

2013-2014

BUDGET

BUDGET SPEECH

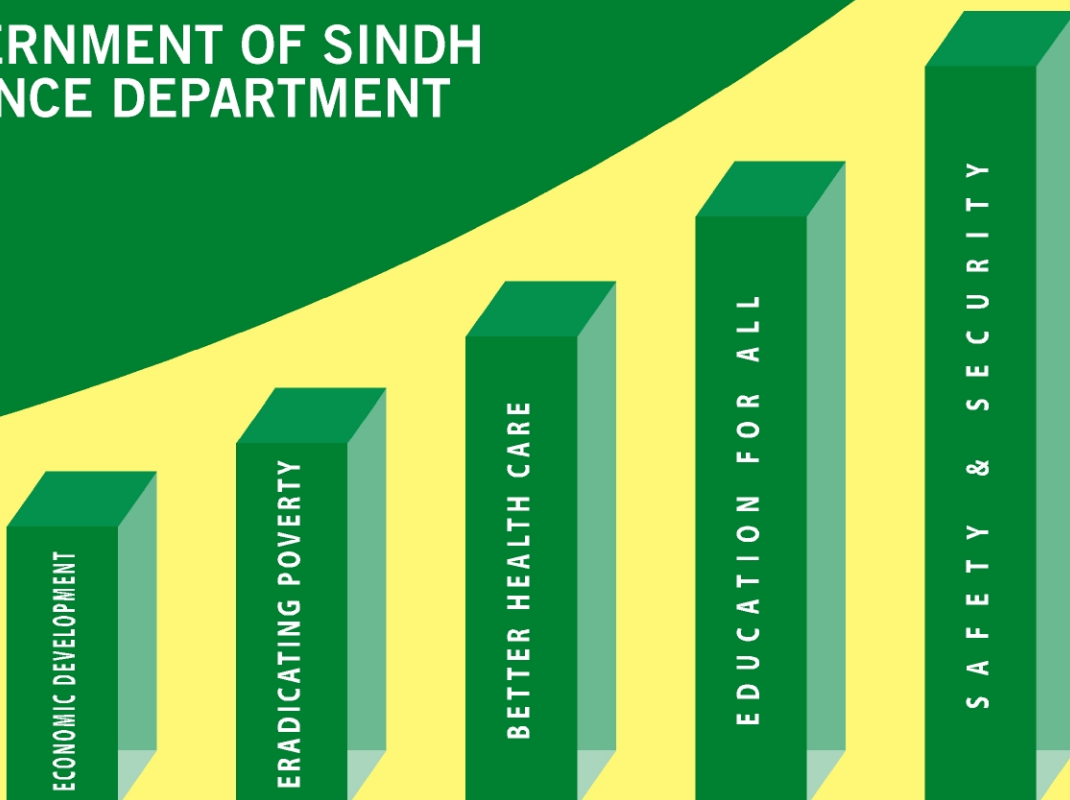
BY

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CHIEF MINISTER, SINDH



**GOVERNMENT OF SINDH
FINANCE DEPARTMENT**



BUDGET SPEECH

Honourable Mr. Speaker,

I am grateful to Almighty Allah & people of Sindh for having bestowed upon me the honour and privilege to stand before this Honourable house and to present this first peoples Budget, after 2013 election, in which we have tried to provide relief inspite of financial constraints, keeping in view the vision of our leaders Shaheed Zulfiqar Ali Bhutto, and Shaheed Benazir Bhutto.

Mr. Speaker,

We all are here to serve a purpose. Let me put it in the words of my mentor and architect of our democracy, Quaid-e Awam, Shaheed Zulfikar Ali Bhutto that '*...power must pass to people or everything will perish*'. Our sole purpose is to empower the people who have reposed their trust in this house, in this system. Let me remind you all that this house stands because of the sacrifices made by our leaders, Shaheed Zulfiqar Ali Bhutto, Shaheed Benazir Bhutto and the sacrifices made by the workers of Pakistan Peoples Party and people of Sindh. We are here to ensure that voice of people gets heard so that democracy sustains, so that people can live their lives in accordance with their beliefs, so that this land can flourish and develop.

As a humbler worker of Pakistan Peoples Party, I am highly honoured to have been re-elected. I am thankful to the people of Sindh for reposing confidence in Pakistan Peoples Party and its leadership. By re-electing our Government, people have preferred continuity. People have preferred our policies and contribution we made during last five years to the promises of our opponents. But above all our victory is due to the great sacrifice of our leader Shaheed Mohtarma Benazir Bhutto. She lives in the hearts of people and will always be a major source of inspiration for us.

Mr. Speaker,

We have been re-elected on the basis of our performance during the last tenure of this peoples house and I want to assure this house and my people that we will not let the sacrifices of our great leaders and people go in vain. Sindh will prosper and so will Pakistan.

I take this opportunity to welcome the mandate given to Pakistan Muslim League (Nawaz) at the Federal level. It is our desire

to work in close coordination with the Federal Government in the larger interest of the people of Pakistan. We expect that the Federal Government would support us in all our endeavors.

Mr. Speaker,

We have created history under the guidance of President of Islamic Republic of Pakistan, Asif Ali Zardari we have seen peaceful evolution of our nascent democracy; a peaceful transition of power from one elected government to another elected government for the first time in the history of this country. Through this process, we have strengthened democratic institutions and we have strengthened the people of Pakistan.

