjab province Punjab Revenue Authority is responsible for the collection of Sales Tax on Services and Punjab Infrastructure Development Cess. The departments which collect Provincial Taxes in Punjab are;

- Punjab Revenue Authority
- Board of Revenue
- Excise, Taxation and Narcotics Control Department
- Energy Department
- Transport Department

Total estimated tax receipts of the Punjab province has increased from Rs1578.5 billion in 2017-18 to Rs2300.5 in 2019-20.

**Table 4: Punjab Province Receipts**

	Receipts (Rs. in Billion)			
	2017-18	2018-19	Revised 2018-19	2019-20
<b>A) Total General Revenue Receipts</b>	<b>1386.5</b>	<b>1652.1</b>	<b>1465.8</b>	<b>1989.8</b>
i) Federal Divisible Pool	1071.2	1276.3	1197.2	1601.4
ii) Provincial Tax Revenue	197.6	275.7	208.5	294.9
iii) Provincial Non-Tax Revenue	117.6	100	60	93.3
<b>(B) Total Current capital receipts</b>	<b>74.5</b>	<b>94.88</b>	<b>76.9</b>	<b>102.4</b>
i) Current Capital Receipts	47.5	64.8	63.2	84.3
ii) Foreign Projects Assistance	26.9	29.9	13.2	18.1
<b>( c ) Total Current Receipts</b>	<b>117.5</b>	<b>279.4</b>	<b>335.9</b>	<b>208.2</b>
<b>Total Provincial consolidated Funds (A+B+C)</b>	<b>1578.5</b>	<b>2026.5</b>	<b>1878.5</b>	<b>2300.5</b>

### 2.2 Expenditure

The expenditure side of Punjab province depicts a very obvious pattern of high increase in current revenue and capital expenditure, but major slash in development expenditure. The current revenue expenditure increased from Rs960.5 billion to 1298 billion and the current capital expenditure increased from Rs144.9 billion to Rs418.8 billion from 2017-18 to 2019-20. However, development expenditure decreased from Rs488.7 billion to Rs350 billion in the same time period. The next section examines where the development expenditures have slashed the most.

**Table 5: Punjab Province Expenditure**

<b>Expenditure (Rs. in Billions)</b>				
	<b>2017-18</b>	<b>2018-19</b>	<b>Revised 2018-19</b>	<b>2019-20</b>
<b>A. Total Provincial Consolidated Funds</b>	1594.2	1878.2	1903.8	2067.6
Current revenue expenditure	960.5	1878.7	1225	1298
Current capital expenditure	144.9	376.2	450	418.8
Development expenditure	488.7	238	227	350

### 2.3 Punjab ADP

The Punjab government has drastically decreased development budgets for urban development, rural works programme, works and general hospital services, when compared to 2017-18 actual accounts with estimated budget for 2019-20. Urban development budget has decreased from Rs22.3 billion to 13.5 billion, rural works budget has decreased from RsRs21.5 billion to 6.3 billion, Works (construction and operation) budgets has decreased from Rs36.7 billion to Rs22.4 billion and development budet for general hospital services has been decreased from Rs41.7 billion to Rs31.4 billion. General university and colleges budget has already decreased from Rs7.5 billion to Rs1.8 billion.

**Table 6: Punjab Government Annual Development Programme Analysis for FY 2017-18 to FY2019-20**

<b>S/No</b>	<b>Description</b>	<b>Accounts 2017-2018</b>	<b>Budget Estimates 2018-2019</b>	<b>Revised Estimates 2018-2019</b>	<b>Budget Estimates 2019-2020</b>
1	Mining of Mineral Resor. O/t Mineral	656.871	178.077	34.839	868.918
2	Administration	40,588.523	34,300.000	36,407.650	13,166.240
3	Tourism	88.014	198.013	85.972	926.123
4	Administration	63.667	1,200.000	3.359	1,000.000
5	Urban Development	22,379.687	5,000.000	5,215.070	13,500.000
6	Rural Works Programme	21,564.967	4,630.000	3,559.292	6,300.000
7	Works (Construction) and Operations	36,774.512	20,500.000	7,709.195	22,400.000
8	General Hospital Services	41,708.317	24,414.750	32,226.566	31,411.778
9	Mother and Child Health	2.027	-	-	-
10	Chemicals Examiners & Laboratories	27.940	1,043.620	36.433	3,500.100
11	Population Welfare Measures	1,622.206	889.200	1,204.798	1,899.000

