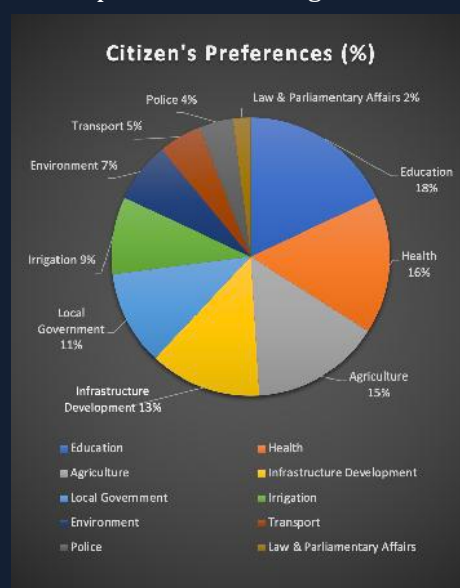


Sindh

Introduction

The budget cycle of the province starts in October. The entire cycle consists of six phases. These include resource projection, inter sectoral prioritization, review of budget estimates by planning department, budget execution, accounting and reporting, oversight and policy review. In addition to the regular budget exercise, the province also carries out a “citizens’ budget” analysis. Unlike the budget document that reflects the priorities of the government, this document reflects the priorities of the citizens. The surveys, questionnaires and consultative sessions with the key stakeholders make the budget more inclusive and pro people. The priorities of the citizens

for the year 2021 are education, health, agriculture, infrastructural development and local government.



Saba Anwar

Research Economist, PIDE

Classification	Budget Estimate 2020-21	Revised 2020-21	Budget Estimate 2021-22
Receipts	1,222	1,131	1,452
Expenditure	1,241	1,149	1,477
Net	-19	-18	-25

Expenditures

- The total outlay of the budget is Rs 1477 bn as shown in Table 2. There is 19 % increase in the expenditures as compared to 2020-21.
- The current revenue expenditure has increased by 12 % for the year 2021-22. The share of general public affairs is 24 %, education is 24.92 %, health is 16 %, public order and safety is 12 %, economic affairs is 12 % and social protection is 2.6 %.
- The current capital expenditures are 5 % of the total outlay. There is a colossal increase of 51 % for the year 2021-22.
- The development expenditures are 22 % of the total outlay. There is a substantial increase of 41 % in allocation for development expenditure for 2021-22.
- There is a reduction in share of federal PSDP by 35 % for the year 2021-22.
- Rs 31 bn have been allocated for debt servicing and loan and advances.
- A social protection and economic stability package of Rs 30 bn has been introduced.
- The women development department will receive 64 % improved allocation.
- For employment generation, Sindh Technical Education and Vocational Training Authority pitched allocation has been raised to 54 %.
- Rs 24 bn have been pitched for Covid relief measures.

	Classification	Budget Estimate 2020-21	2019-20	2020-21	2021-22
A.	Current Revenue Expenditure	968	954	1,089	12
B.	Current Capital Expenditure	39	35	59	51
C.	Expenditure	-4.38	-22.04	-12.43	6.80
I.	Provincial ADP (excluding FPA)	155	100	222	43
II.	Foreign Project Assistance (FPA)	54	38	71	30
III.	Other Federal Grants	8	9	5	-35
IV.	District ADP	15	13	30	100
	Provincial Development Expenditure (i+ii+iii+iv)	232	160	329	41
	Total Expenditures of the Province (A+B+C)	1,241	1,149	1,477	19

Introduction

- The total receipts of the province are shown in table 3.
- The federal transfers have increased by 14 % for the year 2021-22. These transfers constitute 65 % of the total receipts. The decline in total collection by the federal government led to decline in the revised federal transfers.
- The provincial receipts are expected to increase by 5 % for 2021-22. These constitute 25 % of the total receipts.
- The sales tax on services and provincial taxes contribute 92 % to provincial receipts.

	Classification	Budget Estimate 2020-21	Revised 2020-21	Budget Estimate 2021-22	Growth (%)
A.	Current Revenue Receipts				
	Federal Transfers				
	Revenue Assignment	679	642	798	17
	Straight Transfers	62	57	49	-20
	Grants to offset losses of abolition of OZT- (0.66% of Provincial Share)- (incl. Others)	18	17	21	17
	Total	760	717	869	14
	Provincial Tax Receipts (excluding GST on Services)	128	105	154	20
	Provincial Sales Tax on Services	135	125	150	11
	Provincial Non-Tax Receipts	49	12	24	-51
	Total	313	242	329	5

	Grand Total	1,073	960	1,198	11
B.	Current Capital Receipts	25	35	50	100
C.	Other Receipts	69	46	86	24
D.	Carry Over Cash Balance	30	65	85	183
E.	Public Accounts of the Province	25	25	32	
	Total	1,222	1,131	1,452	5

Conclusion

The province heavily relies on the federal receipts and generates one fourth of its total receipts. The expenditure is inclined towards capital expenditure followed by development expenditure. These are not aligned with the citizens' preferences with priorities of education and health. However, the provincial allocations to health and education is far greater than the federal allocation. The allocation earmarked for all levels of education has increased. The share of general public affairs in current revenue expenditure indicates a huge government footprint that needs to be addressed. The government aims at increasing

revenues for the local governments, this would put pressure on the revenue collection authority. The authority is relying on property taxes, stamp duty and motor vehicle taxes. The agriculture sector has been allocated subsidies for pesticide, fertilizers and export quality rice. The allocation is contradictory with the citizens' preferences for agriculture. The provincial tax receipts are pitched to increase while the non-tax revenue are declining. The public private partnership is sought for the infrastructure development, which is also the citizens' requirement. These also include water and sewage infrastructure.

Seen too many numbers? Use them here

		1				6		9
9				4	7			2
	3							
	9			6		7		
7	2	6						1
							2	
3		8			1			
			3	5			8	4
					2			