Budget making is always a daunting task especially when the global economy is suffering from years of recession and uncertainty, and when there are serious resource constraints. But we, by authoring this document, have tried to give people of this province relief and opportunity, which they expect from us.

It is always a challenge to broaden the agenda of development in a manner that no individual, community or region is denied the benefits of the development process. Our guiding principle is the service to the people regardless of their community, ethnicity, sect and religion. All the government institutions will be judged on their performance; they must strive to ensure quality public service.

The focus of this budget is the optimal utilization of the resources to achieve our objectives of socio-economic development. To continue our march to progress, we have made a historically high allocation of Rs. 185 billion for our Annual Development Program. This reflects our resolve to bring significant improvement in the life of common man by investing in seven major priorities of this government which are highlighted below:

1. Our top most priority is to provide security and improve law & order situation in the province, and we will make necessary investment to achieve this objective.
2. Investment to create more employment opportunities and poverty alleviation initiatives.
3. Investment to provide better quality of education.
4. Investment to provide better health care, especially to the poor.

5. Investment in Energy
6. Investment in agriculture, as majority of the people of the province are dependant on this sector.
7. Investment in Karachi Circular Railways to address the transport problems of this mega city.

Mr. Speaker,

Let me present the revised estimates for current financial year and the budget estimates for the next financial year.

REVISED ESTIMATES 2012-13

The Revised Estimates of Receipts from Federal Divisible Pool are Rs. 269.6 billion as against Budget Estimates of Rs.314.4 billion. Revised Estimates of Straight Transfers are Rs.56.2 billion as against Budget Estimates of Rs.59.3 billion. The Grant to offset losses of abolition of OZT of Rs. 8.3 billion is revised to Rs.7.2 billion. The total Federal receipts for the outgoing year are estimated at Rs. 333.0 billion against the budgetary allocation of Rs. 381.91 billion.

As against the Budget Estimates of Rs. 96.6 billion, Provincial Tax and Non-tax Receipts are revised to Rs. 100.7 billion, indicating 19 per cent increase from revised estimates for last FY. This includes GST on Services (Provincial) and Advances from Social Relief Fund.

The Current Revenue Expenditure for 2012-13 has been revised upward at Rs.342.1 billion as against Budget Estimates of Rs.315.3 billion. The increase is mainly due to increase in employee related expenditure. The revised estimates for provincial ADP is Rs. 97.5 billion against the budgetary estimate of Rs. 181 billion. This significant downward revision is on account of huge shortfall in federal transfers during current year.

BUDGET ESTIMATES 2013-14

Estimated Revenue Receipts from Federal Divisible Pool for Financial Year 2013-14 are Rs. 332.9 billion, which is a 5.9 per cent increase over Budget Estimates of 2012-13. Receipts under Straight Transfers are estimated at Rs.67.1 billion, which is higher than last year's Budget Estimates of Rs.59.3 billion. Provincial own receipts are estimated at Rs.120.2 billion. The estimates for Provincial own

receipts include collection of Sales Tax on Services (Provincial) of Rs.42.0 billion.

The Current Revenue Expenditure for Financial Year 2013-14 is estimated at Rs.355.9 billion, which is 4.1 per cent increase over the Revised Estimates of Rs.342.1 billion for FY 2011-13.

The focus of this budget is the optimal utilization of the resources to achieve our objectives of socio-economic development. To continue our march to progress, we have made a historically high allocation of Rs. 185 billion for our Annual Development Program. This reflects our resolve to bring significant improvement in the life of common man by investing in Health, Education, Infrastructure and Human Resource Development.

Mr Speaker,

I am glad to announce here a raise in the salary of Government employees. The Government of Pakistan Peoples Party has always taken pride in providing relief to poor and fixed income groups and we will continue to do that. I announce a raise of 10% in basic salaries of all Government of Sindh employees and a similar raise in pensions. The minimum pension has been increased from Rs. 3000 per month to Rs. 5000 per month.

LAW AND ORDER

Mr. Speaker,

We are being challenged by miscreants and terrorists who are trying to destroy the peace and tranquility of our province. But I assure you that they will never be successful, as we stand united and firm against them. We are determined and our resolve is unwavering that we will not give way to these terrorists. I salute the citizens who were martyred. I salute the personnel of Rangers and Police who have given their precious lives to protect us. I salute them for their sincere efforts to bring peace to this land.

We all know there can never be prosperity without peace. During the concluding financial year we strengthened police department by procuring APCs worth 1.242 billion. Similarly, an amount of Rs. 2.79 billion was spent to strengthen the law enforcement agencies, which includes provisioning of GSM locator facility for police. We never forgot the sacrifices of our jawans and

people who have embraced martyrdom. Rs. 400 million were humbly contributed as compensation for the victim families.

The law & order budget for the next financial year stands at Rs. 48.63 billion making it the second largest sector after Education. 10,000 new posts have been created to address the shortage of police personnel in the province. We are trying to mobilize additional resources through new fiscal measures which will enable us to increase the number of new posts for Police to 20,000. The staff recruited against these posts will be given high quality rigorous training to turn them into a strong and professional work force. This trained work force is expected to give us better results in combating organized crime. In recent years we have achieved some success in detecting crimes and foiling criminal attempts by embracing new technologies to improve surveillance. To further strengthen our systems in Karachi Rs. 400 million have been reserved for purchase and installation of surveillance cameras.