S/No	Description	Accounts 2017-2018	Budget Estimates 2018-2019	Revised Estimates 2018-2019	Budget Estimates 2019-2020
12	Others (Other Health Facilities and Preventive Measures)	204.464	300.000	230.019	300.000
13	Administration	1,673.407	267.136	174.742	170.508
14	Administration	3,405.996	1,710.952	1,247.278	3,684.152
15	Information & Culture	566.749	321.169	259.127	499.360
16	Auqaf	14.604	50.000	37.503	300.000
17	Administration	338.152	1,800.000	821.075	2,600.000
18	Secondary Education	25,871.435	23,186.051	22,757.728	31,221.903
19	General Universities / Colleges / Institutes	7,509.218	2,676.939	3,823.237	1,801.694
20	Professional/Technical Universities/Colleges	87.559	304.722	229.761	1,267.168
21	School for Handicapped / Retarded Person	68.955	531.695	31.210	779.899
22	Social Welfare Measures	387.133	438.641	102.519	1,261.430
23	Zakat & Ushr	905.000	-	550.000	-

### 3. Provincial Budget of Sindh

#### 3.1 Sindh Government Tax Revenue and Expenditure Analysis

Sindh province is expecting Rs840.2 billion in 2019-20 in federal transfers, compared to Rs592.4 billion in 2017-18. Sindh has also shown a steadily growth in the provincial revenue as well, from Rs190 billion in 2017-18 to Rs288.7 billion in 2019-20. Of all the provinces in Pakistan, Sindh was the only province which achieved its provincial revenue targets and collected Rs120 billion sale tax against the targeted Rs110 billion. The total estimated revenue of Sindh province for year 2019-20 is Rs1128.9 billion, which was Rs783.2 billion in 2017-18. While there is a marked increased in overall budget, the development budget has slightly increased over the last years. In 2017-18, the total ADP of the province was Rs204.6 billion, which was increased to Rs282 billion in 2018-19. In revised estimates of 2018-19, the ADP was drastically slashed to Rs130 billion only. However, for 2019-20, the estimated ADP is Rs282 billion.

**Table 7: Sindh Province Receipts and Expenditure**

Head of Account	Accounts 2017-18	Budget Estimate 2018-19	Revised Estimate 2018-19	Budget Estimate 2019-20
<b>TOTAL REVENUE (A=B+C)</b>	<b>783,251</b>	<b>923,185</b>	<b>886,507</b>	<b>1,128,974</b>
<b>Federal Transfers (B)</b>	<b>592,482</b>	<b>680,102</b>	<b>645,760</b>	<b>840,265</b>
Revenue Assignment	508,085	605,286	568,189	761,016
Straight Transfers	53,544	43,527	48,079	53,900
Development Grants (PSDP & Foreign)	17,125	15,017	14,217	4,890
Other Grants (OZT)	13,728	16,272	15,275	20,459
<b>Provincial Revenue (C)</b>	<b>190,770</b>	<b>243,083</b>	<b>240,747</b>	<b>288,709</b>
Sales Tax on Services	99,083	110,000	110,000	135,000
Other Tax Receipts	76,218	113,268	111,544	131,517
Non-Tax Revenue	15,469	19,815	19,203	22,192
<b>TOTAL EXPENDITURE (D=E+F)</b>	<b>854,361</b>	<b>1,117,148</b>	<b>924,692</b>	<b>1,154,255</b>
<b>Current Revenue Expenditure (E)</b>	<b>619,804</b>	<b>773,237</b>	<b>751,752</b>	<b>870,217</b>
Employees Related Expenses.	274,343	345,718	328,917	384,681
Project Pre-investment Analysis	9	58	16	58
Operating Expenses	64,894	102,917	86,628	106,595
Employees' Retirement Benefits	92,614	99,348	118,224	130,665
Grants subsidies and Write off Loans	128,428	149,625	144,496	163,608
Transfers	9,675	16,113	20,423	17,553
Interest Payment	17,498	19,614	22,804	22,780
Physical Assets	9,893	9,007	7,026	17,435
Repairs and Maintenance	22,451	30,838	23,215	26,842
<b>Development Expenditure (F)</b>	<b>234,557</b>	<b>343,911</b>	<b>172,940</b>	<b>284,038</b>
Annual Development Program (P+D)	204,669	282,000	130,000	228,317
Federal PSDP	21,372	15,017	14,217	4,890
Foreign Projects Assistance	8,516	46,894	28,724	50,831
<b>OPERATING BALANCE (G=A-D)</b>	<b>(71,110)</b>	<b>(193,964)</b>	<b>(38,186)</b>	<b>(25,281)</b>
<b>NET LENDING ITEMS (H)</b>	<b>54,264</b>	<b>18,994</b>	<b>27,434</b>	<b>21,887</b>
Net Food Account - State Trading	(35,447)	(4,129)	22,434	317
Net Public Account	89,711	23,123	5,000	21,571
<b>FISCAL BALANCE (I=G+H)</b>	<b>(16,846)</b>	<b>(174,969)</b>	<b>(10,752)</b>	<b>(3,393)</b>
<b>FINANCING (J=K+L)</b>	<b>27,718</b>	<b>150,383</b>	<b>17,184</b>	<b>3,393</b>

