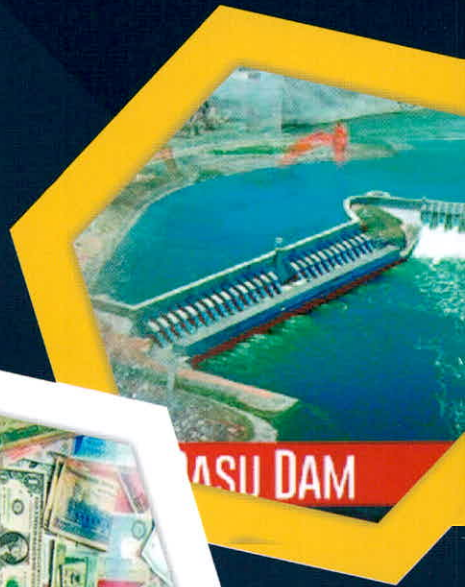


# Federal Budget 2017 - 18

## EXPLANATORY MEMORANDUM ON FEDERAL RECEIPTS



TARBELA DAM



Foreign Exchange  
Reserves



GOVERNMENT OF PAKISTAN  
FINANCE DIVISION  
ISLAMABAD



**FEDERAL BUDGET 2017-18**

**EXPLANATORY MEMORANDUM**

**ON**

**FEDERAL RECEIPTS**

**Government of Pakistan  
Finance Division  
Islamabad**

## P R E F A C E

The Annual Budget Statement containing estimated Receipts and Expenditures for Financial Year 2017-18 is being tabled in the National Assembly of Pakistan and transmitted to the Senate of Pakistan as required under Article 80(1) and 73(1) of the Constitution of Islamic Republic of Pakistan.

The “**Explanatory Memorandum on Federal Receipts**” is being tabled along with the Annual Budget Statement, as additional information, in order to help the readers to understand the details of the receipts included in the Statement. In a structured manner, the major components of Federal resources have been explained, with a view to distinguish Revenue from Capital receipt and to further categorize Revenue Receipt as Tax and Non-Tax Receipt. A separate Chapter is introduced on External Resources with brief explanation, which has been further elaborated in a separate publication titled “Estimates of Foreign Assistance”. The mechanism for distribution of resources amongst the Provinces is also included with a brief over view of self-financing of their respective Annual Development Programmes.

With the aim of helping the readers to form a comprehensive view of the federal resources that have determined the formulation of the Budget for 2017-18, the nature of receipts has also been explained, wherever considered appropriate. I hope that this document would be useful for a comprehensive understanding of the Annual Budget Statement.

**Tariq Bajwa**  
**Secretary to the Government of Pakistan**  
**Finance Division**

Islamabad, 26<sup>th</sup> May, 2017

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## **CHAPTER 1:**

## **FEDERAL RESOURCES AT A GLANCE**

1.1 Resource Mobilization is essential to meet the recurring as well as development expenditure. At Federal level, resources are generated through a well coordinated and concerted effort by the revenue collecting agencies and other administrative units. The money so raised are properly deposited in the national exchequer, precisely accounted for and accurately reported as per the principles of financial propriety. The constitutional requirements for maintaining the federal receipts are strictly adhered to. Article 78(1) of the Constitution of Islamic Republic of Pakistan provides that all revenues received by the Federal Government, all loans raised by that Government and all moneys received by it in repayment of loan, shall form part of the Federal Consolidated Fund. Article 78(2) further provides that all other moneys received by or on behalf of the Federal Government shall be credited to the Public Account of the Federation. In pursuance thereof, the Federal Receipts are credited to Federal Consolidated Fund as well as the Public Account of Federation.

1.2 Federal Revenue Receipts are broadly categorized as Tax Revenue and Non-Tax Revenue. Federal Board of Revenue (FBR) is the major tax collecting agency as substantial portion of Tax Revenue is administered by it. Tax Revenue collected by FBR constitutes the Divisible Pool Taxes to be distributed amongst the Provinces along with other Straight Transfers in accordance with the provisions of National Finance Commission Award. In addition to FBR Taxes, there are Other Taxes i.e Gas Infrastructure Development Cess, Natural Gas Development Surcharge, Petroleum Levy etc, which are administered by Ministry of Petroleum and Natural Resources.

1.3 Non-Tax Revenue represents the recurring income earned by the Federal Government from sources other than taxes. The major sources are Interest receipts, dividends, profits earned by various regulatory authorities. Moreover, various services provided by the government i.e social services, community services, economic services, defence services etc also yield revenue for the government.

1.4 In addition to Revenue Receipts, there are Capital Receipts reflected in Annual Budget Statement. Capital Receipts comprise Recoveries of loans and advances from provincial Governments, local bodies, financial institutions etc as well as Public Debt raised through various government securities.

1.5 Net proceeds of National Saving Schemes and net receipts from transactions under Deposits and Reserves head being Public Account Receipts, form part of Public Account of the Federation.

1.6 External Resources comprise project loans and grants, programme loans and other loans which are received from specialized financial institutions and friendly countries for specific development needs and budgetary requirements.

1.7 Federal Receipts may also be classified as Internal Receipts and External Receipts. Internal Receipts comprise Revenue receipts and Capital receipts. External Receipts comprise project aid, loans and grants.

1.8 Budget Estimates for Fiscal Year 2016-17 and 2017-18 in respect of total Federal Receipts under different heads are given as under;

**TABLE 1**  
**Net Federal Receipts**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>B</b>	<b>1</b>	<b>Tax Revenue Receipts</b>		
		<b>3,956,123.40</b>	<b>3,825,235.20</b>	<b>4,330,463.46</b>
		<b>FBR Taxes</b>		
		<b>3,621,000.00</b>	<b>3,521,000.00</b>	<b>4,013,000.00</b>
		Direct Taxes	1,558,000.00	1,378,840.00
		Indirect Taxes	2,063,000.00	2,142,160.00
		<b>Other Taxes</b>	<b>335,123.40</b>	<b>304,235.20</b>
		<b>317,463.46</b>		
<b>C</b>	<b>2</b>	<b>Non Tax Receipts</b>		
		<b>959,452.71</b>	<b>912,118.82</b>	<b>979,853.69</b>
<b>C 01</b>		Income from Property and Enterprise	261,217.12	243,814.77
<b>C 02</b>		Receipts from Civil Administration	459,811.24	314,138.88
			413,172.44	

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
C 03	Miscellaneous Receipts	238,424.35	354,165.17	351,992.33
<b>3</b>	<b>Total Revenue Receipts (1+2)</b>	<b>4,915,576.11</b>	<b>4,737,354.02</b>	<b>5,310,317.15</b>
E	<b>4 Capital Receipts</b>	<b>469,669.11</b>	<b>159,806.01</b>	<b>427,473.68</b>
E02	Recovery of Loans and Advances	101,891.11	107,720.31	112,536.68
E03	Domestic Debt Receipts	367,778.00	52,085.70	314,937.00
<b>5</b>	<b>Total Internal Receipts (3+4)</b>	<b>5,385,245.21</b>	<b>4,897,160.03</b>	<b>5,737,790.82</b>
<b>6</b>	<b>External Receipts</b>	<b>819,610.26</b>	<b>996,287.23</b>	<b>837,823.70</b>
	Loans	796,784.51	971,602.52	810,742.32
	Grants	22,825.75	24,684.70	27,081.37
<b>7</b>	<b>Total Internal and External Receipts (5+6)</b>	<b>6,204,855.47</b>	<b>5,893,447.25</b>	<b>6,575,614.52</b>
<b>8</b>	<b>Public Account Receipts</b>	<b>170,879.25</b>	<b>165,089.49</b>	<b>213,092.87</b>
	Deferred Liabilities (Net)	122,181.00	120,242.00	166,003.00
	Deposits and Reserves (Net)	48,698.25	44,847.49	47,089.87
<b>9</b>	<b>Gross Federal Receipts (7+8)</b>	<b>6,375,734.73</b>	<b>6,058,536.74</b>	<b>6,788,707.39</b>
<b>10</b>	Less Provincial Share in Federal Taxes	2,135,880.65	2,121,346.99	2,384,243.19
<b>11</b>	<b>Net Federal Receipts</b>	<b>4,239,854.08</b>	<b>3,937,189.75</b>	<b>4,404,464.20</b>



## **Chapter 2. REVENUE RECEIPTS**

2.1 Revenue Receipts constitute major component of total Federal resources. Revenue Receipts may be categorized as Tax Revenue Receipts and Non-Tax Revenue receipts, which are largely derived from the following sources:-

- i. Collection of Federal Taxes
- ii. Net revenue of the Public Sector Commercial Departments
- iii. Mark up on loans advanced by the Federal Government
- iv. Return on investments made by the Federal Government
- v. Fees, penalties and other Miscellaneous receipts realized by administrative Ministries and Divisions of the Federal Government
- vi. Surcharges, Cess, Levy and Royalty on Petroleum

### **2.2 TAX REVENUE**

2.2.1 The major part of Tax Revenue is administered by the Federal Board of Revenue (FBR), which comprises Customs Duty and Inland Revenue i.e Direct Taxes, Sales Tax and Federal Excise Duty. FBR taxes may also be categorized as Direct Taxes and Indirect Taxes. Direct Taxes comprise Income Tax, Workers Welfare Fund and Capital Value Tax. Indirect Taxes include Sales Tax, Federal Excise Duty and Customs Duty.

