

BUDGET SPEECH
BY
MURAD ALI SHAH
MINISTER FOR FINANCE
ON 7TH JUNE 2012

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Budget Speech 2012-13

Honorable Mr. Speaker,

I am grateful to Almighty Allah for the honour that he has bestowed upon me.

Sir, I feel privileged to stand before this august house to present the **fifth budget** of this democratically elected government in Sindh. It is with pleasure that I present this budget **free of anynew taxes**. It is indeed a tribute to our great leaders Shaheed Zulfikar Ali Bhutto and Shaheed Mohtarma Benazir Bhutto that the PPP-led coalition government in Sindh has been able to bring perceptible improvement in the lives of our people. The visionary ideals laid down by Quaid-e-Azam inspired our leaders and guided each and every member of our government to reach this milestone.

Mr. Speaker, over the last four years, the PPP-led government at the Centre and here in Sindh, has faced a multitude of challenges. Many of these were legacies of mismanagement passed down from previous regimes. Natural calamities the likes of which have not been seen at least in the recorded history also hampered our development. Despite these obstacles, under the brave and pragmatic leadership of the Honourable President of Pakistan Mr. Asif Ali Zardari and the Honourable Prime Minister of Pakistan Syed Yusuf Raza Gillani and the guidance of Chief Minister Sindh Syed Qaim Ali Shah, we have successfully moved ahead and overcome the challenges with unflinching democratic will and commitment. We have remained steadfast in our resolve to strengthen democratic institutions in the country and have pursued the agenda based on reconciliation and consensus building with the broader objective of serving the people of Sindh to the best of our abilities.

I would like to express my gratitude to Mr. Altaf Hussain, Chaudary Shujaat Hussain, Mr. Asfandyar Wali Khan, Pir Sahab Pagara and Mr. Ghulam Murataza Jatoi. My sincerest thanks to the honorable MPAs from the PPP, MQM, ANP, PML(F), NPP and PML(Q) as without their contribution and consistent support this budget would not have been possible.

Mr. Speaker, there is no education like adversity, and during our term in office, Sindh has been tested in 2010 by the worst flooding to hit the province in its history. The right bank of Indus was

completely devastated by these floods. This was followed by unprecedented torrential rains during the current fiscal year which inundated vast areas this time on the left bank of the Indus. These disasters were unprecedented both in scale as well as the destruction left in their path, bringing untold misery to the people of Sindh. However, calamity is the test of integrity, and the people led in the field by our honorable President Mr. Asif Ali Zardari and Chief Minister Syed Qaim Ali Shah fought the floods from the beginning to the end. The way we fought the catastrophic floods proved that the people of Sindh were capable of achieving victory against the greatest of odds.

Sir, in economic terms the floods and rains were a severe blow and the misery of our people was too great to be put in words. Furthermore, the sheer devastation caused by the disaster upset the entire scheme of the current year's budget as all sectors of Sindh's economy were adversely affected. However, the Government of Sindh immediately undertook a large scale emergency response to the disaster. The total intervention by the Government was a mammoth Rs. 23.5 billion. This includes distribution of tents, blankets, family food packs, worth almost 5 billion. Monetary support was provided to the affected population in shape of Pakistan Cards which were distributed to more than 1.2 million affectees. The Government of Sindh provided funding for Pakistan Cards to the tune of Rs. 11.389 billion. The Federal government contributed Rs. 1.5 billion. Wheat, sunflower seed and fertilizer worth Rs. 2 billion were distributed to small farmers in the affected areas. Immediate works for rehabilitation of damaged infrastructure were undertaken on an emergent basis.

Mr. Speaker, in these four years under the guidance of the Party co-chairman President Asif Ali Zardari, the PPP led government has achieved supremacy of parliament and strengthening of federation. The passage of the 18th, 19th and 20th constitutional amendments and the NFC Award are historic milestones achieved by this democratic government. This reaffirms our faith that only democracy can deliver. Furthermore, in line with our founding leader's slogan of Roti, Kapraaur Makaan, this government has focused on providing a safety net to the most under-privileged segments of the society. In the spirit of reconciliation and participatory politics laid down by Mohtarma Shaheed Benazir Bhutto, the Government of Sindh has been able to deliver several historic achievements over the last four years:

- During 5 years of PPP led Government, an unprecedented Rs. 644billion have been allocated for Development which includes Rs. 231 billion proposed for the next financial year. Compared to this, the cumulative development spending from 1947 to 2007 was Rs. 310billion which is less than half of the amount allocated in the 5 years of this Government.

- Through the historic 7th NFC Award, provincial share was enhanced from 47.5 % to 57.5 % and resource distribution from the divisible pool was changed from the sole criterion of population to multiple criteria.
- Another milestone was achieved when Sindh became the first province to establish its own legal and institutional framework for collection of GST on Services. I will give details of this later in my speech.
- Under the Union Council based Poverty Reduction Programme, micro credit facility and vocational trainings have been provided in four districts of Sindh, to over 300,000 women from low income households for income generation, production enhancement and village improvement.
- Under the Program for distribution of state land amongst the Landless Haris, over 56,187 acres of land has been distributed amongst 6098 beneficiaries of whom 80% were women.
- Under Health, considerable emphasis has been laid on medical education and tertiary health care where a significant investment of more than Rs.27 billion has been made in the rehabilitation of hospitals and expansion and improvement of services. Under Hepatitis Control Programme, over 4.6 million people, including 750,000 school children have been vaccinated so far, and 93,664 patients have received treatment for hepatitis B, C & D free of cost.
- In Education, there have been significant breakthroughs which include the establishment of two new universities, seven Cadet Colleges including two Girls Cadet Colleges at Shaheed Benazirabad and Larkana, establishment of four Engineering Colleges and Institutes, and one Law College.
- Significant progress has been attained in village electrification and provision of gas to rural areas. During the tenure of this Government, a total of 3,000 villages will be electrified and a total of 800 villages will be provided gas by the end of June 2012.
- In Thar Coal, a robust policy framework has been evolved. We have started the execution of mega-infrastructure projects to facilitate investors and to create an enabling environment for large scale projects.
- In infrastructure development and rehabilitation, our government has committed substantial funds resulting in construction of about 5000Km of new roads and

improvement of more than 2000 Km of road. In addition, 110 small and medium sized bridges have been completed.

