BUDGET
2017-18

Budget Analysis 2017-18

FINANCE DEPARTMENT
GOVERNMENT OF SINDH

Contents

Acronyms

ABS	Annual Budget Statement
ADB	Asian Development Bank
ADP	Annual Development Programme
BE	Budget Estimate
BOR	Board of Revenue
CFY	Current Financial Year
CVT	Capital Value Tax
DMU	Debt Management Unit
E&T	Excise & Taxation
FBR	Federal Board of Revenue
FD	Finance Department
FY	Financial Year
GDP	Gross Domestic Product
GP Fund	General Provident Fund
GoS	Government of Sindh
GST	General Sales Tax
IDA	International Development Agency
JICA	Japan International Cooperation Agency
LFY	Last Financial Year
LG & CD	Local Government & Community Development
MDGs	Millennium Development Goals
MIS	Management Information System
MTBF	Medium Term Budgetary Framework
MTDF	Medium Term Development Framework
MTFF	Medium Term Fiscal Framework
NFC	National Finance Commission
PCF	Provincial Consolidated Fund
P&D	Planning & Development
PFC	Provincial Finance Commission
PFM	Public Financial Management
PIFRA	Project to Improve Financial Reporting & Auditing
PP	Public Private Partnership
PSDP	Public Sector Development Programs
RE	Revised Estimate
SBP	State Bank of Pakistan
SEF	Sindh Education Foundation
SDG	Sustainable Development Goals
S&GAD	Services & General Administration Department
TMAs	Town Municipal Administrators
TRU	Tax Reform Unit
UNICEF	United Nations Children Fund

Foreword

Government of Sindh is eager; to ensure efficient and effective budget utilization, accurate and timely accounting and reporting and effective scrutiny and review of the expenditure of public resources at all levels of government; to ensure accountability of public resources and the effectiveness and lawfulness in the collection and application of public funds; to improve internal control including enhanced accountability in new emerging areas of budget making, revenue collection and accounting, reporting on results and monitoring and evaluation through improved capacity.

As part of the PFM reform agenda Government of Sindh is striving to bring improvements in the in-year reports and year-end reports. One of the year-end report is the Budget Analysis which portrays a comprehensive picture of the finances of the Province and presents an analytical commentary on the revenue and expenditure estimates laid down in budgetary publications. The objective of Budget Analysis is to present financial information in an easy manner for comprehension of general public.

The budget framework covers financial information pertaining to current financial year and the upcoming fiscal year. The Budget Analysis also contains detail on expenditure outcomes of the previous years to present the readers the perspective for interpreting future revenue projections and expenditure plans. This publication, therefore, comprehensively portrays distinct dimensions of the Budget, thus complementing the information needs of vide range of users for academic, research, policy, and for general information purposes. The report is also placed on the website (www.fdsindh.gov.pk) so as to inform the public about implementation of the budget of the Government of Sindh.

The preparation of Budget Analysis was a result of teamwork by the entire staff of Finance Department. I would like to especially acknowledge the tremendous efforts of Dr. Noor Alam, Special Secretary (Res.), Syed Afzal Zaidi, Additional Secretary (Res.), Mr. Ahmed Ali, Deputy Secretary (Budget) and Mr. Asad Khan, Deputy Secretary (Res-I) for their contribution in budget making exercise as well as support throughout the past year.

(SYED HASAN NAQVI)
Finance Secretary

Introduction

The FY 2016-17 witnessed an opening cash balance of Rs.83.88 billion as on 4th July, 2016. The total budget outlay was of Rs.869.1 billion with an, estimated receipts of Rs.854.5 billion hence it encompassed with a deficit of Rs.14.6 billion. Since, the revenue of Provincial Government comprises almost 80% of its receipts that come from the Federal Government which are divisible pool taxes, straight transfer and OZT grant. Therefore, any negative trend in actual transfer from Federation creates impediments in provincial financial management during the course of the fiscal year. The volatility in Federal Transfers is common and provincial governments have to face it every year. Especially, at the time of finalization of revised estimates for the running FY and preparation of budget estimates for the next FY it becomes difficult to make forecasting of development portfolio and non-development expenditure on rational ground. Although, the provincial government strives hard to keep its estimates within the rational-limit for each individual item of the budget however even then the problem of variance between estimates and actuals is a routine feature which usually appears once the accounts of the provincial government are finalized.

Government of Sindh took following measures in order to streamline the tax collection and fiscal discipline during FY 2016-17:

- Under the two interlinked action plans – Sindh Tax Revenue Mobilization Plan and Public Financial Action Plan, concerted efforts are being made to mobilize and rationalize taxes, enhance transparency, improve accountability, attain greater efficiency, maintain fiscal discipline.

- Budget Strategy Paper is being prepared under Sindh Public Management Reform Program and is being placed before the Cabinet every year for its input and recommendations thereby providing public representatives sufficient opportunities to comprehend budget complexities at ease.

- Austerity Measures have been taken to curtail unnecessary expenditure. There has been a ban on procurement of new vehicles except for the operational vehicles for Police & armed forces and hospitals. Also, procurement of other luxury items like air conditioners etc. has also been kept under control and is provided wherever necessary.

- Releases are linked with the Ways & Means position both for Development and Non-Development budget.

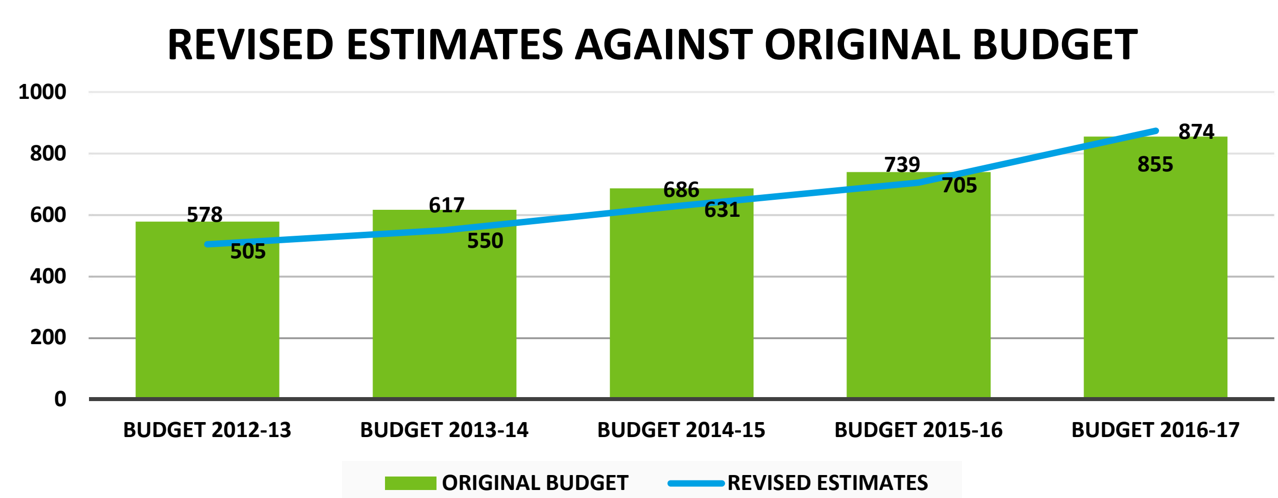
- The Government of Sindh through effective and efficient financial management has succeeded to improve its cash balance position after 7th NFC Award. Cash balance with SBP is being monitored on daily basis and it is in positive direction.

A separate Chapter at the end has been devoted on various reform initiatives being taken by GoS in collaboration with donor agencies.

Revised Estimates 2016-17

Against an estimated budgetary amount of PKR 854.5 billion the revised receipts of the Province for Current Financial Year 2016-17 stand at PKR 873.9 billion. As mentioned earlier we are facing a shortfall on account of Federal Transfers. During ten months of this financial year against budgeted receipts of 456 billion we have only received 382 billion. Based on these figures we will be facing a shortfall of 95 billion at the end of this financial year. Receipts of Federal PSDP are revised to PKR 5.9 billion from PKR 12.2 billion; whereas revised Foreign Project Assistance stands at PKR 23.04 billion. We were largely able to achieve our provincial tax receipt targets. The Sindh Revenue Board and Excise, Taxation & Narcotics Control Department were able to achieve their tax targets. However, non-tax receipts targets were compromised due to fewer land transactions during current financial year. The provincial tax and non-tax receipt is revised to PKR 159.29 billion against an estimated target of PKR 166.03 billion.

FIGURE 1.1: REVISED ESTIMATES AGAINST ORIGINAL BUDGET



On the expenditure side, the budget has been revised from PKR 869.11 billion to PKR 877.59 billion. The current expenditure has been revised to PKR 606.96 billion from PKR 572.76 billion. The increase is primarily because of the outside supplementary budgetary allocation of PKR 25 billion made on account of settlement of longstanding electricity dues. We had undertaken a comprehensive reconciliation exercise of electricity dues and as a result of our diligent efforts only PKR 27 billion were payable against a demand of PKR 55 billion.

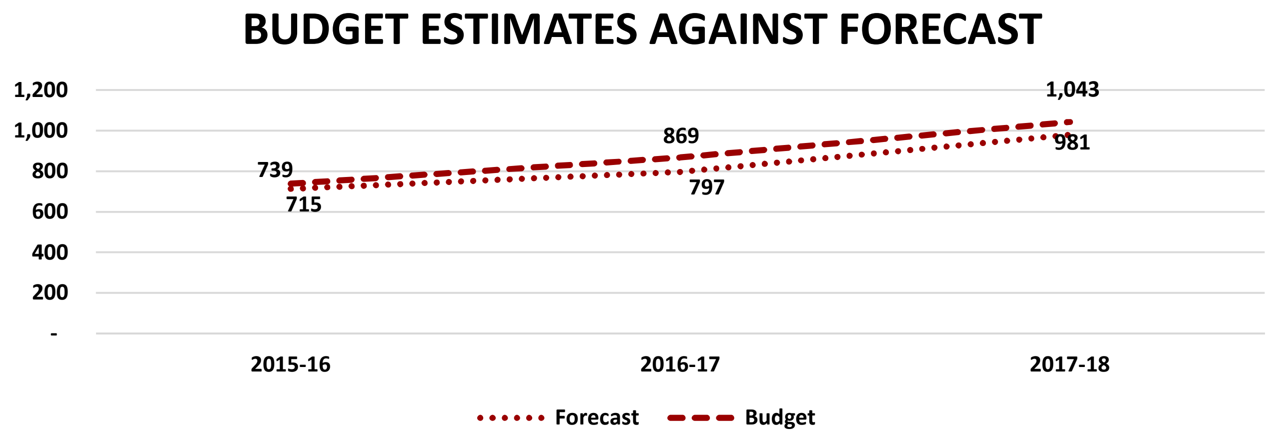
The development expenditure is revised at PKR 210.5 billion against an estimated allocation of PKR 225 billion. It is worth mentioning that current financial year recorded the highest utilization of development funds. By the end of CFY we will be able to spend 88 % of the development budget that is 20 % higher than last FY.

Budget Estimates 2017-18

The total receipts of Province for financial year 2017-18 are estimated at PKR 1.02 trillion against an estimated expenditure of PKR 1.04 trillion. Receipt estimate reflects an increase of 19.3% over budget estimate of PKR 854.5 billion for Current Financial Year. Receipts from Federal Government on account of revenue assignment, straight transfer and grants are estimated at PKR 627.3 billion. Receipts from Federal Government are 61.5 % of the total receipts of the Province. Receipts of Federal PSDP are estimated at PKR 27.3 billion. Receipts on account of Foreign Project Assistance (FPA), budgetary support loans and grants are estimated at PKR 42.7 billion. Receipts from provincial own sources including tax and non-tax receipts are estimated at PKR 199 billion. The targets of provincial own sources have been increased by 16.5%.

On the expenditure side, the outlay of budget is estimated at PKR 1.04 trillion as against budget estimate of PKR 869.11 billion, reflecting an increase of 19.6%. The current expenditure including Current Revenue Expenditure of PKR 666.47 billion and Current Capital Expenditure of PKR 32.64 billion stands at PKR 699.11 billion. For next financial year Current Expenditure constitutes 68.2% of the total provincial budget reflecting an increase of 14 % over estimates of PKR 572.7 billion for current financial year.

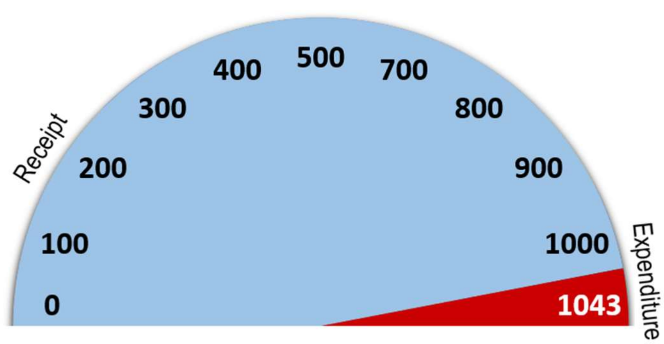
FIGURE 1.2: BUDGET ESTIMATES AGAINST FORECAST



Estimates of development expenditure for Financial Year 2017-18 are pitched at PKR 274 billion. This allocation is unprecedented and an all-time high. It speaks volumes about efficient resource allocation. Sindh has witnessed a decade of sustainable development and Provincial Government commits to take Sindh to new heights of progress and prosperity.

1.1. Salient Features 2017-18

FIGURE 1.3: FISCAL POSITION - RECEIPT AGAINST EXPENDITURE



The receipts of the Province for FY-2017-18, with 20.4% increase over CFY Budget Estimates of Rs.854.50 billion, are estimated at Rs. 1,028.865 billion, thus indicating an overall deficit of Rs.14.32 billion. The Revenue Assignment for FY-2017-18, with 11% increase over CFY Budget Estimates of Rs.493.2 billion, are estimated at Rs.547.4 billion. The Straight Transfer for next FY 2017-18 has been increased up-to Rs.65.2 billion, which have 19% rise against previous year allocation of Rs.54.7 billion. The Development Grant for FY-2017-18 is estimated at Rs.27.3 billion, denoting 124% increase over CFY Budget Estimates of Rs.12.2 billion. The Other Grants for next FY 2017-18 is kept at Rs.14.7 billion, denoting 11% growth against last year's budget of Rs.13.3 billion.

The Sales Tax on Services for CFY 2017-18 is estimated at Rs.100.0 billion, reflecting 28% increase over CF budget estimates of Rs.78.0 billion. The Other Tax for next FY 2017-18 is kept at Rs.85.621 billion, denoting 12.6% growth against last year's budget of Rs.76.013 billion. These include collections by Board of Revenue and Excise & Taxation department. The Non-Tax Receipt for next FY 2017-18 has been increased up-to Rs.14.0 billion, which have 17% rise against previous year allocation of Rs.12.0 billion.

The total budget outlay of the province for FY-2017-18 is estimated at Rs.1,043.185 billion, denoting 20% increase over CFY Budget Estimates of Rs.869.12 billion. The Current Revenue Expenditure is estimated to grow by 16.4% to Rs.666.474 billion in the next FY 2017-18. The total development outlay will witness overall growth of 29.3% in the next Financial Year 2017-18. Capital Expenditure will witness overall growth of 7.5% in the next Financial Year 2017-18. The Investment is pitched at Rs.17.85 billion; while the estimates for Debt Servicing and Loan & Advances are pitched at Rs.14.79 billion.

1.2. General Abstract Revenue & Expenditure 2017-18

TABLE 1.1: FISCAL FRAMEWORK (RS. IN MILLION)

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL REVENUE (A=B+C)	**757,928**	**739,321**	**732,248**	**854,260**
Federal Transfers (B)	**518,217**	**573,288**	**572,954**	**654,633**
Revenue Assignment	425,038	493,173	490,580	558,758
Straight Transfers	63,626	54,668	63,531	53,833
Development Grants (PSDP & Foreign)	16,913	12,188	5,926	27,326
Other Grants (OZT)	12,640	13,258	12,917	14,717
Provincial Revenue (C)	**239,711**	**166,033**	**159,294**	**199,627**
Sales Tax on Services	61,470	78,000	78,000	100,000
Other Tax Receipts	61,242	76,013	69,396	85,621
Non-Tax Revenue	117,000	12,202	11,898	14,006
TOTAL EXPENDITURE (D=E+F)	**592,362**	**838,748**	**855,665**	**1,010,542**
Current Revenue Expenditure (E)	**455,035**	**572,760**	**606,962**	**666,474**
Employee related expenses	214,491	259,921	254,808	300,489
Pension payments	52,810	20	83	65
Operating and Maintenance Expenses	68,404	114,756	127,181	114,434
Grants, Subsidies and write off loan	98,946	116,792	129,718	148,120
Interest	14,306	15,509	16,096	17,445
Physical Assets, Project Pre-Investment	6,078	10,782	10,159	9,939
Development Expenditure (F)	**137,327**	**265,988**	**248,703**	**344,068**
Provincial ADP	99,587	200,000	185,500	244,000
On-going	82,920	*119,146*	*135,595*	*151,837*
New Schemes	*16,667*	*80,854*	*49,912*	*92,163*
District ADP	*19,267*	*25,000*	*25,000*	*30,000*
Federal PSDP	15,552	12,188	5,926	27,326
Foreign Projects Assistance	2,921	28,800	25,000	42,742
OPERATING BALANCE (G)	**165,567**	**(99,428)**	**(123,417)**	**(156,282)**
NET LENDING ITEMS (H)	**19,558**	**10,636**	**(13,080)**	**10,301**
Net Food Account - State Trading	(6,836)	(3,053)	(20,589)	(4,049)
Net Public Account	26,393	13,689	7,509	14,349
FISCAL BALANCE (I=G+H)	**185,124**	**(88,791)**	**(136,497)**	**(145,981)**
FINANCING (J=K+L+M)	**(96,962)**	**71,121**	**106,383**	**127,612**
Net Capital Receipts and Expenditure (K)	**(119,567)**	**34,121**	**22,507**	**67,612**
General Capital Receipts	12,851	35,691	27,322	57,514
Current Capital Expenditure	* 132,418	30,370	27,857	32,644
Foreign Projects Assistance	9,912	28,800	23,042	42,742
Carry Over Cash Balance (Opening) (L)	**22,605**	**37,000**	**83,876**	**60,000**
CLOSING BALANCE (N=I+J)	**88,162**	**(17,670)**	**(30,114)**	**(18,369)**

*Return on Public Investment is also included in 2015-16.

Receipts of the Province

The Current Revenue Receipts (CRRs) of the province comprised of two main sources: federal transfers and provincial own receipts. Federal transfers are received from the Federal Government and consist of Divisible Pool (DP) share and Straight Transfers. The DP includes Revenue Assignment and 0.66% of Provincial share to offset the losses of the abolition of OZT Grant. Each component is governed by a specific formula for sharing of the resources. The straight transfers are remitted to respective provinces on actual basis. Provincial own receipts are bifurcated into tax receipts and non-tax receipts, generated or collected within the province.

TABLE 2.1: PROVINCIAL CONSOLIDATED FUND (RS. IN MILLION)

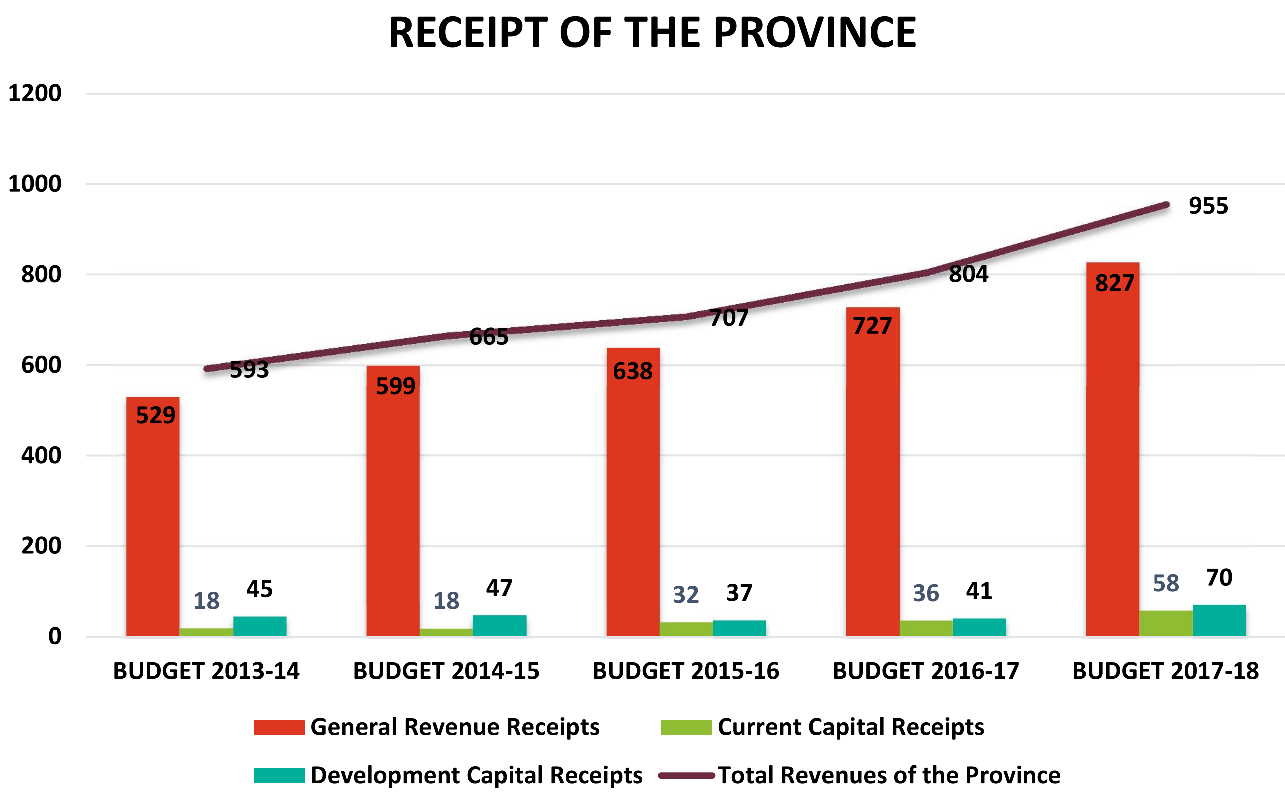
Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL PROVINCIAL CONSOLIDATED FUND	**849,857**	**895,951**	**858,902**	**1,038,300**
General Revenue Receipts	**743,042**	**727,133**	**726,322**	**826,934**
Federal Divisible Pool	488,376	547,841	554,111	612,590
Provincial Taxes	125,021	154,013	147,396	185,621
Provincial Non-Tax	117,005	12,020	11,898	14,006
Current Capital Receipts	**13,026**	**35,691**	**27,322**	**57,514**
Loan & Advances	*15*	*21,615*	*21,695*	*48,182*
Bank Borrowings	*13,011*	*13,970*	*5,627*	*9,332*
Development Capital Receipts	**6,428**	**28,800**	**23,041**	**42,741**
Foreign Project Assistance	6,428	28,800	23,041	42,741

The share of federal transfers has been decreased from 77% to 76% with corresponding increase in provincial own receipt from 23% to 24% because of inclusion of General Sales Tax (GST) on Services and Capital Value Tax (CVT) as shown in Table 2.1 and Figure 2.1,. The larger share of federal transfers has greater influence on CRRs of the province as compared to its own (Provincial) receipts.

The figures of Budget/Revised Estimates 2016-17 and Budget Estimates 2017-18 of General Revenue Receipts (GRR) are depicted in Table 2.1. The GRR comprises divisible pool taxes, straight transfers, federal grants, provincial own receipts. During 2016-17, the 1.0% decrease was recorded in GRR in Revised Estimates against the budgeted amount, which was due to downward revision in federal transfers, Divisible Pool Transfers (-2.6%), Straight Transfers (37.7%), 0.66% Grants to offset losses of abolition of OZT (-25.9%),less receipts of development (-1.0%) grants from the Federal Government. However, the Provincial Own Receipts shows a decrease of 1.0% in Revised Estimates 2016-17 against the Budget Estimates. An increase of 20.2% was estimated in Budget Estimates 2017-18 as against the

Budget 2016-17, indicating an increase of 11.0% in divisible pool taxes, 19.2% in straight transfers, 20.2% in provincial own receipts. The increase in federal grants is 124.2% and 0.66% Grants to offset losses of abolition of OZT shows 11.0% increase.

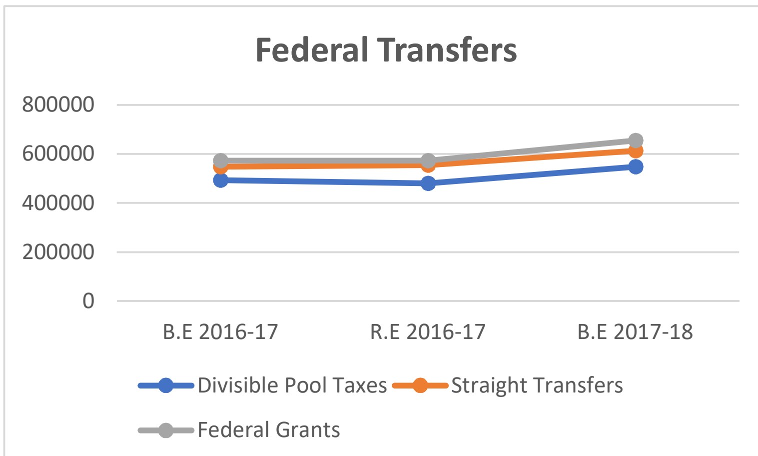
FIGURE 2.1: RECEIPT OF THE PROVINCE



2.1. Federal Divisible Pool Taxes

Income Tax, Sales Tax, Custom Duties and Central/Federal Excise are part of Revenue Assignments/Divisible Pool Taxes. Capital Value Tax (CVT) on fixed asset has been devolved to the provinces through 18th Amendment. Also, the GST on services is now under the domain of the provincial government. The vertical sharing of these taxes between Federal and provinces was 44% and 56% respectively for the year 2010-11 and 42.5% and 57.5% respectively for remaining period. The collection charges have been reduced from 5% to 1% indicating 4% additional benefit for the provinces.

FIGURE 2.2: FEDERAL TRANSFERS



Revenue Assignment continues to be the biggest component of the federal receipts, followed by straight transfers as shown in Figure 2.2. One can also notice that 11.0% growth in revenue assignment has significantly contributed to overall larger growth of 14.2 % in federal transfers in BE 2017-18. The blue line shows that there is a sharp incline in revenue assignment for BE 2017-18. On the other hand the red line of straight transfers dips from RE 2016-17 downwards to BE 2017-18. However, it is still higher than BE 2016-17. This has occurred because this year Sindh received Rs.18.9 billion higher than the initial estimates (up from Rs.54.667 billion to 73.6222 billion) while the BE 2017-18 was fixed at Rs.65.168 billion by the Federal Finance Ministry. It is strongly believed that this estimate 2017-18 will be revised upwards towards to the end of the FY 2017-18 which, together with the higher carryover cash balance, will fill the deficit of the budget.

TABLE 2.2: FEDERAL DIVISIBLE POOL TAXES (RS. IN MILLION)

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
FEDERAL DIVISIBLE POOL TAXES	**432,945**	**503,755**	**490,580**	**558,756**
Tax on Income	160,837	210,742	186,785	216,056
Land Customs	56,040	56,335	67,151	79,502
Sales Tax	183,118	198,475	199,683	221,678
Capital Value Tax	0	318	327	378
Federal Excise	24,756	27,303	26,542	29,809
Excise Duty on Natural Gas	8,195	10,581	10,091	11,335

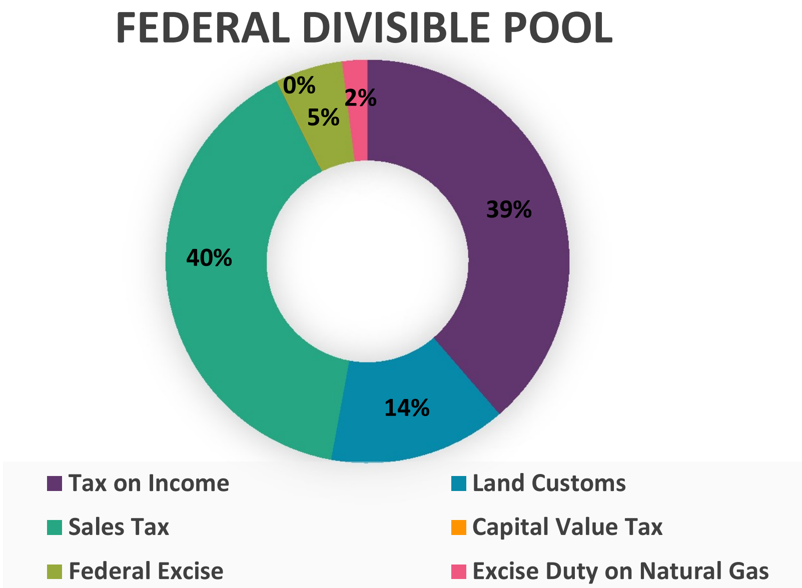
Revenue Assignment

The composition and trends of the revenue assignment transfers are given in Table 2.3 and Figure 2.3. Taxes on income were the biggest contributor to the revenue assignment until 2010-11, which have been subsequently replaced by taxes on income. The average growth in taxes on sales and central excise remained at the first and second position respectively while zero growth was recorded in GST on Services (CE Mode), Capital Value Tax and Wealth Tax. The GST on services and CVT on immovable assets are now under the domain of the provincial government.

TABLE 2.3 REVENUE ASSIGNMENT (RS. IN MILLION)

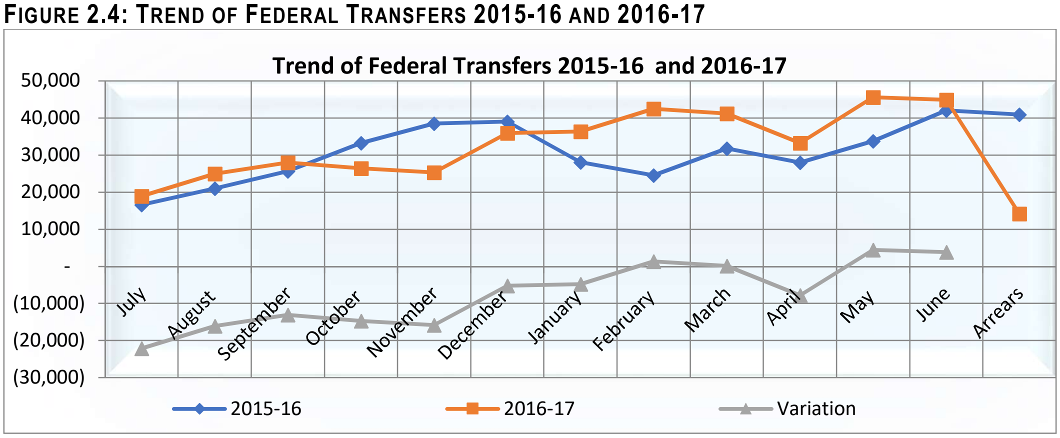
	Actual										Ave (%) Actual
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2006-15**
Taxes on Income	28,560	34,214	39,583	53,037	79,509	88,052	101,581	114,668	133,002	160,837	21.17
Taxes on Sales	13,768	17,122	22,987	26,806	76,654	99,616	116,319	137,158	147,257	183,118	33.31
Custom Duties	11,869	13,980	14,314	11,778	24,252	27,653	32,652	31,955	40,819	24,756	8.51
Central Excise	5,934	8,285	10,718	16,555	17,982	14,018	15,601	17,908	20,113	56,040	28.34
GST (CE Mode)	3,100	4,297	4,114	6,032	0	0	420				0.00
Capital Value Tax	421	682	251	423	121	14	12	136	252	293	0.00
Wealth Tax	1	10	0	2	2	2		9	-1	-6	0.00
Total	**63,653**	**78,590**	**91,967**	**114,633**	**198,520**	**229,355**	**266,585**	**301,834**	**341,442**	**425,038**	**23.49**

FIGURE 2.3: COMPOSITION FEDERAL DIVISIBLE POOL



Revenue Assignment has grown at the average annual rate of 23.49% from 2006-07 to 2015-16. Based on the estimates provided by the Federal Government, the Revenue Assignment for 2017-18 has been pitched at Rs. 854.260 billion or 11.0% greater than BE 2016-17. This growth is largely accounted for by 11.7% increase in taxes on sales in BE 2017-18 over BE 2016-17. The blue line in Figure 2.4 representing taxes on income inclines almost at 45o angle from 2003-04 onwards and clearly dominates the growth in the revenue assignment until 2011.

FIGURE 2.4: TREND OF FEDERAL TRANSFERS 2015-16 AND 2016-17



The Federal Excise duties have rapidly grown at an average annual increase of over 28.3% during FY 2006-07 to 2015-16, but such duties are projected to grow at 9.0% during the CFY and the next FY. Although the RE 2016-17 of Rs. 26.546 billion is 52.6% lower than the actual receipts of FY 2015-16 (Rs. 56.04 billion), but it was revised and reduced later in the CFY by 17.34% as compared to BE 2006-07 set at Rs. 14.685 billion. Again, the BE 2017-18 is above the BE 2016-17 @ 9.18%.

The taxes on sales have increased by 9.0% in RE 2016-17 from 2015-16 as the red line in Figure 2.4 represents, as the economy on the whole is growing and due to inflationary trends, prices of goods and services are increasing sharply. The GST being 17% of the price of goods and services sold, ought to have increased during the year. This anomaly needs to be further probed into. However, from 2011-12 onwards taxes on sales have clearly dominated the growth in the Revenue Assignment.