2.2.2 In addition to FBR taxes, there are Other Taxes i.e Gas Infrastructure Development Cess, Natural Gas Development Surcharge, and Petroleum Levy administered by Ministry of Petroleum and Natural Resources. Besides, the taxes collected by Islamabad Capital Territory (ICT) Administration and the Airport Tax administered by Civil Aviation Authority also constitute Tax Revenue of the Federal Government. Tax Revenue forms part of Federal Consolidated Fund.

### **2.3 NON TAX REVENUE**

2.3.1 Non-Tax Revenue of the federal government is administered by various Ministries /Divisions/Departments comprising the following sources:

- i. Income from Property and Enterprise
- ii. Receipts from Civil Administration and other functions
- iii. Miscellaneous Receipts

**2.4** Summary of Revenue Receipts for Budget Estimates and Revised Estimates for Fiscal year 2016-17 and Budget Estimates for Fiscal year 2017-18 is given as under;

**TABLE 2**  
**Summary of Revenue Receipts**

(Rs. in Million)				
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>B</b>	<b>I. TAX REVENUE (1+2)</b>	<b><u>3,956,123.396</u></b>	<b><u>3,825,235.200</u></b>	<b><u>4,330,463.460</u></b>
	<b>(1) FBR Taxes</b>	<b>3,621,000.000</b>	<b>3,521,000.000</b>	<b>4,013,000.000</b>
<b>B01</b>	<b>Direct Taxes</b>	<b>1,558,000.000</b>	<b>1,378,840.000</b>	<b>1,594,910.000</b>
B011	Taxes on Income	1,538,756.000	1,363,837.000	1,577,557.000
B015	Workers Welfare Fund	16,947.000	12,641.000	14,622.000
B017-18	Capital Value Tax	2,297.000	2,362.000	2,731.000
	<b>Indirect Taxes</b>	<b>2,063,000.000</b>	<b>2,142,160.000</b>	<b>2,418,090.000</b>
B020-22	Customs Duties	413,000.000	491,054.000	581,371.000
B023	Sales Tax	1,437,000.000	1,444,962.000	1,605,200.000
B024-25	Federal Excise	213,000.000	206,144.000	231,519.000
	<b>(2) Other Taxes</b>	<b>335,123.396</b>	<b>304,235.200</b>	<b>317,463.460</b>
B03083	Gas Infrastructure Development Cess	145,000.000	80,000.000	110,000.000
B03084	Natural Gas Development Surcharge	35,000.000	65,000.000	43,000.000
B03085	Petroleum Levy	150,000.000	155,000.000	160,000.000
B026-30	Other Taxes (ICT)	5,003.396	4,165.200	4,373.460
B03064	Airport Tax	120.000	70.000	90.000
<b>C</b>	<b>II. NON TAX REVENUE (1+2+3)</b>	<b><u>959,452.709</u></b>	<b><u>912,118.816</u></b>	<b><u>979,853.687</u></b>
<b>C01</b>	<b>(1) Income from Property and Enterprise</b>	<b>261,217.117</b>	<b>243,814.771</b>	<b>214,688.923</b>
C01008	PTA (Surplus)	6,000.000	6,000.000	1,000.000
	PTA (3 G Licences)	75,000.000	32,500.000	10,000.000
C01008	Regulatory Authorities (Surplus/penalties)	477.000	532.000	312.000

Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C012	Mark up (Provinces)	13,494.452	13,595.476	14,110.879
C013-18	Mark up (PSEs & Other)	81,118.465	103,856.855	95,983.544
C019	Dividends	85,127.200	87,330.440	93,282.500
C02	<b>(2) Receipt from Civil Admn and Other Functions</b>	<b>459,811.244</b>	<b>314,138.876</b>	<b>413,172.437</b>
C021-24	General Administration	3,359.921	5,026.025	5,196.122
C02211	SBP Profit	280,000.000	228,000.000	260,000.000
C025	Defence	170,753.558	74,503.556	141,797.281
C026	Law and Order	2,122.640	2,481.250	1,501.201
C027	Community Services	1,579.200	1,766.543	2,070.266
C028	Social Services	395.920	781.498	807.563
C029	Social Services (Miscellaneous)	1,600.005	1,580.004	1,800.004
<b>C03</b>	<b>(3) Miscellaneous Receipts</b>	<b>238,424.348</b>	<b>354,165.169</b>	<b>351,992.327</b>
C031-35	Economic Services	10,862.665	21,872.682	21,380.650
C036	Foreign Grants	75,000.000	61,405.333	43,545.867
C037	Extraordinary Receipts (UNO)	31,070.778	35,923.445	36,923.445
	Extraordinary Receipts (Others)	44.200	100,052.330	135,056.136
C03806	Citizenship, Naturalization & Passport Fee	25,000.000	27,000.000	28,000.000
C038	Others	31,490.405	41,577.083	8,554.459
C03905	Royalty on Oil	10,859.200	15,695.806	19,127.480
C03906	Royalty on Gas	32,097.100	32,638.490	39,404.290
C03910	Discount Retained on Local Crude Price	10,000.000	10,000.000	10,000.000
C03915	Windfall Levy against Crude Oil	10,000.000	8,000.000	8,000.000
C03917	Petroleum Levy on LPG	2,000.000	0.000	2,000.000
<b>Gross Federal Revenue Receipts (I+II)</b>		<b>4,915,576.105</b>	<b>4,737,354.016</b>	<b>5,310,317.147</b>
Less Provincial share in Federal Taxes		2,135,880.650	2,121,346.994	2,384,243.192
<b>Net Federal Revenue Receipts</b>		<b>2,779,695.455</b>	<b>2,616,007.022</b>	<b>2,926,073.955</b>

## Chapter 3 : TAX REVENUE

### 3.1 FBR TAXES

3.1.1 Tax Revenue collected by Federal Board of Revenue (FBR) comprises Income Tax, Sales Tax, Federal Excise Duty and Customs Duty. Direct Taxes mainly comprise Income Tax. Federal Excise Duty, Sales Tax and Customs duty are indirect taxes. The following table shows the revenue estimates for Fiscal Year 2016-17 (Budget and Revised) and 2017-18.

**TABLE 3**  
**Tax wise Estimates of FBR Taxes**

		(Rs. in Million)		
Object Head	Tax Head	2016-17 Budget	2016-17 Revised	2017-18 Budget
B01	Direct Taxes	1,558,000.000	1,378,840.000	1,594,910.000
B023	Sales Tax	1,437,000.000	1,444,962.000	1,605,200.000
B024-25	Federal Excise	213,000.000	206,144.000	231,519.000
B020-22	Customs Duties	413,000.000	491,054.000	581,371.000
<b>TOTAL</b>		<b>3,621,000.000</b>	<b>3,521,000.000</b>	<b>4,013,000.000</b>

3.1.2 Detailed analysis of head wise FBR taxes are highlighted below:

### 3.1.3 DIRECT TAXES

3.1.3.1 During the first 9 months of the current financial year i.e up to 31-03-2017, Direct Tax collection stood at Rs.892.3 Billion with growth of 10.2%. Income Tax contributes around 98.9% in total direct taxes. The target for FY 2017-18 has been estimated at Rs.1,594.9 billion, requiring a growth of 15.7%.

3.1.3.2 Within the direct taxes, Workers Welfare Fund (WWF) is also collected by FBR and is part of Direct Tax collection. The budget estimated for receipts of WWF for 2017-18 is Rs.14.6 billion.

3.1.3.1 The Budget and Revised Estimates for Fiscal Year 2016-17 (Budget and Revised) and Budget Estimates for 2017-18 on account of Direct Taxes are tabulated hereunder.