Head of Account	Accounts 2017-18	Budget Estimate 2018-19	Revised Estimate 2018-19	Budget Estimate 2019-20
<b>Net Capital Receipts and Expenditure (K)</b>	<b>8,761</b>	<b>95,383</b>	<b>8,887</b>	<b>(1,607)</b>
General Capital Receipts	25,849	75,789	12,250	11,205
Foreign Projects Assistance (Loans)	3,131	46,894	28,724	50,831
Investment	10,487	14,150	11,150	25,650
Debt-Repayment/Advances	9,732	13,151	20,937	37,993
<b>Carry Over Cash Balance (Opening) (L)</b>	<b>18,957</b>	<b>55,000</b>	<b>8,297</b>	<b>5,000</b>
<b>CLOSING BALANCE (N=I+J)</b>	<b>10,872</b>	<b>(24,586)</b>	<b>6,431</b>	<b>0.00</b>

### 3.2 Sindh Government Annual Development Programme Analysis

Since Sindh's ADP has increased over the last year, therefore there is increase in almost every sector except for Social Protection/District ADP, which has reduced from Rs111.2 billion to Rs83.4 billion. Health has been allocated Rs15.9 billion in 2019-20, while this allocation was only Rs5.4 billion in 2017-18. Education affairs budget has also increased to Rs25.5 billion from Rs12.2 billion in the same period. The major chunk of development budgets goes to economic affairs which is Rs95.6 billion in 2019-20.

**Table 8: ESTIMATES OF DEVELOPMENT EXPENDITURE**

Disbursements		Accounts 2017-18	Budget Estimate 2018-19	Revised Estimate 2018-19	Budget Estimate 2019-20
<b>DEVELOPMENT EXPENDITURE</b>					
01	General Public Service	7,604.863	64,962.441	12,685.447	31,092.150
03	Public Order and Safety Affairs	2,897.693	3,961.781	2,288.780	3,105.143
04	Economic Affairs	66,956.916	67,750.151	55,854.797	95,612.099
05	Environment Protection	198.196	375.000	107.960	281.500
06	Housing and Community Amenities	16,839.529	10,988.696	6,812.864	24,525.524
07	Health	5,466.743	12,173.673	7,571.687	15,199.474
08	Recreational, Culture and Religion	4,533.146	6,256.000	4,153.420	5,275.172
09	Education Affairs and Services	12,265.619	23,947.564	12,094.089	25,542.997
10	Social Protection (including District ADP)	111,278.310	91,584.694	71,371.426	83,403.472
	Federal Grant		15,016.724		
	Foreign Project Assistance	6,932.365	46,894.452		
	<b>Total Development Capital Expenditure</b>	<b>234,973.380</b>	<b>343,911.176</b>	<b>172,940.470</b>	<b>284,037.531</b>

