

### **Sindh Budget**

Sindh Budget for FY20 presented by Chief Minister Syed Murad Ali Shah, who is also the Finance Minister of the province, seems to be a routine affair or an annual ritual, devoid of any meaningful effort to raise additional revenue resources of its own, contain expenditures and generate a surplus as envisaged in the Federal Budget for 2019-20. The distinguishing feature of this year's budget speech was, however, putting most of the blame on the federal government for the lack of availability of resources and untiring efforts of the Sindh government to develop the province through the limited means at its disposal. This was probably deemed necessary in view of the growing animosity between the PPP and PTI governing Sindh and the federation of Pakistan, respectively. Anyhow, both the total receipts and expenditures of the province are estimated at Rs 1.218 trillion for 2019-20, yielding no surplus or incurring a deficit during the year. As Federal transfers, the province is expected to receive Rs 835.37 billion, accounting for 74 percent of the total receipts but Shah did not miss to highlight that the federal government had failed to achieve its target in yesteryears and Sindh budget had adopted the figures communicated by Islamabad. Further, the Sindh government strongly apprehends that the federal government, as usual, will not be able to achieve its target during FY20 until drastic changes were introduced in the FBR. Failure to achieve the targets by the federal government will create financial problems for the provincial government in the coming financial year. On the other hand, provincial receipts are growing steadily and expected to increase from Rs 243.082 billion during the current year to Rs 355.4 billion in the next financial year. On the current revenue side, expenditure budget is estimated at Rs 870.22 billion, showing an increase of 12.5 percent over the current year's allocation of Rs 773.24 billion. 'Austerity policy' will continue during the next year but not at the cost of social sectors. Development portfolio for FY20 is estimated at Rs 283.5 billion, including Rs 228 billion on account of provincial and district ADP. The Chief Minister also laid bare the injustice meted out to Sindh province in the Federal PSDP in his speech.

Despite the financial hardships likely to be faced, the Sindh government has tried to ensure that social and some other priority sectors receive substantial budgetary allocations. The allocation for school education is proposed to be increased in the non-development budget from Rs 170.8 billion to Rs 178.6 billion during 2019-20 whereas Rs 15.2 billion has been earmarked in ADP during the year for this purpose. Almost similar increases have been made for Sindh Education Fund, college education, boards and universities. High allocations have been also made for health, law and order, social protection and poverty reduction programmes, accelerated action plan for reduction of stunting and malnutrition, water supply, sewerage and solid waste management, women development, minorities and empowerment of disabled persons, etc. Besides, 'Sindh Enterprise Development Fund' has been created to encourage investment in agri-business sector, inculcate entrepreneurial ability and provide a major push to the wider agri-economy. As for relief measures, a 15 percent increase in pay as Ad hoc Relief Allowance of all government employees and pensioners has been proposed while compensation package for Shaheed and injured persons of the police department is to be doubled from Rs 5 million to Rs 10 million.

We feel that the Chief Minister of Sindh province has made several genuine complaints in his budget speech which need to be addressed. It happens almost every year that the Federal Transfers are pitched higher at the beginning of the year but reduced gradually due to the poor performance of the FBR or other factors. For instance, Federal Transfers were first revised downwards from the budgetary estimates of Rs 665.1 billion to Rs 631.5 billion but during the first 11 months of FY19 the Sindh government has received only Rs 491.1

billion and it is anticipated that by the end of June 2019, the shortfall will be Rs 117.5 billion. Such a practice must be stopped to accord more certainty to the provincial projects and continue with the existing programmes. Secondly, the proposal of Sindh government to devolve sales tax on goods to the province needs to be seriously considered as it has done very well in the case of sales tax collection on services. The Chief Minister has also raised the issue of shifting the control of NICVD, JPMC and NICH to the federal government in his budget speech. The provincial government has already filed a review petition in the apex court in this regard. However, it would have been better to negotiate a settlement between the federal government and the Sindh province to keep the management of the hospitals with the provincial authorities due to the proximity of these health facilities with the major stakeholders like the patients and the staff of these hospitals.

However, while the Chief Minister has talked loudly about the achievements of his government, there seems to be a widespread perception or impression in various quarters that development resources of the province are inefficiently utilised and squandered through corruption. This is evident from deaths of newborn babies in certain districts, mounds of garbage in various cities, crumbling infrastructure, particularly the road network in the province, lack of water and sewerage facilities and no worthwhile projects worth the name. The result of this apathy is the flight of capital and entrepreneurship and some deindustrialization of the province resulting in unemployment of labour and lawlessness in Sindh. Justice Gulzar Ahmed, a judge of the Supreme Court chided the Sindh government the other day by pointing out that “Karachi has become Pakistan’s worst city. There is no governance in the city. Children can no longer leave their houses. Absconding suspects are roaming freely in the city.” What else the government of Sindh needs to shake its conscious and work wholeheartedly for the betterment of the province?

On the fiscal front, there are no measures contemplated in the budget to raise the revenue resources of the province to have a surplus budget. This was particularly necessary in view of the provincial surpluses estimated at Rs 423 billion by the federal government in its budget and the breathing of the IMF at our neck to maintain proper fiscal discipline during the programme period. Instead, a raise of 15 percent in salaries and pensions has been granted to the civil servants and retired employees and no reduction has been made in the salaries and other perks and privileges of the provincial cabinet as was done by the Federal Cabinet and the Punjab government. Such inaction is clearly against the message of austerity which was so crucial in the current economic situation. Lastly, in our view, it would have been better and perhaps more productive if the provincial government had approached the federal government for its redressal of reservations through the normal channels rather than making it a big issue in its budget speech.

Editorial