**TABLE 4**  
**Direct Taxes**

		(Rs. in Million)		
Object Head	Tax Head	2016-17 Budget	2016-17 Revised	2017-18 Budget
B011	Income Tax	1,538,756.000	1,363,837.000	1,577,557.000
B015	Workers Welfare Fund	16,947.000	12,641.000	14,622.000
B017-18	Capital Value Tax (CVT)	2,297.000	2,362.000	2,731.000
<b>TOTAL</b>		<b>1,558,000.000</b>	<b>1,378,840.000</b>	<b>1,594,910.000</b>

### 3.1.4 INDIRECT TAXES

#### 3.1.4.1 Sales Tax

3.1.4.1.1 During the first 9 months of the current financial year net revenue collection from Sales Tax (import + domestic) remained at Rs.897.7 billion as against 886 billion in the corresponding period of the last financial year showing an increase of 1.3%. The revised budget estimates for fiscal year 2016-17 are Rs.1,445 billion. The target for FY 2017-18 is estimated at Rs.1,605.2 billion. The required growth would be 11.1%.

**TABLE 5**  
**Sales Tax**

		(Rs. in Million)		
Object Head	Tax Head	2016-17 Budget	2016-17 Revised	2017-18 Budget
B023	<b>Sales Tax (excluding services)</b>	1,434,552.000	1,443,285.000	1,602,262.000
	<b>Services</b>	2,448.000	1,677.000	2,938.000
<b>Total</b>		<b>1,437,000.00</b>	<b>1,444,962.000</b>	<b>1,605,200.000</b>

#### 3.1.4.2 Federal Excise Duty

3.1.4.2.1 During the first 9 months of the current financial year net revenue collection from Federal Excise remained at Rs.127.2 billion as against 117.1 billion in the corresponding period of the last financial year showing a growth of 8.6%. The revised

budget estimates for fiscal year 2016-17 are Rs.206.1 billion. The target for FY 2017-18 is estimated at Rs.231.5 billion. The required growth would be 12.3%.

**TABLE 6**  
**Federal Excise Duty**

		(Rs. in Million)		
Object Head	Tax Head	2016-17 Budget	2016-17 Revised	2017-18 Budget
B024-25	Beverage	714.000	1,798.000	2,019.000
	Beverage Concentrate	16,361.000	20,668.000	23,212.000
	Cement	18,432.000	40,870.000	45,901.000
	Cigarettes & Tobacco	93,728.000	62,600.000	70,305.000
	Natural Gas	15,654.000	14,302.000	16,064.000
	POL Products	118.000	126.000	141.000
	Imported Goods	17,363.000	13,881.000	15,589.000
	Arrears	1,512.000	0.000	0.000
	Total Services	46,398.000	50,055.000	56,218.000
	<b>Sub-Total</b>	<b>210,280.000</b>	<b>204,300.000</b>	<b>229,449.000</b>
	Other Items	2,720.000	1,844.000	2,070.000
	<b>Gross Total</b>	<b>213,000.000</b>	<b>206,144.000</b>	<b>231,519.000</b>

### 3.1.4.3 Customs Duty

3.1.4.3.1 During the first 9 months of FY 2016-17, net Customs duty collection is Rs.343.4 Billion which is 24.4% higher than the duty collected during the corresponding period of FY 2015-16. Budget Estimates for Fiscal Year 2017-18 is projected at Rs.581.4 billion. The required growth would be 18.4%.

3.1.4.3.2 A summary of projections of customs duty target including the projections of collection from major revenue spinners during 2016-17 and 2017-18 is given as under;

**TABLE 7**  
**Customs Duty**

		(Rs. in Million)			
Object Head	Items	2016-17 Budget	2016-17 Revised	2017-18 Budget	
B020-22	Vehicles (Non-Railway)(Ch.87)	66,147.800	77,538.000	91,800.000	
	Edible Oil (Ch.15)	28,653.800	25,782.000	30,524.000	
	POL Products (Ch.27)	38,697.800	59,897.000	70,913.000	
	Machinery and Mechanical Appliances	27,036.800	36,994.000	43,798.000	
	Electrical machinery (Ch.85)	23,201.800	29,141.000	34,501.000	
	Iron & Steel (Ch.72)	31,486.000	33,142.000	39,238.000	
	Plastic Resins etc. (Ch.39)	16,820.000	17,676.000	20,927.000	
	Paper and Paperboard(Ch.48)	9,443.000	10,076.000	11,930.000	
	Organic Chemicals (Ch.29)	6,860.000	6,952.000	8230.000	
	Textile Materials (Ch.54)	7,749.000	8,832.000	10,457.000	
	Tea & Coffee (Ch.09)	7,115.000	8,233.000	9,747.000	
	Staple Fibers (Ch.55)	6,932.000	6,557.000	7,763.000	
	Dyes and Paints (Ch.32)	5,079.000	5,579.000	6,605.000	
	Articles of Iron and Steel (Ch.73)	11,191.000	12,555.000	14,864.000	
	Misc. Chemicals Products (Ch.38)	4,358.000	4,180.000	4,949.000	
	Other	128,581.000	155,421.000	184,006.000	
	Export Development Surcharge (EDS)	5,815.000	5,693.000	6,741.000	
	<b>Gross Collection</b>		<b>425,167.000</b>	<b>504,249.000</b>	<b>596,993.000</b>
	<b>Refund &amp; Rebates</b>		<b>12,167.00</b>	<b>13,195.00</b>	<b>15,622.000</b>
	<b>Net Collection</b>		<b>413,000.00</b>	<b>491,054.00</b>	<b>581,371.000</b>

### 3.2 OTHER TAXES

3.2.1 Although FBR administers and collects major portion of Federal Tax Revenue, there are Other Tax sources as well, which are detailed as under;

#### 3.2.2 Gas Infrastructure Development Cess (GIDC)

3.2.2.1 Gas Infrastructure Development Cess Act 2015 provides legal framework to levy and collect the Cess from gas consumers other than the domestic sector consumers at

the rates as provided in the Second Schedule to this Act. The gas company shall be responsible for billing of cess to gas consumers, its collection and its onward payment to Federal Government in the manner as prescribed by the Federal Government. As per Section 4 of the Act, the cess shall be utilized by the Federal Government for or in connection with infrastructure development of Iran Pakistan Pipeline Project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Project, LNG or other ancillary projects.

3.2.2.2 The major billing companies are 1. Sui Northern Gas Pipelines Limited, 2. Sui Southern Gas Company Limited, 3. Mari Petroleum Company Limited (formerly Mari Gas Company Limited), 4. Pakistan Petroleum Limited, 5. Tullow Pakistan Development Limited, 6. Oil and Gas Development Company Limited. Rates of Cess (Rs./MMBTU) are Rs.300 for Fertilizer Feed, Rs. 200 for Captive Power, Rs.100 for Industry, Rs.100 for KESC/GENCO, Rs.100 for IPPs, Rs.263.56 for CNG Region-I and Rs.200 for CNG Region-2.

### **3.2.3 Natural Gas Development Surcharge**

3.2.3.1 As per Natural Gas Development Surcharge Ordinance, 1967, every company as mentioned in the Schedule shall collect and pay to the Federal Government a development surcharge equal to the differential margin i.e the amount by which the fixed sale price exceeds the prescribed price, in respect of natural gas sold by it.

### **3.2.4 Petroleum Development Levy**

3.2.4.1 Petroleum Products (Petroleum Development Levy) Ordinance, 1961 as amended from time to time provides imposition of Petroleum Levy. Ex-refinery/import price of oil is added with Inland Freight Equalization Margin (IFEM), Oil Marketing Companies (OMCs) distribution margin and dealer's commission as fixed by Government of Pakistan in Rs/per litre. On this accumulated price of oil, Petroleum Levy is fixed by Government of Pakistan in Rs. per litre from time to time is levied.

### **3.2.5 Airport Tax**

3.2.5.1 Civil Aviation Authority collects Airport Tax from domestic passengers for various services offered at the airports at rates notified by the Government from time to time.



The Airline companies charge Airport Tax at the time of preparation of Air Ticket and deposit the same in the Federal treasury.

3.2.6 The Budget and Revised Estimates for Fiscal Year 2016-17 and Budget Estimates for 2017-18 on account of Other Taxes are tabulated hereunder.

**TABLE 8**  
**Other Taxes**

		<b>(Rs. in Million)</b>		
<b>Object Head</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
B03083	Gas Infrastructure Development Cess	145,000.000	80,000.000	110,000.000
B03084	Natural Gas Development Surcharge	35,000.000	65,000.000	43,000.000
B03085	Petroleum Levy	150,000.000	155,000.000	160,000.000
B026-30	Other Taxes (ICT)	5,003.396	4,165.200	4,373.460
B03064	Airport Tax	120.000	70.000	90.000
<b>Total Other Taxes</b>		<b>335,123.396</b>	<b>304,235.200</b>	<b>317,463.460</b>

## CHAPTER 4 NON TAX REVENUE

4.1 Non-Tax Revenue represents the recurring income earned by the Federal Government from sources other than taxes. The major receipts under this head are "Interest receipts" (received on loans extended by the Federal Government to provinces, Public Sector Enterprises etc), dividends received from public sector entities and profits earned by various regulatory authorities. Various services provided by the government i.e social services, community services, economic services, defence services etc also yield revenue for the government. Broadly, Non-Tax Revenue fall under three major heads i.e Income from Property and Enterprise, receipts from civil administration and other functions and Misc Receipts of the federal ministries, divisions and departments.