## 4. Provincial Budget of Khyber Pakhtunkhwa

### 4.1 Khyber Pakhtunkhwa Government Tax Revenue Analysis

Total revenue estimates of Khyber Pakhtunkhwa province in 2019-20 are Rs900 billion. This is huge increase compared to Rs467.6 billion in 2017-18 and Rs587.4 in revised estimates of 2018-19. The reason being, there are seven districts recently merged with Khyber Pakhtunkhwa, formerly known as agencies of Federally Administered Tribal Areas (FATA). The 25<sup>th</sup> constitutional amendment has merged seven districts into Khyber Pakhtunkhwa. This has necessitated increase in KP budget. The federal divisible pool is still distributed through 7<sup>th</sup> NFC award and new award is needed. As an interim arrangement, the fund from federal government to Khyber Pakhtunkhwa is transferred through grants. In 2019-20, the Rs79 billion estimated to be transferred from the federal government for Merged Areas (MAs). Furthermore, Rs72 billion are allocated for 10 years development plan of the MAs as well.

The major chunk of the KP budget goes to the revenue expenses which is Rs526.3 billion. This includes salaries, pensions, operation and maintenance etc. Total development budget of the Khyber Pakhtunkhwa is Rs319 billion for the 2019-20.

**Table 9 Summary of Receipts and Expenditures (Rs. in million)**

Head	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
<b>Federal Transfers</b>	<b>363,477.6</b>	<b>426,095.5</b>	<b>404,031.4</b>	<b>533,261.25</b>
Federal Tax Assignment	302,956.6	360,459.4	338,367.4	453,199.9
1 % for War on Terror	36,402.4	43,311.8	40,657.3	54,455.2
Straight Transfers	24,118.6	22,324.3	25,006.3	25,606.4
<b>Profit from Hydro Electricity (NHP)</b>	<b>41,554.4</b>	<b>65,277.9</b>	<b>54,491.8</b>	<b>55,674.9</b>
Net Hydel Profit	10,031.8	28,780.9	22,586.8	21,183.0
Arrears of Net Hydel	4,707.5	15,000.0	15,000.0	11,905
Net Hydel Profit (Previous arrears)	16,815.1	11,204	6,905	22586.8
Arrears of Net Hydel (M.O.U)	10,000.0	10,293.0	10,000.0	-
NHP as per AGN Kazi formula, (KCM)	-	-	-	0.1
<b>Provincial Own Receipts</b>	<b>31,267.9</b>	<b>41,262.0</b>	<b>34,640.0</b>	<b>53404.1</b>
Provincial Tax Receipts	17,729.4	23,823.0	19,765.0	33,022.6
Provincial Non-Tax Receipts	13,538.5	17,439.0	14,875	20,381.5
<b>Other Receipts</b>	<b>16,134.4</b>	<b>44,264.7</b>	<b>37,615.4</b>	<b>24,659.5</b>
Recovery of Investment & Loans	76.8	250	250	250
Financing From HDF	-	-	-	-
Domestic Loan	-	5,000	-	-
Financing form Cash Balance	16,057.6	39,014.7	37,365.4	24,409.5
<b>Grants from Federal Govt.</b>	<b>2,277.9</b>	<b>-</b>	<b>2,192.5</b>	<b>151,000.0</b>
Grants from Fed. Govt. (non-dev)	47.5	-	159.9	-
PSDP (Federal)	2,230.5	-	2,032.6	-