Monthly Trend in Divisible Pool

Monthly comparison of federal transfers is drawn in Table-2.4 below, federal transfers under DP during last year's 7th NFC and the dichotomy between the budgeted and actual transfers. It further captures the trend in actual transfers from July to June of the financial year which usually remains on lower side during the first half of the year. The maximum transfers take place in June which is the closing month of Financial Year. The comparison given below indicate shortfall of 4.3% in 2015-16 and

Table 2.4 Monthly Trend in Divisible Pool Transfers **(Rs. in million)**

Months	2015-16			2016-17			%age Increase / Decrease
	Budget	Actual	Variation	Budget	Actual	Variation	
July	35,108	16,632	(18,476)	41,098	18,966	(22,131)	12.3%
August	35,108	20,998	(14,110)	41,098	24,991	(16,106)	16.0%
September	35,108	25,636	(9,472)	41,098	27,992	(13,105)	8.4%
October	35,108	33,221	(1,887)	41,098	26,426	(14,672)	-25.7%
November	35,108	38,538	3,430	41,098	25,284	(15,814)	-52.4%
December	35,108	39,033	3,925	41,098	35,898	(5,200)	-8.7%
January	35,108	28,075	(7,033)	41,098	36,332	(4,766)	22.7%
February	35,108	24,530	(10,578)	41,098	42,460	1,362	42.2%
March	35,108	31,813	(3,295)	41,098	41,208	110	22.8%
April	35,108	28,018	(7,090)	41,098	33,292	(7,830)	15.8%
May	35,108	33,792	(1,316)	41,098	45,551	4,454	25.8%
June	35,108	42,047	6,939	41,098	44,912	3,814	6.4%
Difference		40,896			55,707		
Total	**421,300**	**403,229**	**(18,071)**	**493,173**	**459,020**	**(34,153)**	**12.2%**
Arrears		**19,821**			**41,482**		
Total		**423,050**			**500,502**		**15.5%**

15.3% in 2016-17 respectively.

The trend shows 22.8% growth in FY 2016-17 over FY 2015-16 in actual transfers.

Table 2.5 and Figure 2.4 above depict the monthly trend in federal transfers which include divisible pool taxes, straight transfers and 0.66% grants to offset losses of abolition of OZT. In federal transfers, the divisible pool taxes constitute 82.7%, straight transfers of 15.1% and grants to offset losses of abolition of OZT (0.66% of Provincial Share) reflect 2.2% of total transfers.

Table 2.5 Monthly Trend in Federal Transfers 2016-17 (Rs. in million)

Months	Divisible Pool Taxes	Straight Transfers	Grants to offset loss of abolition of OZT (0.66% of Prov. Share)	Total
July 2015	18,966	862	509	20,337
August 2015	24,991	2,614	672	28,278
September 2015	27,992	5,088	752	33,832
October 2015	26,426	4,710	710	31,845
November 2015	25,284	5,265	679	31,228
December 2015	35,898	4,065	965	40,928
January 2016	36,332	6,240	977	43,549
February 2016	42,460	7,943	1,524	51,927
March 2016	41,208	6,467	1,108	48,783
April 2016	33,268	12,266	895	46,429
May 2016	45,551	9,738	1,225	56,514
June 2016	44,912	10,713	1,207	56,831
Arrears	14,226			14,226
Total	**417,514**	**75,971**	**11,223**	**504,708**

Straight Transfer

Straight transfers, received on account of various levies on natural resources, are principally provincial receipts which are collected by the Federal Government and transferred to Sindh, after deduction of 2% collection charges. The break-up and trends of straight transfers are given in Table 2.6 and Figure 2.5, respectively.

Table 2.6 Trend in Straight Transfers **(Rs. In Million)**

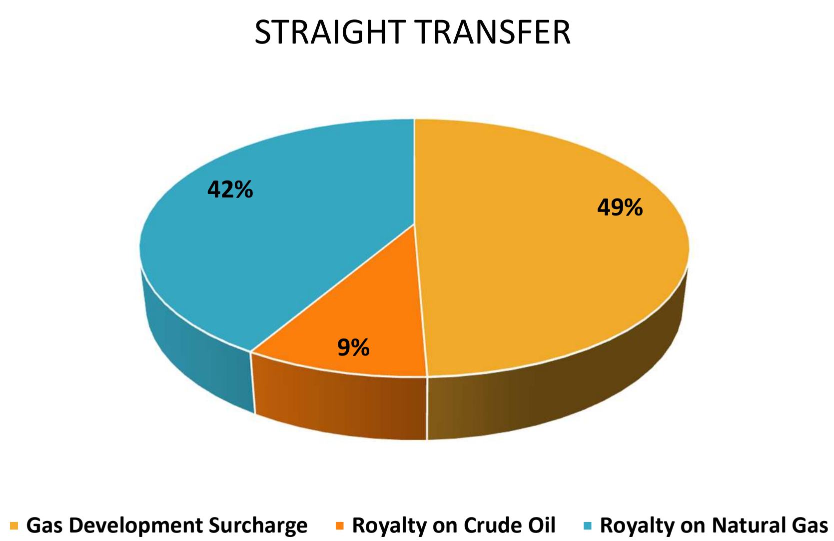
	Actual										Ave (%) Actual
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2006-15
Royalty on Natural Gas	15,771	16,773	23,564	17,265	26,881	26,119	28,610	30,869	27,718	7,155	-8.41
Gas Development Surcharge	22,398	14,863	8,202	18,270	20,990	10,737	7,637	34,080	16,380	20,420	-1.02
Royalty on Crude Oil	4,170	5,956	8,297	4,414	8,819	7,731	10,130	9,518	11,204	8,195	7.80
Excise Duty on Natural Gas	3,833	5,137	3,807	4,258	7,771	7,262	7,753	6,942	7,848	27,856	24.65
GST (Provincial)*	940	1,288	1,244	1,109	0	4,034	420	0	1,683		0.00
Total	**47,112**	**44,017**	**45,114**	**45,316**	**64,461**	**55,883**	**54,550**	**81,408**	**64,833**	**63,626**	**3.40**

TABLE 2.7: STRAIGHT TRANSFER **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL STRAIGHT TRANSFERS	**63,626**	**54,668**	**73,622**	**65,168**
Gas Development Surcharge	20,402	22,663	39,045	26,583
Royalty on Crude Oil	7,155	2,611	3,872	4,898
Royalty on Natural Gas	27,856	18,812	20,614	22,352
Excise Duty on Natural Gas	8,195	10,581	10,091	11,335

Straight transfers to Sindh have grown on average at the rate of 3.4% per annum over the period from 2006-07 to 2015-16. Excise Duty on Natural Gas, at the annual growth of 24.65%, has been the biggest contributor to this growth, followed by royalty on crude oil at 7.8%, while royalty on natural gas and Gas Development Surcharge is continuously pulling the overall growth down with 8.1% & 1.0% reduction per year respectively on an average.

FIGURE 2.5: COMPOSITION OF STRAIGHT TRANSFER



The straight transfers are expected to reach Rs. 73.622 billion during 2016-17 at the growth rate of 15.7% over the actual transfers of Rs. 63.626 billion in FY 2015-16. These are, however, expected to increase by 19.2% for FY 2017-18 over BE 2016-17 and have been pitched at Rs. 65.168 billion. Contrary to the buoyant growth of straight transfers during 2006-07 to 2015-16, the low estimated increase in BE 2017-18 is mainly due to lesser projected growth of Excise Duty on natural gas (i.e. @ of 7.13% as compared to the ten years actual average growth of 24.5%). In order to evaluate the future potential of straight transfers, which are mainly on account of royalties, duties and surcharges on natural resources, the Finance

Department plans to carry out a research, whose findings will be included in the Budget Analysis 2018-19.

2.2. Provincial Tax Receipts

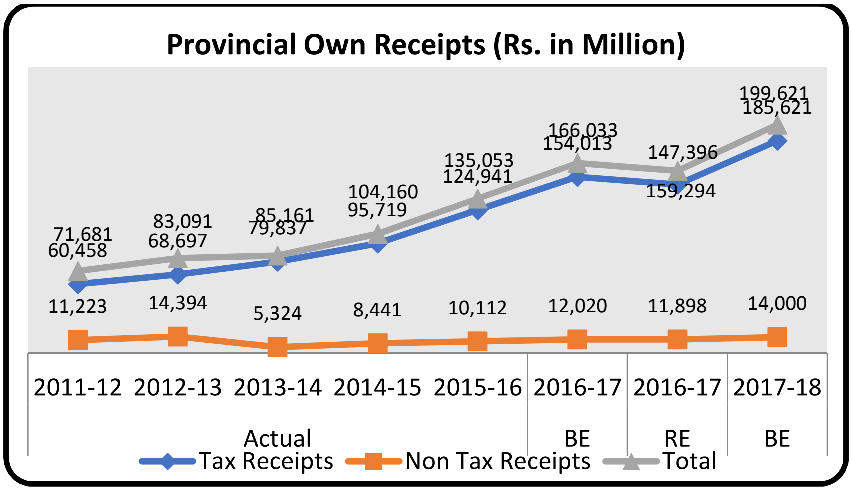
Province's own revenues comprise of tax and non-tax receipts. The tax receipts are levied through an Act of the Provincial Assembly or an Ordinance promulgated by the Governor, while the non-tax receipts are imposed through a Gazette Notification, issued by the Administrative Department (AD) concerned, after obtaining approval of the Competent Authority, the Chief Minister of Sindh.

Table 2.8 Provincial Own Receipts **(Rs. In Million)**

Provincial Own Receipts									Growth (%)		Ave (%)
	Actual					BE	RE	BE	RE*	BE**	Actual ***
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2015-16	2016-17	2011-15
Tax Receipts	60,458	68,697	79,837	95,719	124,941	154,013	147,396	185,621	17.97	20.52	19.90
Non Tax Receipts	11,223	14,394	5,324	8,441	10,112	12,020	11,898	14,005	17.66	16.47	-2.57
Total	**71,681**	**83,091**	**85,161**	**104,160**	**135,053**	**166,033**	**159,294**	**199,626**	**17.95**	**20.23**	**17.16**
Tax Receipts (%)	84.34	82.68	93.75	91.90	92.51	92.76	92.53	92.99			
Non Tax Receipts (%)	15.66	17.32	6.25	8.10	7.49	7.24	7.47	7.01			
*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**											
**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**											
***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**											

Table 2.8 and Figure 2.6 reveals the provincial own receipts, have grown at an average rate of 17.16% per annum over FY 2011-12 to FY 2015-16. RE 2016-17 of Rs. 159.29 billion projects 17.95% increase in provincial own receipts against the actual of 2015-16 amounting to Rs. 135.053 billion. The increase is mainly due to the inclusion of GST on Services and Capital Value Tax (CVT) in Provincial Tax receipts. Earlier, the GST on Services was part of the divisible pool taxes (GST -CE Mode) and straight transfers (GST on Services-Provincial). The CVT was devolved to the provinces under 18th Amendment and the collection of GST on Services is now being made by the Government of Sindh itself since 2011-12 after 7th NFC Award. Tax receipts have remained the dominant source of provincial own receipts, contributing a sharing of 92.99% for Tax Receipts and 7.01% for Non-Tax Receipts, as shown in Table 2.8 and Figure 2.6.

FIGURE 2.6: PROVINCIAL OWN RECEIPTS



The successful collection of Sales Tax on Services in the financial years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 respectively shows that the province of Sindh is capable of collection of any tax if devolved efficiently by Federal Government in foreseeable future.

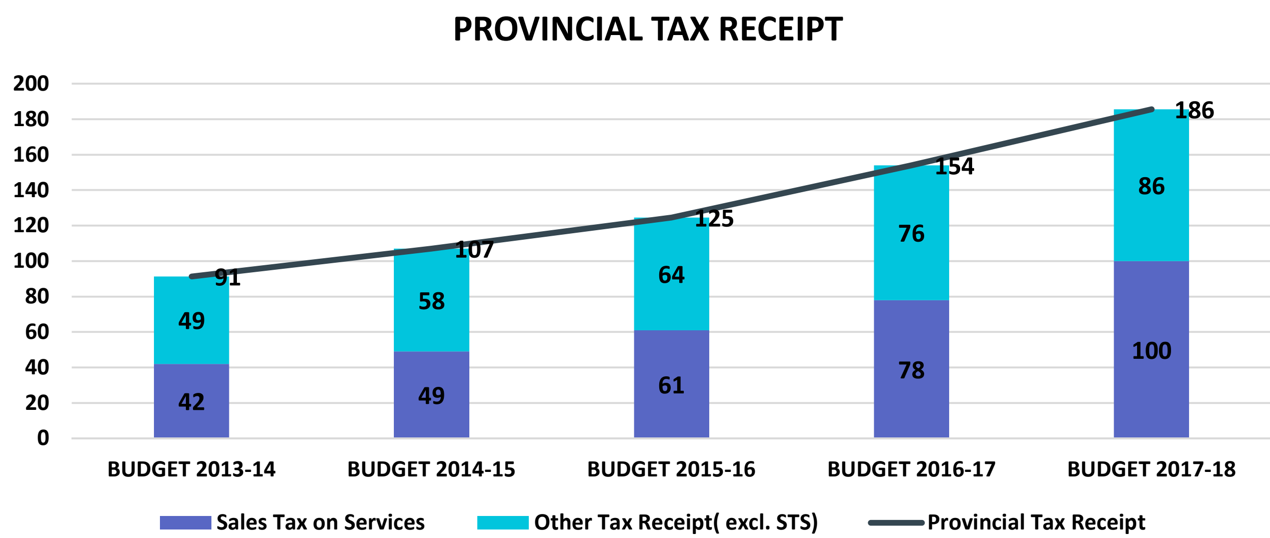
Tax Receipt

Tax receipts have remained the dominant source of provincial own receipts, contributing at an average 92.99% of such receipts. The Provincial tax receipts include: Taxes from Agriculture, Transfer of Property Tax (Registration), Land Revenue, Taxes on Professions Trades and Callings, Provincial Excise, Stamp Duties Motor Vehicles, Tax on Hotels, Cotton Fees, Electricity duty, Others- All Types, Sindh Development & Maintenance of Infra-Structure Cess which are indicated in Table-2.9 as under.

TABLE 2.9: PROVINCIAL TAX RECEIPT **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL PROVINCIAL TAX RECEIPTS	**125,021**	**154,013**	**147,395**	**185,621**
Sales Tax on Services	61,470	78,000	78,000	100,000
Infrastructure Development Cess	32,064	38,000	40,000	46,500
Agriculture Income Tax	410	650	650	1,000
Land Revenue	204	650	650	650
Capital Value Tax	3,343	4,000	4,000	4,500
Urban Immovable Property Tax	3,253	5,000	4,700	6,300
Tax on Professions, Trade and Callings	350	410	400	425
Stamps	7,205	9,500	7,500	10,500
Receipts under Motor Vehicles	5,435	6,000	6,200	7,550
Provincial Excise	3,828	4,800	3,300	5,000
Other Indirect Taxes	92	150	150	200
Energy Duty	7,139	6,253	1,632	2,681
Cotton Fees(net)	151	500	160	250
Entertainment	46	100	54	65

FIGURE 2.7: PROVINCIAL TAX RECEIPT



As shown in Table 2.10 and Figure 2.7 the overall tax receipts have increased on average at 19.91% per year during the years 2011-12 to 2015-16. These were expected to increase by 17.98 % in 2016-17 owing to slower growth of indirect taxes (only 16.66% as compared to five year average of 20.72). The total provincial tax receipts have been pitched at Rs. 185.621 billion for the year 2017-18, which is 20.52% increase over BE 2016-77.

Tax receipts are further divided into direct and indirect taxes. The percentage of direct taxes to overall tax receipts is very low and has declined over the years. The direct taxes are grown as 6.9% for the year 2017-18, whereas indirect taxes at 93.1% of the total tax receipts which are continuously rising as a proportion of provincial tax revenue. This indicates greater reliance on indirect taxes and reflects inefficient management of levy and recovery of direct taxes.

Direct Taxes

Direct taxes of the province are given in Table 2.10 and graphically shown in Figure 2.7. On average, direct taxes have increased by 9.9% per annum over five year period (2011-12 to 2015-16). These have been pitched at Rs. 12.875 billion for the year 2017-18, which is 20.21% growth over BE 2016-17.

Table 2.10 Tax Receipts **(Rs. In Millions)**

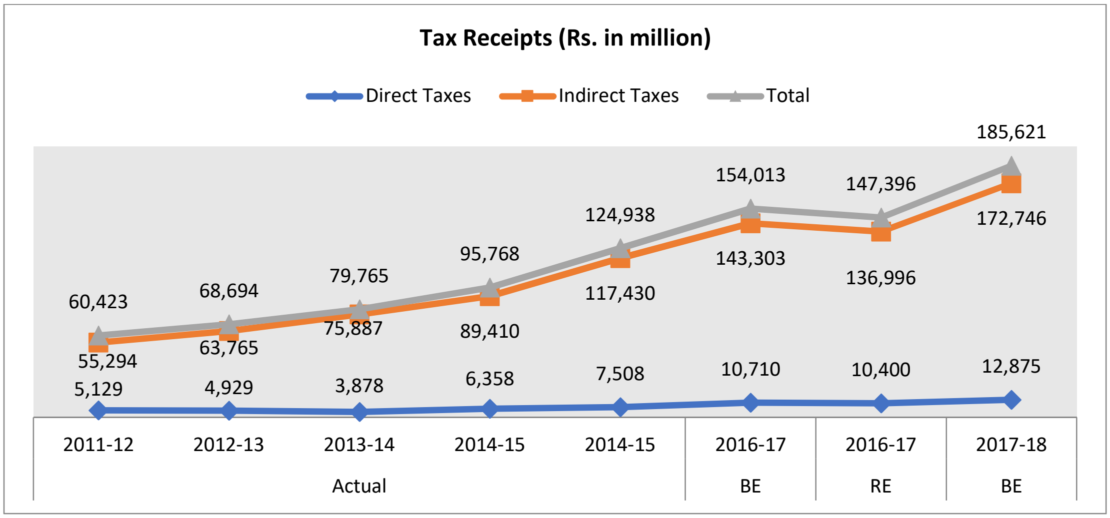
									Growth (%)		Ave (%)
Description	**Actual**					**BE**	**RE**	**BE**	**RE ***	**BE ***	**Actual *****
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2011-15**
Taxes from Agriculture Income	123	406	276	341	358	650	650	1,000	81.56	53.85	30.62
Property Tax (Tax and Registration)	2,139	1,907	943	3,008	3,253	5,000	4,700	6,300	44.48	26.00	11.05
Land Revenue	208	205	203	177	204	650	650	650	3086.27	900.00	-0.48
Taxes on Professions, Trades and Callings	280	265	303	322	350	410	400	425	14.29	3.66	5.74
Capital Value Tax	2,379	2,146	2,152	2,510	3,343	4,000	4,000	4,500	19.65	12.50	15.92
Total Direct Taxes	**5,129**	**4,929**	**3,878**	**6,358**	**7,508**	**10,710**	**10,400**	**12,875**	**38.52**	**20.21**	**9.99**
Sindh Sales Tax on Services	23,924	33,666	39,507	49,399	61,470	78,000	78,000	100,000	26.89	28.21	26.61
Provincial Excise	2,577	3,102	3,601	3,869	3,828	4,800	3,300	5,000	-13.79	4.17	10.40
Stamp Duties	4,766	5,016	5,920	6,552	7,205	9,500	7,500	10,500	4.09	10.53	10.88
Motor Vehicles	3,193	3,327	4,145	4,210	5,435	6,000	6,200	7,550	14.08	25.83	14.22
Tax on Hotels	160	160	0							0.00	-100.00
Cotton Fees (Net)	98	143	154	160	151	500	160	250	5.96	-50.00	11.41
Electricity duty	74	69	97	68	7,139	6,253	1,632	2,681	-77.14	-57.12	213.40
Others-All Types	11	9	17	31	92	150	150	200	63.04	33.33	70.06
Entertainment	23	32	45	48	46	100	54	65	17.39	-35.00	12.86
S.D&M of I Structure	20,468	18,241	22,403	25,073	32,064	38,000	40,000	46,500	24.75	22.37	11.88
Total Indirect Taxes	**55,294**	**63,765**	**75,887**	**89,410**	**117,430**	**143,303**	**136,996**	**172,746**	**16.66**	**20.55**	**20.72**
Total Tax Receipts	**60,423**	**68,694**	**79,765**	**95,768**	**124,938**	**154,013**	**147,396**	**185,621**	**17.98**	**20.52**	**19.91**
*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**											
**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**											
***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**											

Taxes from agriculture income is the largest component of direct taxes followed by capital value tax. The latter, however, has been recording growth in the past five years, primarily due to addition of CVT as a new entry in provincial taxation which was devolved to the provinces under 18th Amendment.

Indirect Taxes

Table 2.10 and Figure 2.8 give the breakup of indirect taxes which reveal an average annual growth of 20.7% during FY 2011-12 to FY 2015-16. The target of indirect taxes for BE 2017-18 has been fixed at Rs. 172.746 billion indicating an increase of 20.55% as against BE 2016-17. Electricity Duty and Sindh Sales Tax on Services are the two largest components of in-direct taxes. The Sindh Sales Tax on Services (Provincial) is a new entry under 7th NFC and 18th Amendment. The average growth in Electricity Duty during FY 2011-12 to FY 2015-16 is 213% followed by other all types (70. 6%), Motor Vehicle (14.22%) and Entertainment (70.6%).

FIGURE 2.8: PROVINCIAL TAX RECEIPT



2.3. Provincial Non Tax Revenues

Interest, Dividends, Organs of State-Examination Fees, Fiscal Administration-Audit, Fiscal Administration-Receipts-in-aid of Superannuation, Economics Regulation-Receipts under Weights and Measures and Trade Employment Act, Justice, Police, Jails, Civil Defense, Works, Public Health, Education, Health, Manpower Management, Social Security & Social Welfare Measures, Food, Agriculture, Fisheries, Animal Husbandry, Forest, Cooperation, Irrigation, Receipts under Excise Duty on Mineral (Labor Welfare) Act, 1967, Printing, Stationery, Industries, Mines & Mineral, Sugarcane Cess, Extraordinary Receipts, Miscellaneous Receipts-Other

Table 2.11 Non Tax Receipts **(Rs. In Million)**

									Growth (%)		Ave (%)
Description	**Actual**					**BE**	**RE**	**BE**	**RE***	**BE****	**Actual *****
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2011-15**
Extraordinary Receipts	4,736	2,935	513	2,423	859	2,500	2,500	3,000	191.04	20.00	-34.74
Interest	3	142	24	744	963	1,300	979	867	1.66	-33.31	323.28
Miscellaneous -Other	3,858	159	1,904	1,967	4,520	2,094	1,300	2,000		-4.49	4.04
Law and Order	745	1,158	1,342	1,525	1,757	1,960	2,160	2,715	22.94	38.52	23.92
Education, Culture. & Tourism	284	253	276	305	646	702	702	702	8.67	0.00	22.81
Irrigation	140	154	240	246	247	604	604	650	144.53	7.62	15.25
Works	229	47	210	231	195	510	500	500	156.41	-1.96	-3.94
Transport	37	24	72	0	0	0			-	-	-
Others	1,280	9,910	743	1,774	998	2,450	3,153	3,572	-	-	-6.03
Total	**11,312**	**14,782**	**5,324**	**9,215**	**10,185**	**12,120**	**11,898**	**14,006**	**16.82**	**15.56**	**-2.59**
* Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.											
** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.											
*** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.											

The downward average growth of 2.59% has been recorded in provincial non-tax receipts during FY 2011-15. This lower trend in growth was due to substantial decrease in receivables on account of Extraordinary receipts and Works. However, 323.28% growth in "Interest" and 23.92% in "Law & Order" were recorded during the same period. The BE 2017-18 are pitched at Rs. 14.0 billion which is 17.7% higher than RE 2016-17 of Rs. 11.898 billion.

TABLE 2.12: NON TAX REVENUES

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL NON-TAX REVENEUE	**10,055**	**12,020**	**11,898**	**14,006**
Board of Revenue	859	2,500	2,500	3,000
Home	1,606	1,700	1,900	2,450
Mines & Minerals	634	800	800	850
Irrigation	245	600	600	650
Education	609	600	600	600
Works & Services	199	500	500	500
Health	180	300	300	300
Agriculture	206	775	775	800
Finance	3,755	1,300	979	867
Others	1,763	1,300	1,300	2,000

To understand the extent to which the province relies on direct and indirect sources of its revenue, composition of direct and indirect tax revenue from federal and provincial side is shown at Table 2.10. As we can observe from the table, for the year 2017-18 the federal indirect taxes, at 45.99%, are the biggest contributor to current tax revenue, followed by federal direct taxes at 29.08%. Provincial direct taxes contribute to the extent of 1.73% only, whereas provincial indirect taxes contribute 23.21% to the overall current tax revenue for the province.

The trend analysis in Table 2.10 shows that on average, direct and indirect tax revenues have grown at 9.23% and 19.97% respectively, over the years 2011-12 to 2015-16. The province largely depends on indirect taxes (that range from 55.23% to 69.83% over the years) for its overall tax receipts. Out of the total indirect taxes major chunk comes from federal transfers (almost 67%).

It is further observed from the above table that provincial direct and indirect tax revenue at Rs.185.621 billion, out of Rs. 744.379 billion, is only 24.9% of the total direct and indirect tax revenues of the province.

Composition of Taxes

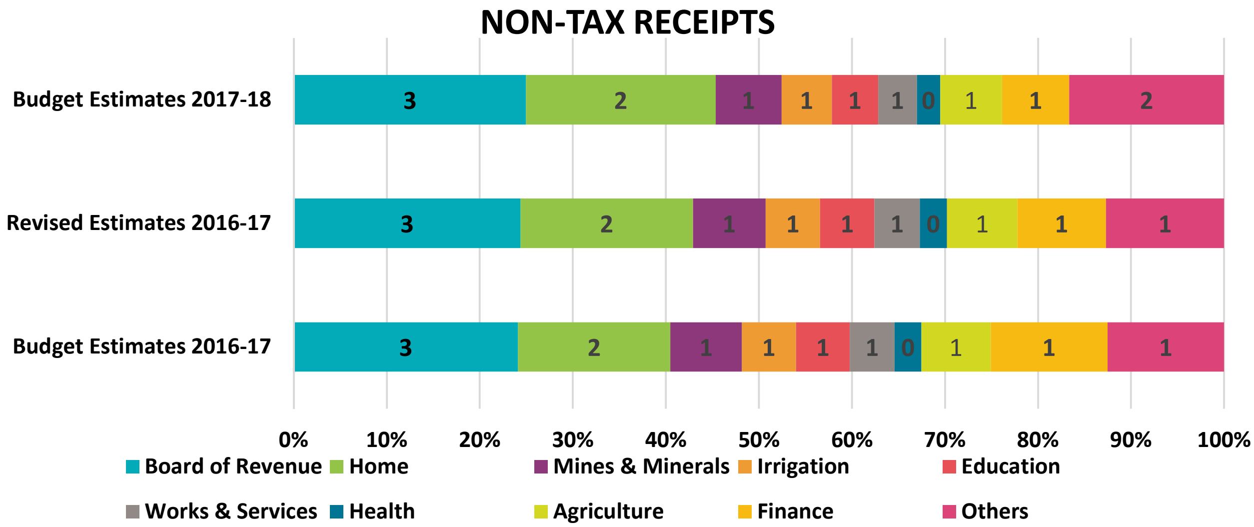
Table 2.13 Composition								(Rs. In Million)
	Actual					BE	RE	BE
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18
Direct Taxes								
Tax on Income	88,052	101,581	114,669	133,002	160,837	210,742	186,785	216,056
Capital Value Tax			0			318	327	378
Federal Direct Taxes	**88,054**	**101,581**	**114,669**	**133,002**	**160,837**	**211,060**	**187,112**	**216,434**
Taxes from Agriculture Income	122	376	600	342	358	650	650	1,000
Urban Immovable Property Tax	1,144	931	1,226	1,830	1,892	3,000	2,700	3,100
Transfer of Property Tax (Registration)	995	976	2,200	1,178	1,361	2,000	2,000	3,200
Land Revenue	208	205	203	177	204	650	650	650
Taxes on Professions, Trades and Callings	280	265	303	322	350	410	400	425
Capital Value Tax	2,379	2,146	2,152	2,510	3,344	4,000	4,000	4,500
Provincial Direct Taxes	**5,128**	**4,899**	**6,684**	**6,359**	**7,509**	**10,710**	**10,400**	**12,875**
Total Direct Taxes	**93,182**	**106,480**	**121,353**	**139,361**	**168,346**	**221,770**	**197,512**	**229,309**
Indirect Taxes								
Customs Duties	27,653	32,652	31,955	40,819	56,040	56,335	67,151	79,502
Sales Tax	99,616	11,618	137,009	147,257	183,117	198,475	199,683	221,678
Federal Excise	14,018	15,601	17,908	20,112	24,955	27,303	26,542	29,809
Excise Duty on Natural Gas	7,262	7,754	6,941	7,848	8,195	10,581	10,091	11,335
Federal Indirect Taxes	**148,549**	**68,045**	**193,813**	**216,036**	**272,307**	**292,694**	**303,467**	**342,324**
Sindh Sales Tax on Services	23,924	33,245	39,506	49,399	61,470	78,000	78,000	100,000
Provincial Excise	2,577	3,102	3,600	3,869	3,828	4,800	3,300	5,000
Stamp Duties	4,766	5,016	5,920	6,552	7,205	9,500	7,500	10,500
Motor Vehicles	3,230	3,304	4,217	4,210	5,435	6,000	6,200	7,550
Cotton Fees (Net)	98	143	153	160	150	500	160	250
Electricity duty	74	70	97	68	7,139	6,252	1,632	2,681
Others-All Types	11	9	17	32	41	150	150	200
Entertainment	23	32	44	48	46	100	54	65
S.D&M of I Structure	20,468	18,241	22,402	25,072	32,064	38,000	40,000	46,500
Provincial Indirect Taxes	**55,331**	**63,322**	**75,956**	**89,410**	**117,430**	**143,302**	**66,796**	**172,746**
Total Indirect Taxes	**203,880**	**131,367**	**269,769**	**305,446**	**389,737**	**435,996**	**370,263**	**515,070**
Total Tax Revenue	**297,062**	**237,847**	**391,122**	**444,807**	**558,083**	**657,766**	**637,975**	**744,379**
Federal Direct (%)	29.64	42.71	29.32	29.90	28.82	32.09	32.96	29.08
Provincial Direct (%)	1.73	2.06	1.71	1.43	1.35	1.63	1.83	1.73
Total Direct (%)	**31.37**	**44.77**	**31.03**	**31.33**	**30.17**	**33.72**	**34.79**	**30.81**
Federal Indirect (%)	50.01	28.61	49.55	48.57	48.79	44.50	53.45	45.99
Provincial Indirect (%)	18.63	26.62	19.42	20.10	21.04	21.79	11.76	23.21
Total Indirect (%)	**68.63**	**55.23**	**68.97**	**68.67**	**69.83**	**66.28**	**65.21**	**69.19**
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**

**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**

***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**

FIGURE 2.4: NON TAX RECEIPT



2.4. 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, it is pertinent to point out that the federal PSDP grants are only pass-through items. These grants are released to executing agencies for implementation of Federal Development Projects.

FIGURE 2.5: FEDERAL GRANTS

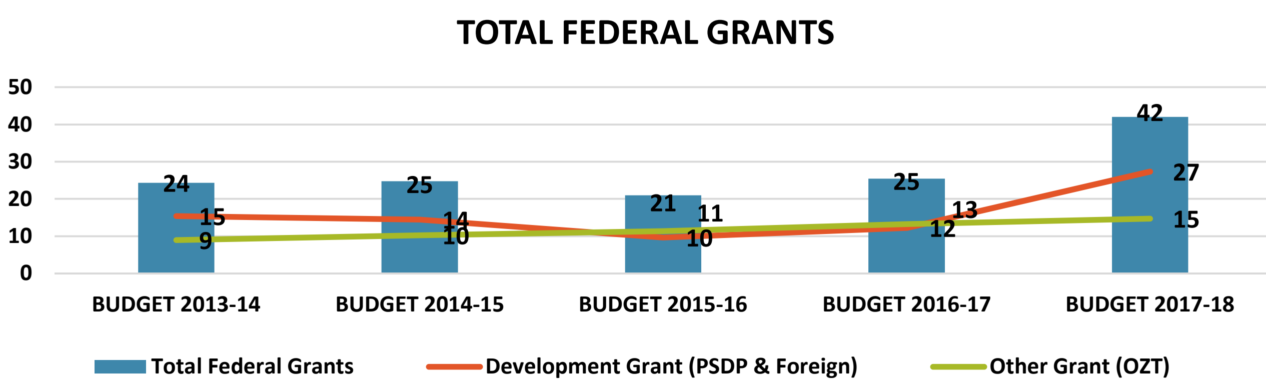


TABLE 2.14: FEDERAL GRANTS (RS. IN MILLION)

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL FEDERAL GRANTS	**29,553**	**25,446**	**18,843**	**42,043**
Development Grant (PSDP & Foreign)	16,913	12,188	5,926	27,326
Other Grant (OZT)	12,640	13,258	12,917	14,717

2.5. Foreign Project Assistance

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 2017-18 for Foreign Project Assistance are pitched at Rs. 40,741.7 million compared to Budget Estimates 2016-17 of Rs.28,800.0 million and RE 2016-17 of Rs.23,041.6 million.