- Urban development has remained a high priority for facilitating growth. Our Government has accorded high priority to investments in Karachi and in the last four years, we have funded several schemes including major roads and flyovers and projects in health, education, water, sanitation and other sectors at a cost of over **Rs.42 billion**.
- Karachi's potential as an economic hub has provided inspiration to further exploit the development potential of Sindh and in accordance with the vision of honorable President Asif Ali Zardari, the Zulfikarabad Project has been launched for developing an enclave for local and foreign investment in the Province
- Clean drinking water has always been a matter of concern for the people of Sindh, especially in the remote and underprivileged areas of the Province. The issue is very close to the honorable President's heart since it carried immense value for Shaheed Mohtarma Benazir Bhutto and is prioritized in the PPP manifesto. Therefore, under the supervision of the Chief Minister the Sindh Government addressed the gravity of the issue and initiated several projects in the shape of Reverse Osmosis Plants and Ultra Filtration Plants through which a record **25 million gallon per-day pure drinking filtered water** is being provided to the people of Sindh.
- Realizing the problem of unemployment among the youth, the Government of Sindh created 80000 jobs in the public sector including 20000 jobs proposed to be created through SNE 2012-13.
- Under various Skill Development initiatives more than 300,000 unemployed youth were trained in various trades to build their capacity and enable them to obtain gainful employment in private sector.

Three Major Success Stories:

Sindh Bank Limited

Mr. Speaker, it is a matter of pride for me to apprise this august house about the success of Sindh Bank and the valuable services it is providing to the people of Sindh. Sindh Bank, established in memory of Shaheed Mohtarma Benazir Bhutto, was inaugurated by the President Asif Ali Zardari on 26th December 2010 at NauDero. The Bank opened 50 branches in 2011 including branches in each District of the Province. By the end of the current year, Sindh Bank will have one of the largest networks in rural Sindh. This will facilitate the roll out of micro credit facilities to rural population. The bank currently has a deposit base of Rs. 25 billion, out of which more

than 40% are private sector deposits. This shows the confidence of the general public, trade and business community. During the first year of its operations, Sindh Bank Limited earned an operating profit of Rs.1.14 billion. Sindh Bank has also confirmed to payout a dividend of Rs. one billion to the Government of Sindh in the financial year 2012.

Mr. Speaker, this august house would be pleased to know that keeping in view its overall success, the State Bank of Pakistan has granted permission to Sindh Bank to open another 100 branches along with 10 sub-branches across the country during 2012.

Some notable schemes of Sindh Bank include:

- Disbursement of agricultural loans to small farmers between Rs. 100,000/- to Rs. 500,000/- by issuing Benazir Zarai Cards. To date around 2000 small farmers have been advanced Rs. 430 million. Similarly, the ABADKAR Tractor Scheme has been introduced which will be in full swing during the next financial year.
- The Bank has also introduced interest free loans of upto Rs. 500,000/- for Post Graduate studies to students who secure more than 70% in Bachelor examinations, with a job guarantee in Sindh Bank Limited.
- Sindh Bank Limited is also one of the six approved banks for the Benazir Income Support Program. It has also been exclusively entrusted to provide banking services for the Waseela-e- Haq Scheme.
- Sindh Bank disbursed Rs. 5 billion to growers for wheat procurement in addition to Rs. 2 billion through lead bank.

Mr. Speaker, with the establishment of Sindh Bank, the Government of Sindh has found a partner through which it can deliver micro-credit products to the people of Sindh. I will elaborate on this later in my speech.

Public Private Partnership

Mr. Speaker, considering the private sector as the engine of growth, the present government, when it came to power, had the vision of attracting private finance for provision of public goods and services. Establishment of a Public Private Partnership Unit in Finance Department, setting up of a provincial PPP board and development of robust regulatory and institutional framework for PPP initiatives are manifestations of successes which will shape the future development path of the Province.

Mr. Speaker, the Dualization of the Hyderabad – Mirpurkhas Road (58.7 Km) costing Rs. 6.05 Billion was identified as a first potential project for Public Private Partnership. The Construction of this first land mark project is scheduled to be completed by the end of this month. Also, the Hyderabad – Badin road (98 Km) and Jhirk-MullaKatiar bridge in Thatta District have been identified for Public Private Partnership Project. In the case of the Hyderabad-Badin Road, the selection of developer is in process whereas concession agreement has been signed for Jhirk-Mulakatiar Project.

Another important project to ensure food security in Sindh is the construction of Grain Silos in collaboration with IFC. The silos will have total storage capacity of 500,000 Metric Tonnes. Recently, in order to facilitate National Highway Authority in its PPP venture for maintenance and tolling of M9 (Super Highway), the Government of Sindh is considering injection of 20% equity in the Project Company.

Performance of Sindh Revenue Board

Mr. Speaker, the success of Sindh Revenue Board clearly proves that the apprehension of the detractors that the Provinces do not have the capacity to manage the collection of Sales Tax on Services was unfounded. The 7th NFC enhanced the share of federating units in the divisible pool and recognized the constitutional right of Provinces to collect sales tax on services if they so desire. This was possible only due to the presence of a democratic and representative government led by Chief Minister Sindh Syed Qaim Ali Shah, which strived for its rights and jurisdiction as mandated by the people of Sindh.