Also, in an effort to control the proliferation of illegal arms we have introduced Computerized Arms Licensing System, Rs. 16.50 million have been earmarked for the project in next Financial Year 2013-14. With this we will be able to keep an effective check over sale and purchase of arms.

JOB CREATION AND EMPLOYMENT OPPORTUNITIES

Mr. Speaker,

It is the prime responsibility of a government to create employment opportunities by boosting economic activity. We not only provided direct jobs to our youth in Government departments but also implemented programs of technical and vocational training to enable our youth to get employment in private sector.

Mr. Speaker,

I may be allowed to inform this august house that our government has given employment to 200,000 persons during last five years. Similarly, I announce that plan to provide 150,000 jobs during the next five years in Police, Education, Health, agriculture and poverty alleviation initiatives on merit.

STEVTA

Mr. Speaker,

Realizing the importance of Technical Education and Vocational Training in promoting the employability of youth, productivity and poverty alleviation through socio-economic development, the Government of Sindh has made skills development a political priority. The establishment of Sindh Technical Education & Vocational Training Authority (STEVTA) to streamline, regulate and promote skill development programs in the province is a major step towards this direction.

A number of initiatives were taken by the organization in 2012-13 to improve the quality of trainings for greater employability of youth of Sindh. The major achievements include:

- Employable Technical Training to more than 100,000 youth.
- Public Private Partnership with reputable organizations and NGOs i.e. Engro, Hunar Foundation, Pakistan Air Force, British Petroleum.
- Development of Sindh Skills Strategy 2012-17, in collaboration with International Labour Organization (ILO).
- Institutionalizing career counseling, vocational guidance and placement service.
- Introduction of entrepreneurship training program for promoting self-employment in 30 institutions.
- Strengthening partnership with industry and promotion of apprenticeship program under TEVT reforms support projects funded by GIZ, European Union, Netherland & Republic of Germany.
- Establishment of Training Cum Production Units with the support of ILO and STEVTA own resources.

The Government is fully committed to support and strengthen skills development programs in the province for promoting the employability of youth and achieving social and economic targets and remain globally competitive. The STEVTA will be strengthened through financial and technical input to further improve quality and relevance of training with involvement of industry, expand its outreach to remote areas, vulnerable groups and introducing schemes for internship employment and self-employment. Budgetary

allocation of Rs. 785.71 million is being made for next financial year 2013-14.

Waseela-e-Haq Sindh Initiative:

Mr. Speaker,

Government of Pakistan launched the Benazir Income Support Programme (BISP) in order to provide financial assistance to the poor segments of the society. The BISP, on the request of the Government of Sindh, launched the '**Waseela-e-Haq Sindh**' in January 2012, which is to benefit 34,000 families by providing an interest-free loan of Rs. 300,000 each, along with basic business / enterprise development related training. The total outlay for this venture is expected at Rs 12 billion, which the Government of Sindh is committed to meet from its own resources.

Youth Development:

Mr. Speaker,

Our talented Youth is our future. Their success in life will determine whether we are successful or not. They are the future of this country. We had started the Shaheed Banazir Bhutto Youth Development Program with an aim to address the issues of poverty and unemployment amongst youth through intensive human resource development.

During last three years over 200,000 youth have been trained and made active members of economic life of this province. In the coming five years we plan to train another 300,000 youth in collaboration with World Bank and Japan Social Development Fund. For the said purpose we have allocated an amount of Rs. 1.00 billion in the next financial year 2013-14 in addition to the support we expect from World Bank and other donor agencies

Mr. Speaker,

I am glad to announce here another initiative, which will create more employment opportunities for the youth of this province. We are allocating Rs. 2 billion for Revival of Sick Industries in smaller towns of the province. The scheme will be implemented through

Sindh Bank and will focus on providing credit to sick industrial units on subsidized terms for their revival. The objective is to boost economy of the smaller towns and to generate employment opportunities there, which will also reduce pressure of migrants on the dwindling infrastructure of bigger cities.

Poverty Alleviation:

Mr. Speaker,

Our government is committed to improve the financial condition of poorest of the poor through targeted subsidies. The successful Benazir Income Support Program is a prime example of that. To give a boost to this poor friendly initiative of President Asif Ali Zardari, Government of Sindh is launching its own version of Benazir Income Support Program. We have allocated Rs. 2.00 billion to start this program, which will be used to make direct cash transfers to poorest of the poor women using BISP database.

In addition, during the next Financial Year 2013-14 an amount of Rs. 1.00 billion will be used for establishment of housing for the poor in Sindh. Also, Sindh Government has taken an initiative to provide 50,000 plots of 80 and 120 sq.yds to poorest of the poor in major urban centers of Sindh. The plots will be fully developed with essential civic amenities. For the said purpose an amount of Rs. 1.00 billion has been kept in Financial Year 2013-14.

Mr. Speaker,

It was a dream of Shaheed Mohtarama Benazir Bhutto to see the women of this country actively and equally participating in all walks of life. Sindh Government is committed to actualize the dream of our Shaheed leader. We have adapted a three-pronged strategy for the purpose.

- Economic Empowerment
- Legal Empowerment
- Social Empowerment

During the current financial year an allocation of Rs. 497.25 million was made to achieve the objectives. For the next financial year 2013-14, the allocation is increased to Rs. 749.52 million.