TABLE 2.15: FOREIGN PROJECT ASSISTANCE (RS. IN MILLION)

Description	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL FOREIGN PROJECT ASSISTANCE	**28,800**	**23,042**	**42,742**
Sindh Cities Improvement Program	4,405	1,000	20
Sindh Roads Improvement Project	2,000	3,600	9,215
Construction of Nawabshah Sanghar Road	300	-	-
Sindh On-Farm Water Management Project	4,642	4,027	6,441
Sindh Agriculture Growth Project	2,004	1,333	2,199
Sindh Skill Development Project (SSDP)	691	-	-
Sindh Skill Development Project (STEVTA)	6	-	-
Sindh Barrages Improvement Project	1,780	1,632	2,496
Establishment of Children Hospital Sukkur	396	1,900	1,901
Support Project for Sustainable Development	80	80	70
Sindh Irrigated Agriculture Productivity	3,026	3,026	3,191
Sindh Nutrition Support Program	1,385	1,000	1,419
Karachi Neighborhood Improvement Project	-	-	2,970
Sindh Resilience Project	1,000	1,970	3,345
Enhancing Public Private Partnership	2,697	-	4,119
Upgrading Primary Schools into Elementary	136	525	381
Sustainable Livestock Development	128	193	154
Sustainable Land Desertification in Sindh	25	25	37
Sindh Basic Education Program	2,000	1,400	2,523
Municipal Services Delivery Program	1,500	1,000	1,800
Saaf Suthro Sindh Programme	410	100	300
Nutrition Sensitive Agriculture Project	185	227	161

2.6. Current Capital Receipts

The capital account relates to the capital revenues and spending such as receipts from the loans advanced earlier and the new loans raised. The CCRs of the province are mainly obtained from two sources:

- New loans obtained by the Provincial Government; and
- Recoveries of loans extended by the government to its subsidiaries / autonomous organization and government employees.

Provincial Government may receive these receipts either in Provincial Government's Account No I (Non Food Account) or Account No II (Food Account), depending on the nature of receipts. Broadly, receipts on account of new loans and recoveries of old loans go to Non Food Account, whereas receipts on account of state trading in food commodities are deposited in Account No II.

Table 2.16 Current Capital Receipts **(Rs. In Million)**

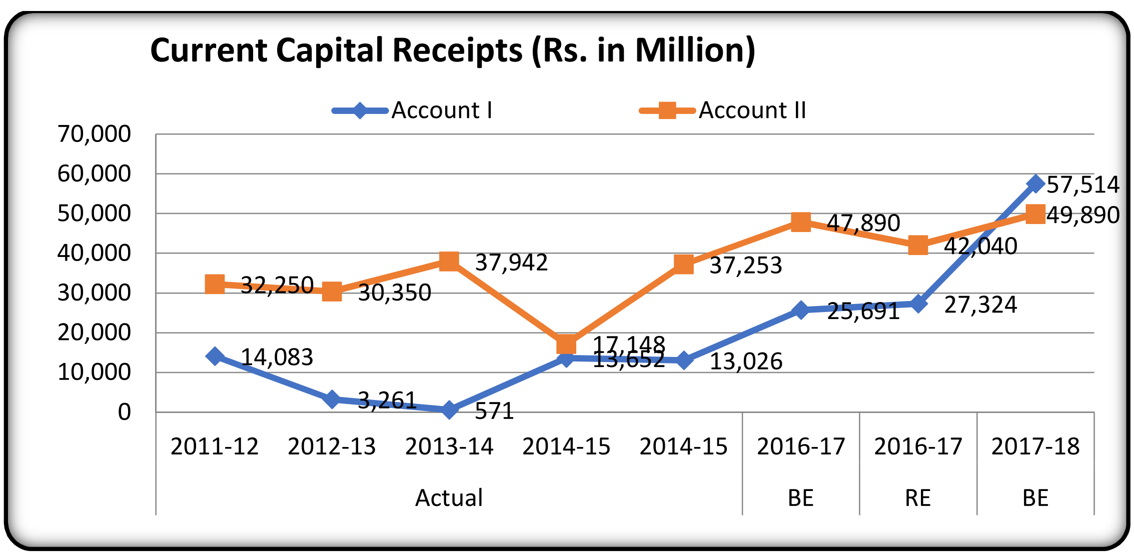
									Growth (%)		Ave (%)
Description	**Actual**					**BE**	**RE**	**BE**	**RE***	**BE****	**Actual*****
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2011-15**
Investment Receipts						105	0	0	-	-100.00	-
Recoveries of Loans and Advances									-	-	-
From District Government/TMAs						935	1,035	1,017	-	8.77	-
From Non-Financial Intuitions			540			650	650	650	-	0.00	-
From Financial Intuitions						20,000	20,000	46,500	-	-	-
From Government Servants	70	57	31	27	15	30	10	15	-33.33	-50.00	-31.96
From Private Sector (Cultivators)									-	-	
Subtotal	**70**	**57**	**571**	**27**	**15**	**21,615**	**21,695**	**48,182**	**-**	**314.83**	**-31.96**
Public Debt											
Domestic Debt (Permanent)		1,000							-	-	-
Floating Debt (Account No.I)									-	-	-
Foreign Debt (Permanent)	14,013	2,204	0	13,625	13,011	13,971	5,629	9,332	-56.74	**-33.20**	-1.84
Subtotal (A/C-I)	**14,083**	**3,261**	**571**	**13,652**	**13,026**	**25,691**	**27,324**	**57,514**	**109.77**	**123.87**	**-1.93**
Floating Debt-Account No.II	32,250	30,350	37,942	17,148	37,253	47,890	42,040	49,890	12.85	4.18	3.67
Current Capital Receipts	**46,333**	**33,611**	**38,513**	**30,800**	**50,279**	**73,581**	**69,364**	**107,404**	**37.96**	**45.97**	**2.06**
** * Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**											
** ** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**											
** *** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**											

Table 2.16 and Figure 2.11 illustrate the category-wise break up of the CCRs, followed by a brief explanation of each category. On average CCRs of the province have increased at 2.06% per annum over 2011-12 to 2015-16. Although such receipts for 2016-7 are expected to increase by 37.96% over actual receipts of 2015-16, these have been pitched at Rs. 107.44 billion in year 2017-18, which is an increase of 45.97% over BE 2016-17. Receipts on account of foreign debt (Account I) and floating debt for state trading (Account II) constitute over 55.1% of the CCRs. Greater estimated receipts from financial institutions and floating debt for state trading (Account-II) in 2017-18 as compared to BE 2016-17 explain the over all growth in the CCRs of the province for the next year.

Investment Receipt

Receipts under this head constitute a very small portion of the total CCRs and comprise mainly of the proceeds received from disinvestment of various state owned concerns where Sindh Government had invested its capital. Such concerns include Thatta Sugar Mill and Dadu Sugar Mill. As the disinvestment of these mills is under process, every year Sindh Government estimates some receipts, expecting completion of the process. However, due to non-completion of privatization process these estimates are revised towards the end of the year to show nil recovery. Accordingly, Government of Sindh expects Rs. 105 million on account of disinvestment of these Mills, this year.

FIGURE 2.61: FEDERAL GRANTS



Recoveries of Loan & Advances

Government of Sindh extends loans to its employees, DGs, autonomous bodies, financial and non-financial institutions and private sector, from time to time. The recovery of principal amount of loans and advances on this account is reflected in this section. Loans advanced to autonomous bodies such as Karachi Water & Sewerage Board (KWSB), Hyderabad Development Authority (HDA), and defunct Karachi Metropolitan Corporation (KMC), are included in this head. Sindh Government expects to recover Rs. 4,818 million in 2017-18 under this head, against the revised estimates of Rs. 2,169 million in 2016-17. The actual receipts from LG institutions and other autonomous organizations have remained negligible in the past, primarily due to their fragile financial position and large budgetary deficits. However, in view of their improving financial health in the recent years, the Provincial Cabinet has directed to make at source deductions from LGs, like the Federal Government does to the Provincial Governments, to ensure recoveries of such outstanding receipts.

Public Debt

Public Debt of the Provincial Government is of two types:

- Domestic Debt (permanent debt, floating debt and unfunded debt); and
- Foreign Currency Debt (long, medium and short term).

A detailed review and analysis about Debt and Contingent Liability of the Provincial Government can be found in Chapter 4. The basic concepts of various categories of Public Debt, review and analysis of the CCRs are as follows:

Domestic Debt (Permanent)

This type of debt is extended by Federal Government every year since 1970s, on account of Normal and SCARP CDLs. In case of former the amount is given to Government of Sindh while in the latter Federal Government directly remits it to WAPDA for execution of the project. The Federal Government communicates the loan amount to Government of Sindh in the revised estimates. For next year the loan figures will be communicated by the Federal Government in the revised estimates of the same year. There are no receipts for three years (2013-14 to 2015-16) on account of Normal CDLs because the Federal Government has discontinued for extending these loans to Sindh Government since 1998-99.

Floating Debt (Account I)

Floating Debt is a short term borrowing extended by such loans is received from State Bank of Pakistan to Government of Sindh to meet its cash shortages, if any, in day to day business. This type of debt is popularly known as SBP's Overdraft. The cash balance position of the province has remained stable for last few years. The Ways & Means Advance to the Sindh Government were increased to Rs.15.0 billion. According to agreement with SBP the Sindh Government will pay the interest/mark up on the outstanding amount of current account as calculated by the Bank at a rate equivalent to the quarterly average rate of six months Market Treasury Bills (MTBs). If the Current Account of the Sindh Government might have exceeded the agreed Ways & Means Advance Limit. In such case, the SBP shall charge the additional markup/interest on the excess amount at the rate of 4% over and above the quarterly average rate of six months' of Monthly Treasury Bills (MTBs).

Foreign Debt (Permanent)

Foreign debt is the second highest component of the CCRs and has been pitched at Rs. 9.332 billion for the FY 2017-18. Permanent foreign debt is received for budgetary support loans or from various donor agencies such as World Bank, Asian Development Bank, Japan International Cooperation Agency and European Commission etc. The donors extend loans on account of various programs like Sindh Education Sector Reforms Program (SESRP) and Sindh Basic Education Program etc.

Floating Debt (Food Account No- II)

The amount of floating debt (Account No II) has been pitched at Rs. 49.89 billion for the FY2017-18. This type of debt is being exclusively maintained for transactions on account of State Trading in food commodities by the Food Department, Government of Sindh. Account - II (Food) is maintained with State Bank of Pakistan on a similar pattern of Account No I (Non-Food) of the Government of Sindh. The Provincial Government obtains loans from commercial banks under counter-finance arrangement with the SBP for financing operation of State Trading in food grains (wheat procurement). Once the procured wheat is released from public godowns, the sale proceeds are directly deposited in Account No II to retire the loan taken from the consortium of banks.

TABLE 2.14: CURRENT CAPITAL RECEIPT **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL CURRENT CAPITAL RECEIPT	**19,454**	**64,491**	**50,364**	**100,256**
Loan & Advances				
Recoveries of Investment	-	105	-	-
District Governments/TMAs/Local Bodies	-	935	1,035	1,017
Financial Institutions	-	20,000	20,000	46,500
Non-Financial Institutions	-	650	650	650
Government Servants	15	30	10	15
Debt				
Domestic Debt	13,011	13,971	5,627	9,332
Foreign Debt	6,428	28,800	23,041	42,741

Loan & Advances

In this category Rs. 1,682.0 million are estimated to be received during FY 2017-18. The recoveries of loans and advances include an amount of Rs. 1,017 million which will be recovered from District Government/Municipal Corporations and rest will be recovered from different non-financial institutions and Government Servants.

Foreign & Domestic Debt

Domestic and foreign loans borrowed directly or through the Federal Government comprise the permanent debt of the provincial government. The B.E. 2017-18 for the permanent debt (foreign) has been estimated at Rs. 52,073.0 million against the B.E. 2016-17 of Rs. 42,771.0 million. The Government would receive 9,332.0 billion of budgetary support loans under Sindh Education Development Policy Credit, Sindh Growth and Rural Revitalization Program (SGRAP), Sindh Global Partnership for Education SGPE, Sindh Public Sector Management Reform Project, European Union Grant (Sindh Education Sector Support Programme) SESSP-II. Another 42,741.0 billion.

State Trading (food)

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 2016-17 of 'Recoveries of Investment-State Trading Schemes' was Rs.29,040.0 million compared to BE 2016-17 of Rs. 44,890.0 million on account of decrease sale of targeted sale of wheat during the financial year. Moreover, the recoveries from Sale of Wheat for the FY 2017-18 are estimated at Rs. 39,784.0 million.

FIGURE 2.12: CURRENT CAPITAL RECEIPT

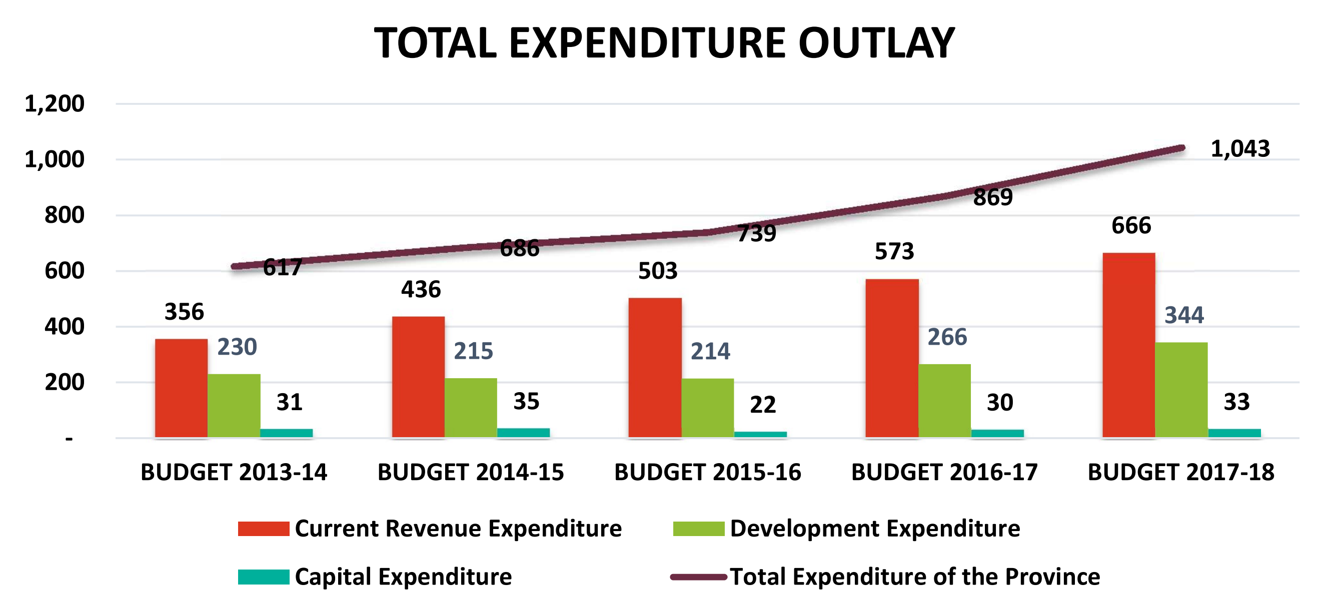
Expenditure of the Province

The term "Expenditure" includes money spent by the Government on public service delivery and investments. The Estimates of Expenditure present the provincial budget in a simple and lucid manner, highlighting its salient features and making it easy for a common man to understand. A main objective of the Government is to consolidate its assets and leverage them to gain efficiencies. Enhanced allocations are 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 future, the basic challenge for Sindh'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 C.F.Y Budget 2017-18 of the Sindh Government has a total outlay of Rs.1,043.185 billion. The budget includes current expenditure of Rs.666.5 billion and development expenditure of Rs.274.0 billion. The Annual Development Programme is 26.27% of the total budget outlay for FY 2017-18 and has witnessed a growth of 17.88% over the last financial year.

FIGURE 7: EXPENDITURE OUTLAY



3. Sectoral Allocation 2017-18

Education

Thus the People's Government has allocated the highest percentage of resources towards education in the year 2017-18. It will see an increase of 24% over allocation of current financial year. Critics may say that increase in allocation is because of the salary component. The increase in non-salary allocation of education sector is much higher and has been increasing over the years. For the next financial year the budget for education is being increased to PKR 202.2 billion from PKR 163.12 billion. Grants for universities and education institutions have been kept at PKR 5 billion.

During the current financial year PKR 17.230 billion was allocated for ADP of education sector. 48 important development schemes have been completed during the CFY including:

- For better and well-coordinated administration of the sector, Education Department has been bifurcated. It was expedient to simplify the administrative structure both for improvement of education and for ease of employees.
- 150 school buildings for shelter-less schools constructed.
- 50 buildings constructed to upgrade existing primary schools to middle schools.
- 275 buildings of primary. Elementary, secondary and higher secondary schools renovated/rehabilitated.
- Cadet College, Gadap has been completed at a cost of PKR 1.5 billion. Additional infrastructure facilities have been provided at Cadet College, Petaro and Cadet College, Sanghar.
- 23 school buildings have been completed in District Sukkur and Khairpur under USAID funded Sindh Basic Education Programme. 50 schemes will be completed during next financial year.
- 10,000 youths have been trained in approved trades by Benazir Bhutto Shaheed Human Resource Research and Development Board.
- 39 institutions were rehabilitated/renovated by STEVTA to improve capacity and efficiency through World Bank assisted Sindh Skill Development Project.

Through the Current Revenue side following achievements were made:

- Through fair and transparent process 23 higher secondary schools have been outsourced to reputed private organizations under PPP Mode.

- Text Books worth PKR 2 billion have been provided to students free of cost.
- To encourage female participation an amount of PKR 1.5 billion has been spent on stipends.
- Funds of PKR 1 billion meant for School Management Committees were released and utilized.
- PKR 2 billion has been spent on School Infrastructure Development.
- School Consolidation grant of PKR 1.17 billion was provided during CFY for provision of missing and additional facilities.

Following major interventions are expected to complete during next financial year:

- Shaheed Benazir Bhutto University of Veterinary and Animal Sciences Sakrand, at Shaheed Benazirabad at a cost of PKR 1.1 billion.
- Quaid-e-Awam University of Engineering Science & Technology, Constituent College/ Campus at Larkana at a cost of PKR 2.6 billion.
- Development of Department of Food Engineering and ancillary Infrastructure at NED University of Engineering and Technology, Karachi.

For next financial year, following important schemes will be rolled out:

- Rehabilitation of Existing Infrastructure and Development of Basic Facilities at the University of Sindh Jamshoro at a cost of PKR 151 million.
- PKR 120 million have been allocated for Strengthening of Key Science Laboratories in Government High Schools at Taluka Level across the Province.
- Strengthening of Infrastructure Phase-I (Replacement of Water &Sewerage Networks) at University of Karachi at a cost of PKR 129 million.
- PKR 131 million for development of Dawood University of Engineering& Technology (DUET) Karachi.

Government of Sindh has been providing monetary support to the Sindh Education Foundation. For next year it intends to provide Sindh Education Foundation PKR 8.08 billion, an increase of 7% over allocation of current financial year. Also, during next financial year construction of Sindh Education Foundation Complex will start at a cost of PKR 145 million.

An amount of PKR 1 billion has been kept for free registration and board examinations at all levels of education for students for public sector institutions. This intervention will serve as an incentive for students to appear in board exams and it will also improve the enrolment in public sector institutions.

From the next financial year, a reward system is being introduced whereby PKR 100,000/- will be given to each student who is able to secure A-1 in Intermediate and Matriculation exams. PKR 750 million have been earmarked for the said purpose in the next financial year.

Health

Health remains a priority sector and resource allocation for the sector keeps on expanding. For the next financial year, an allocation of PKR 100.32 billion is proposed as against an allocation of PKR 79.88 billion during current financial year. The ADP of health is pitched at PKR 15.50 billion compared to allocation of PKR 14 billion for Current Financial Year. The next financial year will witness an increase of 26% in total allocation for Health Sector.

- Sindh Immunization Support Program is PKR 8.09 billion intervention and it will revolutionize the vaccination and inoculation process making our future generations healthier.
- An important PKR 2.4 billion supplementary budgetary allocation was made to protect the Lady Health Workers Program.
- The expansion of Lady Health Workers Program at a cost of PKR 982.31 million. The planned expansion will spread the program in hitherto uncovered areas with deployment of more than 2100 LHWs.
- Number of Community Midwives increased from 1697 to 2300 improving the availability of skilled birth attendants at harder to reach areas.
- Training imparted to 292 male and female medical officers IMNCI (Integrated Management of Newborn and Child Illness), ENC (Essential Newborn Care), HBB (Helping Baby Breathing).
- Government of Sindh has taken major initiative by launching Multi-Sectoral Accelerated Action Plan for Reduction of Stunting and Malnutrition namely 'Sehatmand Sindh'. PKR 2.4 billion are allocated for fast track this program which aimed to reduce stunting rate from existing 48% to 30% in next five years.
- PKR 600 million utilized on operationalization of Jacobabad Institute of Medical Sciences (JIMS). JIMS is a 'great leap forward' in the health sector of Sindh for it has provided with a state-of-art facility in people living in far flung areas not only of Sindh but also of Punjab and Balochistan.
- Provision and installation of Cyclotron at JPMC at cost Rs. 197.00 million through outside budget grant.

- Provision of Robotic Surgery facility to SIUT through outside budget grant of Rs. 250.00 million.
- Provision and installation of Cyclotron for Cancer patients at SIUT Mehrunisa Hospital, Korangi at cost Rs. 400.00 million.
- Operationalization of Shaheed Benazir Bhutto Accident Emergency & Ancillary Services Complex at Civil Hospital Karachi is the multi-disciplinary complex of its kind in the province. It will work as Trauma center of excellence and a tertiary care facility for the entire province.
- Execution of Pediatric Institute of Heart Diseases at NICVD Karachi began at cost of Rs. 1741.162 million.
- Operationalization of Children Hospital at North Karachi (Funded through JICA Grant) at a cost of PKR 1.6 billion through performance based public private partnership arrangement.
- Considering the performance and efficiency of NICVD, the grant for NICVD has been increased from PKR 1.8 billion to PKR 4 billion for next financial year. An additional amount of PKR 380 million is kept for PCI program for poor patients. Also, a grant of PKR 695 million each will be provided for satellite centers of NICVD at Larkana and Tando Muhammad Khan.
- The Mobile Health Care units are providing free of cost medical services to people in remote and far-flung areas of Sindh. the services provided by these units include complete diagnostic and treatment facilities, laboratory test facilities, x-ray and ultrasound facility, nebulization and pulmonary functions facility, emergency cardiac treatment, minor general and gynecological surgeries etc. PKR 375 million are kept for Mobile Health Care Units for next financial year

Building on successes and as a continuation of policies GoS has a detailed roadmap for expanding health sector. For the next financial year, it plans to unfold the following interventions:

- 25000 new posts will be created at different levels of health management.
- Grant for SIUT, Karachi has been increased from PKR 4 billion to PKR 4.5 billion.
- Grant of Indus Hospital Karachi has been doubled from PKR 500 million to PKR 1 billion.
- PKR 690.14 million for strengthening and expanding the Extended Program for Immunization (EPI), 2118 additional posts of vaccinators have been created. Also, 300 new Solar ILR Refrigerators will be provided in far flung areas of Sindh to enhance the outreach of program.
- Automation of Sindh Health Department at a cost of PKR 280 million.

- Hospital Waste Management Program will be launched in all major hospitals of Sindh at a cost of PKR 75 million.
- PKR 200 million for up gradation of THQ hospital at Sujawal to DHQ.
- Provision of Mammographic Machines to all Tertiary Care Facilities.
- Establishment of 200 Bedded Hospital & Operation Theatre at GMM Medical College, Sukkur at a cost of PKR 150 million.
- Establishment of Cancer Ward at Civil Hospital Mirpurkhas.
- Construction of Cancer Ward at NIMRA, Jamshoro at a cost of PKR 107 million.
- Establishment of Health Management Information System (HMIS) in hospitals of Sindh Province at a cost of PKR 400 million.
- Establishment of 30 Bedded Pediatrics Intensive Care Unit at Liaquat university Hospital, Hyderabad at a cost of PKR 50 million.
- PKR 62 million for Up gradation of Shaheed Mohtarma Benazir Bhutto Maternity Home into 50 bedded hospital at Gulshan-e-Hadeed, Malir.
- Strengthening & Improvement of 50 Bedded Hospital at Surjani, Karachi.
- Strengthening of monitoring and surveillance of Health system at a cost of PKR 56 million.
- Hepatitis Control Sentinel Sites increased shall be increased from 63 to 73.
- About 550,000 School going Children, 400,000 General Populations, 75,000 High Risk Population & High Risk Groups, 25,000 Jail-inmates and 2500 Hemophilic patients vaccinated against HBV

Law and Order

In terms of resource allocation, the share of Home Department – including police, jails, rangers and other LEAs – is the second largest. Budgetary allocation for next financial is proposed at PKR 92.91 billion which reflects an increase of 10% over allocation of PKR 84.26 billion during current financial year. In this context, the major initiatives taken by the GoS are as under:

- PKR 1000 million has been disbursed as compensation amongst the families of Shaheeds and injured personnel of security forces.
- Pakistan Army has imparted training to 3000 newly recruited police. PKR 300 million has been utilized for the purpose.

- 18,163 police personnel have been recruited through NTS. NTS is designed to ensure transparency and meritocracy.
- The remunerations of staff performing duties at training institutions have been enhanced to make training assignments more lucrative.
- 12 facilitation centers are being established at Divisional level. These centers will assist a common man for issuance of character certificates, reporting of loss of valuable items, reporting of complaints, reporting on missing children, domestic violence, vehicle theft etc.
- PKR 2 billion were provided to Sindh Police for purchase of new vehicles including 494 police mobiles and 351 motorcycles.
- Sindh Rangers was provided PKR 175 million for purchase of new vehicles.
- For the next financial year 2017-18, following initiatives are being taken:
- Total of 10000 new posts of different ranks are proposed for Sindh Police.
- PKR 2 billion for purchase of transport for Sindh Police.
- Forensic Lab at an estimated cost of PKR 2.6 billion is being constructed to provide Sindh Police state of the art center to investigate and solve complex crimes.
- Establishment of Intelligence School and Data Center for Sindh Police at a cost of PKR 280 million.
- Reception rooms will be established in all police stations of Sindh. Reception rooms are designed to portray a softer image of Police.
- 3000 posts are proposed for security of CPEC related projects.
- The capacity of Special Security Unit (SSU) is proposed to be enhanced by inducting 1000 personnel.
- PKR 2 billion are proposed for procurement of security related equipment including hi-tech precision arsenal.
- A feasibility study of PKR 200 million will be carried out for installation of security cameras in major cities of the province.

For next financial year budget of prisons is being enhanced to PKR 4 billion. This reflects an increase of 19% over the allocation for this financial year. PKR 195 million are earmarked for installation of CCTV cameras in various prisons of Sindh.

Energy

The major achievements in energy sector during the Current Financial Year are:

- 100 MW Sindh Nooriabad Power Company has been established through Public Private Partnership.
- Sindh Transmission & Dispatch Company has been established. This is the 1st ever transmission line established by any provincial government. 132 KV Double Circuit from Nooriabad to Karachi has been successfully laid at a cost of PKR 1.95 billion to supply 100 MW to K-Electric.
- As per agreement with HESCO and SEPCO outstanding liabilities amounting to PKR 27.4 billion have been cleared.
- Outstanding liabilities of Karachi Electric of PKR 13 billion have been cleared with intention to mitigate load-shedding and enhance production capacity.
- Through strenuous efforts of the Government, long-awaited dream of Keti Bandar port and Power Park has been included in CPEC. Detailed bankable feasibility is underway.
- Current monthly average billing of PKR 1.1 billion are being disbursed regularly amongst DISCOs.
- 477 MW of Wind Power has been added to the national grid during CFY. Total installed capacity of wind power projects now stands at 785 MW. It will be enhanced to 1085 MW in next financial year.
- Energy Department is in process of finalizing Sindh Power Policy. The policy will unfold futuristic plan to cater for energy needs of Sindh.
- 6907 villages were electrified within two DISCOs (HESCO & SEPCO) and K-Electric through provincial funding of Rs.8479.084 million. Electrification of 1170 villages is under progress through provincial funds of Rs.5994.346 million.
- Government of Sindh has acquired 2.5% working interest in six (06) exploration blocks in Sindh under Petroleum (Exploration & Production) Policy 2012 through Sindh Energy Holding Company (SEHCL). These blocks are Armala, Ranipur, Zorgarh, Malir, Shahbandar and Khipro East, operated by OGDCL & PPL.
- As of May, 2017, a total of 813 villages have been gasified by SSGCL through GoS funding.
- Sindh Assembly has adopted a bill to affect the collection of Electricity Duty from the consumers of DISCOs directly into the account of Sindh Government.
- Annual recovery of Electricity Duty from Non-Licensee (Private Power Producers) is Rs.55.261 million.
- Annual recovery of various categories of fees is Rs.19.75 million.

- Creating Qualified Human Resource in the electrical field i.e. (Electrical Supervisors & Wireman) through Electric Inspectorates for employment in public & private sectors.
- Established Sindh Oil & Gas Development Company Pvt. Ltd.
- Established Sindh Energy Holding Company Limited
- Established Sindh Lakhra Coal Development Company Ltd.

Thar Coal estimated to be around 175 billion tonnes; one of the largest Lignite deposit in the world. Thar Coal resources have an estimated potential of generating 100,000 MW of electricity for a period of 300 years. Thar coal is the real game changer in Pakistan's Energy scenario and is key to achieving Energy Security. Government of Sindh also ensures that social safeguards are in place for communities and citizens impacted by coal and related development. Government has established a predictable and enforceable legal and regulatory framework to support sector operations.

Thar coal project at Block-II of Thar Coalfield is on schedule and the Sindh Engro Coal Mining Company (SECMC) has removed 35% over burden from the coal mine. The company is now working to expand the coal mine to 22 MTPA and generate 2600 MW by the year 2021. To support Thar coal infrastructure, a new four lane bridge over river Indus has been completed in a record period of 18 months near Thatta-Sujawal. Some major initiatives that are near completion, in Thar region, are:

- PKR 16.5 billion for development of road network for movement of heavy machinery from Thatta to Thar Coalfields.
- PKR 6.7 billion effluent and mine water disposal system will be completed shortly
- PKR 845.59 for providing water to power plants at Thar from LBOD
- Construction of airport at Islamkot at a cost of PKR 1.5 billion

In the alternate energy following milestones have been achieved:

- A project approved by the competent forum for electrification of schools and homes through Solar Photovoltaic technology, is under execution stage.
- Issued 35 Letter of Intent (LOIs) for wind power plants for 2685 MW power generation under IPP mode.
- Issued 24 Letter of Intent (LOIs) for solar power plants for 1500 MW power generation under IPP mode.
- Issued 02 Letter of Intent (LOIs) for 24MW run of the river power generation projects.
- Got allocated 18251 acres of land to 18 wind power projects and 15 solar power projects 33 renewable energy power projects in Renewable Energy Parks of Sindh.

For next year targets for alternate energy are:

- Electrification of 285 Primary Health Facilities situated at Tharparkar, Shaheed Benzairabad, Umerkot, Sanghar, Kashmore and Kambar districts through 352 Solar Photovoltaic schemes at a cost of PKR 454 Million.
- Provision of 213 domestic biogas plants to potential users at Mirpurkhas, Badin, Sanghar and rural areas of Karachi division.
- PKR 13 billion World Bank Funded 'Sindh Renewable Energy Development Project' will be rolled out during next financial year. The share of Government of Sindh in the project is PKR 2.6 billion. Through the project programs of Off-Grid Village Electrification, Urban Rooftop PV and Solar PV Demonstration power Plant will be established. PKR 500 Million will be provided for this project during next financial year.

For the next financial year a provision of PKR 15 billion has been kept for clearance of electricity dues of K-Electric, HESCO and SEPCO.

Road Infrastructure

During the current financial year, 519 km in being planned to add to road network and to improve 540 km of existing roads. For the next financial year ADP allocation for road sector has been increased to PKR 25.77 billion from PKR 13.54 billion. An amount of PKR 5 billion is kept for maintenance of road infrastructure.

Major road sector schemes that have been completed during CFY are:

- PKR 2.36 billion reconditioning of road from Shaheed Benazirabad to Sanghar. This important segment of road will have a positive bearing on rural economy of the area.
- PKR 2.13 billion widening and reconditioning of 12 km Dual Carriageway Road from Quaidabad to Steel Mill.
- PKR 855.47 million for rehabilitation of 13 km dual carriageway from Steel Mill to Ghaghar Phatak.
- Construction of overhead bridge on Railway line near Sabzi Mandi, Shaheed Benazirabad at a cost of PKR 252.9 million

41 important road sectors schemes have been prioritized to completed by December 2017, including:

- Widening and reconditioning of 70 km of Hala – Shahdadpur – Sanghar road at the cost PKR 700 million.

- Widening and reconditioning of 25 km of Karachi – Thatta – Hyderabad road at a cost of PKR 1613 million.
- 30 km Saeedabad to Shaheed Benazirabad road at a cost PKR 1844 million.
- PKR 612 million improvement of Tando Muhammad Khan – Mulla Katiyar road.
- Widening and reconditioning of 29 km Tando Allahyar and Tando Adam Road at a cost of PKR 728 million.
- PKR 527 million up gradation of 24 km Larkana – Meero Khan road.
- Improvement of 38 km Mataro Ganhwar to Kharwah road at a cost of PKR 357 million.