Head	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Grants from Fed Govt. (Non-Dev for MAs)	-	-	-	79,000.0
Grants from Federal Govt. (Non-Dev for MAs)	-	-	-	72,000.0
<b>Foreign Project Assistance (FPA)</b>	<b>12,957.6</b>	<b>71,100.0</b>	<b>54,438.9</b>	<b>82,000.0</b>
<b>Total Revenues</b>	<b>467,669.8</b>	<b>648,000.0</b>	<b>587,409.6</b>	<b>900,000.0</b>
<b>Current Revenue Expenditure</b>	<b>348,042.5</b>	<b>430,000.0</b>	<b>403,000.0</b>	<b>526,300.0</b>
Salary (Provincial)	77,582.1	116,000.0	104,111.9	120,971.5
Salary (District)	120,907.9	140,000.0	130,000.0	135,028.5
Pension	56,086.6	60,087.8	69,430.7	69,913.0
Subsidy	2,900.0	3,100.0	3,100.0	3,150.0
Investment & Committed Contribution	17,000.0	7,500.0	676.2	9,000.0
Interest Payment	7,201.6	9,000.0	9,000.0	10,000.0
Local Councils	2,235.0	6,706.2	6,706.2	5,772.0
O&M and Contingency	52,732.1	64,462.3	56,831.3	75,255.7
District Non-Salary	11,397.2	23,143.7	23,143.7	18,209.2
Grant for Merged Areas (MAs)	-	-	-	79,000.0
<b>Capital Expenditure</b>	<b>7,291.2</b>	<b>8,000.0</b>	<b>8,810.0</b>	<b>9,700.0</b>
<b>Total Current Expenditure</b>	<b>355,333.7</b>	<b>438,000.0</b>	<b>411,810.0</b>	<b>536,000.0</b>
<b>Development Expenditure</b>	<b>117,365.8</b>	<b>180,000.0</b>	<b>175,599.6</b>	<b>319,000.0</b>
ADP (Provincial)	96,989.2	79,555.0	88,317.4	108,000.0
ADP (District)	10,335.6	29,345.0	29,345.0	46,000.0
ADP/10 Years Plan for MAs	-	-	-	72,000.0
Provincial contribution for MAs	-	-	-	11,000.0
Development Grants (PSDP Federal)	3,074.3	-	3,498.2	-
<b>Foreign Project Assistance</b>	<b>6,966.7</b>	<b>71,100.0</b>	<b>54,438.9</b>	<b>82,000.0</b>
<b>Total Expenditure</b>	<b>472,699.5</b>	<b>618,000.0</b>	<b>587,409.6</b>	<b>855,000.0</b>
Deficit/Surplus	(5029.7)	30,000.0	-	45,000.0

## 4.2 Khyber Pakhtunkhwa Government Annual Development Programme

The KP development budget has been increased tremendously over the last years. Total development budget in 2017-18 was Rs117.3 billion, while the 2019-20 development budget is Rs319 billion. As discussed, about Rs83 billion (Rs72 billion under the 10 years development plan, have been allocated for development of the Newly Merged Areas (NMAs). Rs46 billion have been allocated under District ADP. It is yet to be seen how this amount will be distributed into districts as the district government have been abolished under new Local Government Act of Khyber Pakhtunkhwa. The new Provincial Finance Commission is yet to be formed under the new Local Government Act.

Roads, Transport and Education are the three top priority sectors in the provincial ADP. Road are allocated Rs23.6 billion, Elementary and Secondary Education Rs17.3 billion and Health Rs14.2 billion in the provincial ADP for year 2019-20.

**Table 10: KP Development Budgets**

DEVELOPMENT PROGRAMME	2018-19		Budget Estimates 2019-20		
	Budget Estimates	Revised Estimates	Annual Dev: Program	Foreign Project Assistance	Total
Agriculture	3,482.829	2,837.660	4,200.000	5,309.722	<b>9,509.722</b>
Auqaf, Hajj & Minority Affairs	400.000	381.000	424.000	-	<b>424.000</b>
Board of Revenue	458.000	450.500	489.000	-	<b>489.000</b>
Building	938.000	898.000	812.000	-	<b>812.000</b>
Drinking Water & Sanitation	3,427.010	3,350.000	3,799.000	1,000.000	<b>4,799.000</b>
Elementary & Secondary Education	16,083.174	14,920.153	9,698.000	7,682.127	<b>17,380.127</b>
Energy and Power	4,092.300	4,846.078	812.000	8,204.400	<b>9,016.400</b>
Environment	446.323	133.000	40.000	-	<b>40.000</b>
Excise, Taxation & Narcotics	201.000	161.000	185.000	-	<b>185.000</b>
Finance	6,198.000	1,923.317	229.000	5,000.000	<b>5,229.000</b>
Food	472.000	362.000	404.000	-	<b>404.000</b>
Forestry	2,866.000	2,856.000	4,086.000	-	<b>4,086.000</b>
Health	11,863.471	9,887.289	10,003.000	1,845.815	<b>11,848.815</b>
Higher Education	4,873.440	6,740.622	5,757.000	94.056	<b>5,851.056</b>
Home	3,274.016	3,337.179	1,872.000	1,577.458	<b>3,449.458</b>
Housing	348.000	510.880	310.000	-	<b>310.000</b>
Industries	1,638.918	1,503.000	1,478.000	820.856	<b>2,298.856</b>
Information	145.000	52.838	156.000	-	<b>156.000</b>
Labour	137.178	61.317	58.000	39.233	<b>97.233</b>
Law & Justice	880.000	1,005.800	1,040.000	-	<b>1,040.000</b>
Local Government	4,823.000	8,014.703	3,219.000	3,901.400	<b>7,120.400</b>
Mines and Mineral	401.000	275.712	378.000	-	<b>378.000</b>
Multi Sectoral Development	11,140.833	10,617.069	11,579.000	12,713.772	<b>24,292.772</b>
Population Welfare	577.180	370.240	242.000	585.000	<b>827.000</b>
Pro-Poor Initiatives	-	-	-	-	-
Relief & Rehabilitation	1,428.000	1,079.701	2,282.000	700.000	<b>2,982.000</b>
Roads	14,622.997	20,495.897	11,270.000	12,428.892	<b>23,698.892</b>
Research & Dev:	1,236.604	2,093.635	-	-	-