Mr. Speaker,

Sindh Government is determined to successfully uplift the socio-economic conditions of vulnerable population groups. In year 2008-09, the Government had launched the Union Council Poverty Reduction Program in two districts of Sindh with the objective to reduce poverty, improve quality of life of marginalized communities, capacity development, asset creation and income generation. The program was extended to two more districts in year 2010. By grace of Almighty Allah, the program has met immense success:

- 343,084 house-holds have been organized at community level.
- 8,072 low cost houses have been provided to shelter-less families.
- Interest free loans to 104,652 women.
- 1,059 water supply schemes.
- 162 schools functionalized.
- 157 Union Councils covered.

In the next financial year, three more districts will be added in the program (Badin, Umerkot and Khairpur).

EDUCATION

Mr. Speaker,

Father of our nation, Quaid-e Azam, Muhammad Ali Jinnah once said that *'there is no doubt that the future of our state will and must greatly depend upon the type of education we give to our children...'* We aim at bringing all our children to schools and to give them quality education. Education that will open the doors of opportunity and success. Education that is the surest way to bring prosperity to our land.

In Budgetary terms, Education Department is the largest department of Sindh Government. In the Current Financial Year, the ADP allocation for Education Sector was Rs. 12.00 billion for the next financial year we have increased the volume of ADP to Rs. 13.48 billion. On the Current expenditure Side, the budgetary allocation of Education for next financial 2013-14 is Rs. 118.74 billion.

Sindh Education Reform Program

We plan to initiate the Sindh Education Reform Program (SERP-II) for which the World Bank has agreed to provide an amount of US \$ 400 million for a period of four years till June 2017. SERP II is not simply the second phase of SERP. It has drawn lessons from its SERP implementation experience to arrive at an improved program. The project Development Objective is to raise school participation by improving sector governance and accountability and strengthening administrative systems, and measure student achievement. The main targets of the program are:

- School Specific Budget (SSB): Preparation of school budgets, both salary and non-salary components, following transparent, objective, and needs-based criteria.
- School Management Committees (SMCs): Strengthening due diligence, fiduciary management and support for SMC grant provision and use to improve resourcing for community-identified school improvement investments.
- School System consolidation (merging of schools): Merging of distinct government schools that share the same building, same compound or are in close proximity and cater to the same local child population into single school and their reorganization and strengthening to functioning as a single school.
- Teacher Management (teacher licensing): Strengthening merit and need bases teacher recruitment
- Education Management (Cluster based Schools): Appointment of specialized quarters of education managers and school headmasters following transparent, objective, merit based criteria. For this purpose and to meet this objective Sindh Government has kept funds for creation of 2000 posts of Head Masters/ Head mistresses during the FY 2013-14.
- Public Private Partnership (PPP) in Education: Strengthening the design and implementation of an accountability based PPP initiative to cost-effectively deliver quality schooling to unserved rural communities.

Mr. Speaker,

For the next financial year, we have reserved Rs. 2.21 billion as grant for Sindh Education Foundation committed to enhance cover of quality education throughout province.

Now, I would like to highlight some important projects in the education sector:

- Rs. 1.25 billion for Establishment of 23 English Medium Schools in Sindh
- Rs. 500 million for ICT Enabled Education Management System
- Establishment of 23 Comprehensive Schools in Sindh
- Establishment and promotion of Engineering Colleges at Khairpur and Larkana
- Establishment of law colleges at Hala, Dadu and Lyari
- Establishment of Girls Cadet College at Shaheed Benazirabad, Larkano and Girls Degree College, Naudero
- Establishment of Cadet College at Dadu, Mithi and Khairpur

HEALTH

Mr. Speaker,

In recent years health services have improved in the province. The People Primary health initiative is a success story on curative side. 1137 Rural Health Centers are being managed by PPHI. Over 1500 doctors and 2500 paramedic staff is working dedicatedly under the umbrella of PPHI.

But there is lot to be done. The Government is annually spending Rs. 22.00 Billion in primary, secondary and tertiary care services along with a specific focus on following preventive programs:

- Expanded Program of Immunization
- Malaria/Dengue Control Program
- Hepatitis Prevention and Control Program
- Enhanced HIV/AIDS Control Program
- Prevention and Control of Blindness
- Provincial Tuberculosis Control Program
- Basic Development Needs Program
- Control and Prevention of Infectious diseases in Sindh

Mr. Speaker, let me put this before this house that during the Current Financial Year 2012-13, the ADP allocation of health was

revised and increased from Rs. 11.00 billion to Rs. 13.56 billion, which reflects the Government's unwavering commitment and concern for this sector.

The next year ADP of Health is pitched at Rs. 17.00 billion that is an increase of 54% over the allocation made during current financial year.

We are allocating Rs. 500.000 million for developing a Health Management Information System in the next ADP that will enable us to prepare universal data of the patients containing history of their diseases and treatments. It will also make it possible to track all the medicines and other services provided to patients and thereby check pilferages in the system.

We have witnessed outbreaks of various preventable diseases like measles this year. This puts some question marks over efficacy of vaccine being administered to our children particularly in the context of their proper storage during long power outages. In order to ensure quality of vaccines we are introducing a major scheme to install solar energy powered systems at vaccine storage points all over Sindh. An amount of Rs. 500.000 million has been earmarked for this scheme during first year of its implementation.