Mr. Speaker, Sindh Revenue Board was mandated to collect Sindh Sales Tax on services from July 2011 and is expected to successfully achieve its current year's target of Rs. 25 billion against receipts of Rs. 18.3 billion by FBR in 2010-11. Our confidence and faith in SRB can be gauged from the fact that for the coming year 2012-13, we have kept the Sales Tax on Service collection target at Rs. 32 billion.

Employment Generation: Waseela-e-Haq Initiative

Mr. Speaker, when we came into government, we were faced by endemic poverty and unemployment. This combination can serve as a recipe for disaster when combined with ideologies promoting extremism. By the grace of Almighty Allah, the PPP government's endeavor to bring down unemployment have achieved a resounding success. Benazir Bhutto Youth Development Project, STEVTA and the Waseela-e-Haq Sindh are some of the symbols of this success story.

Mr. Speaker, during the current financial year, the PPP led Government initiated the Waseela-e-Haq Program. Under this program, the families falling in the second lowest income bracket of

the “poverty score card” have been declared eligible for receiving benefit. The beneficiaries have been selected through a transparent process that provides fair chance of selection to the eligible population.

Sir, it is my pleasure to announce that 34,000 families would benefit from the scheme by providing an interest-free loan of Rs 300,000 each. The beneficiaries are evenly distributed throughout the Province with 30 beneficiaries in each union council. The total outlay of this venture is Rs. 12 billion, which the Government of Sindh has met from its own resources.

Mr. Speaker, under the Waseela-e-Haq programme, the beneficiaries receiving interest free loan are provided training to use the loan for productive objectives of the program.

Sir, in addition to the Waseela-e-Haq programme, 3000 three- wheeler CNG auto rickshaws have been distributed amongst the unemployed youth of Karachi.

Mr. Speaker; now I would like to apprise the August House about the fiscal and regulatory initiatives undertaken by the Sindh Finance Department. These steps though intangible have enabled us to create fiscal space and improve efficiency.

Sindh Financial Control & Delegation of Financial Powers Rules 2012

Mr. Speaker, you would recall that Sindh is the first province to enact Sindh Financial Management and Accountability Act, 2011 in pursuance of Article 119 of the constitution of the Islamic Republic of Pakistan 1973 for regulating custody, payment and withdrawal of public money from Provincial Consolidated Fund and the Public Account of the Province.

Mr. Speaker, during Current Financial Year, Finance Department, framed Sindh Financial Control and Delegation of Financial Powers Rules 2012 under the law passed by this Assembly. These Rules shall replace outdated existing Rules of 1962, which had become inadequate and called for revision in order to meet the requirements of the departments.

Fiscal Management

Mr. Speaker, we are focusing our energy on strengthening tax administration, by plugging the loopholes in tax collection through automation, Sindh will earn increased revenues in the coming year.

An important step in this direction has been the introduction of **SAP R-3 System through which** collections of tax and non-tax receipts of collection agencies will be automated. Previously, the taxes were collected manually and due to time lags in reconciliation, it was difficult to oversee

the performance of revenue collection offices. Real time availability of information through SAP R3 will improve transactional efficiency and strengthen oversight of collection process.

In order to improve efficiency and to reduce the time lag in release of funds by the Finance Department and receipt of the same by the cost centre, major reforms are being introduced in the release and payment processes to allow for direct and online release of funds to the cost centre.

Employees Post Retirement Benefits: Mr. Speaker, in order to reform pension system, the Government of Sindh is working towards introducing the defined contribution pension scheme for new appointees. The Asian Development Bank is providing technical assistance in this regard.

During the year, the Government of Sindh also renewed its contract with the State Life Insurance Corporation for doubling the Group Life Insurance benefit available to its employees. In addition, measures are being taken to simplify the disbursement of financial assistance to families of deceased employees.

Discussion of Budget Proposals with Standing Committees of Provincial Assembly

Mr. Speaker, during the previous financial year, I had the honor to brief the learned MPAs from all parliamentary parties on budget procedures and proposals.

The entire thrust of holding these discussions was to involve parliamentarians in the budget making exercise.

Sir, given the mandate of this Assembly to give assent to the budgetary proposals, I had and have the desire to institutionalize participation of parliamentarians in preparation of budgetary proposals to actualize peoples' expectations from their chosen representatives. As proposed in the last year's budget speech, I would again request this august house that the role of the Standing Committees in budget making process may be formally institutionalized by incorporating it in the Rules of Procedure of Provincial Assembly.

Retirement of Cash Development Loans

Mr. Speaker, I am pleased to inform this August House that during the current Financial Year, Government of Sindh has retired **Rs. 2.5 Billion** of Cash Development Loans bearing a high rate of interest i.e. 13.61%. We have also managed to ensure that this amount of Rs. 2.5 billion was used towards financing the development projects of National Highway Authority in Sindh. Furthermore, we intend to retire the remaining CDL balance of **Rs. 2.4 billion** through similar arrangement in the coming financial year.

Electricity Monitoring & Reconciliation

Mr. Speaker, the liabilities of HESCO & SEPCO is a long-standing issue which has unjustifiably given a bad name to Sindh Government. Due to concerted efforts of the Sindh Government, in September 2011 the billing claim of 25.8 billion from year 2003-04 to June 2010 was settled at Rs. 3.9 billion only and the difference of **Rs. 21.9 billion** was saved by the People's Government.

Subsequent to 30th June 2010, HESCO and SEPCO have collectively raised a fresh claim of Rs. 25 billion upto April 2012. The settlement of the claim is under process and as a part of it, Rs. 1.3 billion has been paid against 7751 healthy connections in addition to the budgetary allocation of Rs.6billion. Against 7517 unmetered/defective connections, payment is being worked out on the basis of actual load of each of these connections as a full and final settlement. Besides, HESCO/SEPCO shall install healthy meters for these connections latest by 30th June 2012. With regards to the remaining 8052 connections, which are wrongly claimed as GoS connections, we have informed HESCO and SEPCO to strike these off from their books.