Through Public-Private Partnerships GoS has been able to develop modern road infrastructure including:

- Jhirk Mulla Katiyar Bridge – This important river Indus crossing will considerably increase the economic potential of the area.
- Karachi-Thatta Dual Carriageway is another important intervention of Rs. 8.85 billion that will not only ease the traffic of Karachi City but it will also add to the importance of Thatta.
- Kandhkot - Ghotki Bridge – this important bridge will connect two important areas of northern Sindh. It is a PKR 10 Billion initiative and will be rolled out during next financial year.
- M9-N5 Link Road – this 20 km proposed project will connect the Karachi Hyderabad Superhighway to Karachi Thatta National Highway.
- Hyderabad-Tando Muhammad Khan Road – this PKR 5 billion project has been rolled out and work on project will start during next financial year.

Government of Sindh with be the assistance of Asian Development Bank has conceived 'Sindh Provincial Road Improvement Project' for construction/improvement of 328 km of following inter district roads connecting with National/Provincial Highways.

- 44 km road from Thull to Kandhkot
- 36 km road from Sheranpur to RatoDero
- 64 km road from Khyber to Sanghar
- 63 km road from Sanghar to Mirpurkhas

Under the project roads will be strategically developed to provide maximum financial opportunity to adjoining areas.

Local Government & Transport

During the current financial year PKR 60 billion are earmarked for local councils in Sindh. For the next financial year an allocation of PKR 71 billion including PKR 5 billion is being proposed for development schemes to be undertaken by Local Councils of Sindh. The distribution mechanism amongst local councils of Sindh is to be determined by the Provincial Finance Commission which has started its deliberation on a resource sharing formula.

At present, the collection of PKR 2 billion in lieu Urban Immovable Property Tax is dismally low and has a huge potential. Its devolution will increase the tax net while providing considerable increase in resources of local councils.

Two districts of Karachi have been contracted out for collection and disposal of Solid Waste at a cost of PKR 1.25 billion. This intervention has not only provided people of Karachi with much needed cleanliness but also newer job opportunities and inflow of capital in form of investment. The experience will be replicated in other parts of Sindh. PKR 5.5 billion has been allocated for Sindh Solid Waste Management Board which is in addition to PKR 71 billion earmarked for Local Councils.

The Development Portfolio of Local Government Department for current financial year was PKR 20.73 billion for 422 development schemes. Out of the total allocation, PKR 16.271 Billion was the allocation against 409 (230 On-going + 179 New) Schemes of Local Government wing. PKR 2.0 Billion for New Scheme for Improvement of Major Cities and Towns, PKR 2.460 Billion for 12 Schemes of Solid Waste Management have been allocated. For next financial year, PKR 28.78 billion have been embarked for 411 development schemes of Local Government Department.

Greater Karachi Water Supply Project (K-IV) and Greater Karachi Sewerage Project (S-III) are extremely important projects for development of Karachi. The Federal Government has committed PKR 9.95 billion for the project, Government of Sindh will provide PKR 6.4 billion for timely completion of the project. Similarly, for S-III an amount of PKR 1.5 billion has been allocated.

During the current financial year, following major schemes in Karachi will be completed:

- Widening of bridge at ShafiqMor, Shah Waliullah Road at a cost PKR 140 million.
- Construction of underpass at Golimar Intersection at Nazimabad No. 1 at PKR 450 million.
- Rehabilitation/Construction of Major Roads of Karachi Metropolitan Corporation at a cost of PKR 197 million.
- Construction of University Road from Hasan Square to NIPA at a cost of PKR 770 million.

- Rehabilitation and Reconstruction of Tariq Road from Shaheed-e-Millat at Shahrah-e-Quaideen at PKR 550 million.
- Reconstruction/Rehabilitation of road from Surjani to Madinatul Hikmat, Karachi at a cost of PKR 750 million.
- Construction of Hub River Road from Sher Shah Bridge to Murshid Hospital at a cost of PKR 500 million.
- Remodeling of Baloch Colony Flyover and Construction of Road at a cost of PKR 120 million.
- Construction of Manzil Pump Flyover at a cost of PKR 600 million.

During the next financial year following major schemes will be completed:

- Construction of University Road from NED University to Safoora Chowk at a cost of PKR 770 million.
- Reconstruction/Rehabilitation of Mosamiyat Road from Madras Chowk to Super Highway at a cost PKR 200 million.
- Widening of Shahrah-e-Faisal on both sides from Metropole to Star Gate at a cost of PKR 850 million.
- Construction of Underpass at Submarine Chowrangi at a cost of PKR 500 million.

In the next financial following schemes will be taken up:

- World Bank funded Karachi Neighborhood Improvement Project will be rolled out during next financial year. Through this PKR 10.5 billion project infrastructure will developed in old city area of District South, parts of District Malir and District Korangi.
- PKR 1.2 billion for construction of 24 Feet wide road at either sides of Gujjar Nala.
- Construction of new 1000 MDG pump house at Dhabeji at a cost of PKR 1.6 billion.
- Supply of 65 MDG additional water from Haleji Lake to Karachi.
- PKR 1.4 billion for 'Establishment of Five Combined Effluent Treatment Plant (CETP)for Industrial areas of Karachi'
- PKR 500 million for establishment of new land fill site for Karachi at Dhabeji.
- PKR 1.5 billion for Construction of Bridge at Tipu Sultan and Khalid Bin Waleed intersection at Shaheed-e-Millat Road.
- Construction and remodeling of 12000 Road Landhi, Korangi at a cost of PKR 1.5 billion.

To promote ease of doing business the Development Management Committees will carry out development and rehabilitation of infrastructure of Industrial Areas of Karachi. PKR 1.65 billion have been provided. For next financial year, these Committees will be replicated over other Industrial areas of Sindh.

Hyderabad Division consists of Hyderabad, Tando Allahyar, Tando Muhammad Khan, Thatta, Sujawal, Matiari, Badin, Dadu and Jamshoro. PKR 37.13 billion have been allocated for development of Hyderabad Division. During the current financial year following important schemes have been completed in Hyderabad Division:

- Improvement & Extension of Water Supply scheme in Badin at a cost of PKR 478 million.
- Improvement & Extension of drainage in Badin at a cost of PKR 263 million.
- Urban Water Supply scheme at BhanSaeedabad, Jamshoro at a cost of PKR 144 million.

For next financial year, following important schemes that will be initiated:

- Up gradation of Sewerage System of Qasimabad, Hyderabad. Phase II will be completed at a cost of PKR 1.2 billion during next financial year and Phase III of PKR 1.9 billion will be launched.
- Construction of New 100 MGD water filter plant for Hyderabad at cost of PKR 1.3 billion.
- Establishment of three (03) Garbage Transfer Stations in Hyderabad at a cost of PKR 226 million.
- Widening and reconditioning of 38 km road from Tando Allahyar Bypass to Jhando Mari at a cost of PKR 183 million.
- Dualization of 24 km Tando Allahyar Bye Pass Road at a cost of PKR 275 million.
- Establishment of 30 Bedded Pediatric Intensive Care Unit at Liaquat University Hospital, Hyderabad at a cost of PKR 50 million.
- PKR 50 million for Remaining Work of Waste Water Stabilization Treatment Ponds at Qasimabad, Hyderabad.
- Improvement & Extension of Drainage System along with water supply Lines for Kotri City at a cost of PKR 50 million.
- Widening and Reconditioning of 32 km road from Badin Seerani to Bhugra Memon at a cost of PKR 125 million.

The four districts of Mirpurkhas Division i.e. Mirpurkhas, Tharparkar and Umerkot will be provided PKR 18.72 billion through ADP. The division remained a high priority area in recent years because of drought like situation and Thar Coal Fields. Some of important schemes that will be initiated during next financial year are:

- Construction of Dams / Reservoirs of Rainy Water in Natural Flows of Hills in Taluka Nagarparkar at a cost of PKR 50 million.
- Construction of Mirch Mandi at Kunri at a cost of PKR 55 million.
- Construction of 06 No. Village Road Bridges along DPOD, KPOD and LBOD Spinal Drain along Dhoro-Purean at a cost of PKR 100 million.
- C.C. Lining of Naukot Branch Canal System and Akuto Distry of Mithrao Division at a cost of PKR 100 million.

Shaheed Benazirabad Division consists of Shaheed Benazirabad, Sanghar and Naushero Feroze. For the next financial year ADP for the Division is pitched at PKR 15.59 billion. Following new important schemes will be taken up during next financial year:

- PKR 100 million for Integrated Municipal Solid Waste Management Project Nawabshah.
- Improvement of road from Nawabshah to Buchery Chowdagi at a cost of PKR 98 million.
- Construction of road from Malook Shar-Sachal Khaskheli to Choondiko-Sanghar at a cost of PKR 86 million.
- PKR 120 million for provision of sewerage and water supply lines in PS 24, Nawabshah.
- PKR 78 million for Improvement & Extension of Drainage Scheme, Khipro.
- Up gradation of RHC to THQ at a cost of 62 million, Kazi Ahmed.
- Up gradation of RHCs to the level of THQ Hospitals at Bhirya, Mehrabpur and Kandiaro at a combined cost of PKR 187 million.

Larkana Division consists of districts Larkana, Kamber-Shahdadkot, Jacobabad, Shikarpur and Kashmore. PKR 18.15 billion have been allocated for development works in Larkana Division:

- PKR 1.4 billion for Larkana Drainage Scheme. Through the project effluent and other hazardous liquid will be treated and released in fresh water bodies thus protecting the contamination of precious water reserves.
- PKR 506 million for Shikarpur Drainage Scheme.
- Under MSDP physical works for Water Supply, Sanitation and Solid Waste Management will be completed in Jacobabad City.
- 15 km improvement of road from Kamber to Dost Ali at a cost of PKR 83 million.
- 20 km Improvement of road from Jumo Agham to Wassayo Bhutto at a cost of PKR 52 million.

- Widening and reconditioning of 24 km Jacobabad Dodapur Garhi Khairo road at a cost of 251 million
- Improvement and Extension of Water Supply Scheme, Kandhkot at a cost of PKR 75 million.
- PKR 75 million for improvement and extension of Water Supply Scheme, Warah.
- PKR 62 million for Construction of B-Tech Section at Government College of Technology, Larkana.
- Construction of Staff Nursing Hostel, new Operation Theatre (eye)and strengthening of Trauma Centre at CMCH, Larkana at a cost of PKR 50 million

Sukkur Division comprises of three districts Sukkur, Ghotki and Khairpur. For next financial year PKR 14.52 billion has been earmarked for development schemes in Sukkur Division. Some of the important schemes that I would like to highlight are:

- PKR 222 million for Up gradation of Government College of Technology into University of Technology & Skill Development at Khairpur.
- 35 km Reconditioning & Construction of road from New Indus Highway Bridge at Razidero to Khan Wahan at a cost of PKR 83 million.
- Provision for missing facilities in Burns Unit at Khairpur Medical College Hospital Khairpur at a cost of PKR 50 million.
- Construction of Treasury Office at Sukkur at a cost of PKR 100 million.
- PKR 100 million for Provision of Cath. Lab at Khairpur Medical College Hospital.
- Additional Lining of Watercourses falling in jurisdiction of Pano Akil, Sukkur at a cost of PKR 81 million.

Transport

The rehabilitation of Karachi Circular Railway has been included in the CPEC at an investment cost of USD 2.4 billion. For next year, PKR 241 million has been allocated for Construction of Boundary Fencing along the Existing Alignment of the Karachi Circular Railway.

The Federal Government is extending its support for construction of Green Line BRTS but GoS expects that Government of Pakistan may revisit its commitment for development of Karachi City. Following are GoS plans for the next financial year:

- For Green Line BRTS Bus operation and fare collection 'integrated intelligent ticketing system' will be outsourced through Public Private Partnership.
- Orange Line BRTS will be completed by September 2017.

- 22 km Asian Development Bank assisted Red Line BRTS project in in the design phase.
- Yellow Line BRTS is a rolled-out project, China Urban Import and Export Corporation has secured the bid. Hopefully the work will commence on this 26-km line during next financial year.
- 2 year 'Transport Leasing Project' has been initiated with PKR 2 billion. The project aims to provide locally assembled passenger buses to existing transporters through Sindh Modarba.

Agriculture, Livestock & Fisheries

For the next financial year allocation for agricultural sector is being proposed to increase from PKR 12.75 billion to PKR 14.13 billion. Following are the achievements in agriculture sector

- For promotion of mechanized farming 1231 Tractors provided to farmers at rate of Rs. 2-3 lacs per tractor
- 245 agricultural implements provided to farmers on 50% subsidized rates.
- 135 Wheat Threshers and 126 Paddy Threshers be provided to farmers on 50% subsidized rates.
- 669 Tube wells installed on 50% subsidized rates on farmer's field.
- 60 Solar Water Pumps/Tube Wells provided to farmers on subsidized rates.
- 20 Bulldozers have been procured during current financial year.
- 3225 Hectares of Area have been leveled by Laser Land leveling
- 9139 Hectares of Land have been leveled through Bulldozers
- 72 Tube wells installed by Drilling suction through rig machine and boring plan.
- 211 Watercourses have been improved under Additional Lining of Already Improved Watercourses.
- 403 Watercourses have been lined under Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP) up to 31-03-2017.
- 03high efficiency systems have been installed under Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP).
- 796Laser Land leveling equipment has been delivered under Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP).
- Pesticide and Fertilizer Quality Control & Testing Laboratories at Rohri, Mirpurkhas and Larkana have been redesigned on modern lines.

- 200 Crop Clinics established under "Sustainable Plant Health System (SPHS) through Network of Crop Clinics and Capacity Building of Officers/Officials."

The intended targets for agricultural sector for next financial year are:

- Assistance of PKR 500 million for purchase of Wheel type tractors will be provided to farmers.
- 555 Agriculture Implements will be provided during financial year 2017-18.
- PKR 100 million for Provision of small Agriculture Power Tiller/ Paddy Reaper and Tillage equipment on subsidized cost.
- For provision of Power Drilling Rigs Machine on hire charges basis PKR 100 million have been earmarked.
- PKR 200 million for strengthening of capacity of staff of Agriculture Engineering.
- Provision of 141 Nos. Solar Pumps.
- Construction/ rehabilitation of Agriculture Extension Offices in Sindh at a cost of PKR 100 million.
- PKR 75 million for Provision of Combined Harvester, Wheat and Paddy on 50% subsidy to farmers in Sindh
- 02 Controlled Atmospheric Store and 02 Hot Water Treatment Plant will be installed on farmer's field under the subsidy scheme "Preservation and storage facility of fruit and vegetable through Hot Water Treatment and Controlled Atmospheric Store.

Livestock and Fisheries sector is another sector that has the potential to improve life standards in rural Sindh. The demand for a vibrant livestock and fisheries sector is felt globally and Sindh has opportunity to avail this opportunity. A robust sector will not only improve food security within the country but will also provide avenues to increase exports. Apart from the ADP of PKR 1.7 billion, GoS is launching a scheme primarily targeted to alleviate poverty through backyard dairy farming. Dairy animals under this highly-subsidized PKR 1 billion program will be provided to women entrepreneurs through Sindh Microfinance Bank along with free livestock insurance coverage. The project will have a positive bearing on the dairy sector and will increase female participation in formal economy.

Irrigation

During the current financial year GoS had earmarked PKR 14 billion for development of Irrigation Sector including 'Water Sector Improvement Project (WSIP)' and reconstruction projects of bunds and canals. So far Sindh has achieved following:

- Canal Banks Strengthening 4750 Miles.
- Re-sectioning of Canals 2900 Miles.
- Stone Pitching along Canal Banks 460 Miles
- Construction of Modules 6400 Nos.
- Construction of Bridges 75 Nos.

GoS has worked out foreign aid from World Bank to the tune of PKR 8.3 billion for PKR 9.9 billion Sindh resilience Project for Strengthening Flood Embankments and Construction of Small Dams in Sindh.

For next financial year GoS has allocated an amount of PKR 40.4 billion for irrigation sector. In the next year, Government will work on following important schemes:

- PKR 15 billion have been allocated for lining of Main Canals in Sindh.
- C.C Lining along Mehrabpur Branch RD 0 to 28+200, Khuda Bux MinorRD 0 to 29, Langerji Minor at a cost of PKR 125 million.
- C.C Lining of Amerji Branch from RD 0/0 to 82/0 (Tail) including Structures at a cost of PKR 200 million.
- PKR 263 million for Increasing Carrying Capacity of Discharge in NW Canal & Khirthar Branch.
- Installation of Solar Tubewells at a cost of PKR 125 million.
- Lining of Surhari, Brandi, Maldasi, Shahdadpur Minors and Ujjano, Lundo Distry at a cost of PKR 125 million.
- Construction / Replacement of Regulator at 19th Mile of Begari Canal at a cost of PKR 150 million.
- PKR 250 million will be spent on emergent works in anticipation of Flood during monsoon season 2017 and Rain Emergency.
- Construction of T-Head Spurs, providing stone pitching and stone aprons along LS Bund Mile, Dadu at a cost of PKR 980 million.
- PKR 4.5 billion for Shaheed Benazir Bhutto Water Project for Thar.

Right Bank Outfall Drain (RBOD) is being implemented at a satisfactory pace. The project stretching from Sehwan to Arabian Sea is being executed by V-Corps Engineers. After completion of this project, a major important water reservoir Manchhar Lake will be protected from pollution. Also, it will provide a route for disposal of drainage effluent thus fertility of Right Bank of River Indus will be restored. The physical progress on the project is 81%.

Environment, Forest and Wildlife

One important danger that looms is land claimed by sea. One aspect to address the issue is Mangrove forestation in those areas. Mangrove plantation on 37000 acres of Coastal land has been completed. In future years, Government of Sindh will intensify plantation efforts but will also ensure measures to protect the forested area. Another important intervention that has been undertaken is plantation of riverine forest, canal and roadside plantation. 6605 acres of land have so far been forested.

Under the Green Pakistan Program, Government of Sindh will be contributing PKR 448 million for revival of forestry resources and PKR 65 million for revival of wildlife resources in Sindh, respectively.

Women Development & Minorities Affairs

Allocation for Women Development Department has been increased by 89% for next financial year. During next financial year, GoS will be establishing a Women Development Complex at Karachi at an estimated cost of PKR 62.5 million. The budget of Minority Affairs Department is being increased by 58%.

During the current financial scheme, following schemes will be completed:

- Repair/Renovation of Gauoshala at Pir Jo Goth, Khairpur at a cost of PKR 40 million.
- Provision of marble flooring at SSD Dham Raharki Sahib Darbar, Ghotki at a cost of PKR 20 million.

Social Welfare

Sindh Growth Strategy has been prepared in line with vision 2025. The vision speaks of sustainable and equal growth for all. Previously GoS has been taking steps to achieve the Sustainable Development Goals but now with a proper roadmap in shape of Growth Strategy it would be able to achieve the broad objects of Vision 2025 and SDGs. At present, amongst other initiatives are three community development plans that are being implemented in Sindh:

- PKR 3 billion Community Development Plan aiming to bridge gaps in areas of Health, Education, Women Empowerment, Legal Aid, Water & Sanitation and Skill Development.
- Union Council Based Poverty Reduction Plan. After the successful implementation of PKR 2 billion first phase, the project has been extended for additional cost of PKR 4.9 billion. The program aims to reduce poverty, improve the quality of life of poor and marginalized communities especially women, build capacity of households through social mobilization, asset creation, income generation and social protection.
- European Union funded Sindh Union Council and Community Economic Strengthening Support (SUCCESS) will replicate the UCBPRP in Tando Muhammad Khan, Sujawal, Matiari, Jamshoro, Tando Allahyar, Dadu, Kamber-Shahdadkot and Larkana. The objectives of this program is to reduce poverty in 216 deprived Union Councils of Sindh by empowering women and communities.

Government of Sindh has launched conditional cash transfer scheme to mitigate the effects of increasing prices of essential commodities and economic shocks. During the current financial year, PKR 3.5 billion are being disbursed as conditional cash transfer amongst chronically poor that have been identified by BISP. For the next fiscal an amount of PKR 3.5 billion will be disbursed.

Government of Sindh has launched a PKR 65 billion multi-sectoral plan to reduce stunting and malnutrition in Sindh. GoS has developed a holistic strategy to address the issue and have assigned tangible goals to its departments that are to be achieved over next 5 years.

GoS has contributed PKR 2.6 billion as subsidy for reduction in price of urea and DAP. Through sustained farmer friendly efforts Sindh has achieved bumper crop of wheat. An amount of PKR 2.1 billion has been provided as wheat subsidy. GoS is in process of procuring 200,000 MT additional wheat from the growers during this financial years. This will give the impetus to farmers to intensify their efforts in future years. For the next financial year GoS has kept PKR 5 billion for wheat subsidy.

To compensate for precious loss of life in case of accidents, GoS has launched Universal Accident Insurance Scheme. Under the scheme PKR 100,000/- are provided to relatives in case of accidental death.

Almost 10,000 employees of Sindh Secretariat and their families will benefit from the comprehensive insurance scheme. PKR 1 billion has been embarked for the purpose. The program will be replicated all across Sindh in coming years.

3.1. Current Revenue Expenditure

The expenditure incurred from the Provincial Consolidated Fund (PCF) may be broadly categorized as under:

Current Expenditure

- Current Revenue Expenditure (CRE)
- Current Capital Expenditure (CCE)

Development Expenditure

- Development Revenue Expenditure
- Development Capital Expenditure

Current Revenue Expenditure by Functional Classification

The CRE is the operational expenditure of the government through which almost all governmental activities excluding new ventures are funded. It constitutes major component of the expenditure incurred from the PCF.

According to the Chart of Accounts (CoA) under New Accounting Model (NAM), which was adopted by the Provincial Government in FY 2005-06, the main categories of the CRE are given below:

- General Public Service
- Public Order and Safety Affairs
- Economic Affairs
- Environment Protection
- Housing and Community Amenities
- Health Recreational, Culture and Religion
- Education Affairs and Services
- Social Protection

Review & Analysis

Table 3.1 reflects actual for last five years, Budget Estimates (BE) and Revised Estimates (RE) 2016-17 and BE 2017-18 of CRE with bifurcation of priority and non-priority expenditure. There is an increasing tendency in the share of priority expenditure over a period of time. The average growth during FY 2011-12 to FY 2015-16 remained higher in priority expenditure. During the aforesaid period, education and services remained at the top in terms of growth at 21.12%. Health at 19.49% ranked at second followed by financial and fiscal affairs at 15.45%, and lastly, the OZT share that recorded negative growth under priority expenditure at (11.38%). However, the Public Order Safety Affairs at 11.03% and Environmental Protection at 44.727% depicted a positive growth during the said period. A typical growth of 10.20% was recorded in the actual expenditure during FY 2011-12 to FY 2015-16 whereas an increase of 33.39% in RE over BE 2016-17 and 16.36% increase in BE 2017-18 over BE 2016-17 were proposed.

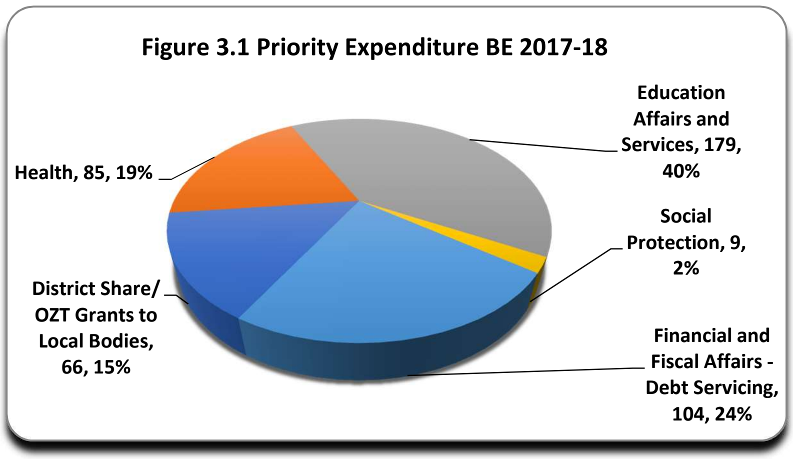


Table 3.1 Current Capital Receipt Rs. in million

Distribution in Priority and Non-Priority	Actual					BE	RE	BE	Growth (%) RE*	Growth (%) BE**	Ave (%) Actual ***
(Rs. In Million)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2015-16	2016-17	2011-15
PRIORITY EXPENDITURE	**219,741**	**211,508**	**232,758**	**256,111**	**302,895**	**367,303**	**382,658**	**442,977**	**26.33**	**20.60**	**8.35**
District Share/ OZT Grants to Local Bodies	74,728	38,538	39,552	42,757	46,088	60,000	61,000	66,000	32.36	10.00	-11.38
Health	23,606	32,366	35,507	40,106	48,121	61,759	64,494	85,304	34.02	38.12	19.49
Education Affairs and Services	57,436	92,329	99,360	108,861	123,608	158,518	155,869	178,657	26.10	12.70	21.12
Social Protection	19,059	4,213	1,923	1,865	5,290	8,006	8,800	9,477	66.35	18.37	-27.42
Financial and Fiscal Affairs - Debt Servicing	44,912	44,062	56,417	62,522	79,788	79,020	92,495	103,539	15.93	31.03	15.45
NON-PRIORITY EXPENDITURE	**88,790**	**104,451**	**104,985**	**137,441**	**152,140**	**205,457**	**224,304**	**223,497**	**47.43**	**8.78**	**14.41**
Other General Public Service	8,308	8,200	6,560	12,828	20,369	13,974	14,911.000	19,003	-26.80	35.99	25.13
Public Order and Safety Affairs	45,521	49,613	55,871	62,008	69,183	92,577	86,319	102,445	24.77	10.66	11.03
Economic Affairs	30,995	35,898	32,446	53,796	54,610	86,209	105,739	87,877	93.63	1.93	15.21
Environment Protection	101	89	101	557	443	919	306	909	-30.93	-1.09	44.72
Housing and Community Ammenities	1,994	1,350	2,364	2,115	2,299	4,119	3,839	4,560	66.99	10.71	3.62
Recreational, Culture and Religion	1,493	2,972	4,644	5,744	5,236	7,659	9,841	8,331	87.95	8.77	36.85
Other various Expenditure	378	6,329	3,000	393			3,349	372	#DIV/0!	#DIV/0!	-100.00
Total:	**308,531**	**315,959**	**337,742**	**393,552**	**455,035**	**572,760**	**606,962**	**666,474**	**33.39**	**16.36**	**10.20**
Priority Expenditure (%)	71.22	66.94	68.92	65.08	66.57	64.13	63.04	66.47			
Non-priority Expenditure (%)	28.78	33.06	31.08	34.92	33.43	35.87	36.96	33.53			

* Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.

** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.

*** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.

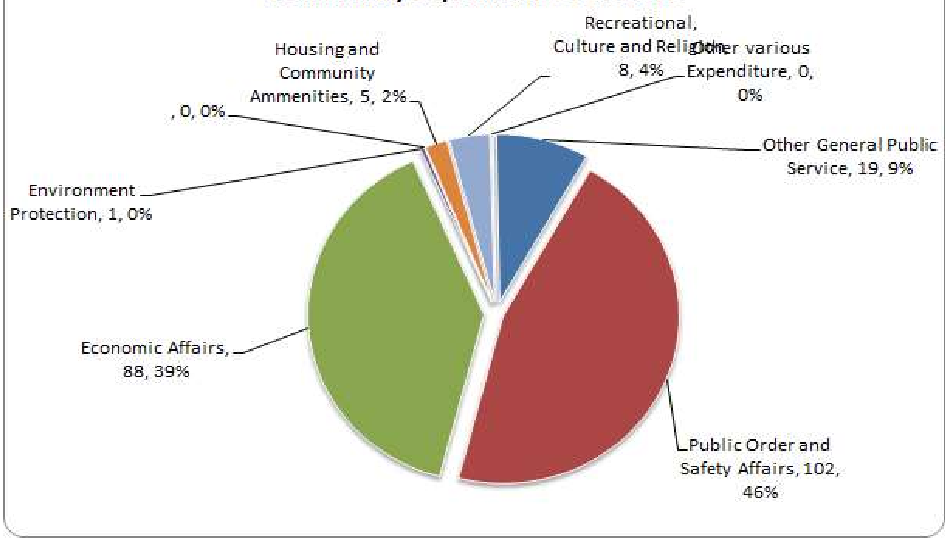
Priority Expenditure

Over the years 2011-2012 to 2015-2016 , priority expenditure has grown at 14.41% and has been pitched at Rs 442.977 billion for the year 2017-18, which is 20.60% higher than Rs 367,303 billion under 2016-17. This is mainly on account of significant increase in Education affairs, Health and Financial and Fiscal affairs whereas rest of the heads showing a downward growth particularly OZT Grants and Social protection. The break up is discussed here under.

Non-Priority Expenditure

The CRE for 2016-17 has grown by 13.7% over BE 2015-16. This is mainly on account of significant increase in the Salary Component and transfers to LGs and usual enhancement of allocations in Public Order Safety Affairs, Economic Affairs and Recreational, Culture and Religion whereas other heads showed negative growth particularly the Other General Public Service, Environment Protection and Recreational, Culture and Religion. The components of this category have been discussed here under:

Fig. 3.2
Non-Priority Expenditure BE 2017-18



General Public Service

This is the largest head under the CRE. Expenditures under this category include expenditures on a wide variety of services provided by Executive and Legislative establishments of the Provincial Government, which constitute the largest component of this classification, discharge of fiscal liabilities in the shape of debt servicing (interest amount) and pension payments. Transfers made to various tiers of the LGs are also included in this head of account.

TABLE 3.2 CURRENT REVENUE EXPENDITURE

CURRENT REVENUE EXPENDITURE				(Rs. In Million)	
	2016-17		2017-18	%↑↓ over CFY	
	BE	RE	BE	BE *	RE**
General Public Services	**152,993**	**171,406**	**188,544**	**23.24**	**10.00**
Executive & Legislative Organs, Financial & Fiscal Affairs	89,570	103,513	118,482	32.28	14.46
Transfers	60,000	61,000	66,000	10.00	8.20
General Services	3,423	6,893	4,062	18.67	-41.07
Public Order and Safety Affairs	**92,577**	**86,320**	**102,443**	**10.66**	**18.68**
Law Courts	9,438	10,309	10,838	14.83	5.13
Police	78,653	71,362	86,237	9.64	20.84
Fire Protection	12	9	10	-16.67	11.11
Prison Administration & Operation	3,231	3,396	3,943	22.04	16.11
Administration of Public Order	1,243	1,244	1,415	13.84	13.75
Economic Affairs	**86,210**	**106,086**	**88,247**	**2.36**	**-16.82**
General Economic, Commercial &Labour Affairs	2,070	2,062	2,286	10.43	10.86
Agriculture, Food, Irrigation, Forestry & Fishing	**65,961**	**86,265**	**64,441**	**-2.30**	**-25.30**
Agriculture	11,400	10,231	14,224	24.77	39.03
Irrigation	14,695	13,224	16,170	10.04	22.28
Land Reclamation	3,977	2,774	4,294	7.97	54.79
Forestry	1,738	1,762	2,023	16.40	14.81
Food	8,000	10,716	11,514	43.93	7.45
Fuel and Energy	26,151	47,558	16,216	-37.99	-65.90
Mining and Manufacturing	**576**	**680**	**2,375**	**312.33**	**249.26**
Manufacturing	200	200	300	50.00	50.00
Mining	376	480	2,075	451.86	332.29
Construction and Transport	17,019	16,601	18,618	9.40	12.15
Other Industries	584	478	527	-9.76	10.25
Environment Protection	**919**	**306**	**909**	**-1.09**	**197.06**
Rural/Urban	420	0	420	0.00	#DIV/0!
Pollution Abatement	222	188	222	0.00	18.09
Administration of Environment Protection	277	118	267	-3.61	126.27
Housing and Community Amenities	**4,120**	**3,839**	**4,560**	**10.68**	**18.78**
Community Development	2,638	1,787	2,968	12.51	66.09
Water Supply	1,482	2,052	1,592	7.42	-22.42
Health	**61,759**	**64,494**	**85,304**	**38.12**	**32.27**
Hospital Services	48,970	48,707	63,141	28.94	29.63
Public Health Services	1,203	1,899	2,286	90.02	20.38
Health Administration	11,586	13,888	19,877	71.56	43.12
Recreational, Culture and Religion	**7,658**	**9,841**	**8,332**	**8.80**	**-15.33**
Recreational and Sporting Services	2,289	2,291	2,587	13.02	12.92
Broadcasting and Publishing	415	362	411	-0.96	13.54
Religious Affairs	4,954	7,188	5,334	7.67	-25.79
Education Affairs and Services	**158,518**	**155,869**	**178,658**	**12.71**	**14.62**
Pre & Primary Education Affairs and Services	103,346	108,846	118,807	14.96	9.15
Tertiary Education and Services	24,447	24,989	26,450	8.19	5.85
Subsidiary Services to Education	1,163	1,112	1,325	13.93	19.15
Education Affairs and Services Not Elsewhere	29,562	20,922	32,076	8.50	53.31
Social Protection	**8,006**	**8,801**	**9,477**	**18.37**	**7.68**
Administration	592	639	865	46.11	35.37
Others	7,414	8,162	8,612	16.16	5.51
Total Current Revenue Expenditure	**572,760**	**606,962**	**666,474**	**16.36**	**9.80**
* Represents percentage change for BE 2017-18 over BE 2016-17.					
** Represents percentage change for BE 2017-18 over RE 2016-17.					

