

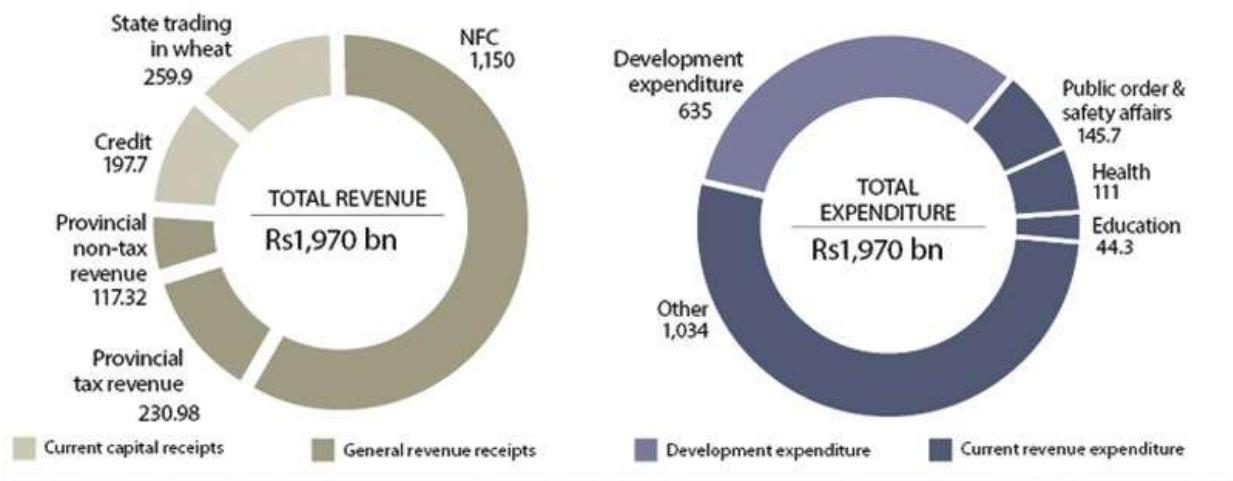
# Punjab govt unveils Rs1.97tr ‘election year’ budget

▶ Development expenditure increased to Rs635bn

▶ Rs30.4bn for welfare schemes, subsidies

## BUDGET AT A GLANCE

(Rs in Billion)



LAHORE: The Shahbaz Sharif government on Friday unveiled an election year budget for 2017/2018, spiking public development investment on its large road, mass transit and other infrastructure projects by a fifth to Rs635 billion from the revised estimates of Rs440bn for the outgoing fiscal, and offering more money for public welfare schemes and subsidies to the tune Rs30.4bn for different segments of voters.

The consolidated budget outlay (inclusive of expenditure of Rs259.8bn on state trading in wheat) has been estimated at Rs1.97 trillion, up by 17.2 per cent from the original estimates for the outgoing year, with current expenditure projected to rise by 17.6pc to over Rs1tr on a year-on-year basis.

The bulk of money Rs1.1tr — for meeting its current and development expenditure — will come as Punjab’s share from the federal divisible pool. The rest of the cash will be raised by hiking the provincial own tax target by a quarter to just below Rs231bn and increasing non-tax revenue target by 22.6pc to Rs117.3bn, obtaining foreign debt of Rs132.7bn (including a Chinese loan of Rs93bn for metro train project in Lahore).

Besides, the government plans to secure suppliers' credit of Rs40bn for its safe city project, and issue provincial treasury bills and saving and investment bonds — a first by any provincial government — worth Rs25bn in the domestic debt market. For its commodity operations, the province will raise Rs260bn by borrowing Rs130.3bn from the commercial banks (for wheat procurement) and Rs133bn by selling its wheat stocks.

Announcing the budget amid continuous boos and chants of “go Nawaz go” from the opposition members, Punjab Finance Minister Ayesha Ghaus-Pasha recounted the efforts of the PML-N government to boost inclusive economic growth, facilitate private domestic and foreign investment, curb terrorism, and build social and economic infrastructure under and outside the China-Pakistan Economic Corridor initiative in the province.

Ayesha Ghaus-Pasha

“We have brought transparency and good governance in the implementation of our energy, transport, health, education and other projects in Punjab to put its economy on the road of sustainable growth,” she said. She also claimed to have saved Rs220bn in the award of contracts and implementation of large infrastructure projects. She said investors from 20 countries, excluding China and Turkey whose companies had already invested big amounts of money in Punjab, had expressed their desire to invest in different sectors in the province, which was a sign of confidence in the provincial government and its policies. The allocations in the next budget for such “pro-poor” initiatives as Ramazan package, and wheat subsidy and public transport fare subsidies and so on are estimated to be Rs30.4bn. However, officials told Dawn the number does not capture the actual “volume of the subsidies”. “The actual size of the subsidies being given is much higher than the number booked under this head in the budget,” an official contended. A third of development budget will be spent on social sector, 27pc on road, irrigation, energy, and other infrastructure and 16pc on mass transit (in Lahore) and other public services.

Among other major election-related goodies the minister announced to woo the voters are up-gradation of over 300,000 primary schoolteachers and increase in honoraria of secondary schoolteacher, continuation of the interest-free loan scheme for farmers under the Rs50bn [Kissan package](#), laptop scheme for students, provision of interest-free “orange” cabs for the unemployed (at

a whopping cost of Rs35bn), interest-free loans for self-employment (Rs30bn have already been disbursed), reduction in GST on construction services from 16pc to 5pc, provision of subsidized laser land levellers to growers, payment of sales on electricity for agriculture tube-wells, and so on.

The government also announced a 10pc raise in pay and pension of its employees and increased minimum wages to Rs15,000 per month in line with the federal decisions. The pay and pension increase will put an additional burden of around Rs20bn on the next budget.

The minister announced launching a metro bus project in Faisalabad, public bus system in all major cities and clean drinking water project in the remoter districts, especially in the south Punjab.

The provincial development programme for next fiscal places “special” importance to projects related directly or indirectly to the Corridor initiative. For example, the government plans to complete an apparel park near Lahore in order to facilitate relocation by Chinese investors of their value-added textile industry. Additionally, the budget documents say, the provincial government is developing a long-term engagement strategy with the Chinese (firms and investors) in (the) light of CPEC (initiative and identifying industries for joint ventures (between Chinese and Pakistani investors) and investment. “... special focus is being placed on production sectors, building modern infrastructure, development of the small and medium enterprise (SME) sector, formulation of a comprehensive industrial and land use policy, and development of domestic commerce strategy,” it says.

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