Revised Estimates 2011-12

Mr. Speaker, let me now present the Revised Estimates before this August House for the current year 2011-12. The Revised Estimates of Receipts from the Federal Government for 2011-12 are Rs. 323.17billion as against Budget Estimates of Rs. 312.1 billion. Revised Estimates from divisible pool are Rs. 256.47 billion against Budget Estimates of Rs. 251.9 billion, whereas straight transfers are Rs.57billion as compared to Budget Estimates of Rs.53.4 billion.

Mr. Speaker, Provincial Tax and non-Tax receipts have been revised upwards to Rs. 82.5 billion as against the Budget Estimates of Rs.79.9 billion. This indicates successful implementation of our government's focused approach to increase Provincial Own Resources through reforms in tax administration.

On the Expenditure side, the Current Revenue Expenditure for 2011-12 has been revised to Rs.309.45 billion against Budget Estimates of Rs. 283.15 billion. This upward revision in the Current Revenue Expenditure is due to the outside budget expenditure on emergent needs such as flood related expenditure including issuance of Pakistan Cards to rain affectees, purchase of physical assets for Sindh Police to improve law & order situation especially in Karachi, increase in salaries of employees and revision of pay package of Police, Nurses and the Judiciary and increase in employees' retirement benefits. The Revised Current Capital Expenditure is Rs. 28.83 billion against the Budget Estimate of Rs. 33.309 billion.

The total released amount for provincial development activity stood at Rs. 122 billion. This includes Rs. 92 billion for ADP schemes, Rs. 21 billion for District portfolio and Rs. 9 billion

outside budget development expenditure. Rs. 11 billion were released in federal grants and foreign project assistance stood at Rs. 22.84 billion. In addition, the amount spent on development activity but booked as non-development expenditure was Rs. 7.3 billion. Adding up the above, the release/expenditure on development activity during the current financial year is expected to be a **record Rs.163 billion**.

Budget Estimates 2012-13

Mr. Speaker, let me now present the Budget Estimates for Fiscal Year 2012- 13. Sir, the total budgetary outlay is proposed to be Rs. 577.98billion as against Rs. 236.2 billion in 2007-08. The total receipts are projected at Rs. 570.82billion whereas the total expenditure is estimated to be Rs. 577.98billion, resulting in deficit of Rs. 7.16billion. Despite a healthy 18 % estimated increase in revenues, the deficit is solely due to the massive jump in development portfolio which has been proposed at a historic Rs.231 billion up from Rs. 164 billion in 2011-12, indicating PPP-led government's resolve to focus on poverty alleviation and result-oriented development. The figure includes ADP of Rs. 181 billion, Rs. 14.5 billion for federal projects and 35.7 billion foreign project assistance.

The Estimated Revenue Receipts for the Financial Year 2012-13 from the Federal Divisible Pool are Rs. 314.36billion. This is 24.8 % higher than the Budget Estimates of fiscal year 2011-12. Receipts under Straight Transfers are estimated at Rs. 59.25 billion which is an increase from last year's Budget Estimate of Rs. 53.4 billion. Provincial Own Receipts including Sales Tax on Services are estimated at Rs 96.63 billion which is 21% higher than last year.

On the Expenditure side, the current Revenue Expenditure for Financial Year 2012-13 has been estimated at Rs. 315.3billion which is only slightly higher than the Revised Estimate of Rs. 309.45billion for 2011-12. This reflects Sindh Government's resolve to curtail expenses through fiscal discipline.

In line with the increase in salaries announced by the Federal Government, a pay raise in the shape of ad-hoc relief allowance at the rate of 20% of basic salary is proposed. Similarly, to mitigate the financial difficulties of the pensioners they would also be granted 20% adhoc relief.

Development Portfolio:

Development and progress of the Country and welfare and prosperity of its People have been the cornerstones of Pakistan Peoples Party's manifesto. In this regard, we have taken several key initiatives. The Provincial Development Portfolio for the financial year 2012-13 is projected at Rs. 231 billion. The development initiative aims at addressing poverty, generating employment and improving public service delivery. The revival of production sector along with augmentation

of physical, economic and social infrastructure would supplement the efforts to address the surging poverty and unemployment in the province.

The portfolio amicably tackles historical inter-district differential in development through judicious allocations. Substantial allocations (70% of ADP) have been made to complete the ongoing schemes. This strategy would help complete 700 schemes during the financial year 2012-13.

Some of the major initiatives for the next financial year are:

- Agriculture Credit line for small farmers at 7% interest subsidy through Sindh bank at a cost of Rs.4 billion.
- Micro Finance for enterprise development through STEVTA and Sindh Bank at a total cost of Rs. 2 billion.
- Provision of Assistance to Farmers for purchase of 15000 tractors in addition to subsidy for 6000 tractors during current year.
- K4 and SIII Projects
- Karachi Circular Railway
- Restoration/Rehabilitation of LBOD and Kotri Drainage Network including activation of Dhoras.
- Establishment of Multi Organ Transplant center at Sindh Institute of Urology and Transplantation (SIUT) Karachi at the cost of Rs.5000 million.
- Establishment of Shaheed Benazir Bhutto International University of Veterinary and Animal Sciences main campus at Sakrand and campus at Larkana at the cost of Rs.3000 million.
- Establishment of Drinking Water Hubs
- Rehabilitation of Roads damaged during Rains of 2011
- Food Grain Storage Project
- The Government is also considering provision of targeted subsidy through the BISP for subsidized provision of essential commodities.

Education

Mr. Speaker, the foundation of every state is the education of its youth, and without investment in education, we cannot secure a prosperous future for our people. Realizing the importance of education, a massive allocation of Rs.111.96 billion including ADP of

Rs.12.39 billion, has been proposed in the Financial Year 2012-13. This indicates a surge of 50% over allocations of current financial year, and 164% jump over allocations of financial year 2007-08 (i.e. Rs.42.36 billion). The proposed development allocation is six times the allocation of Rs. 2.1 billion in 2007-08. Mr. Speaker, the allocations for education constitute 20% of total budgetary outlay, which is reflective of our Government's strong commitment to the development of the education sector.