Other major initiatives planned for next Financial Year 2013-14 includes:

- Establishment of Rs. 1.80 billion Shaheed Benazir Bhutto Accident Emergency Ancillary Services Complex at Civil Hospital Karachi.
- Rs. 1.65 billion pilot project for mobile 12 bedded Health units.
- Improvement of Children Hospital in Karachi.
- Rs. 200 million for provision of allied facilities for Jacobabad Institute of Medical Sciences.
- Rs. 500 million Up-gradation of THQ hospitals to the level of DHQ hospitals.
- Rs. 900 million expansion and improvement of DHQ hospitals (Badin, Shikarpur, Khairpur and Mithi).
- Rs. 1.00 billion of prevention and control of Hepatitis in Sindh.
- Establishment and improvement of medical colleges at Hyderabad, Karachi and Khairpur
- Improvement of Children Hospital in Karachi.
- Establishment of Children Hospital in Sukkur.

ENERGY

Mr. Speaker,

Power is the main driving force of our socio-economic development and poverty reduction efforts. It is a barometer of our progress and a propeller that ensures our smooth economic take off. We have attached highest priority to power and energy sector in our election manifesto.

We are thankful of Almighty Allah for he has granted us abundant natural resources to propel ourselves to the heights of prosperity. Thar Coal is indeed a gift from Allah to people of Pakistan. Thar Coal can meet all our energy needs and can provide a platform for sustainable growth. Development of Thar coal fields is aimed to provide energy security by curtailing reliance on imported fuels, re-balance the energy portfolio where higher cost fuels are being used to generate power, and provide low-cost electricity to the nation and to propel Pakistan's economic development.

At present, three major projects of 2400 MW capacity are underway and targeted to be completed by 2017-18. The Government of Sindh plans to spend Rs 32 Billions for Infrastructure projects including Roads, Water Supply, Wastewater disposal, Thar Airport & Reverse Osmosis Plants for Thar region. Government of Sindh earmarked Rs 10.1 billion during financial year 2012-13 and has proposed Rs 12.00 billion for the next financial year 2013-14.

The JV Project Sindh Engro Coal Mining Company is proceeding ahead and major bottlenecks are being removed. Federal Government has agreed to give sovereign guarantee for the project, which will facilitate in achieving financial close. The ground breaking of the project is expected in January 2014. I want to emphasize here that Thar Coal is the most viable solution to the energy problems of our country. We are trying to make it happen through most determined efforts and we expect similar resolve from the Federal Government.

Mr. Speaker,

I feel great pride and joy to inform that 5180 villages of Sindh have been electrified during current financial year through an allocation of Rs. 1.5 billion. An allocation of Rs 1 billion has been kept for next financial year.

Mr. Speaker,

There has been a major breakthrough in wind power projects during current financial year when M/s Fauji fertilizer started its 50 MW wind based power generation project. A Turkish Company M/s Zholu has also started 50 MW generation. With the successful completion of these projects, we expect that more investment will flow into wind energy sector. There are projects with installed capacity of 2000 MW in pipeline.

Mr. Speaker,

The current energy crisis is adversely affecting not only the economic growth of the country but also the quality of life of the citizens of Pakistan. The Government of Sindh is determined to play its due role in resolution of this crisis. We have come up with innovative projects in Public Private Partnership mode on generation side on one hand and have made our best endeavors to resolve our payment issues with distribution companies on the other hand. The major problem we are facing in resolution of our dispute with distribution companies is exaggerated billing by them. We are more than willing to pay all our dues if we are billed correctly and issues such as defective meters and unmetered connections are resolved. Our willingness to pay legitimate dues can be gauged from the fact that Government of Sindh paid a substantial amount of Rs. 14 billion to distribution companies operating in Sindh during current financial year on account of current dues and reconciled past arrears. We are making an allocation of Rs.11 billion in this budget for payments of electricity bills. This allocation will be good enough to take care of all the legitimate billing. We do not welcome the idea presented by the Federal Government that the office of the Federal Adjuster will be used to make at source deductions of outstanding provincial government dues. The Federal Adjuster office has no mandate to deduct disputed amounts. Any act of at source deductions of highly exaggerated claims of DISCOs by the Federal Adjuster will be illegal.

Mr. Speaker,

Sindh is a land of abundant God-gifted resources as it produces around 72 % of the total gas production of Pakistan. However, it only consumes 40 % of the total gas distribution. Ours is the major contribution towards country's energy basket, which generates substantial economic opportunities and creates thousands of jobs in other provinces of Pakistan. While Sindh will continue to make this contribution to the country and other provinces, we expect preferential gas supply to the industrial and domestic consumers of Sindh in accordance with Article 158 of the constitution. We are also hopeful that power projects, initiated by government of Sindh in collaboration with private sector, especially Thar coal will also be given due priority and support by the federal government which will be critical for resolution of the energy crisis of the country.

AGRICULTURE

Mr. Speaker,

Agriculture has been the mainstay of our economy with over 60 per cent of our population deriving their sustenance from it. It contributes to 23% of GDP. Sindh province contribution in rice production is 32%, 24% in sugarcane, 21% in cotton and 12% in wheat. These remarkable milestones could not have been possible without the energetic contribution of our dedicated farmers and the guidance from our leader President Asif Ali Zardari, in adopting the right policies in this sector. I salute them for their all out efforts.