4.2 Summary of Non-Tax Revenue for Budget and Revised Estimates for Fiscal Year 2016-17 and Budget Estimates for Fiscal Year 2017-18 are given below.

**TABLE 9**  
**Summary of Non Tax Receipts**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C01	Income from Property and Enterprise	261,217.117	243,814.771	214,688.923
C02	Receipts from Civil Admn and other functions	459,811.244	314,138.876	413,172.437
C03	Miscellaneous Receipts	238,424.348	354,165.169	351,992.327
<b>TOTAL</b>		<b>959,452.709</b>	<b>912,118.816</b>	<b>979,853.687</b>

### 4.3. INCOME FROM PROPERTY AND ENTERPRISE

Income from Property & Enterprise comprise profits earned by state regulatory authorities, Mark- up receipts on loans extended to provinces, AJK, Public Sector Enterprises, Local bodies etc and dividends paid on Federal government's investment in the share capital of financial institutions and commercial enterprises.

#### 4.3.1 Profits

4.3.1.1 Profits earned by the Regulatory Authorities by way of levy of fees, charges, penalties etc after setting of their authorized expenses is deposited in the Federal

Consolidated Fund. Budget Estimates 2016-17, Revised Budget Estimates 2016-17 and Budget Estimates 2017-18 are given as under;

**TABLE 10**  
**Profits**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C01012	NEPRA	225.000	225.000	140.000
C01012	SECP	125.000	125.000	20.000
C01012	PNRA	2.000	2.000	2.000
C01012	PEMRA	50.000	50.000	20.000
C01012	OGRA	75.000	130.000	130.000
C01008	PTA	6,000.000	6,000.000	1,000.000
	PTA (4 G)	75,000.000	32,500.000	10,000.000
<b>TOTAL</b>		<b>81,477.000</b>	<b>39,032.000</b>	<b>11,312.000</b>

4.3.1.2 A brief description of functions and sources of receipts of the above regulatory authorities is given as under;

**4.3.1.2.1 National Electric Power Regulatory Authority (NEPRA)** is mandated to develop and pursue a Regulatory Framework, which ensures the provision of safe, reliable, efficient and affordable electric power to the electricity consumers of Pakistan, by facilitating the transition from a protected monopoly service structure to a competitive environment and maintaining a balance between the interests of the consumers and service providers in unison with the broad economic and social policy objectives of the Government of Pakistan. In order to ensure effective regulatory functions, NEPRA charges different fees at rates notified from time to time for Application & Modification Generation License Fee, Application & Modification Transmission License Fee, Application & Modification Distribution License Fee, Application for the Approval of Competitive Bidding. Besides, NEPRA upfront tariff is also levied like Fees Pertaining to Tariff Standards and Procedures Regulations 2002 i.e Generation Licensees, Transmission Licensees, Distribution Licensees, Consumers etc.

**4.3.1.2.2 Securities and Exchange Commission of Pakistan (SECP)** is mandated for Regulation of corporate sector and capital market, Supervision and regulation of insurance companies, non-banking finance companies and private pension schemes and Oversight of various external service providers to the corporate and financial sectors, including chartered accountants, credit rating agencies, corporate secretaries, brokers, surveyors etc. As per Sixth Schedule of the Companies Ordinance, different fee/charges are enforced by the SECP on various services e.g Registration of different types of companies, Filing, registering or recording any document, Inspection of documents and register kept by the registrar, Seeking approval of the Commission or the registrar in the following matters etc. On various defaults, additional fees/penalties are also imposed.

**4.3.1.2.3 Pakistan Nuclear Regulatory Authority (PNRA)** is entrusted with the responsibility to control, regulate and supervise all matters related to nuclear safety and radiation protection in Pakistan. It charges Licensing Fee as approved from time to time from nuclear facilities, radiotherapy and nuclear cardiology centres etc.

**4.3.1.2.4 Pakistan Electronic Media Regulatory Authority (PEMRA)** is required to improve the standards of information, education and entertainment, to facilitate the devolution of responsibility and power to the grass roots by improving the access of the people to mass media at the local and community level and ensure accountability, transparency and good governance by optimization the free flow of information. PEMRA charges Licensing Fee on prescribed rates for FM Radio, Satellite T.V, MMDS, IPTV, Cable TV, DTH, Landing Rights, Temporary Uplinking and Mobile TV.

**4.3.1.2.5 Oil and Gas Regulatory Authority (OGRA)** has been set up under the Oil and Gas Regulatory Authority Ordinance dated 28th March 2002 to foster competition, increase private investment and ownership in the midstream and downstream petroleum industry, protect the public interest while respecting individual rights and provide effective and efficient regulations. In order to implement regulatory framework, OGRA issues Licenses to oil marketing companies, gas distribution networks, fertilizer

Manufacturing plant etc and charge fees for the services. It also carries out inspections of oil and gas distribution networks and imposes penalties.

**4.3.1.2.6 Pakistan Telecommunication Authority (PTA)** is mandated to regulate the establishment, operation and maintenance of telecommunication systems and provision of telecommunication services in Pakistan, to dispose of applications for the use of radio-frequency spectrum, to promote and protect the interests of users of telecommunication services in Pakistan, to promote the availability of a wide range of high quality, efficient, cost effective and competitive telecommunication services throughout Pakistan, to promote rapid modernization of telecommunication systems and telecommunication services, to investigate and adjudicate on complaints and other claims made against licensees arising out of alleged contraventions of the provisions of the Act, the rules made and licenses issued there under and take action accordingly. PTA receives fees for issuance and renewal of various telecom licenses. It also imposed fines, penalties for violations.

#### **4.3.2 Mark Up Receipts**

4.3.2.1 Federal Government advances loans to Provinces, Government of Azad Jammu & Kashmir, Public Sector Enterprises, Local Bodies and others to assist them in carrying out their development programmes and social initiatives. These loans and advances are of two types, namely, Cash Development Loans, and Foreign Loans. The former is advanced by the Federal Government out of its own resources whereas the latter is relent loans.

4.3.2.2 Mark up accrued on the loans granted by the federal government to provincial governments, local bodies, financial institutions, non-financial institutions, commercial departments and government servants is reflected in this section. The mark up is chargeable in accordance with the terms and conditions of each loan agreement.

4.3.2.3 Unless specified otherwise, every loan other than foreign loan advanced by the federal government to the provincial governments is repayable over a period of 25 years. Moratorium of 5 years is allowed on recovery of principal. Simple mark up is realized at a

rate yearly determined by the Finance Division, as per actual borrowing cost of the Federal Government.

4.3.2.4 Federal Government also advances loans to the Government servants for building houses and for the purchase of transport etc. These advances are governed by the rules as specified by Finance Division from time to time.

**TABLE 11**  
**Mark Up Receipts (Provinces)**

Object Code	Description	Province-wise Break Up		
		2016-17 Budget	2016-17 Revised	2017-18 Budget
		(Rs. in Million)		
	<b>Punjab</b>	<b>7,177.942</b>	<b>8,553.595</b>	<b>7,921.544</b>
C012	Mark-up Cash Loans	2,677.367	2,100.922	1,691.895
	Mark-up Foreign Loans	4,500.575	6,452.673	6,229.649
	<b>Sindh</b>	<b>4,289.479</b>	<b>4,842.319</b>	<b>4,794.599</b>
	Mark-up Cash Loans	1,911.542	2,043.673	1,894.160
	Mark-up Foreign Loans	2,377.937	2,798.646	2,900.439
	<b>Khyber Pakhtunkhwa</b>	<b>1,545.311</b>	<b>-289.967</b>	<b>966.182</b>
	Mark-up Cash Loans	473.800	0.000	0.000
	Mark-up Foreign Loans	1,071.511	-289.967	966.182
	<b>Balochistan</b>	<b>481.720</b>	<b>489.529</b>	<b>428.554</b>
	Mark-up Cash Loans	0.000	0.000	0.000
	Mark-up Foreign Loans	481.720	489.529	428.554
	<b>Total</b>	<b>13,494.452</b>	<b>13,595.476</b>	<b>14,110.879</b>
		<b>Loan-wise Break up</b>		
	<b>Mark Up - Cash Loans</b>	<b>5,062.709</b>	<b>4,144.595</b>	<b>3,586.055</b>
C012	Punjab	2,677.367	2,100.922	1,691.895
	Sindh	1,911.542	2,043.673	1,894.160
	Khyber Pakhtoonkhwa	473.800	0.000	0.000
	Balochistan	0.000	0.000	0.000
	<b>Mar Up - Foreign Loans</b>	<b>8,431.743</b>	<b>9,450.881</b>	<b>10,524.824</b>
	Punjab	4,500.575	6,452.673	6,229.649
	Sindh	2,377.937	2,798.646	2,900.439
	Khyber Pakhtoonkhwa	1,071.511	-289.967	966.182
	Balochistan	481.720	489.529	428.554
	<b>Total - Loans</b>	<b>13,494.452</b>	<b>13,595.476</b>	<b>14,110.879</b>