Mr. Speaker, during the current financial year, Rs 2.5 billion have been provided to districts for rehabilitation of schools which were shelter-less, or in dilapidated condition, or damaged by rain and floods. In all, 1,024 schools have been successfully rehabilitated during the current financial year. During next financial year, we intend to double the funding under the School Rehabilitation Program to Rs. 5 billion.

The total funds allocated under the Sindh education reform programme have been enhanced by 33% to Rs. 9.62 billion as against Rs. 7.38 billion provided in FY 2011-12. This includes provision of textbooks to all school and college students, provision of annual stipends to female students, developing regulatory framework for in-service and pre-service training, SMC grants, introduction of Student Achievement tests etc.

In order to address the serious shortage of competent teachers in remote areas, the Sindh Government created 8,414 new vacancies for teaching staff in 2011-12. For next year, we have created another 8000 posts in the education department. To increase motivation levels of teaching staff, time scales have been awarded.

The Government has also conceived a number of new initiatives in the next financial year. Some of these include:

- Establishment of Public Schools at Sanghar, Tando Muhammad Khan, Tando Allahyar, Ghotki & Matiari and a Cadet College at Khairpur.
- Establishment of cluster schools in Shaheed Benazirabad.
- Establishment of Engineering Colleges at Thatta and Mirpurkhas.
- Setting up of a Women University at Sukkur, University of Sufism and Modern Sciences at Hala and Sindh University Campuses at Badin, Thatta, Dadu and Mirpurkhas.
- The peoples Government is also sensitive to the children with special needs. The Special Education Department has been granted independent status, thereby giving it the holistic mandate to look after the welfare of special children. For welfare projects of Special Education Rs. 550 million are proposed which include upgradation of 5 Special education institutes at divisional headquarters as Centre of Excellence and establishment of taluka level Special education centres.

Health

Mr. Speaker, improving the health of our communities and providing access to quality healthcare has been a key focus of the PPP led coalition Government. The proposed allocation of Rs.49.52 billion during the next financial year (including ADP of Rs.14.80 billion) is reflective of the importance attached to the strengthening of Health Services in the Province. This is almost thrice the allocation of Rs.17 billion in Financial Year 2007-08. The proposed development spending is almost six times the allocation of Rs.1.4 billion in 2007-08. Overall, spending on Health constitutes approximately one tenth of total budgetary outlay.

Mr. Speaker, in my last budget speech, I had announced pay package of Rs.2.9 billion for Medical Doctors, Postgraduates and House Job officers. These incentives were given to improve delivery of health service. During Current Financial Year, Pay Package of Rs.485.00 million for Nursing Cadre, Midwifery, Lady Health Visitors, Student Nurses, Pupil Midwifery and Student LHVs has been announced. There is also demand for increase of salary for paramedical staff which is under consideration by the Government.

In addition, realizing the emergent needs of this sector, many initiatives have been taken during the current financial year.

- Shaheed Benazir Bhutto Medical College at Lyari has started MBBS classes in renovated building of Nursing School and work has been initiated on the new building.
- Initiation of construction work of Ghulam Muhammad Mahar Medical College at Sukkur at a cost of Rs. 1.911 billion.
- Shaheed Benazir Bhutto Accident, Emergency and Trauma Centre at Civil Hospital, Karachi is at the advanced stage of completion.
- Dedicated units for Thalesemia, Burns, Urology and Cardiology have been established in all the Teaching Hospitals and also at Civil Hospital Mirpurkhas.
- The scheme, Benazir Institute of Urology and Transplantation (BIUT)“ at Benazirabad District was initiated at a cost of Rs. 741.235 million. Moreover, SIUT Sukkur Chapter has been set-up with an investment of Rs. 552.27 million. It provides OPD, diagnostic, dialysis and other specialized services. In addition, a Bone Marrow Transplantation Unit was established in SIUT Karachi at a cost of Rs. 692.7 million.
- The Government has spent over Rs. 120 million in the current financial year for strengthening of TB Program.
- Under the DHQ-THQ project, Operation Theaters, Diagnostic Laboratory and residential blocks have been established at Khairpur while Emergency & Trauma Center and Residential blocks have been constructed at DHQ Hospital Shikarpur.
- A 300 bed hospital at Badin and a 200 bed hospital at Tando Muhammad Khan have been established. Expansion of taluka headquarters hospitals at Kotri and TandoAllahyar, have also been carried out.

Mr. Speaker, proposals for next financial year are:

- The Chief Minister's Initiative for the Prevention and Control of Hepatitis in Sindh with an allocation of Rs. 1 billion.
- The extension of Services of SIUT at a cost of Rs. 500 million and a Children's hospital at SIUT Karachi at the cost of Rs. 200 million. In addition, Rs. 2 billion are proposed as grant-in-aid for SIUT.
- Expansion and improvement of DHQ Hospitals at Thatta, Jacobabad, Nausheroferoze, Mirpurkhas, Dadu, Mirpur Mathelo and Ghotki.
- Procuring a PET Scan Machine with Cyclotron for Civil Hospital Karachi.

Agriculture

Mr. Speaker, agriculture is the backbone of our economy and we firmly believe that it may not be possible to fight poverty without addressing issues related to greater agriculture productivity. Accordingly, the sector has received due attention from our Government and a significant allocation of Rs.13.69 billion which includes ADP of Rs. 10.9 billion, has been proposed in the Financial Year 2012-13. Compared to Rs. 3.25 billion in 2007-08, the proposed development funding is almost 350% higher.

Mr. Speaker, the government remains committed to its "pro- Hari policies" for generating employment in on-farm and off-farm activities and providing raw material for industry and exports.