A comparison of BE & RE 2016-17 and BE 2017-18, as given in Table 3.1, depicts a rising trend in expenditures under this head. This trend can be attributed to pay revisions of the last several years and rise in prices warranting increase in contingent expenditures. Further, increasing quantum of transfer payments, particularly to LGs, explains this rising trend. Transfers made to / estimated for the DGs, TMAs and UAs will be discussed and analyzed in detail in LG Finance. Transfers in general increased from Rs. 60.00 billion in BE 2016-17 to Rs. 66.00 billion in BE 2017-18 showing 10.00% growth, in a year.

Debt Servicing and Pension Payments fall under the Financial and Fiscal functions performed by the Provincial Government. Debt and conflict liability includes detailed review of Debt Servicing on Foreign Loans and Domestic Debt, including interest payable on General Provident Fund (GPF) and Pension Payments.

Public Order and Safety Affairs

Included under this head are expenditures on courts of law, police, prisons, relief and disaster management, including fire protection, anticorruption establishment and civil defence. The overall growth in this head is only 10.66% where allocations increased from Rs. 92.577 billion in BE 2016-17 to Rs. 102.443 billion in BE 2017-18.

Economic Affairs

Expenditures on departments / sectors contributing economic development like Agriculture, Food, Irrigation & Land Reclamation, Forestry, Fishing, Fuel and Energy, Mining and Manufacturing, Transport (Roads), Works (Construction) and Industries are included under the Economic Affairs of the Provincial Government. The CRE in these sectors also includes allocations for research, extension and field services to farmers, maintenance and repair of the irrigation network and vocational training of the labor force. The budgeted expenditure in Economic Affairs for FY 2017-18 (Rs. 88.247 billion) is expected to grow by 2.36% over the budgeted amount in FY 2016-17(i.e. Rs. 86.210 billion). Prominent increase is coming in Food and Agriculture sectors which are growing by 43.93% and 24.77% respectively. It is evident from Table 3.1 that all major infrastructures related and economic activity generating departments are included in this classification. The agriculture sector along with livestock and irrigation comprise the agriculture related portion of the current budget. Similarly the industrial sector is covered separately under mining and manufacturing and comprises departments of Industries and Mines and Minerals. There is an increase of 312.33% in the allocation of mining sector during BE 2017-18 as compared to the CFY. The transport and communication sectors now comprise the major departments of Works & Services and Transport.

Health

The health sector was partially devolved to LGs where District Headquarter Hospitals (DHQHs), Rural Health Centers (RHCs), Taluka Headquarter Hospitals (THQHs) and Basic Health Units (BHUs) were with the DGs, while teaching and other specialized hospitals were and are with the Provincial Government. The funding for the CRE under this social service has increased from Rs. 61.759 billion in BE 2016-17 to Rs. 85.304 billion showing an increase of around 38.12%. The more than expected increase in this sector shows the commitment of the Provincial Government to improve services in the major public sector hospitals of the province. The abolition of Sindh local government ordinance 2001 has revised the scenario and now all the hospitals, except those with the People Primary Healthcare initiative (PPHI), are under the administrative control of the provincial government.

Education Affairs and Services

The major chunk of public sector service delivery in education, comprised of primary and secondary education. Therefore, there is a significant increase of 12.71% in the CRE which rises from Rs. 158.518 billion (BE 2016-17) to Rs. 178.658 billion (BE 2017-18)

Review of Current Revenue Expenditure

The review and analysis of the current and next year budgets vis-à-vis the estimates / actual expenditures of last five years (since 2012-13 to 2016-17) are as follow:

Figure 3.3 Current Revenue Expenditure

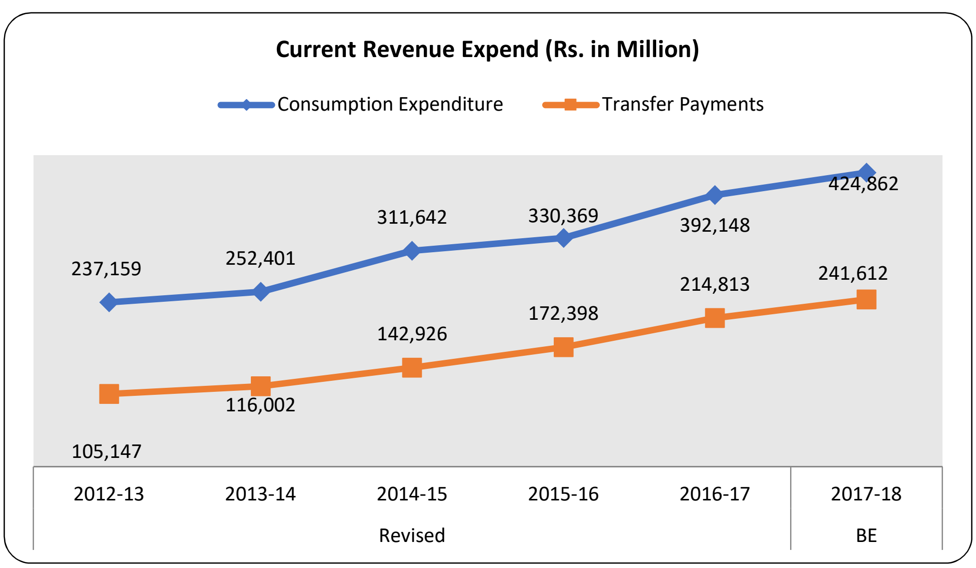


Table 3.3									
Current Revenue Expenditure (Rs. In Million)							**Growth (%)**		**Ave (%)**
	Revised					**BE**	**RE***	**BE****	**Revised**
	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2012-16**
Employee Related Expenses	174,757	188,663	207,842	226,943	254,808	300,489	12.28	17.93	9.89
Operating Expenses	51,370	46,028	77,173	73,769	103,249	87,872	39.96	-14.89	19.07
Other Miscellaneous	201	580	33	12	83	65	591.67	-21.69	-19.84
Repair and Maintenance	7,149	8,055	18,146	21,477	23,932	26,562	11.43	10.99	35.26
Purchase of Durable Goods	3,682	9,075	8,448	8,168	10,076	9,874	23.36	-2.00	28.62
Consumption Expenditure	**237,159**	**252,401**	**311,642**	**330,369**	**392,148**	**424,862**	**18.70**	**8.34**	**13.40**
Grant and Subvention***	53,868	58,148	69,532	91,442	108,815	125,202	19.00	15.06	19.22
Pension	29,645	37,745	43,175	48,500	69,000	76,046	42.27	10.21	23.52
Interest	11,311	13,148	14,017	14,444	16,096	17,445	11.44	8.38	9.22
Subsidies	3,005	3,060	9,350	10,420	10,716	13,045	2.84	21.73	37.42
Other Transfers	7,318	3,901	6,852	7,592	10,186	9,874	34.17	-3.06	8.62
Transfer Payments	**105,147**	**116,002**	**142,926**	**172,398**	**214,813**	**241,612**	**24.60**	**12.48**	**19.55**
Total CRE	**342,306**	**368,403**	**454,568**	**502,767**	**606,961**	**666,474**	**20.72**	**9.81**	**15.39**
Consumption Expenditure (%)	69.28	68.51	68.56	65.71	64.61	63.75			
Transfer Payments (%)	30.72	31.49	31.44	34.29	35.39	36.25			
Total (%)	100.00	100.00	100.00	100.00	100.00	100.00			
* Represents percentage increase in Revised Estimates 2016-17 over Revised Estimates of 2015-16.									
** Represents percentage increase in Budget Estimates 2017-18 over Revised Estimates 2016-17.									
*** Includes transfers to local governments from 2012-13 to 2016-17.									

Table 3.3 and Figure 3.3 present the trend analysis and composition of the CRE, which has grown, on average, at 15.39% per annum over the years from 2012-13 to 2016-17. For the year 2017-18 it has been pitched at Rs. 663.474 billion which is 9.31% increase over the revised estimates of 2016-17. Further discussion on the CRE is bifurcated into

- Consumption / Transfer Payments Mode; and
- Functional Distribution Mode

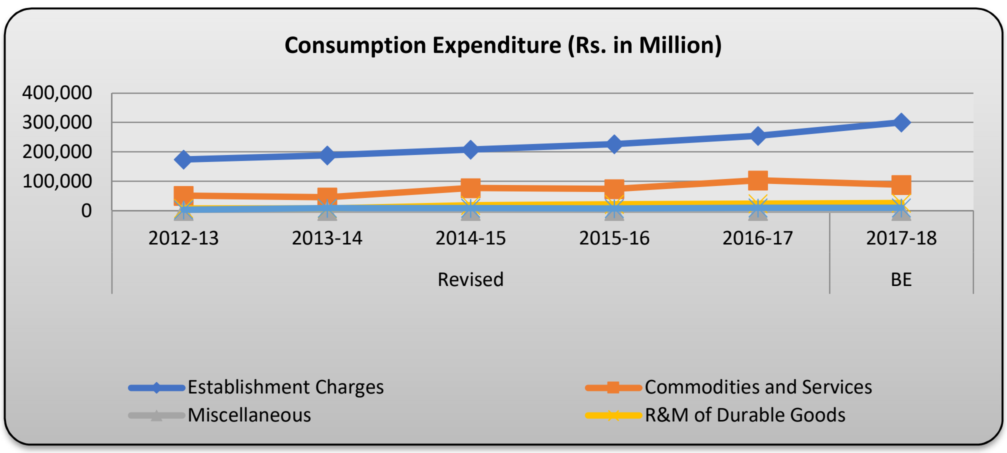
Consumption / Transfer Payments Mode

Table 3.3 illustrates that the consumption expenditure and transfer payments have grown on average at 13.4% and 9.55%respectively over the FY 2012-13 to FY 2016-17. Over the years, consumption expenditure has decreased as a percentage of total current expenditure from 69.28% in FY 2012-13, 68.51% in FY 2013-14, 68.56% in FY 2014-15, 68.71% in FY 2015-16 and 64.61% in 2016-17. Conversely, transfer payments, as a percentage of total current expenditure have increased from 30.72% in FY 2012-13, 31.48% in FY 2013-14, 31.4% in FY 2014-15 to 34.29% in FY 2015-16 and 35.39% in FY 2016-17. This has primarily happened due to the shifting of expenditure on account of Pension Fund, GP Fund component from the Current Revenue Expenditure to Current Capital Expenditure.

Consumption Expenditure

The consumption expenditure is the actual spending of the government machinery for its functioning. It includes establishment charges, purchase, repairs and maintenance of durable goods, commodities and services and other expenditures. Table 3.2 and Figure 3.4 reflect the trend of various components of consumption expenditure since FY 2012-13. Employee related expenses constitute the largest portion of consumption expenditure followed by operating expenses. Consumption expenditure has been pitched at Rs. 425.034 billion for FY 2017-18 which is a 8.39% increase over RE 2016-17 which is Rs.392.148 billion.

FIGURE 3.4 CONSUMPTION EXPENDITURE



Transfer Payments

Expenditures on account of debt servicing (interest payment of foreign loan), grants / subventions, subsidies, pension and other related items are booked under the transfer payments. Table 3.2 and Figure 3.5 reflect the trend of various components of transfer payments since FY 2012-13. The increase is noticeable after FY 2012-13 in Grants and Subvention component which have now been merged into the consumption expenditure from this category. Transfer payments have been pitched at Rs. 238.440 billion for the FY 2017-18 as against Rs.214.813 billion of RE 2016-17 indicating an surge of 11 % over RE 2016-17.

Subsidies constitute an important component of transfer payments. Although subsidy allocations have been increased at an average of 37.42% from FY 2012-13 to FY 2016-17, the allocation for BE 2017-18 is Rs. 13.045 billion which reflects 21.73% increase over RE 2016-17. The allocations contain subsidies for wheat procurement and subsidy on the electricity bills of the agriculture tube wells etc.

Other General Public Services

Table 3.4 depicts that expenditure on social services has increased on an average by 15.73% annually, in the past five years. It has been pitched at Rs. 281.769 billion for the FY 2017-18, which is 19.42% increase over Rs. 235.94 billion in BE FY 2016-17.

FIGURE 3.5 GENERAL PUBLIC SERVICES

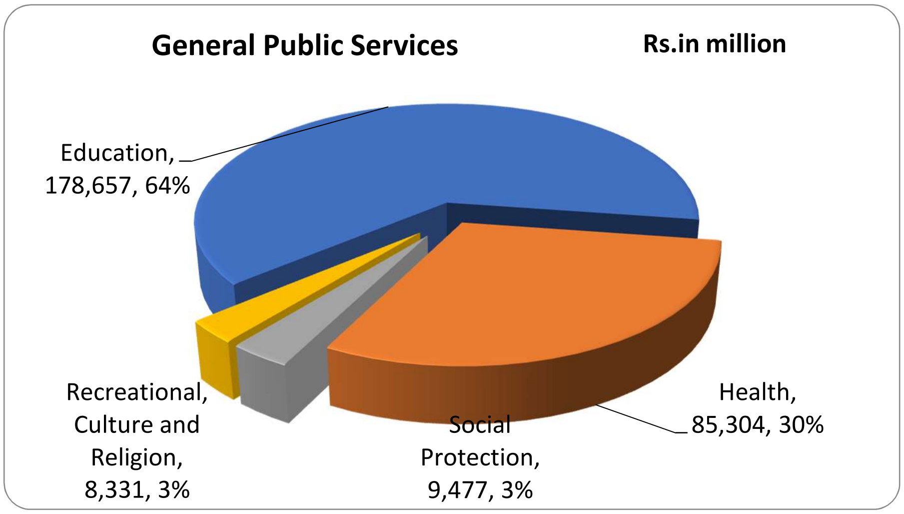


TABLE 3.4 GENERAL PUBLIC SERVICES **(RS. IN MILLION)**

									Growth (%)		Ave (%)
Description	Actual					BE	RE	BE	RE*	BE**	Actual ***
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2016-17	2017-18	2011-15
Education	57,436	92,399	99,360	108,861	123,608	158,518	155,869	178,657	26.10	12.70	21.12
Health	23,606	32,366	35,507	40,106	48,121	61,759	64,494	85,304	34.02	38.12	19.49
Social Protection	19,059	4,214	1,923	1,865	5,290	8,005	8,800	9,477	66.35	18.39	-27.42
Recreational, Culture and Religion	1,493	2,972	4,644	5,744	5,234	7,658	9,841	8,331	88.02	8.79	36.83
Total	**101,594**	**131,951**	**141,434**	**156,576**	**182,253**	**235,940**	**239,004**	**281,769**	**31.14**	**19.42**	**15.73**

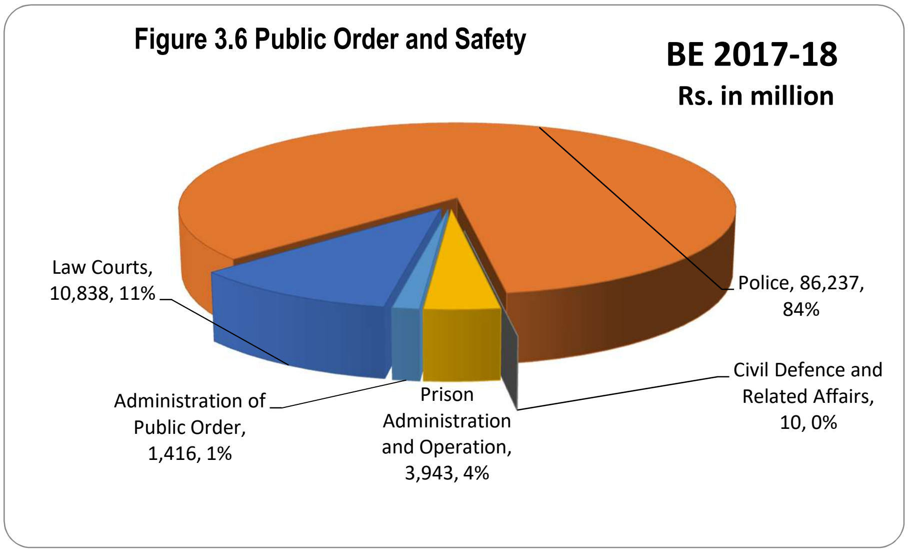
*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**

**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**

***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**

General services in Table 3.4 and Figure 3.5, illustrates that education expenditure is the biggest component of this head which recorded an average increase of 21.12% per annum during FY 2011-12 to FY 2015-16. The reason for this surge is due to increase in salary component. Education is followed by health expenditure, which has increased on an average by 19.49% during the same period and due to same reason. The other sub-components of General services constitute less than or around 5% to 6% of the total allocations for the sector.

Public Order & Safety Affairs



It comprises expenditures on administration of Justice, Police, Civil Armed Forces, Jails, Civil Defense, etc. as reflected in Table 3.5. Law and order expenditure has increased on an average at 11.03% in the past five years and has been pitched at Rs.102.44 billion for the FY 2017-18 which is 10.66% increase over Rs. 92.577 billion provided under BE 2016-17.

TABLE 3.5 PUBLIC ORDER AND SAFETY AFFAIRS **(RS. IN MILLION)**

									Growth (%)		Ave (%)
Description	**Actual**					**BE**	**RE**	**BE**	**RE***	**BE****	**Actual *****
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2011-15**
Law Courts	3,667	5,398	5,738	5,704	6,794	9,437	10,309	10,838	51.74	14.85	16.67
Police	39,001	41,208	46,235	52,052	58,630	78,653	71,362	86,237	21.72	9.64	10.73
Civil Defence and Related Affairs	35	55	58	61	66	11	9	10	-86.36	-9.09	17.18
Prison Administration and Operation	1,801	1,997	2,613	2,809	2,774	3,230	3,396	3,943	22.42	22.07	11.40
Administration of Public Order	1,015	955	720	1,382	918	1,246	1,243	1,416	35.40	13.64	-2.48
Total	**45,519**	**49,613**	**55,364**	**62,008**	**69,182**	**92,577**	**86,319**	**102,444**	**24.77**	**10.66**	**11.03**

*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**

**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**

***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**

It can construe from Table 3.5 and Figure 3.6, that the prime chunk of law and order expenditure for FY 2017-18 is allocated to police, which has been budgeted at Rs. 86.3 billion. Police consumes around 84% of the total expenditure allocation under law and order component.

Housing & Community Services

Table 3.6 shows various components of housing and community services. It can be noticed from the table and Figure 3.8 that in the past, the major portion of community services was spent on Housing Development and Other Community Services whereas expenditure on Urban Development and Rural

Development remained at 6.0% and 9.0% respectively. The expenditure under this category had been decreased on an average by 20.47% in FY 2011-12 to FY 2015-16. However, it has been increased at 15.63% in FY 2017-18, over B.E 2016-17, because of the program of housing for the poor in Sindh & providing facilities under the head of Water Supply. For the upcoming year 2017-18, total allocation under Urban Town Planning & Community Services has been pitched at Rs. 4.5 billion which is 10.73% increase over the BE 2016-17.

TABLE 3.6 HOUSING AND COMMUNITY AFFAIRS **(RS. IN MILLION)**

									Growth (%)		Ave (%)
Description	**Actual**					**BE**	**RE**	**BE**	**RE***	**BE****	**Actual *****
	2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2013-14**	**2017-18**	**2011-15**
Housing Development	50	15	55	36	20	1,971	1,197	2,279	5885.00	15.63	-20.47
Urban Development	11	54	38	41	63	264	199	272	215.87	3.03	5.27
Rural Development	24	362	385	416	441	402	391	415	-11.34	3.23	107.04
Water Supply	1,637	1,350	1,886	1,623	1,774	1,482	2,052	1,595	15.61	7.62	2.03
Total	**1,722**	**1,781**	**2,364**	**2,116**	**2,298**	**4,119**	**3,839**	**4,561**	**67.01**	**10.73**	**7.48**

*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**

**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**

***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**

Economic Services

Table 3.7 highlights components of expenditure on Economic Services. Expenditure in this category has increased at an average rate of 12.36% during the last five years. However, the budget estimates for the FY 2017-18 have been pitched at Rs.87.89 billion against Rs.86.2 billion allocated under BE 2016-17, showing a growth of 2%. Trades, Storage and Warehouses, Forestry and Fishing and Manufacturing, Land Reclamation and Construction and Transport together take away the major chunk (over 60%) of expenditure under this category. Forestry and Fishing flank as a group whose allocations have been increased at an average rate of 19.17% during the last five years and its growth in BE 2017-18 has inclined by 18.52% over BE 2016-17. Likewise, Trades, Storage and Warehouses expenditure has been increased by 20.58% during the last five years but its growth is decreased by 2.68% in BE 2017-18.Construction and Transport, Mining and Manufacturing, Irrigation and Land Reclamation have been prioritized by the government as is evident from allocations under these heads.

TABLE 3.7 ECONOMIC SERVICES **(RS. IN MILLION)**

									Growth (%)		Ave (%)
	Actual					BE	RE	BE	RE*	BE**	Actual ***
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2013-14	2017-18	2011-15
Commercial and Labour Affairs	643	749	786	858	902	2,068	2,062	2,284	128.60	10.44	8.83
Agriculture	9,170	6,346	6,650	11,060	8,818	11,400	10,231	10,224	16.02	-10.32	-0.97
Irrigation	8,793	8,209	9,241	9,511	10,056	14,695	13,224	16,170	31.50	10.04	3.41
Land Reclamation	4,039	4,547	4,522	4,910	4,316	3,977	2,774	4,294	-35.73	7.97	1.67
Forestry and Fishing	894	1,228	5,194	1,468	1,601	1,658	1,724	1,965	-4.38	18.52	19.17
Mining and Manufacturing	334	394	614	465	462	576	680	2,376	47.19	312.50	8.45
Construction and Transport	4,137	3,840	2,781	7,744	11,123	17,019	16,601	18,618	52.92	9.40	27.28
Trades, Storage and Warehouses	123	1,293	216	235	260	298	282	290	8.46	-2.68	20.58
Others	2,363	198	2,443	17,545	17,072	34,519	58,508	31,669	425.63	-8.26	47.32
Total	**30,496**	**26,804**	**32,446**	**53,796**	**54,610**	**86,210**	**106,086**	**88,247**	**118.27**	**1.95**	**12.36**

*** Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.**

**** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.**

***** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.**

Current Revenue Expenditure by Object Classification

Current Revenue Expenditure — non-development expenditure – comprises employees related expenses (salaries), employees retirement benefits (pension and gratuity), operating expenses, grants and subsidies, interest payments, transfer payments, physical assets, civil works, and repair maintenance expenses. It accounts for 69% of total expenditure of the province (revenue and development).

TABLE 3.8: CURRENT REVENUE EXPENDITURE **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL CURRENT REVENUE EXPENDITURE	**455,035**	**572,760**	**606,962**	**666,474**
Employees Related Expenses	214,491	259,921	254,807	300,489
Project Pre-Investment Analysis	0	20	83	65
Operation Expenses	54,893	89,607	103,249	87,871
Employees Retirement Benefits	52,810	55,000	69,000	76,046
Grants, Subsidies and write off Loan	90,921	105,683	119,531	135,075
Transfer Payment	8,025	11,109	10,186	13,045
Interest Payment	14,306	15,509	16,096	17,444
Physical Assets	6,078	10,761	10,076	9,874
Repair & Maintenance	13,510	25,148	23,932	26,562

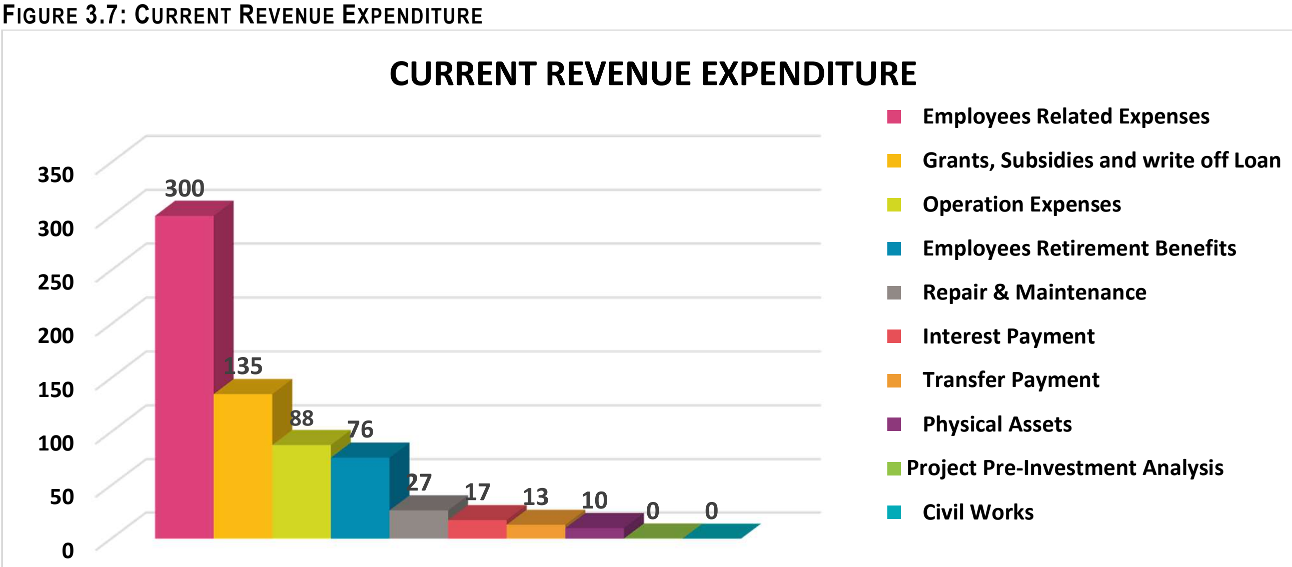
Employees Related Expenses

The employees' related expenses accounted for 49% and 48% of total current revenue expenditure in year 2014-15 and 2015-16 respectively, while the proportion of employees related expenditure during current financial year and over next three years is estimated to be at 45% on average. In current financial year, allocations for Employees' Related Expenses have been revised downward by 6% from Rs.259.9 billion to Rs.245.3 billion. The employees' related expenses are projected to grow at the annual growth rate of 8% over the next three years. The Employee Related Expenditure is expected to increase by 19% in next FY 2017-18 over revised estimates 2016-17.

Employees' Retirement Benefits

Employees' Retirement Benefits, comprising pension and gratuity amount paid to retired employees, is a liability of the government, growing increasingly fast with fresh retirements and increase in pension emoluments. In the last two financial years, the expenditure on employees' retirement benefits accounted for 11.5% of total current revenue expenditure, while the share of employees retirement benefits during current financial year and over next three years is estimated to remain at 12% on average. Because of revision of pension emoluments and restoration of commutation amount in July 2016, allocations for employees' retirement benefits are revised upward by 18% from Rs.55 billion to Rs.65 billion ¬during current financial year, soaring by24% over actual expenditure of the preceding financial year. During the next three years (2017-18 to 2019-20), expenditure under employees' retirement benefits is projected to grow at annual accumulated growth rate of 10% on revised estimates of CFY 2016-17.

FIGURE 3.7: CURRENT REVENUE EXPENDITURE



Operating & Maintenance Expenses

Expenditure on operating and maintenance heads is crucial to gear up the official structure/machinery for smooth functioning. The major expenses under this head include communication, utilities, transportation, maintenance of physical assets, and general expenses including medicines and lump sum provision for specific purposes. The operating and maintenance expenses accounted for 16% and 15% of total current revenue expenditure in FY 2014-15 and 2015-16 respectively, while in current financial year and next three years, the proportion of operating and maintenance expenses in the CRE have been purposefully enhanced to 20% of total current revenue expenditure due to increased allocations for electricity payments, purchase of medicines, POL, repair & maintenance, etc. In the current financial year, allocations for operating and maintenance expenses has been slightly revised downward by 1% to Rs.113.9 billion that is 67% higher than actual expenditure of the last financial year. This is mainly because of substantial increase in allocations for drugs and medicine, electricity, repair and maintenance and lump sum provisions kept for specific purposes in health, education and security.

With an objective to improve service delivery, allocations for repair and maintenance budgets has been substantially enhanced for repair and maintenance of existing infrastructure of roads and buildings and also for plants and machinery in hospitals. During CFY 2016-17, an amount of Rs.25 billion has been earmarked for repair and maintenance of infrastructures, machinery & equipment, vehicles and furniture fixture, which is 87% more than actual expenditure of the last financial year. During the next three years (2017-18 to 2019-20), expenditure on operating and maintenance heads is projected to grow at annual accumulated growth rate of 6% on revised estimates of CFY 2016-17.

Grants & Transfer Payments

Grant constitute grants to local bodies and non-financial institutions, subsidies and write-off loan; transfer payments include payments of financial assistance to the families of government servants, who die while in service, contribution to reserve funds for entertainment and gifts. Grants & Transfer Payments constitute 21% of CRE. In current financial year, allocations for grants and transfers have been revised upward by 1% from Rs.116.8 billion to Rs.118.3 billion, which is 20% higher than actual expenditure in FY 2015-16: grants to local bodies alone amount to Rs.48.7 billion in current financial year. In the next three years (2017-18 to 2019-20) projections, expenditure on the grants and transfer payments is projected to grow at annual accumulated growth rate of 6% on revised estimates of CFY 2016-17.

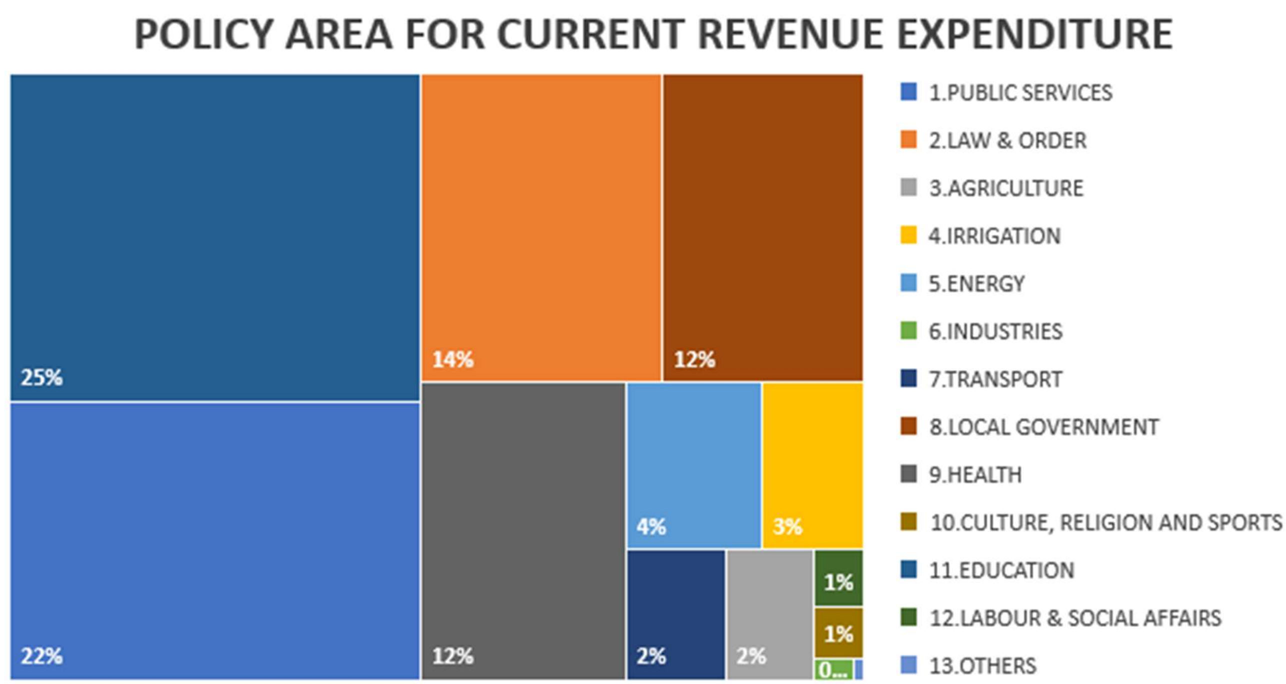
Interest Payment

Interest Payment includes interest payment on foreign loans and Federal government loans, but does not include interest payment made on commercial/floating loans, which are disbursed from food account. In CFY, an allocation of Rs.15.5 billion is kept for Interest Payment, which is slightly higher than actual expenditure of Rs.14.3 billion in FY 2015-16. Expenditure of interest payments in the current financial year and also for next three years (2017-18 to 2019-20) is expected to remain at the current level of Rs.15.5 billion.

Physical Assets

For purchase of physical assets, such as computers, I.T equipment, vehicles, plant & machinery, furniture & fixture, an allocation of Rs.10.7 billion is kept in CFY 2016-17, which is 77% more than actual expenditure in FY 2015-16. While an increase of 3% in R.E is anticipated over B.E 2016-17 due to significant release of funds outside budget to Sindh Police for procurement of physical assets. However, for next three years, lump sum provision has kept in the projection.