As a result of Elected government's concern for Agriculture sector, discernible in the form of accelerated farm mechanization activities such as provision of agricultural implements, subsidy on farm tractors, precision land leveling equipment, provision of seed & fertilizer, installation of tube wells on subsidy, developing agricultural land through bulldozers and preventive pre-harvest measures carried out by the Agriculture Department; production of cotton and sugarcane has risen by 44.25% and 48% respectively.

The total budget allocation for Agriculture in FY 2012-13 was Rs. 9.71 billion, out of which Rs. 5.45 billion were allocated for Development. Our performance can be gauged on basis of:

- Assistance for procurement of **9,000 Tractors** has been provided to the farmers.
- **24 new Bulldozers** have been procured.
- Wheat variety Benazir 2012 having potential yield of 87 maunds/acre has been introduced for general cultivation in Sindh.
- For promotion of mechanized farming subsidy was provided to **14,076 farmers for Tractors**.
- **986 Wheat and Paddy Threshers** have been provided to farmers on 50% subsidized rates.
- **250 Laser Land Leveling Equipment** have been provided to farmers on 50% subsidized rates.
- **1,762 Tubewells** have been installed on 50% subsidized cost on farmer's fields.
- **5,268** watercourses have been improved under On-Farm Water Management Project.
- **Sprinkler Systems** have been installed on 2,590 acres (80% cost borne by the Government and 20% by farmers).
- **Drip Irrigation System** on **1,025 acres** and **Rain Guns** on **2,296 acres** have been installed by providing 80% subsidy.
- **4,116** jobless youth were trained in different fields of agriculture through **Benazir Bhutto Shaheed Youth Development Program**.

For the next financial year 2013-14 the ADP of Agriculture has been increased to Rs. 6.16 billion.

IRRIGATION

The optimum use of water is essential for the development of an agro-based economy. If this precious natural resource is not utilized efficiently, the entire discussion on development paradigm becomes largely irrelevant. Our initiatives to carry out mega projects for flood control, irrigation, curbing river erosion, protection against salinity and water logging and installment of tube wells are essentially in line with our unwavering commitment to improve the avenues of effective water utilization for a greener and prosperous Sindh.

Mr. Speaker,

During the year 2012-13, Rs.5.62 billion have been allocated for 76 on-going schemes including WSIP and Re-construction Project to Bunds Canal (Sindh Share) and Rs.2.37 billion for 87 New Schemes

under Water & Drainage Sector. Out of 163 schemes, 33 schemes are likely to be completed shortly. Sindh Government is also executing massive development programme funded by Federal Government on Four Mega Projects viz:

- Revamping / Rehabilitation of Irrigation & Drainage System in Sindh,
- Extension of Right Bank Outfall Drain (RBOD) from Sehwan to Sea, and
- Lining of Distributaries & Minors
- Construction of Small Storage Dams in Sindh.

Under ADP 2013-14, Rs.12.00 billion has been proposed under Water & Drainage Sector, which includes Schemes such as:

- Construction of Water Carrier from LBOD Spinal Drain to Nabisar.
- Sindh Flood Emergency Reconstruction Project for Bunds and Canals.
- Sindh Water Sector Improvement Project.
- Rehabilitation of LBOD and Kotri Drainage Network System including activation of Dhoras.

Out of 213 ongoing schemes in this sector, 75 are expected to be completed by June 2014.

With our relentless efforts, we have been successful in bringing about marked improvements in irrigation sector. We have never lost sight of the fact that water is our precious resource and accordingly, it has been assigned its due significance by means of water planning and devising schemes which may ensure full utilization of this natural wealth.

LIVESTOCK SECTOR

Fully realizing the importance of the Livestock sector in the economic ascension of province, the ADP for next financial year is pitched at Rs. 2.43 billion.

A crucial milestone by the Livestock sector has been the establishment of model Dairy Village and Meat Processing Zone at Bhambore over 1300 acres with a total cost of Rs. 2.80 billion. The

project aims at the development of a modern, self-sufficient Dairy and Meat Processing Facility, targeting the local as well as international markets. The project has been provided current year allocation and its activities are underway.

To improve the quality of our livestock and to enhance productivity we have established Shaheed Benazir Bhutto University of Veterinary and Animal Sciences at Larkano. An amount of Rs. 75.000 million has been provided for establishment of the institution.

A new scheme was launched for the establishment of Cattle Colonies with District & Private Participation (Phase-I). This scheme is being implemented in three districts namely, Tharparker, Umerkot & Khairpur with a cost of Rs. 1441.45 million. During the next ADP-2013-14, Rs. 533.669 million has been allocated.

FISHRIES SECTOR

Equally important is the role of the Fisheries sector in the Economic uplift of the province. The Government has allocated Rs. 444.87 million for the development of Fisheries sector for the 2013-14. Considering the importance of fish exports for a robust and thriving economy, an exclusive initiative has been taken to set up Karachi Fish Harbour to meet the Global standards of fish processing in order to export them across the world. The Revival of Fishing Industries has also been launched with a total cost of Rs.868.601 million for five years i.e. 2011-12 to 2015-16.

LOCAL GOVERNMENT

Mr. Speaker,

Sindh Government believes in instituting of an effective and efficient system of Local Government. I can safely say that with continuity of sincere efforts, our cities will rank amongst the best in the world. We are determined to make the Local Governments financially independent and viable. The transfers to local governments are pitched Rs. 39.30 billion for FY 2013-14.