Mr. Speaker, after the 2011 disaster, Government of Sindh gave a Relief Package of Rs. 2 billion for growers of disaster affected districts. Under this package about 55,000 metric tonnes of wheat seed, 23,000 metric tonnes of urea and 500 tons of sunflower seeds were provided to flood affectees.

- For promotion of mechanized cultivation, subsidy was provided for 6,000 tractors at a cost of Rs. 2 billion. During 2012-13, subsidy will be provided for another 15000 tractors.
- 1000 different kinds of agricultural implements were provided to growers on 50% subsidy including 400 Laser Leveling Equipment. Also, 50% subsidy has been provided to the farmers on the installation of 450 Tubewells.

Major schemes proposed for the next financial year include:

- Agriculture Credit line for small farmers at 7% interest subsidy at the cost of Rs.4 billion. The allocation for the current year is Rs. 2 billion.

- Subsidy assistance on Agriculture Implements for Farm Mechanization (Allocation: Rs. 100 million)
- Sindh On Farm Water Management Project (Allocation: Rs. 740 million).
- Establishment of Agro Export Processing Zone for Fruits, Vegetables, Flowers and allied Products.

Other initiatives proposed in agriculture sector are:

- Purchase of Bulldozers- Agriculture department is purchasing its own bulldozers after more than 20 years
- Community Integrated Pest & Plant Nutrition Management.
- Construction of Mirchi Mandi at Kunri and
- Modernization of Training & Research Facilities in Agriculture Engineering Workshop at Nareja.

Irrigation & Drainage

Mr. Speaker, improving water management practices is key to Sindh's survival. As a lower riparian, water conservation and progressive water practices are prerequisites. The focus on funding in Irrigation Sector is reflection of this realization. This government has made sincere efforts to provide adequate funding to this sector by proposing Rs. 7.5 billion for the Water and Drainage sector in 2012-13, which is almost twice the ADP allocation of FY 2011-12 and 9 times the allocation in 2007-08.

Mr. Speaker; the major programs undertaken in the outgoing year were:

- Restoration of LBOD and Kotri Drainage Network including the activation of old Dhoras.
- Sindh Water Sector Improvement Project.
- Construction of Chandio Link Drain and Rehabilitation of Karo Gungro Outfall Drain. Through this project, thousands of acres of land will be reclaimed, thus providing opportunities of livelihood to hundreds of thousands of people.
- Assuring water supply for Karachi by up-grading Kinjhar Lake system.

As the Government of Sindh continues to rehabilitate the damaged infrastructure from the heavy rainfall last summer, following schemes have been proposed in the next year's development portfolio:

- Rehabilitation of LBOD and Kotri Drainage Network (Phase II) costing Rs. 3 billion.
- Raising, Re-sectioning and Stone-Pitching along Rohri Main Canal, BS Feeder, Unhar Canal and Begari Canal at the cost of Rs. 100 million.
- Construction of Detention Weirs near Memon Goth Across Malir Nadi.
- Sindh Flood Emergency Reconstruction Project for Bunds & Canals at a cost of Rs. 400 million and

- Rs. 200 million for the Procurement of Machinery under Chinese loan.

Thar Coal & Energy

Mr. Speaker, coal has been globally recognized as a substantial source of energy, and many countries depend on coal today as their major energy source. The potential of Thar Coal was first recognized by Shaheed Mohtarma Benazir Bhutto but unfortunately in subsequent years, this asset was ignored and exploitation abandoned due to malevolent mindsets that sought to intentionally waste this remarkable resource and deprive the people. It was such mindset that also promoted the construction of the most detrimental Kalabagh Dam, despite its rejection by majority of the country.

In view of energy shortages currently faced by the country, development of Thar Coal has been a central policy agenda for the present government given the vast energy potential of Thar Coal.

Mr. Speaker, infrastructure has been the biggest challenge for successful execution of the Thar Coal projects. The Government of Sindh has, therefore, started execution of mega-infrastructure projects to facilitate investors and create an enabling environment for large scale projects. For this huge endeavor, we have proposed an allocation of Rs. 13.585 billion in 2012-13.

Mr. Speaker, the projects for development of Thar Coal are at various stages of feasibilities and financial close which will lead to installation of over 4000 MW by 2015-16. An MoU was signed between the Government of Sindh and Global Mining Company (GMC) of China in September 2011. The power generation is expected to commence by 2014. GMC intends to invest US \$ 1.5 billion on key infrastructure projects in Thar coalfield. A test burn at Underground Coal Gasification (UCG) project in another block of Thar, being spearheaded by Dr. Samar Mubarakmand, was also successfully performed in December 2011.

Major schemes and infrastructure projects proposed in the next financial year include:

- Rs. 654 million for Construction of the Islamkot Airstrip,
- Development of GIS for Thar Coalfield
- Installation of Reverse Osmosis Plants across District Tharparkar, Mithi and Islamkot.
- Improvement and Widening of road network from Karachi seaport to Thar.
- Improvement of road from Wango More to Thar coalfield and
- Water Carrier from Nabisar to Thar coalfield with a capital outlay of Rs. 5 billion.

Mr. Speaker, since energy is the primary input for economic growth and its ready availability is absolutely essential for improving the standard of living; the Government of Sindh established Power Department with a mandate for policy planning, regulation and development of Thermal

and Hydro Power projects. The Department has initiated work on Sindh Power Policy and has taken up a range of policy issues.

Mr. Speaker, the Government of Sindh is planning to set up a 100 MW power plant under PPP mode at Nooriabad. Negotiations with SSGC for provision of gas are at an advanced stage. We are hopeful that gas allocated for the project will be finalized in the near future. The power plant will sell its electricity to HESCO for industrial units in Nooriabad Industrial Estate. This will ensure load shedding free electricity for the industries in Nooriabad. We will endeavor to complete this project in one year. The Government is also contemplating to set up more power plants under PPP modality.

