

# NFC Award

## 'not' to affect

### Punjab

*By Our Reporter*

LAHORE, April 18: Punjab Finance Secretary Salman Siddique has said that announcement of the National Finance Commission Award will not affect the province.

Answering a question with reference to his presentation on 'Financial Perspectives of Economic Strategy and Social Sector Development' during the Punjab Development Forum Budgetary and Financial Perspectives here on Monday, Mr Siddique said the NFC Award would not make any difference to Punjab because the province was expected to get only Rs4 billion per annum through it. The provincial government could raise the amount through increased revenue generation. It had increased the revenue by 29 per cent against a target of 12 per cent last year.

He said the government would apply the leveraging of Rs9.5 billion equity investment and Rs19 billion additional funds available under the medium-term budgetary framework to projects like Lahore Ring Road, development of New Murree and Jallo Theme Park.

He said the government would also reduce its 51 per cent share in the Bank of Punjab, while the Agricultural Income tax would be improved and treated as income tax. All encroached land would be sold to the occupants at the prevailing market rates, he added.

He said the government would create one million productive and sustainable new jobs in the province every year, which would cause an annual seven per cent growth in the Punjab's GDP.

The minister said that the growth in agriculture sector would be driven by a quantum increase in public investment in agriculture research, demand driven extension services, modern irrigation facilities, efficient water management, extensive forest and range development and improving the functioning of land and water markets. All impediments in involving the private sector in key areas of agriculture development would be removed, particularly in livestock breeding, veterinary services and seed and nursery technology, he added.

He said the government would also promote growth in manufacturing sector through rationalization of local taxes, and labour

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*Pak-Eco. Dawn 19/4/05*

laws, besides revamping the entire regulatory framework. Natural resources and mining sector growth would be facilitated through maximum exploitation of resources, including the hydel power potential, for rural communities and upgradation of mining regulatory framework by removing unnecessary hurdles in participation of private sector in exploitation, development and marketing of minerals.

He said the growth in services sector would be facilitated for creation of job opportunities in housing and construction, tourism, hotel and resort development sectors. Expansion of communication and transport sectors, including mega urban transport systems (light train transit, ring roads, urban bus services etc) and networks of rural roads, extension and promotion of wholesale and retail markets, including development of mega commercial projects. Land title system would be improved for promoting the development of cities as the engines of growth, he added.

He said the government planned to raise literacy rate of children of 10 years and above from 37 per cent to 80 per cent by 2014-15.

The Punjab Textbook Board would provide Rs80 million books to students, while the Board of Intermediate and Secondary Education gave scholarships to them, the minister said. Infant and child mortality rates per 1,000 live births were proposed to be reduced from 101 and 11 per cent to 40 and 50 per cent, respectively, while access to piped water in rural areas was proposed to be increased from 9 to 25 per cent, he added.

He said the Punjab was suffering from poverty of deprivation despite having the largest budget of Rs180 billion, because its per capita budget expenditure was the lowest as compared to other provinces. The per capita budget of the Punjab was Rs2,171.04, whereas that of Balochistan was Rs4,868.65 despite the lowest annual budget of Rs36 billion on account of smaller population. The per capita budgets of Sindh and Blochistan were Rs3,558.90 and Rs3,02769, against the budget allocations of Rs122 billion and Rs60.5 billion, respectively.

He said Punjab's poverty of deprivation was resulting in high social deficits owing to

inadequate investments in health, education, water supply and sanitation, and high infrastructure deficits due to inadequate outlays for maintenance of irrigation systems, roads and buildings.

Punjab Finance Minister Sardar Hasnain Bahadar Dreshak said the province had an overwhelming reliance on federal transfers on account of low resource mobilization, while its budget structure was dominated by establishment costs, debt repayment, pensions, subsidies and low level of spending on public services.

He said the government had formulated a reform agenda for creating fiscal space for sustainable investments in public service delivery sectors through a medium-term budgetary framework. It planned to reduce the percentage of federal transfers in its budget from the existing 82 per cent to 76 per cent by 2008, by raising its revenue. The establishment expenditure was proposed to be reduced from 45 to 41 per cent, and debt repayment from 18 to 4.5 per cent. Subsidies were to be reduced from the present three per cent of the budget to one per cent during the period. A pension fund was also proposed to meet expenditure on pensions after seven years.

He said the provincial government planned to replace the Motorvehicle Tax by levy on fuel consumption for development of communications and transport infrastructure, expand the general sales tax net on services and make the local governments generate their own resources at a benchmark of Rs10 billion per annum (inclusive of property tax) from the next financial year.

Additional revenue of Rs3 billion would be generated through privatization of state property. Cash or social dividends from corporate entities would be available at a minimum Rs1 billion per annum. Foreign assistance of Rs11.4 billion per annum would continue to flow in the form of budgetary support and the Punjab Development Fund would generate at least Rs2 billion per annum.

The minister said policy of phasing out subsidies that do not explicitly target the poor would be continued and alternate modes of service delivery like BOT and public-private partnership would be extended to infrastructure and social sector development. The policy of phased withdrawal from

commercial and other non-core activities would also be continued and establishment costs would be kept in check, he added.

Giving a road-map for Public Sector Procurement Reforms, Punjab Additional Chief Secretary Khushnood Akhtar Lashari said that a regulatory framework for procurement of goods and service would be in place by the end of the year. He said that the government wanted to replace the existing cumbersome and decentralized system with an efficient and transparent one according to the international standards. He said the lowest bidder got the order under the existing system but their was no guarantee of a better quality product or service. Issues created on account of district-level procurement following devolution also required to be addressed, he added.

He said that the government was considering preparation of goods and services purchase manual through the planning and development department. The federal government had a procurement regulatory authority and was being consulted for advice for introducing the practice on provincial level, he added.

Punjab Information Technology Secretary Tariq Bajwa said that a website known as Punjab Portal was being developed to provide cost-effective and faster access to various departmental websites to the public. Electronic complaint filing, file tracking and crime reporting systems were also being developed, he said.

Mr Bajwa said a Lahore Wide Area Network was being developed to connect the government offices in the city on internet, besides another system for connecting the DCO and TMO offices. Land record would be computerized for the benefit of 20 million land owners in the province, he said, adding that a pilot project had already been launched in Lahore, Gujrat and Rahim Yar Khan in this regard. Motor transport and arms registration records would also be computerized at a later stage, he said.

Punjab Local Government Secretary Naguibullah Malik said the district government system was functioning successfully in the province. The government was evolving regulatory mechanism for strengthening of legal framework for building the institutional capacity of local governments, he added.