TABLE 12

## Mark Up Receipts (Local Bodies)

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	<b>Mark Up - Cash Loans</b>	<b>36,370.645</b>	<b>30,914.715</b>	<b>33,509.439</b>
C013	P.B.C.	193.026	200.550	191.255
	NHA	29,684.443	29,684.443	31,676.962
	SNGPL	0.000	0.000	0.000
	Wah Brass Mills	174.426	142.222	123.151
	PIA	6,318.750	537.500	337.500
	CDA	0.000	350.000	350.000
	Pakistan Machine Tool Factory	0.000	0.000	144.751
	State Engineering Corporation	0.000	0.000	18.464
	Heavy Mechanical Complex Taxila	0.000	0.000	38.069
	Lahore Garment City Lahore	0.000	0.000	629.287
	PTV	0.000	0.000	0.000
	<b>Mark Up - Foreign Loans</b>	<b>21,985.474</b>	<b>19,277.056</b>	<b>18,222.286</b>
	GIK Institute	1.815	2.553	0.854
	N.L.C.	15.005	15.005	3.001
	Karachi Port Trust	554.681	830.202	869.071
	PAEC	0.354	0.354	0.196
	Chashma Nuclear Power Plant	14,335.368	11,352.450	11,153.998
	SKMT	1.060	0.989	0.905
	CDA	56.277	54.587	34.902
	NHA	5,371.560	5,371.560	4,630.328
	PPAF	105.796	105.798	99.134
	NEPRA	2.267	2.267	2.207
	TEVTA	35.917	35.917	32.413
	ERRA	1,502.788	1,502.788	1,392.760
	OGRA	2.586	2.586	2.517
	<b>Total - Local Bodies</b>	<b>58,356.119</b>	<b>50,191.771</b>	<b>51,731.725</b>

**TABLE 13**  
**Mark Up Receipts**  
**(Financial Institutions)**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C014</b>	<b>Mark up - Foreign Loans</b>	<b>823.331</b>	<b>795.514</b>	<b>78.195</b>
	NDFC/LTCF	716.880	689.163	0.000
	IDBP	106.451	106.351	78.195
	<b>Total Financial Institutions</b>	<b>823.331</b>	<b>795.514</b>	<b>78.195</b>

**Table 14**  
**Mark Up Receipts**  
**(Non-Financial Institutions)**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	<b>A. WAPDA</b>			
<b>C015</b>	<b>Mark-up Cash Loans</b>	<b>3,616.613</b>	<b>16,908.784</b>	<b>19,046.284</b>
	WAPDA (water wing)	296.132	296.133	295.344
	WAPDA (power wing)	0.000	8,597.310	8,559.980
	TESCO	273.712	302.711	327.756
	QESCO	712.165	895.486	1,181.082
	MEPCO	498.145	601.417	703.594
	GENCO-I	26.353	54.479	79.002
	GENCO-II	1,532.313	3,062.840	4,579.210
	GENCO-III	274.991	557.360	824.019
	GENCO-IV	2.802	2.802	5.475
	NTDC	0.000	149.196	115.562
	NJHP	0.000	2,389.050	2,375.260
	<b>Mark up-Foreign Loans</b>	<b>13,489.070</b>	<b>30,551.218</b>	<b>18,777.055</b>
	WAPDA (Power Wing)	4,447.078	5,647.495	5,340.795
	TESCO	0.150	0.150	0.085
	GENCOs (LNG)	0.000	5,988.250	3,979.800
	GENCO-II	0.000	0.000	0.000
	GENCO-III	0.000	0.000	0.000
	LESCO	281.974	516.281	473.264



<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	NTDC	2,933.831	3,634.831	3,213.105
	IESCO	525.260	596.620	537.767
	HESCO	368.517	459.597	442.720
	PESCO	276.926	375.202	356.991
	QESCO	278.755	275.930	252.468
	GEPCO	274.902	274.902	256.274
	FESCO	125.998	263.913	265.044
	MEPCO	643.171	802.666	657.574
	NJHP	3,332.508	11,715.381	3,001.168
	<b>Total - WAPDA</b>	<b>17,105.683</b>	<b>47,460.002</b>	<b>37,823.339</b>
<b>C015</b>	<b>B. Autonomous Bodies/corporations</b>	<b>816.970</b>	<b>816.110</b>	<b>699.552</b>
	Mark-up Foreign Loans			
	Pakistan Railways	<b>808.196</b>	<b>807.336</b>	<b>691.841</b>
	Karachi Fish Harbour Authority	8.774	8.774	7.711
	<b>Total Non-Financial Institutions (A+B)</b>	<b>17,922.653</b>	<b>48,276.112</b>	<b>38,522.891</b>
<b>C016</b>	<b>Government Servants</b>			
	Cantt/Garrison Edu. Institutions	2.085	36.434	38.255
	Office of the AGPR, Islamabad	113.519	69.545	76.500
	AGPR, Sub-Office, Lahore	19.978	83.769	92.146
	AGPR, Sub-Office, Karachi	16.748	17.255	18.979
	AGPR, Sub-Office, Peshawar	3.706	4.035	4.239
	AGPR, Sub-Office, Quetta	2.532	2.180	2.290
	AGPR, Sub-Office, Gilgit	4.582	6.397	7.676
	Defence	4.386	5.352	5.406
	Pakistan Post Office Deptt.	1.680	2.650	3.000
	Pakistan PWD	1.150	1.956	1.980
	Pakistan Mint	0.488	0.480	0.515
	CAO (Ministry of Foreign Affairs)	0.449	0.677	0.744
	Central Dte. of National Savings	3.286	3.310	3.296
	Geological Survey of Pakistan	0.000	0.785	0.797
	Special Communication Organization	0.000	0.000	0.000
	<b>Total Government Servants</b>	<b>174.589</b>	<b>234.825</b>	<b>255.823</b>

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
<b>C017</b>	<b><u>AJK &amp; Others</u></b>	<b>8,791.773</b>	<b>9,308.633</b>	<b>10,344.910</b>
	<b>Mark up-Cash Loans</b>			
	Government of A J & K	8,421.275	8,421.275	9,563.564
	PNRA	0.672	0.238	0.262
	<b>Mark up-Foreign Loans</b>			
	Government of A J & K	131.138	164.734	139.538
	<b>Mark up-Other Loans</b>			
	Guarantee Fee on Foreign Loans (EAD)	238.688	722.386	641.546
<b>C018</b>	<b><u>Commercial Departments</u></b>			
	Pakistan Post Office Department	50.000	50.000	50.000
	<b>Total Commercial Departs</b>	<b>50.000</b>	<b>50.000</b>	<b>50.000</b>
	<b>Total (PSEs &amp; Others)</b>	<b>86,118.465</b>	<b>108,856.855</b>	<b>100,983.544</b>
	<b>Estimated Shortfall</b>	<b>5,000.000</b>	<b>5,000.000</b>	<b>5,000.000</b>
	<b>Net Total (PSEs &amp; Others)</b>	<b>81,118.465</b>	<b>103,856.855</b>	<b>95,983.544</b>
	<b>Total Provinces</b>	<b>13,494.452</b>	<b>13,595.476</b>	<b>14,110.879</b>
	<b>Grand Total - Mark up</b>	<b>94,612.917</b>	<b>117,452.331</b>	<b>110,094.423</b>

### 4.3.3 DIVIDEND ON GOVERNMENT INVESTMENTS

4.3.3.1 Dividends represent return on federal government's investment in the share capital of financial institutions and commercial enterprises. The receipt of dividend varies from year to year depending upon profits earned each year by these bodies and declaration of dividends on share capital.