Mr. Speaker, Sindh possesses considerable potential of electricity generation through Wind Energy. With attractive incentive package, an upsurge in the interest of investors has been witnessed. At present 26 projects with installed capacity of 1800 MWs are in progress. Government of Sindh, also intends to partner with international firms for establishment of at least 500 MW wind power projects. Government of Sindh will provide land as equity and also some seed amount and will guarantee administrative and logistic support. In the next year's development budget, allocation of Rs.1 billion has been proposed for joint ventures for generation of power through alternative source of energy.

Mr. Speaker, in the year 2011-12, we have also made great strides through provision of electricity to 642 villages in Sindh at a cost of Rs. one billion. Moreover, funds amounting to Rs. 500 million were provided outside the budget for electrification of 313 villages of District Larkana as per directives of honorable President. Rs. 51 Million were also released to provide electricity to Baba Bhit Island.

In 2012-13, it is proposed to provide Rs. 1 billion for Village Electrification Program, Rs. 1.5 billion for provision of Sui Gas to Towns & Villages across Sindh and Rs. 100 million have been allocated for Solar Powered Water Supply system.

Clean Drinking Water

Mr. Speaker, in order to provide clean drinking water to the people of Sindh, several schemes have been launched by the Government. The Government, under its Special Initiatives Program, provided Rs. 11.58 billion for provision of clean drinking water through drinking water hubs, reverse osmosis plants, ultra filtration plants and desalination plants in various parts of the Province. In the next financial year, Rs. 8.5 billion have been proposed to finance the Establishment of Drinking Water Hubs.

Urban Development

Mr. Speaker, cities are engines of growth and catalysts in the development aimed at improving the lives of the common man. In this regard, the Government has remained sensitive towards the

needs of the major urban centers in the province. Being the most urbanized province of Pakistan, the PPP led coalition government in Sindh has been conscious of the need to upgrade the existing infrastructure of its cities that are home to hundreds of millions of people.

During the current year Rs. 4.1 billion were utilized for infrastructure development in Karachi. This includes funding for 24 ongoing schemes and 18 new schemes. The major emphasis has been on roads, bridges and flyovers, given the need to provide facilities for reducing the acute traffic congestion in Karachi.

In addition, other special packages targeting infrastructure development within Karachi include projects of Rs.500 million in Malir, Rs. 800 million in Kemari, Rs. 100 million for Karachi's under-developed areas and Rs. 100 million for Karachi East.

KMC has also been extended support in the shape of a grant of more than Rs. 4.2 billion. This is in addition to its regular share in lieu of OZT.

Besides, significant funding has been provided for projects in health, education, water, sanitation and other sectors. Notable among these are installation of Reverse Osmosis Water Desalination Plants at Lyari and Kemari for which around Rs. 3.9 billion were allocated during the current year.

The schemes prioritized for the next year ADP include:

- **Greater Karachi Bulk Water Supply Scheme K-IV**, costing Rs. 29.83 billion, intended to ensure regular water supply to Karachi (Proposed Allocation Rs.1 billion).
- In order to address the sewerage problems of Karachi, SIII Project will be implemented at a total cost of Rs. 13.8 billion of which Rs. 1 billion have been proposed in the ADP of next financial year.
- To further strengthen industrial infrastructure in the metropolitan city, Special Industrial Zones would be set up under the President's Directive in Lyari, Kemari, Bin Qasim and Gadap. A Cottage Industrial Estate is also proposed at Hawksbay.
- Besides, a 4 MGD Combined Effluent Treatment Plant for Industrial Areas of Karachi has been proposed in ADP 2012-13.
- A number of Special Projects will also be executed in Karachi including Construction of Sindh Secretariat blocks, Construction of Clifton Pumping Station, Construction of a new 100 MGD Pump House at Dhabeji etc.

The Karachi Circular Railway: The US\$ 1.55 billion KCR project has been slightly delayed on account of debt issues, removal of encroachments and allocation of land for resettlement, which have now been settled. The KCR will have a 43.12-km dual track with 24 stations at an average distance of 1.5 km. It will be completed by the end of 2016 and will be operational in 2017. The Government is also planning to undertake the Bus Rapid Transit for Karachi in PPP mode.

Other development packages for urban areas include **Lyari Development package** under which Lyari has been provided Rs. 800 million for financing various schemes such as roads, parks, sewerage system, playgrounds etc.

Hyderabad Development Package: Similarly, Hyderabad has been provided approximately Rs. 1 billion for schemes relating to roads, flyovers, water supply, sanitation and parks.

Larkana Development Package: Under the Larkana Development Package, Rs.2 billion were provided to fund major roads and bridges in Larkana.

Benazirabad Development Package: For Benazirabad, Rs. 2 billion were provided to construct critical infrastructure and;

Sukkur Development Package: Sukkur received about Rs. 700 million for development schemes in roads and sanitation sectors.

During next financial year Rs. 10.6 billion has been proposed for Special packages which comprise Rs. 4.4 billion for Karachi, Rs. 2 billion each for Larkana and Shaheed Benazirabad, Rs. One billion for Hyderabad, Rs. 700 million for Sukkur and Rs. 500 Million for Mirpurkhas.

Sindh Police

Mr. Speaker, improvement of law and order and protection of lives and property of citizens has remained a priority concern of this Government. To strengthen law enforcement apparatus, there has been an enormous increase of 131% in the budgetary allocation of Sindh Police in four years period from Rs.17.02 billion in FY 2007-08 to Rs. 39.3 billion for FY 2012-13.

Mr. Speaker, the crime situation and security environment that the present government inherited in 2008 was indeed dismal. Street crimes such as cell phone snatching and vehicle snatching were rampant in Karachi city while in rural Sindh, highway robberies and kidnapping for ransom touched record heights.

Mr. Speaker, despite challenges, the Government has succeeded in improving the law and order situation in the province with active support from its coalition partners.