FIGURE 3.8: POLICY AREA FOR CURRENT REVENUE EXPENDITURE



3.2. Development Expenditure

Development Expenditure comprises provincial ADP, Federal Public Sector Development Program (PSDP), and foreign project assistance (project loans & grants). The actual development expenditure remains much less than budgeted expenditure – partly because of shortfall in federal transfers and provincial own source revenues revenue, and partly for the lack of project implementation capacity of executive agencies, especially with regard to foreign funded projects. The actual development expenditure remained at Rs.136.4 billion in year 2014-15, diminishing by 36.7%, and Rs.137.3 billion in year 2014-15, shrinking by 31%, from the budget estimates in each year. During the current financial year, allocations for development expenditure have been revised downward to Rs.215.5 billion against the budget estimates of Rs.266 billion (excluding VGF). In the next three years projections, development expenditure is expected to grow at the annual accumulated growth rate of 16% on revised estimates of CFY. The table and figure below shows trend of total development expenditure of the province (excluding VGF), provincial ADP, federal PSDP and foreign funded projects for the actual of last two years, budget and revised estimates of current financial year and projections of next three years:

TABLE 3.9: DEVELOPMENT EXPENDITURE **(RS IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL DEVELOPMENT EXPENDITURE	**137,327**	**265,988**	**248,703**	**344,068**
PROVINCIAL & DISTRICT	118,854	225,000	210,000	274,000
Provincial ADP	**97,587**	**200,000**	**172,815**	**244,000**
Ongoing schemes	*82,920*	*119,146*	*135,595*	*151,837*
New Schemes	*14,667*	*80,854*	*37,220*	*92,163*
Districts ADP		**25,000**	**25,000**	**30,000**
Ongoing schemes				
New schemes				
Federal PSDP / Grant	**15,552**	**12,188**	**5,962**	**27,326**
Foreign Project Assistance	**2,921**	**28,800**	**25,000**	**42,742**

Provincial ADP

During 2014-15, the actual expenditure of provincial ADP remained at Rs.113.1 billion falling from Budget Estimates of Rs.168 billion; in a similar vein, in FY 2015-16, the same remained at Rs.117.9 billion against Budget Estimates of Rs.162 Billion. For the CFY 2016-17, size of provincial ADP has been kept at Rs.225 billion (including District ADP but excluding VGF), 91% more than actual expenditure in the previous year, but it is revised downward to Rs.177.2 billion. This decline is attributable to slow pace of execution of development schemes and a significant number of unproved schemes included in the provincial ADP. As a matter of fact the timing of federal transfers and also their shortfall are main reasons for late releases or non-release of funds against the new ADP schemes. However, Finance Department has managed to release 100% of allocated amount against those on-going schemes that are likely to be completed by the close the current financial year.

The fact that every year the actual development expenditure remains significantly lower than the budget estimates, it keeps piling up the throw forward amount of uncompleted schemes. The throw forward amount is the total amount required to complete all projects in the ADP, including the unreleased and unspent amount of allocation for development schemes in a year, which is transferred to the subsequent year, leaving a little space of new initiatives, policies and programs.

During Current Year, Rs.119 billion have been kept for 1777 on-going schemes as compared to Rs.106 billion for 1762 ongoing schemes in the previous year; whereas Rs.80.8 billion have been earmarked for 996 new schemes as compared to Rs.35.8 billion for 590 new schemes in the previous year. In terms of allocations, 68% amount has been earmarked for ongoing schemes as compared to 75% in the previous year.

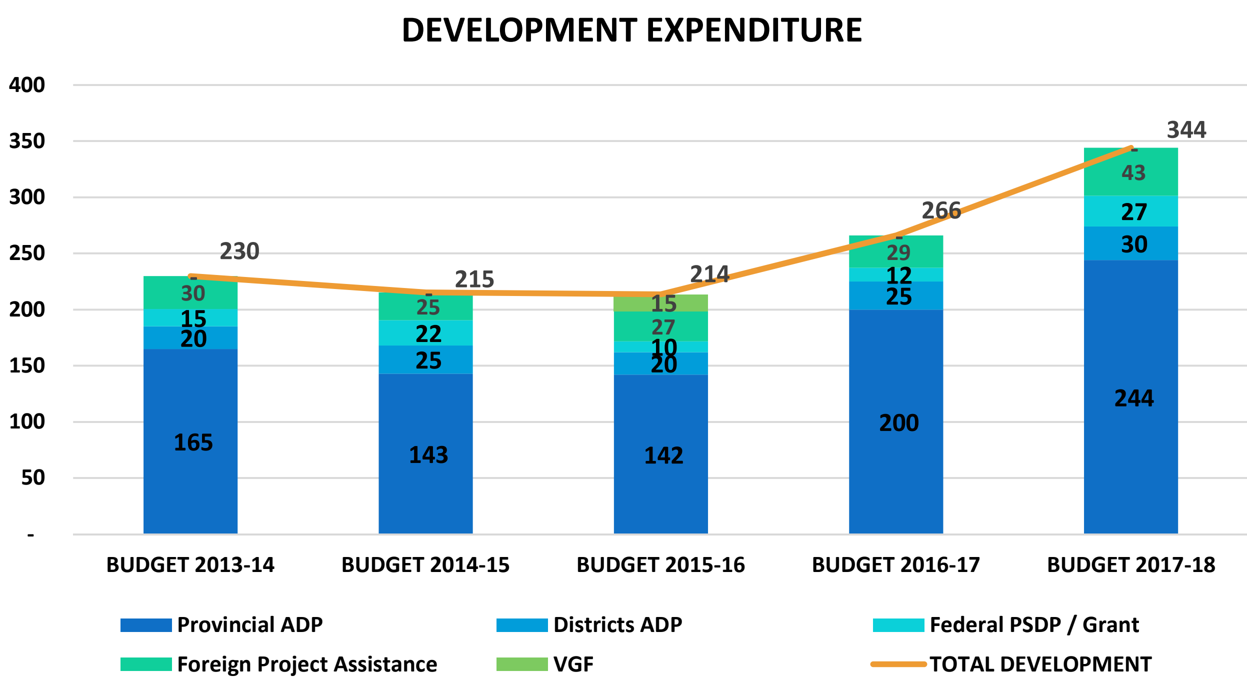
For the next three years, Provincial ADP is projected to grow at the accumulated growth rate of 14% on the revised estimates of CFY 2016-17. The Planning & Development Department's policy of allocating 75-80% funds to on-going schemes would significantly, if not completely, eliminate the throw forward amount of provincial ADP in next three years.

Government of Sindh has planned to build infrastructure in urban transport & communication, starting with introducing new BRTS lines, like Orange line and Yellow line in Karachi. The ongoing efforts are underway in implementation of major projects in Education, Health, Nutrition, Food security, Water supply and Sanitation sectors with the assistance of multibillion rupees projects. It is believed that people of the province will benefit from the outcome of these major projects being initiated and will complete in near future.

Federal PSDP

The expenditure on federal funded projects in year 2014-15 remained at Rs.16.5 billion, diminishing by 26% from the budget estimates of Rs.22.5 billion; whereas in year 2015-16, the actual expenditure stood at Rs.16.5 billion, with 71% increase from the allocated amount of Rs.9.7 billion. During current financial year, it is expected that expenditure on federal funded projects will remain close to budgeted amount of Rs.12.2 billion; over the next three years, funding and expenditure for federal funded projects/grants has been optimally projected to remain on average at Rs.20 billion per annum.

FIGURE 8: DEVELOPMENT EXPENDITURE



Foreign Funded Projects

The actual expenditure on foreign funded projects dwindled by 72% from Rs.24.9 billion to Rs.6.8 billion in 2014-15; and it shrank by 89% from Rs.27 billion to Rs.2.9 billion in 2015-16. In current financial year – with the expenditure approximating to Rs.26.1 billion vis-à-vis budget estimates of Rs.28.8 billion. Abysmally low level of expenditure on foreign funded projects vis-à-vis commitments of donors may be attributed to the low pace of execution of foreign funded projects due to lack of capacity of executive agencies. Over the next three years, keeping in view the upcoming disbursement plans, projected expenditure under foreign funded projects is expected to grow by 28%.

3.3. Capital Expenditure

Current capital expenditure comprises of three major components:

- Debt servicing,
- Repayments, and
- Loans and Advances.

The trend over the past years and current estimates of the CCE are illustrated as follows:

TABLE 3.10: CURRENT CAPITAL EXPENDITURE (RS. IN MILLION)

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
TOTAL CURRENT CAPITAL EXPENDITURE	**209,883**	**125,562**	**124,736**	**120,475**
Foreign Debt	6,933	7,336	7,285	8,021
Domestic Debt	1,111	3,206	1,195	6,572
Transfers	124,374	19,827	19,377	18,050
State Trading	77,465	95,193	96,879	87,832

On average the CCE has increase by 2.0% annually from 2011-12 to 2015-16. As per RE 2016-17 it is likely to decrease by 2.0% at Rs. 27.857 billion, over the actual outflows in 2015-16. But it is again expected to increase by 7.0 % at Rs. 32.643 billion in FY 2017-18.

As it can be observed from the Table-3.8, debt servicing, on average, has remained the largest component of the CCE in the past. For the FY 2017-18, however, debt servicing (both domestic and foreign) and repayments (on account of state trading) each constitute 49 percent of the total CCE.

TABLE 3.11: CURRENT CAPITAL EXPENDITURE

(Rs. In Million)

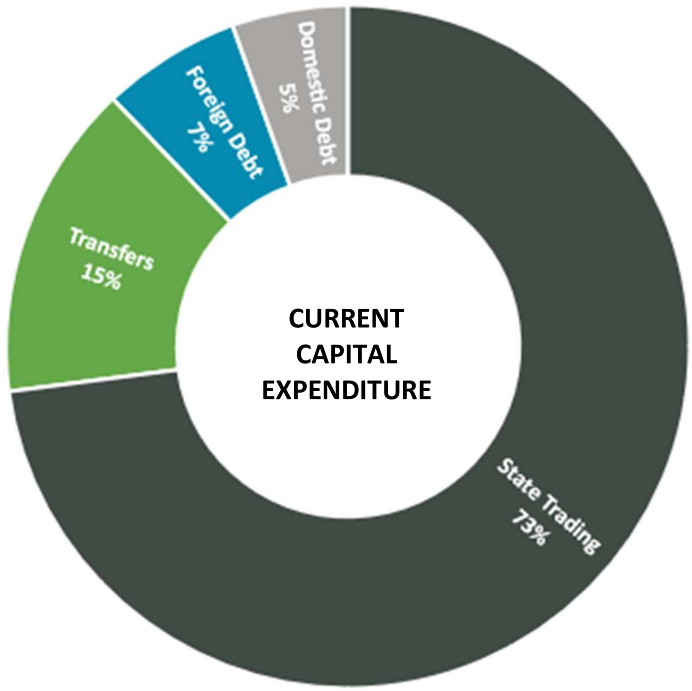
Description	Actual					BE	RE	BE	RE*	BE**	Actual***
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2016-17	2017-18	2011-15
Repayments/Loans and Adv.	9,275	13,120	18,239	18,125	10,965	10,543	8,480	14,593	-23%	38%	4%
Government Investment	17,030	3,813	6,388	12,250	16,750	19,150	18,850	17,850	13%	-7%	0%
Employee Related Benefits		194	720	777	730	677	527	200	-28%	-70%	56%
Total	**26,305**	**17,127**	**25,347**	**31,152**	**28,445**	**30,370**	**27,857**	**32,643**	**-2%**	**7%**	**2%**
Repayments Account-II	27,250	30,350	30,350	13,150	37,797	42,250	45,500	39,000	20%	-8%	9%

* Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.

** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.

*** Represents Annual Compound Growth Rate ACGR for the period 2011-12 to 2015-16.

FIGURE 9: CURRENT CAPITAL EXPENDITURE



Debt & Contingent Liabilities

Borrowing, domestically or externally has become an essential tool to support economic development plans. Similarly, prudent management of debt can help sovereigns and local governments to reduce their borrowing cost, mitigate the risks of refinancing, exchange rate fluctuations and debt accumulation. There shall be timely identification of vulnerabilities in the debt structure or the policy framework so that policy corrections can be introduced before payment difficulties arise. Debt problem in governments arise when debt servicing capacity does not keep pace with the growth of debt. Therefore, the sustainability of debt in terms of level and rate of growth are the core issues that need special attention so that it can be serviced without any difficulty.

The Sindh Debt Portfolio comprises of two categories - Domestic and External Debt. Each is further classified into sub categories – that is CDLs (Cash Development Loans) which include Normal CDLs and SCARP CDLs for Domestic Debt, and IDA (International Development Association), ADB (Asian Development Bank), IBRD (International Bank for Reconstruction and Development), OFID (OPEC Fund for International Development), IFAD (International Fund for Agriculture Development), JICA (Japan International Cooperation Agency) for External Debt. The External Debt Portfolio is further classified into Soft Terms Loans and Commercial Loans.

Table 6.1

DEBT LIABILITY

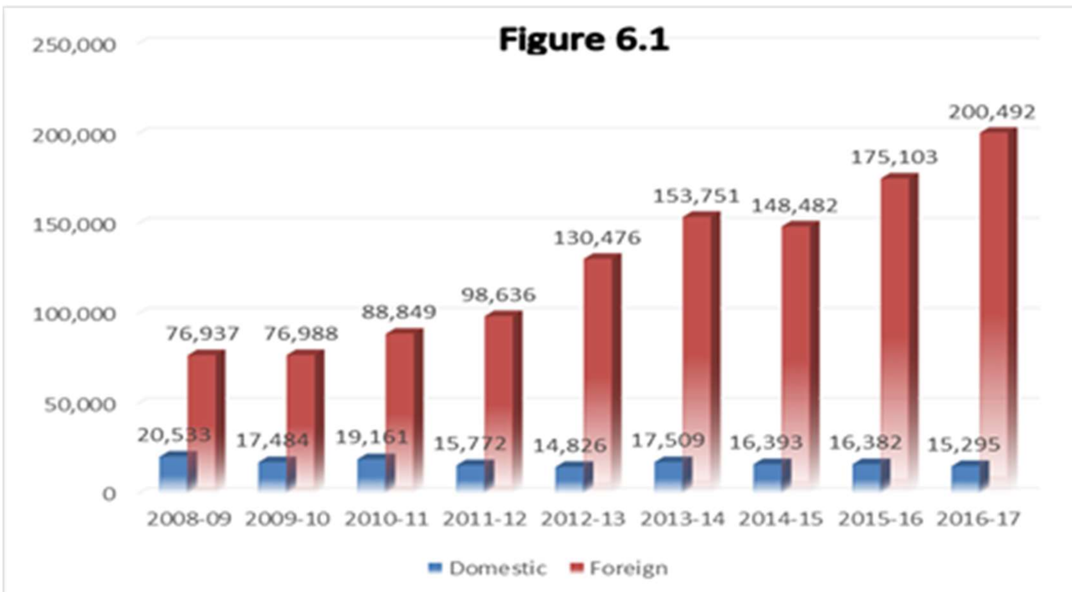
Rs. in Million

Years	Domestic Debt	Growth %	Foreign Debt	Growth %	Total	Growth %
2008-09	20,533		76,937		97,470	
2009-10	17,484	-14.8%	76,988	0.1%	94,472	-3.1%
2010-11	19,161	9.6%	88,849	15.4%	108,010	14.3%
2011-12	15,772	-17.7%	98,636	11.0%	114,408	5.9%
2012-13	14,826	-6.0%	130,476	32.3%	145,302	27.0%
2013-14	17,509	18.1%	153,751	17.8%	171,260	17.9%
2014-15	16,393	-6.4%	148,482	-3.4%	164,875	-3.7%
2015-16	16,382	-0.1%	175,103	17.9%	191,485	16.1%
2016-17	15,295	-6.6%	200,492	14.5%	215,787	12.7%
Average Growth		**-3.0%**		**13.2%**		**10.9%**

Table 6.1 shows debt outstanding stock along with the growth for the period from FY 2008-09 to FY 2016-17. The domestic debt portfolio illustrates a declining trend on an average of -3.0% in last 08 years; however the stock of foreign debt shows an average growth of 13.2% (Loans already disbursed) during the same period. The negative growth in domestic debt portfolio is due to Government policy for early retirement of

expensive Normal CDLs, and to avoid taking any further Normal CDLs loans. However, the SCARP CDLs is being routinely transferred from the Federal Government as per the procedure. The growth of 13.2% in foreign debt in last 08 years is due to relying more on concessional external loans including impact of currency depreciation.

The reconciliation for domestic debt stock with Economic Affairs Division (EAD) and Finance Division (FD) revealed of Rs. 257,569 million of external debt (including loans under disbursement) and Rs. 15,295 million of domestic debt as on June 30, 2017.



In addition to Rs. 200,492 million outstanding foreign debt stock in FY 2016-17, active loans[1] for amount of Rs. 57,077 million are also in process of Disbursement (disbursement not completed/principal servicing not started yet).

4.1. Foreign and Domestic Loans

4.1.1. Domestic Loans

Table 6.2 illustrates the debt outstanding payable by Sindh Government towards Federal Government on account of Domestic loans i.e Normal CDLs and SCARP CDLs. The Normal CDLs is a development loan extended by the Federal Government to the Province for financing its Annual

[1] Active loans are loans for which disbursement not completed yet. As per current practice, EAD accumulates interest charges for IDA Loans during initial few years and later charged collectively.

Development Programme (ADP), and CDLs SCARP as per the routine feature channelized from Federal Government to WAPDA for the execution of different projects. The interest rate on CDLs ranges from 7.42% to 17.71% per annum and comprises of uniform amortization period of 25 (twenty five) years including a grace period of 05 (five) years. The WAIR (weighted average interest rate) for the domestic portfolio (excluding 01 IDA loan in PKR) as of June 30, 2017 is 12.5% which is quite high when comparing the current State Bank of Pakistan (SBP) bench mark interest rate of 5.75% only. The reason for higher average interest rate is province's reliance on these domestic loans previously i.e. before FY 2000-01, with closing debt stock of Rs. 43,775 million as of June 30, 2001. Thus, the provinces bear a huge burden of cost of CDLs in terms of interest payments which constitutes approximately 42% of total interest cost given their share in domestic respective portfolio of approximately 5.6% only in FY 2016-17. Figure 6.2 shows the composition of Normal and SCARP CDLs which are 10.26% and 89.74% respectively.

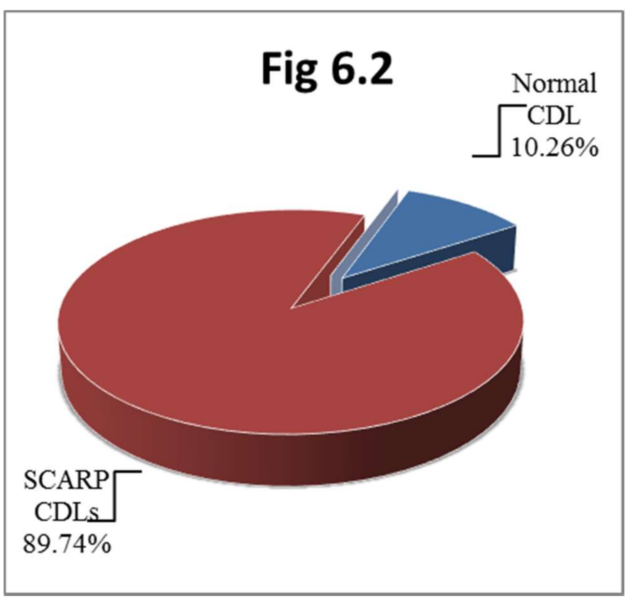
Table 6.2

Domestic Debt Liability

Rs. in Million

	30.6.2007	30.6.2008	30.6.2009	30.6.2010	30.6.2011	30.6.2012	30.6.2013	30.6.2014	30.6.2015	30.6.2016	30.6.2017
Normal CDLs	9,593	5,051	4,895	2,573	4,974	2,364	2,240	2,101	1,944	1,768	1,570
SCARP CDLs	15,057	16,240	15,638	14,911	14,187	13,408	12,586	15,408	14,449	14,614	13,725
Grand Total	**24,650**	**21,291**	**20,533**	**17,484**	**19,161**	**15,772**	**14,826**	**17,509**	**16,393**	**16,382**	**15,295**

Figure4.2: Domestic Debt



4.1.2. Foreign Debt

The need for foreign loan arises under the scarcity of domestic resources. Currently Government of Sindh is working on debt reform activities with collaboration of World Bank (WB).

Table 6.3			
Foreign Debt Liability Details			
Amount in Million as on June 30, 2017			
Donor / Lender	**No of Loans**	**Interest Rate**	**Loan Amount Rs.**
IDA /IDA SUF	43	*0.75% - 2% / 6M LIBOR + var. spread	102,162
ADB	39	**1%-1.50% 6M LIBOR + 0.40	86,583
Japanese	3	1.20 - 2.6%	10,783
IBRD	1	0.75%	292
IFAD	2	1.00%	228
OPEC	1	2.50%	442
Sub-Total	**89**		**200,490**

*Note :Previously IDA loans were offered on 75 bps but now has increased to 200 bps because of upradation to middle income category (blend). IDA portfolio also includes 01 IDA SUF (Scale up facility loan) on floating rate basis.
** Note: Previously ADB loans were offered on 100 bps but now has increased to 150 bps. Country also availed 02 loans from ADB commercial lending arm LBL (Libor Based Loans) on floating rate basis.

Table 6.3 shows that external funding mostly obtained through World Bank IDA loans and Asian Development Bank loans constitutes 51.0% and 43.2% respectively of total Sindh external debt portfolio. There is a third major source of funding through JICA indicating 5.4% and rest are almost negligible.

Figure 6.3 depicts a glimpse of proportionate share of each donor in GoS Foreign debt portfolio. The foreign loans has been procured on both concessional and commercial rates.

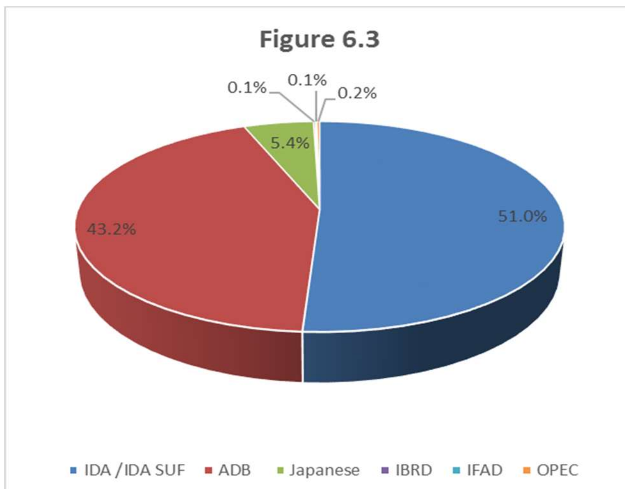


Table 6.4								
Foreign Debt Liability								
Amount in Million as on June 30, 2017								
Year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Amount	76,988	88,849	98,636	130,476	153,751	148,482	175,104	200,492

Table 6.4 shows an upward trend in foreign loans (closed loans) of GoS since 2010. The trend witnessed a rapid debt increase of Rs. 31,840 million, Rs. 23,275 million, Rs. 26,622 million and Rs. 25,388 million in FY 2013, FY 2014, FY 2016 and FY 2017 respectively because of inclusion of new closed foreign loans (disbursements recently completed) plus the impact of depreciation in domestic currency.

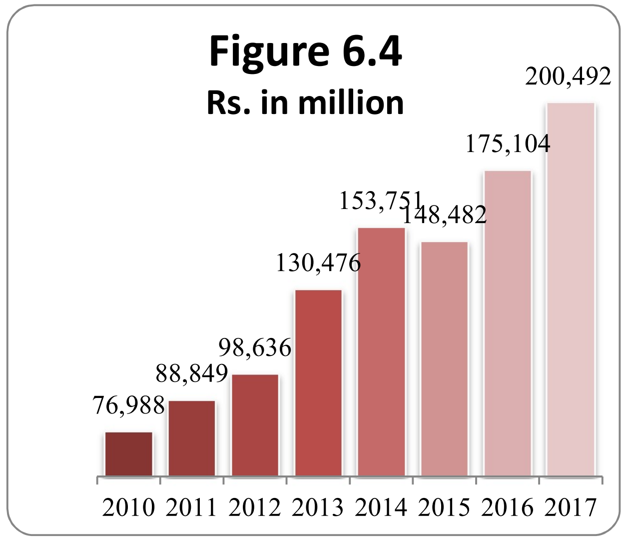
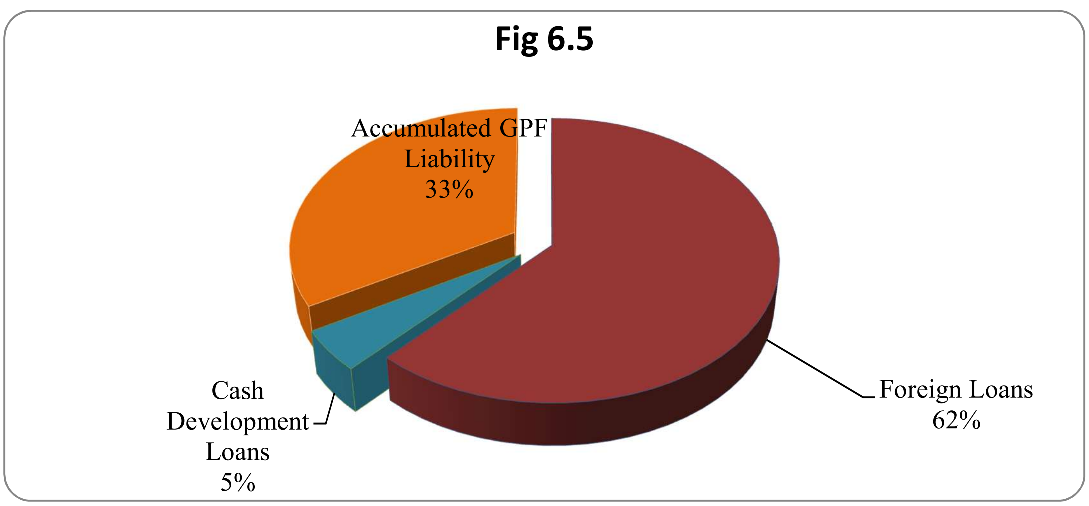


Table 6.5		
Total Debt Liability (Rs. In Million)		
Category of Loans	**Amount**	**Percentage**
Foreign Loans	200,492	61.83
Cash Development Loans	15,295	4.72
Accumulated GPF Liability	108,496	33.46
Grand Total	**324,283**	**100.00**

In addition to domestic and foreign debts, the General Provident Fund is another big component of Sindh Government's liabilities. The total debt liability of the Government of Sindh comprising of foreign and domestic loans and GPF liability as given in Table- 6.5.

Figure 6.5 shows that more than half of the total debt liability comprises of foreign loans, followed by 33% of GPF liability, while the domestic loans constitutes only 5% of the total liabilities of GoS.



4.2. Debt Servicing

The debt servicing includes the payment obligation on account of interest and principal against domestic and foreign loans. The payments on account of interest are booked under Current Revenue Expenditure while that of principal are the part of Current Capital Expenditure. These payments are made through at source deductions by Federal Government from monthly divisible pool share of the Provincial Government. The interest on GPF deposits has been booked annually in favor of depositors; however, the same would be paid off at the time of actual disbursement of the fund to individuals.

Table 6.6 shows the position of debt servicing indicating actual repayment trend from FY 2012-13 to FY 2015-16, Revised Estimates FY 2016-17 and Budget Estimates FY 2016-17 and 2017-18.

Table 6.6										
Debt Servicing (Rs. In Millions)								**Growth (%)**		**Ave (%)**
	Actual				**BE**	**RE**	**BE**	**RE***	**BE****	**Actual**
	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2012-15**
Principal	13,120	18,239	8,323	8,044	10,432	8,380	14,493	4.18	38.93	-15.05
Interest	3,917	3,736	3,718	4,317	4,289	4,842	4,795	12.16	11.78	3.30
Total	**17,037**	**21,975**	**12,041**	**12,361**	**14,722**	**13,222**	**19,288**	**6.97**	**31.02**	**-10.14**
* Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16										
** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.										

The principal re-payments recorded an average negative growth of 15.05% during FY 2013-16, while the growth in interest payments is 3.30%. However, a negative growth in principal repayment is because of speedy/early retirement of CDLs in 02 consecutive years FY 2012-13 and FY 2013-14. The positive growth in interest payment is due to increasing trend of foreign debt portfolio along with the inclusion of new loans with accumulated interest charges in [2]close loan category. The revised estimates in FY 2016-17 for principal and interest payments over actuals of FY 2015-16 shows a positive growth by 4.18% and 12.16% respectively. Moreover, final estimation for BE 2017-18 under principal and interest re-payment has substantially increased as compared to BE 2016-17. The increase in principal re-payment by 38.93% is mainly due to inclusion of amount of Rs. 5,276 million kept for early retirement of CDLs and amount of Rs. 837 million mainly on account of new loans for which principal re-payment started now. Similarly, increase in interest payments by 11.78% is due to inclusion of accumulated interest payment of active IDA loans recently shifted to closed loan category, upward trend in USD LIBOR rate and growth in foreign debt portfolio.

[2] Close loans are loans for which `disbursement already completed and debt servicing initiated.

4.3. Debt Sustainability

In general, it is useful to monitor External debt and Debt services obligation measures in relation to GDP, Exports, and Fiscal Revenue. In most of the countries, the need for such analysis may arise at national level as External borrowing and its Debt servicing remain with the Federal/Central level. Pakistan also comes under this category as Federation here is the Sovereign Guarantor; however recent 18th Amendment in Constitution authorizes the Province to opt for domestic borrowing through the forum of NEC (National Economic Council). Moreover, Debt Servicing for Domestic and Foreign Loans is deducted through at source adjustment by Federal Government against provincial monthly share of divisible pool Tax Revenue. The payment on account of foreign debt servicing made directly to Donors from Federal Government.

The Sindh Government uses Current Revenue Expenditure (CRE) ratio and the General Revenue Receipts (GRR) ratio for the above mention purpose. As earlier mentioned, the CRE includes all operational expenses of the Provincial Government and GRR includes divisible pool taxes, straight transfers from Federal Government and provincial own tax and non-tax revenues. Table-6.7 shows the position of Debt Servicing (DS) as percentage of Current Revenue Expenditure (CRE) and General Revenue Receipts (GRR).

Table 6.7

Debt Servicing Vis-a-Viz CRR and GRR (Rs. In Millions)								Growth (%)		Ave (%)
	Actual				BE	RE	BE	RE*	BE**	Actual
	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2015-16	2016-17	2011-14
Current Revenue Expenditure	315,960	337,742	454,568	474,612	572,760	606,962	666,474	27.89	16.36	14.53
Debt Servicing (Principal+ Interest)	17,023	21,975	12,041	12,361	14,722	13,222	19,288	6.97	31.01	-10.12
% of Current Revenue Expenditure	**5.39**	**6.51**	**2.65**	**2.60**	**2.57**	**2.18**	**2.89**			
General Revenue Receipts	429,438	491,180	568,241	757,753	739,320	732,248	854,260	-3.37	15.55	20.84
% of General Revenue Receipts	**3.96**	**4.47**	**2.12**	**1.63**	**1.99**	**1.81**	**2.26**			

* Represents percentage increase in Revised Estimates 2016-17 over actuals of 2015-16.

** Represents percentage increase in Budget Estimates 2017-18 over Budget Estimates 2016-17.

The significant growth in GRR from FY 2012-13 to FY 2015-16 has also decreased the DS as % of GRR for more than 50%. Even in FY 2016-17, a ratio for 2.18% shows a significant decrease and it concludes that debt sustainability of GoS does not pose any threat in near future.

4.4. Sensitivity Analysis External Debt Servicing With Respect To Interest Rate And Exchange Rate

4.4.1. Debt Portfolio Of Government Of Sindh

Table 6.8			
Composition by Creditor			**Rs. in PKR**
Agency	**Frequency**	**DOD outstanding (PKR)**	**% of Total**
IDA	52	153,743	59.69%
ADB	42	92,081	35.75%
IFAD	2	228	0.09%
IBRD	1	292	0.11%
OPEC	1	442	0.17%
JICA	3	10,783	4.19%
Total	**101**	**257,569**	**100%**

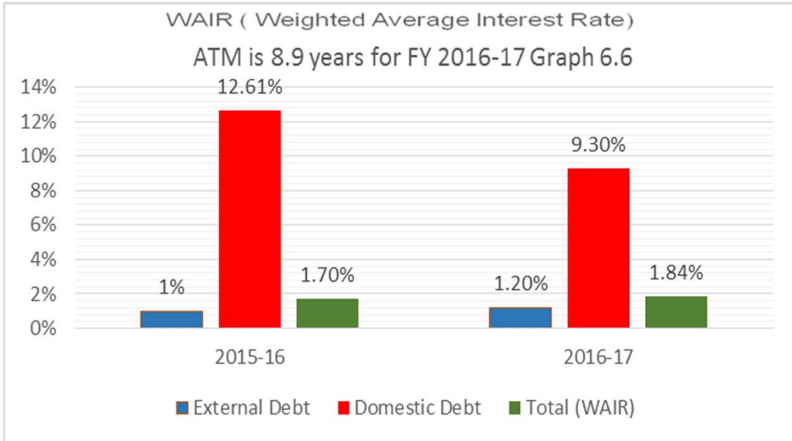
The part of Sindh's total public debt which is obtained from Lender Agencies in foreign currency is External Loan portfolio. The current position of external debt portfolio reconciled with EAD as of June 30, 2017 is Rs. 257,569 million (include loans under disbursement). The cost and especially risks of the debt portfolio/debt servicing can be described with a few key parameters. However, among them the most important are; interest rate risk and currency depreciation risk. The sensitivity of these variables is crucial for analyzing their impact as a result of changes in market dynamics. At subnational level, Federal Government re-lends to provinces on agreed financial terms with the Lender. But in case of repayment of these loans, payment is being done by Federal Government on prevailing foreign currency market rate, but to provinces, it is charged on average rate decided by Finance Division (Federal Government) on yearly basis. The rate PKR 105.50 equivalent to 1 USD for repayment in FY 2016-17 was provided for calculations in USD denominated loans.