The following budgetary allocation have been kept as special packages for improvement of major cities in Sindh:

- Rs. 409.02 million for Hyderabad Development Package
- Rs. 1.69 billion for Shaheed Benazirabad Package
- Rs. 1.04 billion for Larkana Package
- Rs. 2.59 billion for Karachi Metropolitan Corporation Package
- Rs. 599.51 million for Lyari Package
- Rs. 435 million for Sukkur Package.
- Rs. 382.348 million for Mirpurkhas Package.

A block allocation of Rs. 5.00 billion has been made for next Financial Year 2013-14 for Local Government related development projects in districts of Sindh.

PUBLIC HEALTH ENGINEERING

Mr. Speaker,

It is the duty of this government to extend essential amenities to life to all areas of Sindh. Water supply and proper drainage being benchmark indicators of quality of life are on high priority of Sindh Government. An allocation of Rs. 3.00 billion has been made for water supply and drainage schemes in different parts of Sindh. Out of this, Rs 2 billion will be spent on operationalization of the dysfunctional 12000 schemes through outsourcing of operations.

Under Special Initiative Department, four major schemes for establishment of Drinking Water Hubs (2500 units) across the Sindh has been launched with a cost of Rs. 14017.06 million. During the next FY 2013-14, Rs. 6176 million has been allocated for the scheme.

ROADS AND HIGWAYS

Mr. Speaker,

Sindh Government realizes the importance of development of communication means for vibrant economic activity. In the current financial year an amount of Rs. 15.55 billion was earmarked for development of road network in Sindh. 1,067 km new road have been included in the network and 474 km existing roads have been improved.

In continuation of our policies, for the next financial year an amount of Rs. 16.80 billion has been kept for development of road

network. By end of next financial year 1000 km new road will be added to existing network. Also, 450 km will be improved during the next year.

Rural Road Construction Project:

500 km of rural roads are being constructed in assistance from Japan International Cooperation Agency. The cost of the Project is Rs. 8.8 billion. Work is being carried out on 440 km of road out of which 300 km will be completed shortly.

MAGE DEVELOPMENT SCHEMES FOR KARACHI

Mr. Speaker,

We fully recognize the needs of improved traffic management in Karachi. An improved and efficient transport system will increase the efficiency of Karachi as the economic backbone of Pakistan as it will increase in work hours and will enhance productivity. The project of revival of Karachi Circular Railway for Karachi with the assistance of Japan International Cooperation Agency will enter into implementation during FY 2013-14.

The Karachi circular Railway will have a dual track of 41.12 km with 24 stations at an average distance of 1.5 km. The estimated cost of the project is US\$ 2.6 billion dollars. The negotiations with JICA are almost finalized and we are at the stage of signing loan agreement.

S-III is one of the major projects for Karachi having a cost of Rs. 7982 million out of which Federal Government has to contribute Rs. 3991 billion. So far Federal Government has released Rs. 789million for this project and Govt of Sindh has contributed by releasing Rs. 800 million. Rs. 1040 million have been allocated in the ADP -2013-14. The treated sewerage disposal through this project will have immense environmental and health related benefits.

Another mega project K-IV has been approved by ECNEC at a cost of Rs. 25.552 billion with 50% share of Government of Sindh. Rs. 1000 million has been allocated for this project in ADP-2013-14. Through this project 260 MGD additional water will be supplied to residents of Karachi. This project will be a major step in meeting the ever growing requirements of water for Karachi.

MODARBA/INSURANCE/LEASING COMPANY

Mr. Speaker,

The establishment of Sindh Bank has been a major achievement of this government. To further endorse upon our success, Government of Sindh plans to establish Modaraba, Leasing and Insurance Companies. We have kept Rs. 200 million for next financial year 2013-14 for the said purpose. The initiative will provide innovative and competitive financial products like Ijara, Morabaha, Musharaka, and other Islamic financial products along with creation of job opportunities.

Insurance coverage in our country is very low. Realizing this gap, we intend to establish an insurance company which will provide much needed financial cover to middle and low income groups at competitive rates.

Similarly, availability of affordable capital is essential for asset creation, therefore a leasing company is also part of this plan. Cheap capital will be ensured through this facility, which will be extended to urban and rural areas specially where traditional mode of financing is not available.

PUBLIC PRIVATE PARTNERSHIP

Mr. Speaker,

The Public Private Partnership initiatives in the world have been taken up to bring in private finance in the provision of public sector infrastructure development and this is considered as the most effective mode of accelerating infrastructure development.

Sindh under the able guidance of President of Pakistan, Mr. Asif Ali Zardari embarked upon the PPP framework in the year 2008-09 and was able to develop first ever PPP Project namely Hyderabad Mirpurkhas Road in which Korean investment and commercial lending was ensured.

After the successful launch of HMDC, Government of Sindh has also launched Jhirk Mullah Katiar Bridge and Road Project, which is at the construction stage while two energy projects at Nooriabad for 50 MW each are at the advanced stages of signing of project agreements.

For the next year, Karachi-Thatta Dual Carriageway, Hyderabad Tando Mohammad Khan Dual Carriageway and Food Silo Projects will be offered to private partners through a competitive process.