Mr. Speaker, Law and Order can only be improved on a sustainable basis through strengthening of policing system which in this age and time requires a very professional management coupled with use of technology.

Mr. Speaker, the President of Pakistan, Mr. Asif Ali Zardari announced Rs. 5 billion package for Sindh Police to procure APCs, transport, arms & ammunition to strengthen Police capacity to curb crime.

In order to boost the morale of operational force, their salaries were significantly increased. Fixed Daily Allowance was allowed. Risk allowance in lieu of Ad-hoc Relief Allowance was granted and Ration Allowance and Constabulary Allowance were increased.

I would like to apprise this august House that we have successfully launched **video surveillance system at a cost of Rs. 690 million in Karachi**, with which Sindh Police has acquired state of the art technology to monitor the movement on main roads and streets, day and night. The video surveillance system coupled with deployment of APCs would significantly enhance the capacity of Sindh Police in managing the law and order.

Furthermore, a total of 4444 constables have been recruited who have undergone rigorous „Elite Course training“. Other measures to improve the existing situation include:

- Setting up a Rapid Response Force (RRF) comprising of 1000 personnel to respond to major acts of terrorism.
- Special Security Unit comprising 2000 personnel has been created to respond to the threats to high value targets.
- 700 vehicles (Police Mobile Pick ups) have been replaced with new transport. Chain APCs/Riot Control Vehicle (Water Tender)/Patrol cars have also been added.
- Establishment of Madadgar 15 Centralized Call Center with GIS Based Vehicle Tracking System
- Witness Protection Unit has been established within the Home Department
- Police Station Record Management System has been operationalized, thus, connecting the data of each Police Station. National Radio Trunking System has also been launched for secure communication.
- Besides, equipment to track cell phone related crime has been provided to Police.

In FY 2012-13, Rs. 1.5 billion have been proposed for Police projects.

Women Empowerment

Mr. Speaker, women empowerment was very close to the heart of our visionary leader Shaheed Mohtarma Benazir Bhutto and she had the credit for pushing through historic initiatives to lessen the plight of women. The PPP-led government at the center as well as in the province is following her footsteps by making women empowerment at the centre of the agenda as we stand firm in our belief that there is no tool for development more effective than empowerment of women and Mr. Speaker, it is for this empowerment that the PPP led Government has made substantial progress in this sector during the current year.

- Quota of women for recruitment in Government jobs has been enhanced to 25% from existing 5%.

- A revolving fund has been created to provide legal aid to poor women, who otherwise would not have access or resources to legal support. Similarly, a revolving fund has been created for providing relief to the women/ juvenile prisoners.
- The skill training in various trades is being imparted to reduce poverty and women unemployment and;
- In order to encourage mothers to enter the professional arena, we are establishing Day Care Centers in Sindh to provide care services to children of working women.

Realizing the emancipation of women, and for their empowerment, the Government is striving to create a conducive environment for strong mothers, who guarantee a strong nation.

Minorities

Mr. Speaker, Government of Sindh holds all the people of Sindh as equal citizens having fundamental rights enshrined in the Constitution. Moreover, we appreciate the role played by the minority communities towards maintaining religious harmony. Although previous governments neglected minorities for various reasons, the present government has rectified this to a large extent. A full-fledged Administrative Department for Minorities Affairs was created to pay dedicated attention to minority affairs. The development allocation for Minority schemes is proposed to be enhanced to Rs.720.00 million which is 650% above Rs.110million allocated in the outgoing year.

The newly created Department has addressed some long standing concerns of minority community which are:

- Repair of 400 Mandirs, Churches, Graveyards. Rs. 215 million were provided for the purpose in ADP.
- Over 20,000 poor persons belonging to the minority community were granted financial assistance; around 2000 deserving students were awarded scholarships; 3500 poor patients were given financial aid for medical treatment and 1000 families were provided Jahez grant.
- Provision of additional grant to the tune of Rs. 50 million in current financial year.

MPA Priority Programme:

The allocation for MPA priority Programme has been proposed to be enhanced to Rs. 60 million for each MPA. This compares fairly well with the allocation of Rs. 5million for MPAs in FY 2007-08.

Media:

During the current financial year the Government of Sindh has undertaken a number of measures for the betterment of the Journalist Community. A grant of Rs. 50 million was provided to the

Karachi Union of Journalists during the current financial year and another Rs. 12 million were provided as grant to Press Clubs and journalists besides development of residential plots for journalists at Hawksbay, Karachi.

Judiciary:

The allocations for the judiciary have been significantly increased. Judiciary would receive Rs.3.48 billion in FY 2012-13. During CFY, for facilitation of Judiciary, Rs.392 million were provided for purchase of physical assets.

Pursuant to the judgment of Honorable High Court of Sindh, the employees under the administrative control of Sindh High Court including Sessions Courts and tribunals are being paid *Special Judicial Allowance* equivalent to three basic pays of the employee. Thus, except legislators whose salary and remuneration has not been increased since 2006, all the organs of state have received substantial pay raise.

Conclusion:

Mr. Speaker, I would like to thank you for awarding me this opportunity to present the fifth budget of this democratically elected government. As I conclude, I would like to thank the people of Sindh for having faith in us and entrusting our government to lead the province for the mandated five years. The PPP-led Government of Sindh is truly honoured to have had this privilege.

I would also like to appreciate officers and staff of the Finance Department, who worked with dedication and untiring commitment for countless hours to complete this exercise in a befitting manner. I would also like to extend my appreciation for the efforts put in by the Planning & Development Department as well as the Federal Government for their assistance in completion of this huge task within stipulated timeframe.

Mr. Speaker, I feel privileged to have presented another tax-free budget for Sindh. May Allah shower His choicest blessings upon the people of Sindh. I hope the coming year brings prosperity for Sindh and may we continue to channelize our resources in the most effective manner for the development of our province.

Pakistan Paindabad!