DEVELOPMENT PROGRAMME	2018-19		Budget Estimates 2019-20		
	Budget Estimates	Revised Estimates	Annual Dev: Program	Foreign Project Assistance	Total
Special Initiatives	422.000	272.000	8,016.000	-	
Social Welfare	297.000	282.325	388.000	-	<b>388.000</b>
Sports, Tourism, Archaeology & Youth Affairs	2,503.000	2,417.309	5,907.000	3,000.000	<b>8,907.000</b>
ST & IT	393.000	348.000	638.000	356.000	<b>994.000</b>
Transport	39,247.430	26,988.501	1,972.000	12,318.127	<b>14,290.127</b>
Urban Development	2,817.498	3,175.536	6,719.000	700.012	<b>7,419.012</b>
Water	8,520.800	10,108.078	9,538.000	3,723.130	<b>13,261.130</b>
<b>Total Provincial ADP (Incl: FPA)</b>	<b>150,655.001</b>	<b>142,756.339</b>	<b>108,000.000</b>	<b>82,000.000</b>	<b>181,984.000</b>
DISTRICTS ADP	29,345.000	29,345.000	46,000.000		46,000.00
Special Programme, including NMAs			83000.000		83000.00
<b>Total ADP (Provincial and Districts)</b>	<b>180,000.001</b>	<b>172,101.339</b>	<b>237,000.000</b>	<b>82,000.000</b>	<b>319,000.000</b>

## 5. Provincial Budget of Balochistan

### 5.1 Balochistan Government Tax Revenue Analysis

At the time of compiling this report, the Balochistan budget figures for 2019-20 were not available. Therefore, the analysis has been done till 2018-19. Total budget of Balochistan for 2018-19 was Rs290.5 billion. However, the expenditure were estimated to be Rs352.2 billion. Major revenue source of Balochistan is federal divisible pool and other federal transfers, which account for Rs243.1 billion. The province own capacity to generate funds is limited and only Rs15.4 was estimated revenue target from provincial own tax and non-tax revenue. Most of the budget is allocated under the current expenses, which accounts for Rs264 billion. While development budget for the whole province was Rs88.2 billion.