4.4.2. Debt Servicing With Respect To Interest Rate

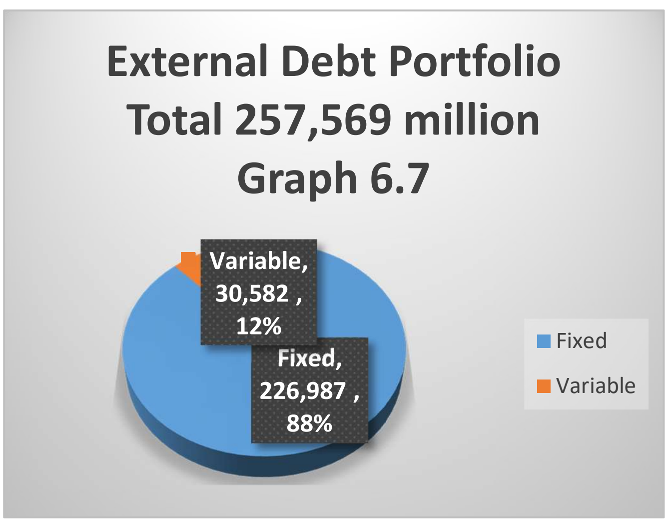
In current external debt portfolio, there are 22 new loans (out of total 101 loans) sanctioned in last 04(four) to 05(five) years on higher rates because of country's upgradation to blend category. Consequently, External debt WAIR (weighted average interest rate) has now increased to 1.20% in FY 2016-17 from 1% in FY 2015-16. WAIR for the portfolio (includes domestic debt share) increased to 1.84%[3] in FY 2016-17 from 1.7% in FY 2015-16 as illustrated in Graph 6.6.

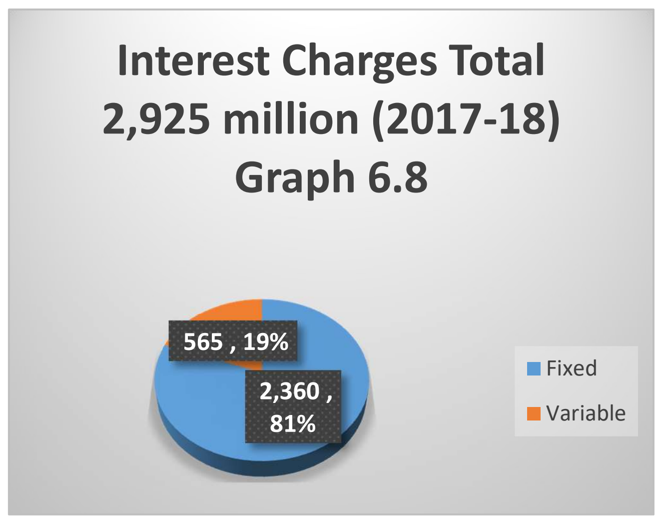
[3] IDA 3686 loan in PKR has included in domestic loan category and that mainly effect the overall domestic debt WAIR in FY 2016-17.

Figure 4.6



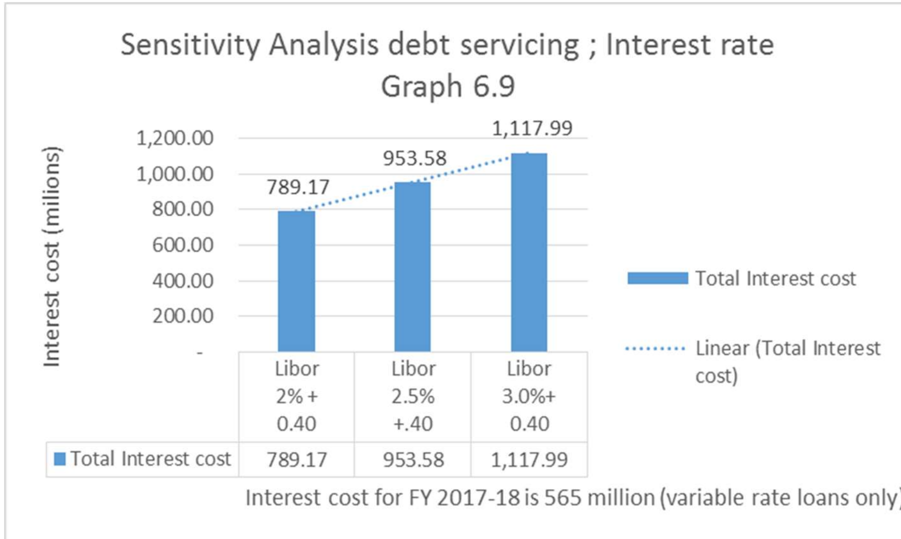
In Sindh's Debt Portfolio, only 02(two) loans (Asian Development Bank) are on variable rate (i.e. USD 6 months Libor + 0.40) and remaining are on fixed rate basis. In last 2 years, USD 6 months Libor has increased approximately by more than 100 bps to 1.447% (as per June 30, 2017). Variable rate based loans comprises of 12% and 19% share in external debt portfolio and debt servicing payments (FY 2017-18) as illustrated in Graph 4.7 and 4.8.





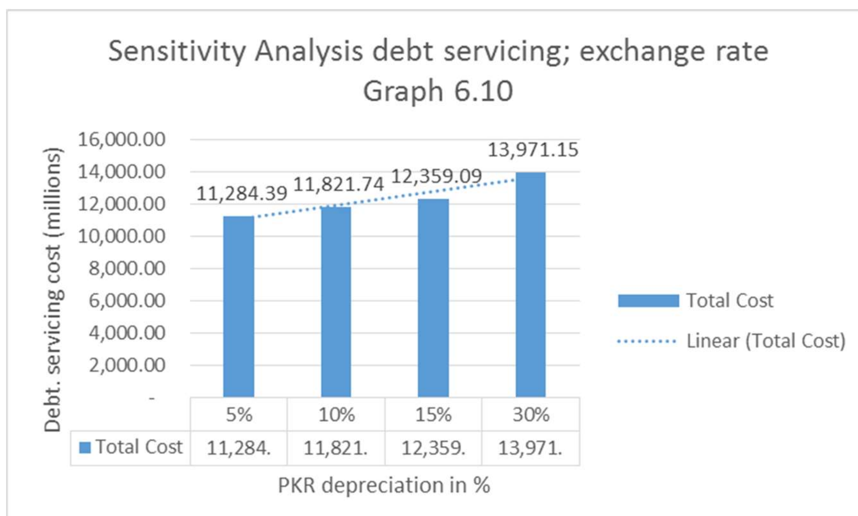
Debt Servicing Payment on Fixed rate portfolio is immune to market changes in interest rate. There would not be any change on fixed rate portion but on variable rate which may affect overall cost. If the 6 months USD Libor rate increases to 3% in FY 2017-18, in that case, it would drastically increase our interest cost. Fixed rate interest share in total cost can also be increased by inclusion of IDA active loans in debt servicing portfolio along with the interest charges accumulated during the grace period.

The budget estimated interest charges for FY 2017-18 is Rs. 2,925 million comprises of Rs. 565 million and Rs. 2,360 million on account of variable and fixed rates respectively. Amount of Rs. 565[4] million has been kept as a base for Sensitivity Analysis with respect to interest rate illustrated in Graph 6.9. As illustrated, sensitivity analysis been conducted on different ranges. For example in FY 2017-18, if USD 6 months Libor increased to 2%, 2.50% and 3.0% then total cost on variable rate loans will be increased to Rs. 789.17 million , Rs. 953.58 million and Rs. 1,117.99 million accordingly.



4.4.3. Debt Servicing With Respect To Exchange Rate

Sindh Debt portfolio comprises of only 03 foreign currencies i.e. USD, SDR and JPY. The major exposure of exchange rate risk comes from USD denominated loans with 92.17%, Japanese Yen 4.18% followed by PKR and SDR with 2.15% and 1.50% respectively. Depreciation of Pak Rupee on account of USD, JPY and SDR denominated loans would affect both the stock of Sindh government debt as well as debt servicing flows.



[4] We are considering just variable cost 565 million because fixed portion would not be affected by any change in interest rates. However, as per practice any new loan interest cost (fixed or variable rate) can be added along with the accumulated interest charges while finalizing the Real Estimation 2017-18 on yearly basis.

While analyzing data for exchange rate against USD and JPY in last 12 years[5], the average depreciation rate has remained at an average of 5.35% and 6.03% respectively. If we compare variations in both currencies, USD maintained consistent depreciation pattern over the years except in year 2008-09 with uneven depreciation of 28.72%.

During the same period, JPY exhibited a volatile pattern of depreciation/appreciation within a range of – 19.53% to + 28.38%. However, average depreciation for both the currencies remained close when comparing with last one decade.

Sensitivity Analysis on debt servicing has been conducted on USD and Yen category loans totaling to PKR 10,747 million (total PKR 10,947 million) after deducting amount of PKR 199.96 million (01 IDA loan exposure in PKR) in total. Depreciation of Pak Rupees with respect to both currencies would affect both the stock, principal and interest charges flows accordingly as illustrated in Graph 6.10.

Although GoS is not responsible to pay debt in foreign currency but as per Federal Government re-lending policy, it has to bear overall foreign exchange variation cost on external loan payments and minimize cost further down. Sindh Government shall explore other venues as multilateral/bilateral agencies preferably present in Federal Government loan portfolio, where they can find concessional rate loans and loans built-in with grant factor. Currently, GoS is negotiating 02 (two) Bilateral Loans with South Korea and China at concessional rates. In addition to this, options for currency diversification may also be considered with coordination of EAD considering Federal foreign reserves and repayment schedule requirements. In current scenario, one of the reasons for relying more on external loan option is its built-in technical assistance along with their project monitoring expertise. Sindh Government may continue to avail these options but shall increase its co-financing share/part in projects with the help of budgetary allocated funds and introducing Sindh Bond/SUKUK in domestic debt market. There is also a need to improve expertise especially in analyzing, negotiating, servicing variable rate loans, i.e. IBRD and ADB commercial, and use its SWAP and hedging characteristics which are already built-in features in products offered by donors.

[5] Average calculated as per 12 years currency data provided by EAD on yearly basis.

Public Accounts

Article 118(2) of the Constitution of Islamic Republic of Pakistan defines 'Public Account' as all monies, which do not form part of the Provincial Consolidated Fund (PCF) but are:

- Received by or on behalf of the Provincial Government; or
- Received by or deposited with the High Court or any other Court established under the authority of the Province.

It consists of monies for which the Provincial Government has a statutory or other such obligation and 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 as well as expenditure side but with a common cash balance in State Bank of Pakistan, and are categorized as:

- Unfunded Debt (deferred liabilities, including GP Fund);
- Deposits and Reserves;
- Remittances.

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

- Assets
    - Cash of the Government with Bank
    - Receivables
- Deposits and Reserves / Liabilities
    - Control Account
    - Trust Account–Fund
    - Trust Accounts–Others
    - Special Deposit–Investments
    - Special Deposit Fund

Financing Deficit

Public Account generally provides the balances for financing deficits on account of revenue as well as development budgets; such transactions have usually remained in credit balance in Sindh. A major component of these balances is generated on account of reserves/deposits in Trust Account. Funds such as General Provident Fund (GPF) and Benevolent Fund (BF) etc. where the receipts are generally exceeded the disbursements resulting surplus accounts. Similarly, the balances are also generated under the heads of deposits and reserves where the Public Works Department (PWD) deposit work and securities provide temporary balances for deficit financing.

TABLE 5.1: PUBLIC ACCOUNT (RECEIPT & DISBURSEMENT) **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2 016-17	Budget Estimates 2017-18
NET	**26,392.70**	**21,688.17**	**7,509.10**	**14,349.40**
Receipt	**1,958,256.20**	**1,390,933.16**	**1,525,264.80**	**1,682,540.70**
Assets	645,735.657	696,828.180	739,564.529	813,520.981
Liabilities (receivable)	1,312,520.545	694,104.984	785,700.271	869,019.719
Disbursement	**1,931,863.50**	**1,369,245.00**	**1,517,755.70**	**1,668,191.30**
Assets	645,735.750	750,423.235	740,979.008	815,076.911
Liabilities (payable)	1,286,127.75	618,821.764	776,776.692	853,114.389

Table 5.1 presents classification of Public Accounts on New Accounting Model (NAM) since 2006. The net budget balance during FY 2016-17 amounting to Rs. 13.6 billion is expected to increase to Rs. 14.3 billion in FY 2017-18 because of the expected payments of deferred liabilities in the FY 2017-18. Net public account is expected to grow by 4.8% in FY 2017-18.

5.4. Receipts

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.

Deposits and Reserves

Larger 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.

Various items of misclassified receipts and expenditure are also part of deposits and reserves but do not follow any particular pattern, especially receipts, deposited or disbursement under court orders and expenditures relating to PLAs, of autonomous and local bodies of the provincial government are kept with government treasuries. The same is also true in the case of suspense accounts. Whether the net receipts from suspense or deposits is positive or negative, depends entirely on financial transaction or court decisions / orders and misclassification in respect of receipts. While the cash available is automatically consumed for discharging liabilities, the balance (net effect of receipts and expenditure) is not assumed to be a resource available to the provincial government.

This year effort has been made to bring budgeting and accounting in line with the international best practices to make it more transparent. An in-depth review indicated need for more focus on reporting assets and liabilities under the Public Account, hence departure from previous years' practice. The earlier practice was based on the assumption that since the province was not consuming the cash accrued from Public Account surplus, therefore the account of the assets and liabilities would be considered as balanced. This year the actual figures from the civil accounts have been reflected in the above table and the surplus cash represents the extent of payable liabilities and not the resource to provincial government.

5.5. Disbursements

Current Assets

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

Liability

Major part of the Liabilities is indicated as disbursements as deferred liabilities, to be made from deposits & reserves and is also shown as contra item to the deposits and the reserves.

TABLE 5.2: PUBLIC ACCOUNT **(RS. IN MILLION)**

Description	Account 2015-16	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
NET	**7,791.74**	**583.23**	**8,452.20**	**9,297.42**
Receipt	**19,520.178**	**10,866.127**	**21,430.515**	**23,573.567**
Provident Fund	16,667.070	7,739.899	18,329.554	20,162.509
Benevolent Fund	1,605.237	1,659.900	1,858.627	2,044.490
Insurance	1,247.871	1,466.328	1,242.334	1,366.568
Disbursement	**11,728.438**	**10,282.898**	**12,978.319**	**14,276.151**
Provident Fund	6,318.491	6,764.218	7,874.680	8,662.147
Benevolent Fund	2,857.947	2,184.200	4,256.307	4,681.938
Insurance	2,552.000	1,334.480	847.332	932.066

5.6. Net Public Account

Net Public Account shown in Table 5.2 provides that the revised estimate 2016-17 of Government's liability on account of Public Account is Rs.58,623 million which is estimated to increase to Rs.61,554 million in FY 2017-18. The resources to meet this liability are available in the Account No.1 of the Government. In the past, this cash was used as a financing item for Government's budget. However, as a prudent financial management practice, the present Government discontinued this practice in 2008-09. As a result, now these liabilities are not unfunded and cash is available in the bank account of the Government for their discharge.

Fund Management

The fund management concept gained ground not just because of efficient investment of surplus funds but it had one more dimension; that was, to set aside monies for certain projects that would be requiring funds in the near future, but where the nature of expenditure was such that released development funds were desired no to get lapsed at fiscal year end

Before the SFMH was created, the original concept was to establish an 'Employee Benefit House', rather than a mere 'Fund Management House'. An Employee Benefit Assessment Taskforce (EBAT) was notified by the GoS to recommend required reforms for the various GoS employee benefit schemes. At that time (2007 through 2010) the automation of payroll / pension roster and also in terms of bio-metric and NADRA related verifications, were still weak and thus many of the proposed reforms weren't executed. But now with the complete automation of the GoS payroll and automation of all the pensioners having retired after 1993, the GOS is once again presented with the opportunity for moving ahead with the reform process.

TABLE 6.1: FUND PORTFOLIO **(RS. IN MILLION)**

Description	Budget Estimates 2016-17	Revised Estimates 2016-17	Budget Estimates 2017-18
Total Government Funds	**19,150.000**	**19,150.000**	**17,850.000**
Sindh Pension Fund	**5,000.000**	**5,000.000**	**5,000.000**
Sindh Insurance Ltd. Equity Injection			500.000
Sindh Government Employee Group Insurance Fund	200.000	200.000	200.000
Sindh Social Relief Fund	200.000	200.000	
Sindh Energy Holding Company Equity Share			750.000
Sindh GP Investment Fund	4,000.000	4,000.000	4,000.000
Viability Gap Fund	4,000.000	4,000.000	4,000.000
Sindh Coal Development Fund	2,750.000	2,750.000	2,000.000
Sindh Project Development Facility			**200.000**
Endowment Fund for PPHI			
Investment Fund for SCSHF	1,000.000	1,000.000	1,000.000
Sindh Leasing Company Equity Injection	1,000.000	1,000.000	
Sindh Modarba Equity Injection	500.000	500.000	
Other Funds	500.000	500.000	200.000

The SFMH, in consultation with the actuarial experts, insurance companies and the concerned agencies of the GoS, presented certain ideas for reforming these schemes. Several of these reforms had been considered at various fora and some were being applied as well. For example, reforms in financial assistance and group insurance benefits as well as some improvements in the benevolent fund mechanism.

SFMH was formed to perform the role of a dedicated investment unit where fund management expertise is available, as well as the ancillary activities like book-keeping, maintenance of investment record, reconciliation of balances and also their audit (if required). Hence an overall improvement in the investment process was targeted. SFMH was established as Unit in 2007 under the Resource Wing of the Finance Department.

Sindh General Provident Investment Fund (SGPIF)

During the last few years, Government of Sindh has been allocating / setting aside some amounts in order to create enough assets to meet the future liabilities on account of the General Provident Fund scheme. These contributions, as well as the profit earned thereof, beef-up the assets of the Sindh General Provident Investment Fund. Under the GoS provident fund scheme, regular deduction from employees' salaries are made on which government pays interest and at the time of retirement or resignation, accumulated balance is paid off. Unfortunately, the deducted amount wasn't always invested and thus the GoS liability on account of SGPIF kept on increasing. The government has kept on paying the profits over the amounts deducted from employees' salaries but didn't create any assets against the deductions. In 2007, GoS took the decision to establish the Sindh General Provident Investment Fund under the chairmanship of Chief Secretary Sindh and started making regular contributions into this fund. The main objective of the fund was to generate returns out of which GoS would be able to pay off government servants' liabilities, pertaining to the General Provident Fund scheme, once the fund has attained the size of self-sufficiency.

A shariah-complaint option for provident fund deductions has been examined but not yet rolled-out, mainly on account of absence of synchronization of any such measure with the Government accounting systems. However, it has remained under consideration.

Since its inception Rs 19,200 million has been released into the fund. The net profit of the fund for the financial year 2016-17 is Rs 4,811 million (Figure 8.1). The accumulated value of investments of this fund as on 30th June 2017 is Rs 52,768 million.

Sindh Province Pension Fund (SPF)

This fund has been established to enhance the ability of GoS to defray future pension expenditures. The expense has been steadily rising due to sharp rise in the number of pensioners on the one hand and enhancement in the monthly pension amounts on the other. The GoS pension scheme for civil servants is a 'defined benefit' scheme; that is, it seeks no contribution from the employees.

Consequently the burden of the payment of future pensions also lies with the government in entirety. The GoS thus realized the need to create a reserve fund for meeting such future pension obligations and created this fund in year 2003.

The fund was created with Rs. 1.2 billion, which was progressively improved each year. The investment decisions are made by the Sindh Province Pension Board, chaired by the Minister for Finance, or the Chief Secretary in his absence, as the case may be. Members of the Board include the Chief Secretary of Sindh, Secretary (GA), SGA&CD, Secretary of Finance and a representative of ICAP / other financial institution.

The GoS has been advocating for ease in procedures for pension payments, including automation for improvement in service delivery. Independently, the office of the AG Sindh has also been advocating and applying such changes, including the direct credit scheme for pensioners, which has filtered out pension data for various inaccuracies and involves commercial banks for disbursement.

During the year 2016-17, the total return on the investment of Sindh Pension Fund came to Rs 9,015 million. The amount released to the fund since its inception till 30th June 2017 was Rs. 36,300 million. The accumulated value of investment of this fund as on 30th June 2017 is Rs 96,920 million.

Sindh Social Relief Fund (SSRF)

Sindh Social Relief Fund was founded in 2005 with the overall goal of providing assistance to the needy and poor people in the province. The fund was established with an initial funding of Rs 3 billion from GoS. All the management and investments decisions are taken by the committee which is headed by Chief Secretary of Sindh. The other members of the committee includes Additional Chief Secretary, P&D Department, Secretary Zakat & Ushr, Secretary of Finance and two representatives of the private sector possibly from the social sector background so that the bright ideas for the welfare of the people could be discussed.

During the year fund was utilized for a one time grant to beneficiaries of Benazir Income Support Program (BISP) in collaboration with Social Welfare Department. A contribution of Rs 200 million was made by this fund towards this initiative.

Sindh Social Relief Fund assets have been utilized for relief related activities. The management of the fund and investment decisions are taken by a high powered committee presided over by Chief Secretary Sindh, which includes the Additional Chief Secretary, P&D Department, Secretary Zakat & Ushr Department, Secretary Finance Department and two representatives of the private sector.

Since the inception of SSRF upto 30th June 2017 an amount of Rs 15,143 million has been released. The accumulated value of investment of this fund as on 30th June 2017 is Rs 19,227 million. The accumulated profit since inception of the fund till 30th June 2017 is Rs. 7,497 million. The net profit of the fund for the financial year 2016-17 stands at Rs 1,403 million.

Viability Gap Fund (VGF)

GoS took a very precise and exclusive initiative to create Viability Gap Fund in the year 2008-09. The objective of establishing VGF was to support and promote the development of new projects and businesses in Sindh through Public Private Partnership (PPP) mode. All funding requirements for such projects are met out by the GoS through the VGF.

The net profit of the fund for the financial year 2016-17 stands Rs 2,316 million, while expenditure during the year 2016-17 was Rs 4,350 million out of which Rs 3,094 million was for the Health Projects under PPP mode. Table 8.4 shows the amount released to the fund since its inception till 30th June 2017 is Rs 27,700 million. Expenditure made from inception of the fund is Rs 25,466 million.

The expenditures made by this fund to date have been in furtherance of several projects undertaken under the public-private partnership mode. These include infrastructure projects, as well as projects in the health, education, energy and transport sectors. The main projects are the Hyderabad-Mirpurhas Dual Carriageway, the Jhirk-Mullahkatiyar Bridge Project, Karachi-Thatta Dual Carriagway, the Nooriabad Power Project and some other projects.

Peoples Housing Cell Fund

In the year 2008-09, a departmental fund named People's Housing Cell Fund was created. Out of the total funds under its umbrella, a portion of amount is placed with SFMH in order to get a better return on their balances. The fund makes payment to People's Housing Cell as per the demand raised by People's Housing Cell and all such funding are made out of budgetary allocations by Government of Sindh for low cost housing plans for the poor and needy people in the province.

The amount released to the fund since its inception till 30th June 2017 was Rs 2,966 million. However no amount has been released since last 8 years into the fund. The accumulated value of investment of this fund as on 30th June 2017 is Rs 418 million. The net profit of the fund is for the financial year 2016-17 is Rs 25 million. The expenditure of the fund since its inception has been over Rs 3,575 million, which is released to the Peoples Housing Cell from which they have constructed 6,000 houses todate, while certain other schemes are also under planning phase.

Sindh Coal Development Fund

Sindh Coal Development Fund (SCDF) was established mainly to have sufficient funds available for recapitalization by the Government of Sindh to enter into the joint venture with Sindh Engro Coal Mining Company for development and extraction of Thar coal reserves and other development projects for developing coal reserves in Thar. The fund's assets are being built to accommodate these investment obligations.

The total expenditure from this fund to date stands at Rs. 11,721 million.

An amount of Rs 13,250 million has been released to the fund since its inception till 30th June 2017. The accumulated value of investment of this fund as on 30th June 2017 is Rs. 4,177 million. The net loss of the fund for the financial year 2016-17 is Rs. 637 million which is due to withdrawal of funds made for the purpose for which fund was conceived.

Sindh Government Employees Group Insurance Fund

The purpose of Sindh Government Employees Group Insurance Fund (SGEGIF) is to allocate funds to improve group insurance facility provided by GoS to the employees and to share cost of premiums which are deducted from remunerations of GoS employees under the head of Group life insurance. Currently, the funds have not started to contribute towards the cost of group life insurance. The Fund was established in 2012-13.

Accumulated value of investment of this fund as on 30th June 2017 is Rs. 2,325 million. The net profit of the fund for the financial year 2016-17 is Rs. 332 million. The amount released to the fund since its inception till 30th June 2017 is Rs. 1,301 million.

Sindh Agriculture Supplies Organization (SASO) Pensioner's Fund

This is a departmental fund which is under management of SFMH since 2008-09. Sindh Agriculture Supplies Organisation is no more operational or not even exists, but the pension payment of retirees has to be made. This fund meets the pension obligations from interest which the fund generates and is sufficient enough to meet its current commitments. Department of Agriculture, which is the parent department of SASO, pays monthly pensions to their pensioners.

Sindh Flood Relief Fund

Sindh Fund Relief Fund was established with the motive of collecting donations or grants from interested donors among the general public as well as employees of Government of Sindh (who have paid part of their salary twice in this fund since its inception in 2011) and then handing over the entire collected amount to Government of Sindh for incurring expenditures on flood relief activities. in previous years an accumulated balance were surrendered in favor of GoS and no new donations or grants have been received by this fund till date. The current asset value of the fund is Rs. 0.63 million only.

Sindh Project Development Facility

Sindh Development Project Facility was designed to finance feasibility studies for projects to be undertaken in the framework of public-private partnership mode with the Government of Sindh, as well as capacity building and development of team members involved in such projects. Fund expenses are approved by the PPP Policy Board.

The was created with the objective of financing the feasibility studies for projects to be undertaken under the Public Private Partnership mode by the Government of Sindh and also for capacity-building and development of team members involved in such projects. Separate PDF Guidelines have also been approved for the usage of the fund under which all expenditures from the fund are approved by the PPP Policy Board through a defined process. The current asset value of the fund is Rs 533 million approx.

Education City Fund

The fund was created in 2012-13 with a minimal amount of Rs 0.1 million. The purpose of the Fund is to allocate funds for creation of Education City Project in the city under the Sindh Education Reform Program. The Sindh Board of Investment is responsible for the development of this project.

The fund was established in the year 2012-13 with a nominal amount of Rs 0.1 million. This fund was formed with an objective to set aside amounts for the establishment of the Education City Project under the Sindh Educational Reforms Program. This Sindh Board of Investment is responsible for development of this project.

Endowment Fund for Peoples' Primary Healthcare Initiative

Government of Sindh always promotes and supports various activities of Peoples' Primary Health Care Initiatives (PPHI) to empower them to carry out health related facilities across Sindh province. In addition to providing grant in aid and payment of wages, the government has also set aside funds for the creation of an endowment fund which will help PPHI in future (only the acquisition funds should be used, instead of the principal amount). The fund was created in 2011-12.

Investment Fund For Sindh Civil Servants Housing Foundation

This Fund was created for the development of GoS employees' housing project to be undertaken by Sindh Civil Servants Housing Foundation. It was established in 2013-14 and the fund's assets currently include GoS contribution to the fund. Contributions paid by employees who are members of Sindh Civil Servant Housing Foundation will be launched in the future and deposited in the fund. The value of fund assets as at 30th June 2017 is Rs 5,366 million.

Conclusion – Investment Strategy

Sindh Government have witnessed considerable increase in assets under management despite a recent reduction in the amounts being allocated and released to these investment funds annually. This was because of the significant amounts being received a profit over the invested amounts. Reasons that led to the improvement in the return on the investment are enumerated as follows:

- All the fixed income and other capital market investment options were minutely studied and the best available options were adopted which resulted in the efficient growth of the funds. Considerable capital gains were booked when the high-yielding PIBs were disposed-off in the market, after a decline in the interest rates in the economy.
- Efficient fund management by the Sindh Government through rapid and viable reinvestments of these funds from the very next day of their maturities / releases.
- In order to achieve better rate of return and keep the safety of the funds as a priority, funds were very wisely diversified.

The Government has been working hard towards bringing corporate and investment governance culture in the fund management and have met with success in this regard, as is evident from the robust increase in the assets under management as well as the rate of return.

Public Financial Management Reforms

The Government of Sindh carried out PEFA Assessment with the assistance of World Bank, European Union, U.K aid and ADB, in order to improve the performance of public financial management. The assessment evaluated 32 performance indicators over the performance of Government on six core dimensions of public financial management which include (i) Credibility of the Budget (ii) Comprehensiveness and Transparency (iii) Policy-Based Budgeting (iv) Predictability and Control in Budget Execution (v) Accounting, recording, and reporting (vi) External scrutiny and audit. The Government of Sindh took various initiatives during financial year 2016-17 & 2017-18 to improve transparency and good governance through reforms in public sector.

Sindh Public Sector Management Reform Project:

Based upon PEFA Assessment, Sindh Public Sector Management Reform Project IDA Credit # 5584-PK was initiated in FY 2014-15 with the assistance of World Bank for the period of five years. The Bank will provide loan of US$ 50 million. The key objectives are as under:

- Increasing revenue mobilization through tax policy reforms and increased administrative efficiency in tax collection;
- Enhancing performance of public financial management systems;
- Strengthening public procurement performance;
- Strengthening management and transparency of the development portfolio.

In order to implement Sindh Tax Reform Management Program to mobilize revenue, a Tax Reform Unit was established in Finance Department in July 2014 which would generate data and information; design and implement specific initiatives or measures for raising optimal tax revenue, and orchestrate a tax policy dialogue among the tax administration entities. TRU will coordinate with three tax collection agencies of Government of Sindh i-e Sindh Revenue Board, Excise, Taxation & Narcotics control Department and Board of Revenue to enhance revenue collection.

The Government of Sindh through Finance Department entered into an agreement with IBA on 15th February 2016 to help revitalize its SPSMRP program by providing research and capacity building support in the areas identified by Government of Sindh. IBA shall provide its services in the broad areas of cooperation including, but not limiting to:

- Tax policy research;
- Building frameworks for tax projections and revenue forecasting on recurrent basis;
- Designing, sourcing and implementing research in tax policy and administration;
- Human resources development;
- Sourcing faculty for the capacity building programs;
- Initial research need assessment for BoR, Excise & SRB has been completed.

Besides this a Debt Management Unit was also established in Finance Department in July 2014 to keep the Debt Management system in the province, which would have an active and functional debt management office within FD structured along functional lines: Back, Middle and Front Office, where the operational, analytical and execution functions are no longer segregated, developing a procedures manual for borrowing, consolidating Debt Database, Formulating a Debt Management Strategy and undertaking Debt Sustainability Analysis, designing an Operational Risk Management Plan.

Sindh Tax Revenue Mobilization Plan 2014-19:

Government of Sindh approved Sindh Tax Revenue Mobilization Plan 2014-19 and has published on its website www.fdsindh.gov.pk. The plan comprises a set of activities to deliver results that cover a wide range of cross-cutting tax policy and tax administration issues including tax simplification, modernization of tax administration and taxpayer facilitation. The STRMP is being implemented in pursuit of the following objectives:

- Increase own source revenues, thereby enabling higher investments in development Programs;
- Reduce administration and compliance costs;
- Facilitate taxpayers to enhance voluntary compliance; and
- Improve the efficiency and equity of provincial taxation.

Public Financial Management Reform Strategy -Government of Sindh – 2014/15 -2019/20:

Public Financial Management Reform Strategy - Government of Sindh – 2014/15 -2019/20 was approved by the Sindh Cabinet and was shared with all stake holders by the Government of Sindh for implementation. The objective of the PFM Reform Strategy is to ensure a public finance system that is based on the principles of transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development. PFM Reform Strategy focuses on four thematic areas. These include (i) Planning and Budgeting (ii) Budget Execution, Reporting, Accountability & Transparency (iii) Resource Mobilization (iv) Budget Control, Auditing and Oversight.

Medium Term Budgetary Frame (MTBF):

Medium Term Budgetary Framework (MTBF) Cell has been dealing with the eight (8) MTBF departments. There are 10,520 cost centers in the Financial Management Information System of Sindh Government, out of which around 7,042 cost centers (67%of the total DDOs) are covered under MTBF approach in the province. The Cell ensures budget submissions according to Budget Calendar and methodological guidelines based on the MTBF. It conducts regular capacity building workshops for MTBF departments before start of annual budget preparation exercise. Group activities and practical exercises are also the part of these workshops. Series of Handholding support are also provided to all DDOs of MTBF departments for the finalization of budget estimates as per ceiling communicated. During FY 2016-17, extensive capacity building programs for Health Department were planned and executed.

Quarterly Budget Execution Reports:

FD has submitted two quarterly Budget Execution Reports for period (July-September & Oct- Dec) for Current Financial Year 2016-17 to the Provincial Assembly of Sindh and published them in FD's website. While, two quarterly Budget Execution Reports for period (January-March & April – June) for Current Financial Year 2016-17 will be submitted subsequently.