4.3.3.2 The details of the estimates are given below:

**TABLE 15**  
**Dividends**

		(Rs. in Million)		
<b>Object Head</b>	<b>Name of Organization</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
<b>C01901</b>	<b><u>Financial Institutions</u></b>	<b>1,202.500</b>	<b>797.420</b>	<b>795.000</b>
1	National Investment trust	90.000	206.420	200.000
2	NBP	45.000	45.000	45.000
3	ABL	0.000	0.000	0.000
4	UBL	0.000	0.000	0.000
5	HBL	0.000	0.000	0.000
6	Pak Oman Investment Co.	185.000	246.000	250.000
7	Pak Brunie Investment	150.000	150.000	150.000
8	Pak China Investment	25.000	0.000	0.000
9	Pak Iran Joint Investment	150.000	150.000	150.000
10	Saudi Pak Investment Co.	330.000	0.000	0.000
11	Pak Kuwait Investment	227.500	0.000	0.000
<b>C01902</b>	<b><u>Non-Financial Institutin</u></b>	<b>83,924.700</b>	<b>81,533.020</b>	<b>92,487.500</b>
1.	Pakistan Petroleum Limited	6,743.000	11,640.000	13,000.000
2.	Mari Gas Company Limited	80.000	500.000	600.000
3.	Pakistan State Oil	600.000	1,000.000	1,500.000
4.	Pak Arab Refinery	6,500.000	10,800.000	12,000.000
5.	SNGPL	500.000	500.000	500.000
6	SSGCL	1,500.000	1,500.000	1,500.000
7	GHPL	9,000.000	15,000.000	17,000.000
8	OGDCL	35,000.000	30,000.000	35,000.000
9	PMDC	44.000	100.000	150.000
10	SLIC	1,163.000	1,163.000	1,200.000
11	NIC	1,000.000	800.000	800.00
12	Pak Re-Insurance Corporation	450.000	337.000	450.000
13	Fauji Fertilizer Co. Ltd	120.000	120.000	130.000
14	Saindak Metal Ltd	0.000	0.000	0.000
15	PEPAC	2.000	0.000	0.000

<b>Object Head</b>	<b>Name of Organization</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
16	PEAL	5.000	0.000	0.000
17	Pakistan Services Ltd.	0.400	2.520	3.000
18	PTV	5.000	0.000	0.000
19	PIDC	75.000	0.000	0.000
20	PERAC	4.500	4.500	4.500
21	National Shipping Corporation	180.000	228.000	250.000
22	Tourism Development Corporation	0.000	0.000	0.000
23	Pakistan Security Printing Corporation	500.000	600.000	650.000
24	NESPAK	4.500	88.000	100.000
25	National Power Construction	0.000	0.000	0.000
26	PTCL	7,000.000	7,000.000	7,500.000
27	Tourism Promotion Services (Pak) Ltd.	1.300	0.000	0.000
28	NFC	2,500.000	100.000	100.000
29	USC	150.000	0.000	0.000
30	Trading Corporation of Pakistan	100.000	50.000	50.000
31	IDBP	500.000	0.000	0.000
31	National Construction Limited	197.000	0.000	0.000
32	Other	10,000.000	0.000	0.000
<b>TOTAL - DIVIDENDS</b>		<b>85,127.200</b>	<b>87,330.440</b>	<b>93,282.500</b>

#### **4.4 RECEIPTS FROM CIVIL ADMINISTRATION AND OTHER FUNCTIONS**

##### **4.4.1 GENERAL ADMINISTRATION RECEIPTS**

###### **4.4.1.1 Organs of State**

4.4.1.1.1 These receipts are realized on account of fees received from the candidates appearing in various competitive examinations conducted by Federal Public Service Commission (FPSC), tuition fees charged by the Pakistan Forest Institute etc. However,

the major portion of receipts under this head come from FPSC. Estimates of receipts on this account are given below:

**TABLE 16**  
**Receipts from Civil Administration - Organs of State**  
(Rs. in Million)

Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C021</b>	<b>Organs of State</b>	<b>200.000</b>	<b>230.100</b>	<b>223.970</b>
	Federal Public Service Commission	200.000	210.000	210.000
	SAFRON (PWD)	0.000	10.000	5.000
	Miscellaneous Receipts	0.000	10.000	8.820
	SAFRON (Recovery of Payments)	0.000	0.100	0.150

#### **4.4.1.2 FISCAL ADMINISTRATION**

##### **4.4.1.2.1 Audit Fees**

The department of the Auditor General of Pakistan charges fees from autonomous bodies/ corporations etc, which do not fall within its normal audit jurisdiction, for auditing their accounts. This fee is deposited in the government account.

##### **4.4.1.2.2 State Bank of Pakistan Receipts**

The surplus profit of the State Bank of Pakistan, after making usual provision for reserve funds and payment of dividend, is transferred to the federal government. The State Bank also pays dividend on the share capital of the Federal Government. The value of coins that are minted and put in circulation in one year are also deposited by the State Bank in Government Account.

##### **4.4.1.2.3 Pakistan Mint Receipts**

The Pakistan Mint's receipts are mainly from the disposal of dross & scrap and from minting of medals for defence services, sports and academic institutions etc.

##### **4.4.1.2.4 Pension and Gratuity Contribution**

These receipts pertain to pension and gratuity contributions by the borrowing departments in respect of officials serving on deputation basis with them.

The estimates of receipts from fiscal administration are given below:

**TABLE 17**  
**General Administration Receipts - Fiscal Administration**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C022</b>	<b>Fiscal Administration</b>	<b>281,919.921</b>	<b>231,576.173</b>	<b>263,751.896</b>
	Audit Fee	3.770	240.503	242.850
	SBP Profit	280,000.000	228,000.000	260,000.000
	Currency Dividend from SBP	10.000	10.000	10.000
	Coinage Account	1,800.000	1,800.000	2,000.000
	Pakistan Mint	100.000	100.000	100.000
	Pension Contribution	1.151	250.242	260.270
	Penalty imposed by SBP on Banks	5.000	775.428	800.000
	Miscellaneous Receipts	0.000	400.000	338.776
	Profit of National Investment Trust	0.000	0.000	0.000

#### 4.4.1.3 ECONOMIC REGULATION

4.4.1.3.1 The receipts on this account largely comprise insurance fees realized under Insurance Act, 1989. The estimates are given below:

**TABLE 18**  
**General Administration Receipts - Economic Regulations**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C023</b>	<b>Economic Regulations</b>	<b>1,200.0</b>	<b>1,175.0</b>	<b>1,175.3</b>
	Fees realized under Insurance Act, 1989	1,200.0	1,000.0	1,000.0
	Miscellaneous Receipts	0.0	175.0	175.3

**Table 19**  
**General Administration Receipts- Economic Statistics**

(Rs. in Million)				
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C024</b>	<b>General Admn. Statistics</b>	<b>40.0</b>	<b>44.8</b>	<b>45.0</b>
	Sale of Census Publication	40.0	30.0	40.0
	Miscellaneous Receipts	0.0	4.8	5.0
<b>Total Gen Admn (Excl SBP Profit)</b>		<b>3,359.9</b>	<b>5,026.0</b>	<b>5,196.1</b>

#### 4.4.2 DEFENCE SERVICES RECEIPTS

4.4.2.1 These receipts are realized mainly on account of service charges in accordance with the protocol agreements, dues from civil agencies, sale & auction of obsolete stores and charges realized on account of use of army aviation facilities etc. The non-effective receipts include leave salary etc. of armed forces personnel on deputation abroad.

4.4.2.2 The estimates of defence receipts are given below :

**Table 20**  
**Defence Services Receipts**

(Rs. in Million)				
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C025</b>	<b>Defence Services</b>	<b>170,753.558</b>	<b>74,503.556</b>	<b>141,797.281</b>
	Effective	13,372.606	13,372.606	11,647.367
	Non-effective	2,279.880	2,279.880	2,393.790
	Miscellaneous	154,000.000	57,750.000	126,600.000
	Hospital Stoppage	1,101.072	1,101.070	1,156.124

#### 4.4.3 LAW AND ORDER RECEIPTS

4.4.3.1 These receipts represent the proceeds from fines imposed by Insurance Appellate Tribunals, Federal Service Tribunals, Income Tax Tribunals, Drug Courts and Special Judges under the administrative control of Law and Justice Division. These also include fines, fees and recoveries of the Supreme Court of Pakistan, civil armed forces

and frontier watch & ward. The fees realized on account of issuance and renewal of arms licenses by the Ministry of Interior are also reflected under this classification.