We have also taken up Bus Rapid Transit Project for Karachi under PPP mode which will be offered for investor solicitation during next financial year.

ECONOMIC REFORMS

Public Expenditure and Financial Accountability (PEFA):

Mr. Speaker,

The Public Expenditure and Financial Accountability (PEFA) assessment of the Government of Sindh was lastly conducted in 2008-09 jointly by the Government of Sindh and development partners (World Bank, Asian Development Bank, European Union and UK's Department of International Development.. The same is being updated this year with the assistance of development partners through a grant of 15 million Euros from the European Union. The PEFA will help in identifying the weak areas of Public expenditure and help in prioritization/reforms for better fiscal management and enforce financial accountability.

Implementation of the Medium Term Budgetary Framework (MTBF):

Mr. Speaker,

Government of Sindh has remained engaged in multiple fiscal and budgetary reforms since last few years. One of the important reforms is the budgeting based on Medium Term Budgetary Framework (MTBF). MTBF is a multiyear approach to budgeting which links the spending plans of government to its policy objectives ensuring that all spending by the departments is used efficiently in pursuit of a defined strategy. It makes the budget process more transparent and efficient.

FISCAL MEASURES FOR FY 2013-14

Mr. Speaker, the tax base of Sindh sales tax is insufficient and limited to a few service items and, at the existing tax base, it is not possible to achieve the desirable tax-to-GDP ratio in this sector. With a view to supplement the national efforts for achieving the NFC-desired Tax to GDP ratio of 15% by the terminal year 2014-15 and also for equitably taxing the service sectors in Sindh economy, the Provincial tax administrations need to be reformed and the tax base needs to be appropriately expanded. With this end in view, the Government proposes that the existing tax anomalies and inequities be removed, the existing exemptions be reviewed and few more of the items in the services sector be brought in the tax net without increasing tax rate. I propose the following measures:-

- (i) With great pleasure, I announce that Sindh will not increase the existing standard rate of 16%. This will not only contain inflation but shall also not burden the consumers with extra tax or increase prices. Although our net receipts will decrease because of the inputs taxed by the Federation at 17%, this loss of revenue shall be sustained in order to provide relief to the ordinary consumers of Sindh sales taxable services.
- (ii) The services of advertising agents, security agencies, commodity brokers, marriage halls and lawns, event management and public bonded warehouses are proposed to be levied. The services of security agencies will be taxed at 10%, instead of the standard rate of 16%. Small marriage halls & lawns located on plots of 800 sq.yds or less shall remain exempt;
- (iii) Some of the services provided under contracts or agreements are proposed to be specified as being liable to sales tax with a view to removing doubts, disputes and confusion about their tax status in view of the fact that tax is already levied on the services of contractual execution of work. These services are specified in the amending provisions of the Bill in relation to the Second Schedule to the Sindh Sales Tax on Services Act, 2011;
- (iv) Exemption on internet and broadband services are proposed to be withdrawn. However, internet services of

upto Rs.1,500/- per month shall remain exempt, for the benefit of students and households;

- (v) Certain new services like beauty parlours (exceeding annual turnover of upto Rs.3.6 million) and race clubs are proposed to be brought in the tax net. The beautician services will be taxed at the reduced rate of 10%;
- (vi) The Bed Tax of 7.5% is proposed to be withdrawn. Hotels will continue to pay only the Sindh sales tax on their services;
- (vii) The offer of the Sindh Chapter of the Constructors Association of Pakistan (CAP) to pay Sindh sales tax at a reduce rate of 4% without any input tax adjustment is proposed to be accepted;
- (viii) On the pattern of the exemption from tax on the Bank's services of utility bills collection, the similar services by NADRA Technology Limited (NTL) are also proposed to be exempted;
- (ix) Certain legislative arrangements have been proposed with a view to providing specificity, clarity and un-ambiguity in law.

Mr. Speaker, the Special Development and Maintenance of Infrastructure Cess is being levied for the purpose of meeting the costs of wear and tear on the infrastructure due to heavy traffic of the goods entering the province by air or sea, and for providing security. It is proposed to enhance the rate of the Cess from 0.80%-0.85% to 0.90%-0.95% on various slabs of the imports to facilitate additional funds to the Government for meeting the cost of maintenance of infrastructure.

Mr. Speaker, it is further proposed to increase property tax from 20% to 25% on annual rental value of buildings and lands and increase in license of Trade and Import of Potable Liquor and Retail of Liquor License from Rs.600,000 to 800,000 and from 350,000 to 500,000 respectively.

CONCLUSION

Mr. Speaker,

I would like to thank you for according me this opportunity to present the first budget of this reelected government. We make a commitment to serve the people of Sindh with new resolve and energy. We will make every attempt to justify the confidence people of Sindh have shown in us.

I would also like to appreciate officers and staff of Finance Department, who worked with dedication and untiring commitment to complete this exercise in a befitting manner. I would also like to extend my appreciation for the efforts put in by Planning and Development Department for completion of this huge task within stipulated time frame.

In the end, I will take this opportunity to remind all public servants of Sindh that Allah Almighty has bestowed upon us a great responsibility. We all must serve this province and motherland with complete devotion, honesty and dedication. I hope that with sincere efforts of government, the coming year will unlock the path to opportunity and prosperity. I pray to Almighty Allah to give us strength to serve the people of this province and country, Ameen.

Pakistan Paindabad!