PROSPECTIVE REFORMS/INITIATIVES/STRATEGIES FOR 2017-18

Sindh Public Sector Management Reform Project:

The project development objectives of the Project include strengthening of public sector performance in the Province of Sindh through improved revenue generation and expenditure management. The PFM Action Plan has been developed with following objectives to be achieved in coming years:

Reform Activities under Public Financial Management Action Plan are:

(I) Revenue Mobilization:

- Automation reforms for Tax Collection Systems: The automation of the tax system, human resource management reforms in the tax machinery and institutionalization of evidence-based tax policy will further improve revenue collection. Automation reforms including: formulation of a coherent IT strategy: provincial unique taxpayer identification number; establishment of IT governance protocols that provide timely solutions spanning over assessment, automated notices, collection (including e-payments), audit, appeals and integrity management. In this regard, piloting point of sale devices, establishing common provincial tax portal based at SRB with e-storage and query portal access to other provincial tax agencies, will broaden and deepen the tax base.
- Development/update of a comprehensive medium to long term revenue strategy;
- Review NFC award criteria – and prepare a case for next coming NFC Award;
- Developing tax management information systems (unified tax payers database) and surveys of potential tax payers;
- Introducing risk –based collection methods;
- Strengthen accounting systems, internal control mechanisms and introducing internal audit;
- IT strategy developed on taxation focusing on linking the various taxation databases and establishing a database of tax arrears;
- Establishing an independent tax appeals forum and conducting taxpayer workshops to encourage voluntary filing/payment and to access the tax appeals forum;
- Capacity Development.

(II) Planning and Budgeting:

- Budget Strategy Paper – BSP is a policy document which assists public understanding of the fiscal situation and proposed budget strategies of the Government for the period of coming three years. It usually contains the principles that will guide the whole budget cycle and broad fiscal parameters, key government strategies, priorities and policies for the management of public revenues & expenditures. It gives a brief Analysis about transition of Budget Strategy Paper with Medium Term Fiscal Framework, Medium Term Development Framework and risk to the budget parameters. BSP is a concrete framework for the preparation of departmental budget forward estimates and the development of detail budget policies. Budget Strategy Paper is under preparation for the next FY 2017-18 to 2019-20. After Completion of the BSP for C.F.Y, it will be presented before the Standing Committee of Provincial Assembly on Finance, as decided by the project steering committee headed by Additional Chief Secretary (Dev) Planning & Development department.
- Modified BCC developed and issue. BCC trainings delivered.
- MS-Excel Training is being provided.
- Rectification of master data completed and SOPs notified.
- IFMIS connectivity is being expanded. Survey for non-functional to access terminal has been completed.
- Notification of transfer of new retirees onto the direct credit system issued (DCS) has been issued.
- Capacity building of Sindh Revenue Board, Excise, Taxation & Narcotic Department, Sindh Revenue Board and SPPRA are to be strengthened.
- Develop sector strategies for priority sectors;
- Develop a provincial development plan;
- Develop sector strategies for non-priority sectors;
- Design development project programming framework and database (project database);
- Develop macro-fiscal forecasting models and tools tailored to Provincial needs;
- Develop (non-) tax revenue forecasting tools;
- Develop policy on how to effectively address potential reductions in planned NFC transfers;
- Capacity development of relevant functionaries;
- Review and improve the formulas for preparing expenditure ceilings;
- Introduce baseline methodology for recurrent expenditure;

- Introduce baseline methodology for development budget linked to project database and developing realistic medium term forecasts within financial constraints;
- Review and update of tools used by P&DD for public investment planning.

(III) Budget Execution, Reporting, Accountability & Transparency:

- Procurement reforms: Working of e-procurement modules is under process to save time and money.
- Strengthen Cash-flow forecasting (quarterly cash-flow plan) at Central Level and in Line Departments;
- Rationalization of bank accounts, establishing Treasury Single Account and improve bank account reconciliation practices;
- Transparent release of fund policy in circumstances of cash shortages;
- Develop Liquidity policy and short term financing instruments and establish liquidity committee;
- Update treasury rules and regulations;
- Capacity Development strategy is prepared and share with stake holders;
- Regulatory framework is being updated;
- Further utilize the online submission of bills functionality of PIFRA including training of relevant officers (e-bills);
- Introduce Liability / Arrears Management including mechanisms to forecast (future) liabilities at central and line department level;
- Improvement of IFMIS supported Payroll management in Line Departments and central level and reconciliation practices between payroll and personnel records;
- Enhancement of Pensioner Register and management including connectivity with the Direct Credit System (DCS);
- Improvement of FMIS supported Asset management in LDs and at central level including physical procedures for stock taking;
- Introduction of CFO and Capacity Development of CFO and other Financial Officers;
- Real-time reporting of expenditures of line departments, districts and cost centres including accessibility of line departments to IFMIS;
- Introduce/strengthen periodic in-year and Annual analytical budget execution reporting by FD and LDs;

- Ensure implementation of effective commitment control procedures supported by FMIS
- Outreach and other trainings will be continued.

(IV) Oversight and Internal Audit:

- Establishment of Internal Audit: Internal Audit system will be developed in key line departments of Government of Sindh. It shall be initially established in Finance and at end of the project in 2019-20, it will be established in 8 Departments of Government of Sindh. Internal Audit of Finance Department and Education Department is being executed while Internal Audit of Home and Health Department is at planning stage. An orientation workshop on establishment of Internal Audit function of Govt. of Sindh is planned to be conducted in mid-October, 2017.
- Pre and Post budget sessions are planned for members standing committee for budget on review of BSP and the budget.
- Training of MPAs has been executed & for standing committee members trainings have been planned.
- Proposal for developing senior financial management function is under process.
- Monitoring of Development Portfolio: The capacity of the Monitoring & Evaluation Cell; Planning & Development Department and other monitoring mechanisms to monitor the quantity and quality of execution of the development portfolio, including civil works construction, could be enhanced with improved information collection, analysis and visualization. Monitoring of major programs for improved decision-making to address bottlenecks could be enhanced with management dashboards. In particular, the following could help understand the quality and spatial coverage of expenditure: using smart phones to collect geo-tagged data of scheme progress and quality; targeted use of third parties to inspect quality of construction including use of photo-enforced monitoring; proactively engaging beneficiaries of projects to get feedback on quality and maintenance; and a management dashboard, for input and output monitoring and related decision-making. It will also improve the perception of beneficiaries regarding the usefulness of the scheme and the quality of construction; the capacity to analysis, visualize, and present the data for enhanced timely decision-making; and the capacity to understand the impact of various interventions.
- Strengthen PAC;
- Establish BSP based Pre-budget sessions to identify budget priorities;

- Introduce structured in-year supplementary budget hearings;
- Introduce/strengthen procedures for scrutiny of annual financial reports, audit reports and discharge of executive;
- Capacity development of technical staff of standing committees / PAC office;
- Develop external communication policy FD / P&DD / executive;
- Ensure publication of relevant documents of the executive;
- Develop external communication policy PAC;
- Ensure publication of relevant documents of the legislative;
- Develop Citizens budget;
- Develop Citizens budget performance reports;
- Publication of service delivery reports;
- Publication of value-for-money audit reports];

Local Government Reforms

The objective of Local Government system is to build stronger communities, which is the third tier of governance having direct approach to the communities or smallest unit of society stretching the democratic system to the grass root level. The Government of Sindh has taken serious measures to establish and thereon implement the transparent system of Local Bodies which is evident through Sindh Local Government Act 2013 which represents an improved structure of Local Bodies differentiating rural and urban areas. The SLGA-2013 lead the Government of Sindh to successfully conduct the Local Government Elections in 2016 which has provided the democratic setup at community level. Following to that the distribution of Local Funds was revised in 2016-17 in the context of new system established under SLGA-2013. The next step is to reconstitute the Provincial Finance Award which is already under consideration in order to formalize a setup for systematic flow of funds.

The new setup under SLGA 2013 distinct local area into two major components i.e.(i) urban area in a District which is further divided as Metropolitan Corporation, District Municipal Corporation, Municipal Corporation, Municipal Committee, Town Committee (ii) rural area in a district which is identified as District Council and Union Council.

8.4. Local Government System

The structure of local government had been changed in SLGA-2013 than that provided in Local Government Ordinance of 2001, wherein the structure of local government was quite simple and similar in both rural and urban areas of Sindh. It was a three-tier structure with City / District government at the top, then Taluka / Tehsil Municipal Administrations (TMAs) under City / District government, whereas third tier consisted of Union Administrations (UAs) under each TMA. Hence, the current structure as specified under the SLGA-2013 has distinction between rural and urban areas. In urban areas there are Metropolitan Corporation, District Municipal Corporations, Municipal Corporations, Municipal Committees, and Town Committees. These councils are delimited on the basis of population. According to the Act, any urban area having population more than 3.5 million will have a Metropolitan Corporation. As such there is only one urban area having population larger than 3.5 million. Therefore there is only one Metropolitan Corporation in Sindh, known as Karachi Metropolitan Corporation (KMC). It has six districts and each district has a District Municipal Corporations (DMCs) under the KMC. Each DMC has Union Committees and number of UCs may vary by DMCs.

If the population of specific urban areas ranges between 3 lacs to 3.5 million, it will have a Municipal Corporation. Hyderabad, Sukkur, and Larkana have Municipal Corporations and number of Union Committees under Municipal Corporations. Each union committee has a Chairman, a Vice Chairman, four general wards and five reserved seats. If population ranges between 50 thousands to 3 lacs it will fall in Municipal Committee as the apex local councils. Similarly, if urban population of an area is between 10 to 50 thousand then it will have a Town Committee. In the urban areas of twenty-three districts of Sindh, excluding six districts in Karachi, there are Municipal Committees and/or Town Committees. Each of the Municipal Committee and Town Committee has single member wards and numbers of wards are not fixed. On the other side, rural areas have comparatively simple structure consisting of District Councils (DCs) and Union Councils (UCs). Each DC contains UCs and each UC comprises of a Chairman, a Vice Chairman, four general wards and five reserved seats. The structure of local government 2013 is given at Appendix "C".

8.5. Provincial Finance Commission/Award

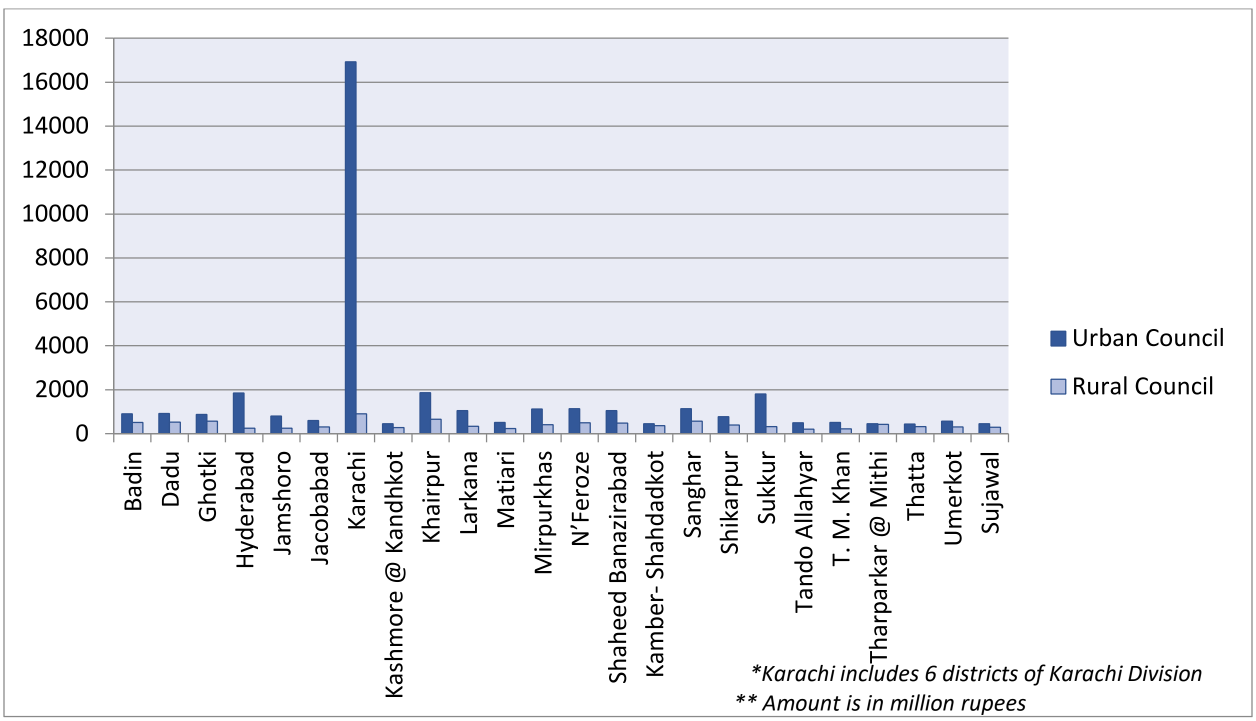
In the PFC Award of 2007, provincial divisible pool was estimated after deducting priority expenditures and OZT grant from federal transfers, grants and provincial tax revenues. The OZT in lieu of GST and amount of provincial allocable fund from divisible pool, which was 55% of the pool, was distributed among district government. This share of 55% was determined on the basis of obligations of district government as well as their salary expenditures. Amount of OZT transfer was Rs.21.2 billion and amount from divisible pool was accumulated to Rs.52.4 billion. Hence, total distribution to local government was Rs.73.6 billion.

The provincial allocable amount was distributed among district governments on the basis of multiple criteria including fiscal need (55%), fiscal capacity (35%), and fiscal effort and performance (10%). Fiscal need comprises of population (40%), development needs (10%), and area (5%). Similarly, fiscal capacity is based on a composite index comprises of three indicators reflecting service infrastructure in health, education, and road sectors. Remaining 10% was proposed on the performance of district government. It was proposed that the performance based allocation will be made equally to all the districts in first year and a committee will propose indicators to allocate this amount in the subsequent years. However, this was never allocated on the basis of performance indicators rather given equally.

The OZT grant was transferred among Taluka/Tehsil Municipal Administrations (TMAs) and Union Administrations (UAs). Each UA was given fixed transfer of Rs.24 lacs annually. Remaining amount of OZT was allocated among TMAs on the basis of multiple criteria including fiscal needs, fiscal capacity, and fiscal effort and performance. Fiscal need was determined on the basis of population (50%) and area (5%). Fiscal capacity was concluded on the basis of HDI with weight of (40%), composed of five indicators such as percentage of population without water, without electricity, having katcha, semi pacca housing, and percentage of illiterate population. The remaining 5% was proposed on the basis of performance indicator which was later given equally to all TMAs.

The Government of Sindh is considering the revision of Provincial Finance Award under the PFC commission having Minister for Finance (Chief Minister) as Chairperson and other members including Minister for Local Government, two members of Provincial Assembly of the Sindh, Secretary Finance, Secretary Local Government, Mayor Metropolitan Corporation and Mayor of one Municipal Corporation etc. The commission met in June 2017 to discuss the proposals of PFC under which criteria for horizontal distribution were proposed by the Finance Department to formulate the allocation of funds on the basis of population, backwardness /HDI, Area and performance.

The statement for the funds provided to local councils before and after the revision of OZT share after enactment of SLGA-2013 which would be further streamlined after the PFC award is placed at Appendix "D", whereas the salary & Non-Salary share is at Appendix "E"



Appendices

Appendix-A "Current Revenue Expenditure" (Rs. in million)

Description		BUDGET ESTIMATE 2016-17	REVISED ESTIMATE 2016-17	BUDGET ESTIMATE 2016-17
SC21101	Provincial Assembly	482.886	495.110	462.096
SC21102	Governor Secretariat / House	15.781	14.246	26.258
SC21103	Chief Minister Secretariat / House	4,333.199	2,172.590	949.215
SC21104	Services General Administration & Coordination	6,223.888	9,942.399	6,811.742
SC21105	Anti-Corruption Establishment	803.968	733.063	888.740
SC21106	Finance	3,317.520	2,301.512	4,006.269
SC21107	Superannuation & Pension	55,000.000	69,000.000	76,045.800
SC21108	Grant And Subvention	3,926.190	7,335.411	7,783.450
SC21109	Board Of Investment	124.958	57.721	77.626
SC21110	Planning & Development	740.203	744.012	843.323
SC21111	Special Initiatives	312.732	307.803	572.314
SC21112	Sindh Revenue Board	915.000	915.000	1,170.000
SC21113	Excise & Taxation	1,944.385	1,952.540	2,280.083
SC21114	Board Of Revenue-Tax Management	2,367.188	2,262.800	2,705.140
SC21115	Home	5,053.315	4,869.961	5,420.076
SC21116	Sindh Police	73,984.172	66,763.967	81,105.673
SC21117	Jails	3,230.709	3,396.304	3,943.143
SC21118	Law & Parliamentary Affairs	6,066.998	6,884.348	7,301.824
SC21121	Agriculture	6,696.359	5,595.041	7,146.475
SC21122	Food	1,064.814	1,031.401	1,180.819
SC21123	Livestock & Fisheries	3,159.886	2,964.505	4,436.302
SC21124	Board Of Revenue-Land Management	2,387.953	2,541.562	3,416.061
SC21125	Cooperative	345.727	322.569	375.861
SC21126	Subsidies	5,100.000	5,010.000	5,100.000
SC21127	Irrigation	18,672.653	15,997.336	20,464.974
SC21128	Energy	26,115.832	47,513.664	16,180.796
SC21129	Mines & Minerals	227.917	241.740	239.475
SC21130	Industries	776.226	889.580	2,575.704
SC21131	Labour	642.250	688.338	693.862
SC21132	Works & Services	14,060.544	13,933.276	15,049.775
SC21133	Education Works	810.000	1,763.416	991.038
SC21134	Transport	181.793	321.578	335.892
SC21135	Weights & Measures	343.074	365.052	378.144
SC21136	Environment	364.990	296.832	466.352
SC21137	Forest & Wildlife	1,390.663	1,370.752	1,556.808
SC21138	Local Government	2,143.590	3,694.207	7,834.196

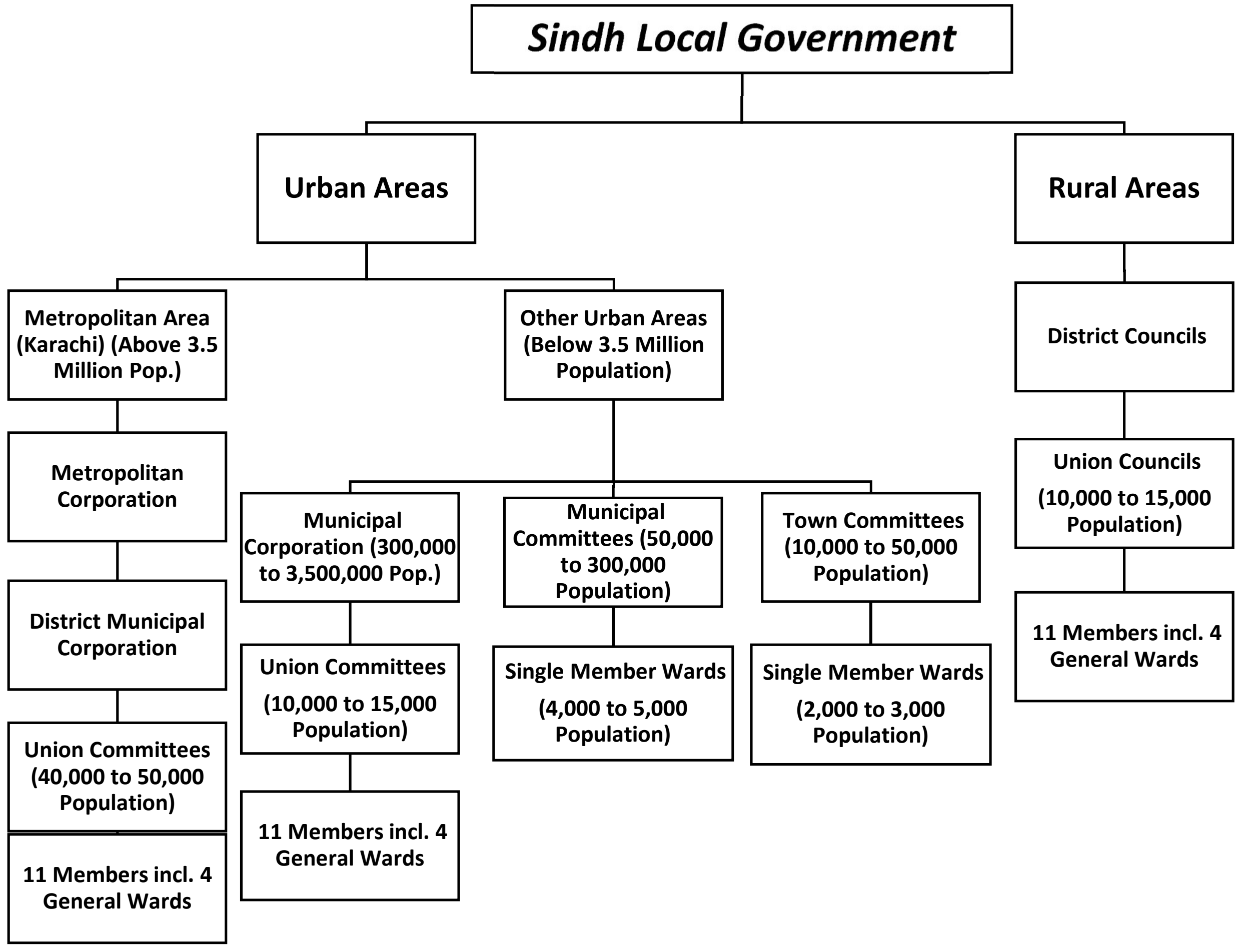
Description		BUDGET ESTIMATE 2016-17	REVISED ESTIMATE 2016-17	BUDGET ESTIMATE 2016-17
SC21139	Transfer To Local Bodies	60,000.000	61,000.000	66,000.000
SC21140	Housing & Town Planning	79.555	70.620	1,620.510
SC21141	Katchi Abadies	253.528	246.027	558.633
SC21142	Rural Development	330.762	303.219	342.007
SC21143	Public Health Engineering	1,919.827	2,091.618	2,034.159
SC21144	Health Services	61,759.339	64,044.288	84,822.043
SC21145	Sports & Youth Affairs	832.950	768.034	869.040
SC21146	Information & Archives	4,604.238	6,711.668	4,622.833
SC21147	Minorities Affairs	370.360	384.187	587.056
SC21148	Culture	1,847.789	1,824.394	2,124.471
SC21149	Information Technology	164.695	151.036	132.438
SC21150	Education Administration	32,893.972	23,700.403	36,154.394
SC21151	Primary Education	54,010.232	51,553.815	49,781.331
SC21152	Elementary / Middle Education	7,717.570	17,512.093	24,408.593
SC21153	Secondary Education	29,979.324	27,738.682	29,098.964
SC21154	Higher Secondary	8,141.746	8,107.200	11,457.355
SC21155	Colleges	12,340.766	12,154.371	13,426.663
SC21156	Medical Education	4,129.065	4,769.817	5,019.128
SC21157	Technical Education	4,904.813	4,670.240	5,065.697
SC21158	Grant To Universities	5,000.000	4,950.000	5,286.524
SC21159	Special Education	828.317	832.788	904.253
SC21160	Population Welfare	3,711.667	3,810.910	4,259.416
SC21161	Women Development	229.113	239.784	433.960
SC21162	Rehabilitation	890.077	877.412	884.622
SC21163	Social Welfare	1,388.266	1,550.999	1,606.741
SC21164	Auqaf, Religious Affairs & Zakat	503.605	548.046	976.718
SC21165	Miscellaneous	-	152.490	0.000
SC21170	Sugar Cane Cess	-	-	226.100
SC21171	Human Rights	-	-	60.382
SC24101	Provincial Assembly (Charged)	1,239.427	1,389.912	1,309.366
SC24102	Governor Secretariat / House (Charged)	405.754	435.248	474.060
SC24106	Finance - Debt Servicing Interest Payment	15,509.264	16,096.119	17,444.599
SC24118	Law & Parliamentary Affairs (Charged)	2,701.414	2,865.524	2,880.588
SC24119	Provincial Ombudsman (Charged)	324.681	324.681	347.128
SC24120	Protection Against Harassment (Charged)	53.661	50.125	68.814
SC24132	Works & Services (Charged)	366.987	346.629	370.403
	TOTAL -A-CURRENT REVENUE EXPENDITURE	**572,760.000**	**606,962.000**	**666,474.000**

Appendix-B "Development Expenditure" (Rs. in million)

Description	BUDGET ESTIMATE 2016-17	REVISED ESTIMATE 2016-17	BUDGET ESTIMATE 2016-17
PROVINCIAL ASSEMBLY	1,065.000	1,565.000	2,280.000
GOVERNOR'S SECRETARIAT/ HOUSE	100.000	100.000	117.000
CHIEF MINISTER'S SECRETARIAT/HOUSE	300.000	210.712	-
SERVICES GENERAL ADMIN. & COORD.	3,887.000	2,244.114	1,000.000
FINANCE DEPARTMENT	1,331.000	277.816	2,277.000
PLANNING & DEVELOPMENT	3,783.000	2,017.950	3,650.000
SPECIAL INITIATIVE DEPARTMENT	5,523.000	3,336.802	2,500.000
SINDH REVENUE BOARD	500.000	0.000	290.000
EXCISE & TAXATION	160.000	66.154	140.000
BOARD OF REVENUE	3,728.000	2,938.187	2,198.000
HOME	2,000.000	2,092.042	2,445.000
LAW & PARLIAMENTARY AFFAIRS	1,157.000	1,214.299	1,884.000
PROVINCIAL OMBUDSMAN	31.000	0.000	10.000
AGRICULTURE	5,794.000	3,753.804	6,984.000
FOOD	383.000	0.000	100.000
LIVESTOCK & FISHERIES	1,798.000	1,085.553	1,700.000
COOPERATION	30.000	19.272	11.000
IRRIGATION	26,000.000	44,871.261	37,295.304
ENERGY	6,335.000	4,290.880	16,755.000
MINES & MINERALS	160.000	26.527	50.000
INDUSTRIES & COMMERCE	2,829.000	1,794.574	2,745.000
LABOUR & HUMAN	120.000	54.045	120.000
WORKS & SERVICE	14,000.000	30,615.722	26,000.000
TRANSPORT	3,195.000	689.418	3,195.000
ENVIRONMENT	455.000	228.748	400.000
FOREST & WILDLIFE	804.000	546.893	840.000
LOCAL GOVERNMENT	20,731.000	39,440.036	43,567.056
KATCHI ABADI	93.000	44.000	100.000
RURAL DEVELOPMENT	3,000.000	4,528.979	3,026.199
PUBLIC HEALTH ENGINEERING	4,267.000	4,451.301	5,973.801
HEALTH SERVICES	15,000.000	9,881.643	15,500.000
SPORTS & YOUTH AFFARIS	2,000.000	1,890.924	2,100.000
INFORMATION & ARCHIVES	257.000	184.609	200.000
MINORITIES AFFARIS	604.000	546.839	1,720.000
CULTURE	2,019.000	1,836.432	2,875.000
INFORMATION TECHNOLOGY	533.000	63.926	1,380.000
EDUCATION	13,000.000	10,167.572	11,473.278
COLLEGES	-	0.000	5,000.000
TECHNICAL EDUCATION	1,065.000	467.168	1,065.000
GRANTS TO UNIVERSITIES	2,955.000	1,200.871	3,376.722
SPECIAL EDUCATION	213.000	73.269	213.000
POPULATION WELFARE	745.000	273.912	600.000

Description	BUDGET ESTIMATE 2016-17	REVISED ESTIMATE 2016-17	BUDGET ESTIMATE 2016-17
WOMEN DEVELOPMENNT	426.000	84.668	426.000
REHABILITATION	692.000	227.149	700.000
SOCIAL WELFARE	290.000	117.250	290.000
AUQAF, RELIGIOUS AFFAIRS ZAKAT	277.000	226.922	274.000
MISCELLANEOUS	46,365.000	14,988.341	29,117.640
DISTRICT ADP	0.000	221.483	0.000
DISTRICT ADP	25,000.000	24,778.517	30,000.000
HUMAN RIGHTS	-	0.000	36.000
Total Development Expenditure	**225,000**	**219,736**	**274,000**

Appendix-C "Structure of Local Government"



Appendix-D “OZT Share Before Enactment of SLGO 2013”

STATEMENT SHOWING THE OZT SHARE BEFORE ENACTMENT OF SLGA 2013

(Rs. In million)

S #	DISTRICTS	District Councils /KMC	Union Councils	TMAs	Total District
1	BADIN	74.628	55.200	1,195.474	1,325.302
2	DADU	104.316	62.400	995.270	1,161.986
3	GHOTKI	142.524	48.000	96.640	287.164
4	HYDERABAD	127.584	63.600	1,583.251	1,774.435
5	JAMSHORO	54.888	33.600	808.142	896.630
6	JACOBABAD	21.228	48.000	545.818	615.046
7	KARACHI	1,932.420	213.600	12,402.534	14,548.554
8	KASHMORE	19.776	44.400	586.613	650.789
9	KHAIRPUR	87.240	93.600	1,737.173	1,918.013
10	LARKANA	38.424	52.800	967.493	1,058.717
11	MATIARI	43.692	22.800	380.592	447.084
12	MIRPURKHAS	61.920	49.200	1,264.752	1,375.872
13	N' FEROZE	64.644	61.200	994.262	1,120.106
14	NAWAB SHAH	90.780	61.200	950.890	1,102.870
15	QAMBER	35.292	48.000	1,185.667	1,268.959
16	SANGHAR	97.800	67.200	1,374.955	1,539.955
17	SHIKARPUR	40.332	60.000	939.514	1,039.846
18	SUKKUR	78.960	55.200	1,363.680	1,497.840
19	TANDO ALLAYAR	42.216	22.800	600.984	666.000
20	TANDO M. KHAN	38.160	19.200	497.549	554.909
21	THARPARKAR	14.436	52.200	990.230	1,056.866
22	THATTA	59.772	34.800	723.341	817.913
23	UMERKOT	40.020	32.400	893.952	966.372
24	SUJAWAL	59.772	31.200	756.778	847.750
TOTAL		**3,651.726**	**4,703.424**	**35,168.154**	**43,523.304**

Rs.500.000 million per month was also being released to KMC as special grant-in-aid.

Appendix-E "OZT Share Before Enactment of SLGO 2013"

STATEMENT SHOWING THE SALARY & NON-SALARY POSITION OF ALL LOCAL COUNCILS IN SINDH.

Sr No	NAME OF DISTRICT	Urban Council OZT Share	Urban Council Saalry	Urban Council Non-Salary	Union Committees 351	Total (+3&6)	Rural Council OZT Share	Union Councils 1175	TOTAL (+8&11)	Grant Total (+7&12)
1	2	3	4	5	6	7	8	11	12	13
1	Badin	900.526	436.926	463.2	-	900.526	346.63	163.2	509.83	1,410.36
2	Dadu	917.42	460.22	457.2	-	917.42	368.314	158.4	526.714	1,444.13
3	Ghotki	869.763	573.362	500.4	-	869.763	406.244	158.4	564.644	1,434.41
4	Hyderabad	1,618.65	1,314.80	250.8	230.4	1,849.05	207.581	48.00	255.581	2,104.63
5	Jamshoro	804.472	369.477	370	-	804.472	174.883	72.00	246.883	1,051.36
6	Jacobabad	603.753	287.325	322.8	-	603.753	197.224	105.6	302.824	906.577
7	Karachi	16,430.29	17,776.55	-	501.6	16,931.89	810.876	91.2	902.076	17,833.97
8	Kashmore @ Kandhkot	454.933	290.86	288	-	454.933	183.775	98.4	282.175	737.108
9	Khairpur	1,862.88	872.884	990	-	1,862.88	439.244	211.2	650.444	2,513.33
10	Larkana	998.76	757.02	241.2	48	1,046.76	226.419	112.8	339.219	1,385.98
11	Matiari	513.265	239.065	244.8	-	513.265	163.691	72	235.691	748.956
12	Mirpurkhas	1,124.76	678.564	613.2	-	1,124.76	281.921	132	413.921	1,538.69
13	N'Feroze	1,141.80	636.557	505.2	-	1,141.80	336.639	163.2	499.839	1,641.64
14	Shaheed Banazirabad	1,050.21	528.211	526.8	-	1,050.21	330.776	144.00	474.776	1,524.99
15	Kamber-Shahdadkot	454.933	290.86	288	-	454.933	243.287	124.8	368.087	823.02
16	Sanghar	1,137.70	722.15	657.6	-	1,137.70	389.801	175.2	565.001	1,702.70
17	Shikarpur	772.814	444.254	333.36	-	772.814	260.337	132.00	392.337	1,165.15
18	Sukkur	1,742.25	1,107.45	634.8	62.4	1,804.65	226.954	88.8	315.754	2,120.41
19	Tando Allahyar	497.907	230.36	267.6	-	497.907	146.214	62.4	208.614	706.521
20	T. M. Khan	505.921	261.015	157.2	-	505.921	150.157	67.2	217.357	723.278
21	Tharparkar @ Mithi	458.653	243.855	218.4	-	458.653	270.435	153.6	424.035	882.688
22	Thatta	442.743	278.343	164.4	-	442.743	219.768	96.00	315.768	758.511
23	Umerkot	567.623	319.841	256.8	-	567.623	208.02	100.8	308.82	876.443
24	Sujawal	456.917	308.117	148.8	-	456.917	207.768	88.8	296.568	753.485
	Total:-	36,328.94	29,428.07	8,900.56	842.4	37,171.34	6,796.96	2,820.00	9,616.96	46,788.30
									Total Amount of Grant-in-Aid:	9,040.00
									Grant Total:-	55,828.30