4.4.3.2 The estimates of receipts from law and order are given as under;

**TABLE 21**  
**Law and Order Receipts**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C026</b>	<b>Law and Order</b>	<b>2,122.640</b>	<b>2,481.250</b>	<b>1,501.201</b>
	Supreme Court of Pakistan	0.000	4.000	5.000
	Law and Justice Division	120.000	78.300	80.000
	Receipts under Arms Act	350.000	150.000	150.000
	Civil Armed Forces	307.640	503.258	409.741
	Islamabad Capital Territory	518.000	456.980	462.127
	Frontier Regions	25.800	25.800	25.000
	Federal Services Tribunals	1.200	1.500	2.000
	Fines and Penalties	0.000	11.000	12.000
	Miscellaneous Receipts	0.000	350.412	355.333
	Others	800.000	900.000	0.000

#### **4.4.4 COMMUNITY SERVICES RECEIPTS**

4.4.4.1 The receipts under community services comprise rent of government buildings, land, guest houses, hostels and sale proceeds of material of demolished buildings. These receipts are realized by Housing and Works Division, Overseas Pakistanis Division, Kashmir Affairs and Gilgit Baltistan Division, SAFRON and Interior Division (Frontier Corps). The receipts realized by Survey of Pakistan for its services and supply of maps are also included here. Details of the estimates are given below:-



**TABLE 22**  
**Community Services Receipts**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C027	<b>Community Services</b>	<b>1,579.200</b>	<b>1,766.543</b>	<b>2,070.266</b>
	Rent from Govt accommodation, land and workshops realized by Housing & Works Division.	1,500.000	1,590.000	1,885.000
	Rent of buildings realized by Frontier Corps. Khyber Pakhtunkhwa, Peshawar (Interior Division)	3.000	3.000	3.000
	Scientific Research and Survey (Defence Division)	29.500	36.541	38.757
	Building Rent of Meteorological Deptt.	9.000	5.000	5.000
	Building Rent of PAEC	30.000	25.000	26.000
	CTTI - Hostel Charges	1.500	4.000	4.100
	Miscellaneous Receipts	0.000	94.728	99.464
	Recovery by Office of the Auditor General of Pakistan	3.700	6.774	7.345
	Akhtar Hameed Khan Rural Centre	2.500	1.500	1.600

#### **4.4.5 SOCIAL SERVICES RECEIPTS**

4.4.5.1 The receipts under this head are realized on account of fees charged from students of the educational institutions of various Ministries and Defence Division. The entry fee for historical places and archeological sites is collected by National Heritage and Integration Division. The charges for medical services are realized by the federal government hospitals and health establishments, and tuition/training fee realized by Human Resources Development Division. The estimates are given in the following table.

**TABLE 23**  
**Social Services Receipts**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C028</b>	<b>Social Services</b>	<b>395.920</b>	<b>781.498</b>	<b>807.563</b>
	Education Fees from Schools & Colleges (CADD)	175.238	108.340	110.680
	National Library of Pakistan	1.000	0.100	0.100
	Education Fees from Schools and Colleges under the M/o Defence	77.500	77.500	77.800
	Pakistan Computer Bureau	2.000	2.000	2.000
	National Archives (Cabinet Division)	1.982	0.010	0.010
	Health-Hospital Receipts of Federal Government	104.000	181.700	181.800
	Gilgit-Baltistan Division	0.000	0.000	0.000
	ICT Sale of Vaccination	1.500	1.300	1.940
	Hospital Stoppages	0.000	0.000	0.000
	Government share- Fees realized by the Doctors	0.000	200.000	210.000
	M/o National Health Services, Regulations & Coordination (Health Receipts)	32.700	50.000	54.658
	Miscellaneous Receipts	0.000	160.548	168.575

#### **4.4.6 SOCIAL SERVICES MISC RECEIPTS**

4.4.6.1 Under Social Services Miscellaneous Head, the Emigration Fee deposited by Pakistani Workers working abroad in terms of Emigration Ordinance, 1979 are reflected. The receipts of Human Resource Development Division on account of registration of overseas employment agencies and deposits by individuals for protection of their visas are also deposited under this head. Moreover, the fee for registration of trade union and West Pakistan Ordinance, 1969 are also reflected under this Head of Account. The details are given in the following table.

**TABLE 24**  
**Social Services Miscellaneous Receipts**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C029</b>	<b>Social Services Misc.</b>	<b>1,600.005</b>	<b>1,580.004</b>	<b>1,800.004</b>
	Receipts under West Pakistan Ordinance 1969 (ICT)	0.005	0.004	0.004
	Emigration Fee	1,600.000	1,580.000	1,800.000

#### **4.5 MISCELLANEOUS RECEIPTS**

4.5.1 Miscellaneous receipts comprise (i) Economic Services Receipts and (ii) Other Receipts. A brief description of these receipts is given in the following paragraphs.

#### **4.5.2 ECONOMIC SERVICES RECEIPTS**

##### **4.5.2.1 Agricultural Receipts**

4.5.2.1.1 These receipts are realized on account of quarantine fee on animal exports/imports by National Food Security and Research Division.

##### **4.5.2.2 Receipts from Explosive Department**

4.5.2.2.1 Receipts under this head pertain to the fee charged by the Department of Explosives for granting licenses to the firms dealing in explosives.

##### **4.5.2.3 Receipts from Cabinet Division**

4.5.2.3.1 The sale proceeds of government publications and stationery by the Controller of Forms and Stationery realized from various government departments/agencies are reflected under this head.

##### **4.5.2.4 Receipts from Lighthouses and Lightships**

4.5.2.4.1 These receipts comprise of (i) examination fee, survey and registration fees realized by the Mercantile Marine Department, Karachi, (ii) cargo shipping and discharging fees from the shipping companies, (iii) fines realized from seamen for offences committed by them, (iv) fees realized from cadets under training in the Mercantile Marine Academy, Karachi, Seamen's Training Centre, Karachi and (v)

Lighthouse dues realized from the shipping companies operating on the coasts of Pakistan. These receipts are shown under transportation and communication heads.

#### 4.5.2.5 Receipts from Special Communication Organization

4.5.2.5.1 These receipts are collected by the Special Communications Organization for providing telecommunication services in specific areas. The Special Communications Organization primarily operates in the Azad Kashmir and Gilgit-Baltistan.

4.5.2.6 The receipts under Economic Services Head mostly comprise of Food Department, Agriculture Receipts and Farms Receipts collected by Islamabad Capital Territory. The details are as under:-

**TABLE 25**  
**Miscellaneous Receipts**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C031</b>	<b>Economic Services</b>	<b>7,380.395</b>	<b>18,475.909</b>	<b>17,898.934</b>
	Food Department (ICT)	0.065	0.060	0.060
	Receipts from soil conservation & Operations (ICT)	0.700	0.700	0.700
	Agriculture (ICT)	0.300	0.300	0.010
	Services Rendered (ICT)	0.030	0.150	0.250
	Food Department (National Food Security & Research Division)	7,379.300	5,264.137	4,404.297
	Miscellaneous Receipts	0.000	13,210.562	13,493.617

4.5.2.7 The receipts of Economic Services - Fisheries & Animal Husbandry of Livestock and Dairy Development in federal capital territory are collected by Islamabad Capital Territory Administration are reflected in the table given below:

**TABLE 26**  
**Economic Services Receipts- Fisheries & Animal Husbandry**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C032</b>	<b>Fisheries &amp; Animal Husbandry</b>	<b>635.670</b>	<b>388.562</b>	<b>394.253</b>
	Ordinary Receipts (ICT)	0.500	35.000	38.000
	Insemination Fees (ICT)	0.170	0.150	0.170

Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	Livestock & Dairy Development (NFS&R)	600.000	250.000	250.000
	Marine Fisheries Department	35.000	50.000	50.000
	Miscellaneous Receipts	0.000	53.412	56.083

**TABLE 27**  
**Economic Services Receipts- Forest**

(Rs. in Million)				
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C033</b>	<b>Economic Services Receipts - Forest</b>	<b>0.000</b>	<b>1.500</b>	<b>1.575</b>
	Miscellaneous Receipts	0.000	1.500	1.575

**TABLE 28**  
**Economic Service Receipt- Cooperation Irrigation, Embankment**  
(Rs. in Million)

Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C034</b>	<b>Economic Service Receipt- Cooperation Irrigation, Embankment, Drainage</b>	<b>0.000</b>	<b>12.840</b>	<b>13.482</b>
	Miscellaneous Receipts	0.000	12.840	13.482

4.5.2.8 The table given below reflects the receipts of Explosive Department for industrial safety. The Ports & Shipping Department Receipt on account of management and upkeep of port/landing charges and receipts of Special Communications Organization are also reflected the Economic Services Receipts - Others.