**Table 11: OVERALL SUMMARY OF RECEIPT & PAYMENT**

Head of Account	Accounts 2016-17	Budget Estimates 2017-18	Revised Estimates 2017-18	Budget Estimates 2018-19
<b>PROVINCIAL CONSOLIDATED FUND RECEIPTS</b>				
<b>GENERAL REVENUE RECEIPTS</b>				
<b>FEDERAL RECEIPTS</b>	<b>222,426.278</b>	<b>229,973.969</b>	<b>227,234.562</b>	<b>243,177.157</b>
Federal Divisible Pool	183,098.032	202,691.366	202,691.366	224,115.976
Straight Transfers	21,625.827	17,282.603	11,953.592	9,061.181
Non-development grants including GDS Arrears	10,000.002	10,000.000	10,307.800	10,000.000
Development Grants (Outside PSDP)	7,702.417	-	2,281.804	-
<b>PROVINCIAL RECEIPTS</b>	<b>12,141.311</b>	<b>12,400.788</b>	<b>17,442.210</b>	<b>15,408.877</b>
Tax Revenue	6,606.301	7,345.890	7,518.431	10,211.060
Non-tax Revenue	5,535.010	5,054.898	9,923.779	5,197.817
<b>FOREIGN PROJECT ASSISTANCE (FPA)</b>	<b>3,196.075</b>	<b>6,011.000</b>	<b>5,587.850</b>	<b>9,230.400</b>
Grants	1,904.196	3,384.000	4,195.600	5,151.400
Loan	1,291.879	2,627.000	1,392.250	4,079.000
<b>CAPITAL RECEIPTS - OTHER THAN FOOD &amp; FPA</b>	<b>108.311</b>	<b>21,038.375</b>	<b>15,820.818</b>	<b>16,009.982</b>
<b>FOOD RECEIPTS</b>	<b>1,574.614</b>	<b>6,946.714</b>	<b>3,718.893</b>	<b>6,770.832</b>
<b>Total Provincial Consolidated Fund Receipts</b>	<b>239,446.589</b>	<b>276,370.846</b>	<b>269,804.333</b>	<b>290,597.248</b>
<b>PROVINCIAL CONSOLIDATED FUND PAYMENTS</b>				
<b>CURRENT EXPENDITURE:</b>	<b>183,059.249</b>	<b>242,491.4257</b>	<b>251,990.079</b>	<b>264,037.635</b>
Current Revenue Expenditure	170,887.138	200,306.930	204,157.524	223,046.578
Current Capital Expenditure	12,172.110	42,184.495	47,832.555	40,991.057
<b>DEVELOPMENT EXPENDITURE</b>	<b>73,011.461</b>	<b>86,011.170</b>	<b>86,640.339</b>	<b>88,249.283</b>
Provincial PSDP	73,011.461	80,000.170	70,858.430	77,159.605
Foreign Project Assistance		6,011.000	6,011.000	11,089.678

Development Grants (Federal Funded Projects)	-	-	9,770.909	-
<b>Total Consolidated Fund Payments</b>	<b>256,070.709</b>	<b>328,502.595</b>	<b>338,630.418</b>	<b>352,286.918</b>

## 5.2 Balochistan Government Annual Development Programme Analysis

Economic affairs of Balochistan province was allocated Rs34.8 billion development budget in 2018-19. Education was allocated Rs12.7 billion while health was allocated Rs7.4 billion in 2018-19. Since the development budget of the whole province has slightly increased in last three years, therefore there is no significant change in the development allocation.

**Table 12: Balochistan Development Budgets**

S/No	FUND	BUDGET ESTIMATES 2017-18	REVISED ESTIMATES 2017-18	BUDGET ESTIMATES 2018-19
01	GENERAL PUBLIC SERVICE	14,028,712,000	9,387,510,000	2,248,500,000
02	GENERAL PUBLIC SERVICE (FPA)	744,000,000	1,106,525,000	4,488,400,000
03	PUBLIC ORDER & SAFETY AFFAIRS	1,874,473,000	1,800,733,000	1,324,234,000
04	ECONOMIC AFFAIRS	30,992,254,000	27,118,224,000	34,819,770,000
04	ECONOMIC AFFAIRS (FPA)	2,094,000,000	2,094,000,000	3,731,787,000
05	ENVIRONMENT PROTECTION	6,787,642,000	4,907,368,000	8,753,861,000
06	ENVIRONMENT PROTECTION (FPA)			197,791,000
07	HOUSING & COMMUNITY AMENITIES	8,932,621,000	7,145,907,000	7,565,898,000
08	HEALTH	4,768,158,000	4,498,554,000	6,476,824,000
09	HEALTH (FPA)	1,245,000,000	393,200,000	1,026,000,000
10	RECREATION, CULTURE & RELIGION	3,388,481,000	1,257,032,000	3,159,480,000
11	EDUCATION AFFAIRS & SERVICES	8,032,971,000	5,464,180,000	11,207,711,000
12	EDUCATION AFFAIRS & SERVICE FPA	1,524,000,000	1,524,000,000	1,524,000,000
13	SOCIAL PROTECTION	1,168,858,000	249,588,000	1,573,327,000
14	SOCIAL PROTECTION (FPA)	420,000,000	151,700,000	151,700,000
	<b>GRAND TOTAL</b>	<b>86,001,170,000</b>	<b>67,098,521,000</b>	<b>88,249,283,000</b>



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