**TABLE 29**  
**Economic Services Receipts - Others**

(Rs. in Million)				
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C035</b>	<b>Receipts - Others</b>	<b>2,846.600</b>	<b>2,933.871</b>	<b>3,072.406</b>
	Department of Stationery & Forms	2.500	2.500	3.000
	Explosives Department	250.000	320.000	350.000
	Islamabad Capital Territory	1.800	3.700	4.200

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	Ports & Shipping Department	489.300	490.951	496.850
	Special Communications Organization	2,100.000	2,100.000	2,200.000
	PAEC	3.000	4.000	5.000
	Miscellaneous Receipts	0.000	12.720	13.356

**TABLE 30**  
**Foreign Grants**

		(Rs. in Million)		
<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
<b>C036</b>	<b>Grants</b>	<b>75,000.000</b>	<b>61,405.333</b>	<b>43,545.867</b>
		75,000.000	61,405.333	43,545.867

### 4.5.3 OTHER RECEIPTS

4.5.3.1 These receipts are realized by different Ministries, Divisions and Departments. The brief introduction of the main regular receipts under this head is given as under with a relevant statistics in two tables;

#### 4.5.3.2 Receipts From UN, Staff Welfare and Accreditation

4.5.3.2.1 The major portion of receipts comes from United Nations in lieu of services rendered by Pakistani troops taking part in various peacekeeping operations worldwide. The other receipts are generated by various staff welfare initiatives and accreditation services. Budget Estimates are given as under;

**Table 31**  
**Extraordinary Receipts**

		(Rs. in Million)		
<b>Object Head</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
<b>C037</b>	<b>Other Receipts</b>	<b>31,114.978</b>	<b>135,975.775</b>	<b>171,979.581</b>
	Receipts from United Nations (Military+Civil)	31,070.778	35,923.445	36,923.445
	Sale of other Government Assets	0.000	100,000.000	135,000.000

Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	Working Women Hostel, G-6/3, Islamabad	6.000	3.200	3.008
	Staff Welfare Organization Pakistan National Accreditation Council	20.000	18.560	20.000
	PAEC	15.000	16.000	17.000
	Office of the Auditor General of Pakistan	2.000	2.000	3.000
	Miscellaneous Receipts	1.200	0.210	0.150
		0.000	12.360	12.978

#### 4.5.3.3 Citizenship, Naturalization and Passport Fees

4.5.3.3.1 These receipts are realized mainly by the Immigration & Passport Offices in Pakistan and Pakistani Missions abroad on account of issuance, renewal and endorsement of passports and visas.

**Table 32**  
**Citizenship Nationalization, Passport and Copyright Fees**

(Rs. in Million)				
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C038	Citizenship, Naturalization & Passport Fee	25,000.000	27,000.000	28,000.000

#### 4.5.3.4 Royalty, Pollution, Trekking Fees From Tourists

4.5.3.4.1 The royalty fee is charged from the tourists coming to Pakistan for climbing the mountain peaks having a height of 7000 meters. Whereas, tracking fee is charged from trackers climbing the mountain on the established track less than the height of 7000 meters.

#### 4.5.3.5 Receipts from Tourism Department

4.5.3.5.1 The receipts of the Tourism Department include licenses fee of Hotels, Restaurants and Travel Agencies, Registration Fee of Hotels & Restaurants, Licenses Renewal fee of Hotels, Restaurants and Travel Agencies and the fines/late fee of Hotels,

Restaurants and Travel Agencies within Capital Territory by Capital Administration & Development Division.

#### 4.5.3.6 Receipts Collected by Ministry of Foreign Affairs

4.5.3.6.1 It includes the receipts realized on the auction of vehicles, sale of used machinery and equipments, gains on exchange against the remittances made by the Government for the expenditure of the Pakistan's missions in various countries, recovery of overpayment made to the Government servants posted abroad and the deduction of income tax, GP Fund, Benevolent Fund, House Building and Motor Car Advances of the employees posted in various Pakistan's missions abroad.

#### 4.5.3.7 Kashmir Affairs and Gilgit Baltistan Division

4.5.3.7.1 These include the receipts from motor vehicles, forest revenues, agriculture income, rent of buildings, electricity charges and other indirect taxes collected and deposited directly into the Government Treasury by the administration of the Kashmir Affairs & Gilgit - Baltistan Division.

#### 4.5.3.8 States and Frontier Region Division

4.5.3.8.1 There are various receipts which are collected on account of stamp duty, fee and fine, agriculture receipts, etc. in various agencies in the Federally Administrated Tribal Areas. These receipts are collected by the Political Agents of various Agencies and deposited directly into the Government Account.

**Table 33**  
**Details of Other Receipts**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>C038</b>	<b>Other Receipts</b>	<b>31,490.405</b>	<b>41,577.083</b>	<b>8,554.459</b>
	Emergency Relief Cell	40.000	40.000	40.000
	Advance Yearly Rent for Exploration & Prospecting Licensing	480.000	350.000	400.000
	Fees for Exploration & Prospecting Licensing	1.000	1.000	1.000
	Office of the Auditor General of Pakistan	0.807	0.450	0.156



<b>Object Head</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	Toshakhana (Cabinet Division)	8.000	8.000	8.000
	Tender Fee	0.000	0.000	0.000
	National Accountability Bureau	400.000	3,000.000	350.000
	Civil Armed Forces (Unclaimed Deposits)	23.300	15.725	15.725
	Sale of Property (M/o Foreign Affairs)	10.000	5.000	7.000
	Civil Armed Forces (Sale of Stores)	36.700	32.000	32.600
	Rent, Rates & Taxes- Others	3.188	0.528	0.663
	Rent, Rates & Taxes (ICT)	0.290	0.276	0.295
	Competition Commission of Pakistan	450.000	275.000	300.000
	Receipts - Mines & Mineral Act (ICT)	11.200	0.060	0.100
	Gains on Exchange (M/o Foreign Affairs)	80.000	40.000	45.000
	Export Promotion Bureau	60.000	80.000	83.000
	Export Promotion Bulletin	8.000	0.000	0.000
	M/o Information & Broadcasting	0.150	0.150	0.150
	Fee for Registration of Societies (ICT)	0.200	0.100	0.110
	Receipts of Tourist Department	17.000	25.000	25.000
	Censorship Fee (Culture Division)	10.000	36.930	40.000
	Recovery of Overpayments (M/o Foreign Affairs)	250.000	160.000	170.000
	Payment for services Rendered (ICT)	0.400	0.020	0.030
	Sale of Stores & Material (PAEC)	18.860	11.900	13.900
	Other Receipts - Fines & Fee (ICT)	0.025	0.025	1.030
	Citizenship Copyrights (ICT)	3.200	3.200	3.200
	Others PAEC	24.000	20.000	20.000

<b>Object Head</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	Pakistan Public Admn. Research Centre	0.500	1.200	1.500
	National Alien Registration Authority	2.000	0.000	0.000
	Airport Security Force Fees, Fines & Forfeitures & Others	30.000	5.000	16.256
	Quaid Azam Papers Wing	0.200	0.200	0.200
	National Language Authority	1.700	1.000	1.000
	Other Receipts of M/o Foreign Affairs	50.000	55.000	60.000
	Office of the Controller General of Accounts	1.355	1.117	1.130
	NI Rehabilitation of Medicines	6.000	6.000	6.500
	States & Frontier Regions Div. (FATA)	230.000	230.000	250.000
	Pak. Environmental Protection Agency	0.500	0.550	0.600
	Recovery from Provinces against Population and Housing Census	14,500.000	18,600.000	0.000
	Other Miscellaneous Receipts of attached departments	13,731.830	12,321.000	6,520.000
	Receipts of Local/National Elections	1,000.000	6,117.000	0.000
	Miscellaneous Receipts	0.0	133.7	140.3

#### **4.5.4 RECEIPTS FROM OIL AND GAS SECTOR**

##### **4.5.4.1 Royalty on Oil and Gas**

4.5.4.1.1 According to Article 16(1) of the Constitution of Islamic Republic of Pakistan, the royalty collected by the Federal Government shall not form part of the Federal Consolidated Fund and shall be paid to the provinces in which the well-head of natural gas is situated. As per Clause 5 of 7th National Finance Commission Award notified vide President's Order No.5 of 2010, each of the provinces shall be paid in each financial year as a share in the net proceeds of the total royalties on crude oil an amount which

bears to the total net proceeds the same proportion as the production of crude oil in the province in that year bears to the total production of crude oil.

4.5.4.1.2 Petroleum Exploration & Production Policy 2012 approved by Ministry of Petroleum & Natural Resources Government of Pakistan imposes Royalty on exploration and production of oil and gas. Clause 4.1 of Section II of the said policy provides that Royalty will be payable at the rate of 12.5% of the value of petroleum at the field gate. The royalty will be paid by the Federal Government to Provinces to the extent of their share of liquid and gaseous hydrocarbons (such as LPG, NGL, Solvent oil, gasoline and others) as well as all substances including sulphur, produced in association with such hydrocarbon. The lease rent paid during the year shall not be deductible from the royalty payment. 10% of the royalty will be utilized in the district where oil and gas is produced for infrastructure development.

#### **4.5.4.2 Windfall Levy on Crude Oil**

4.5.4.2.1 As per Petroleum Exploration & Production Policy 2012, Windfall Levy (WLO) will be applicable on crude oil and condensate using the formula i.e  $WLO = 0.4 \times (M-R) \times (P-B)$  Where: WLO - Windfall Levy on crude oil and condensate; M - Net production (petroleum produced & saved); R - Royalty; P - Market Price of crude oil and condensate; B - Base Price. All the benefit of windfall levy may be equally divided between the Federal Government and Provincial Government concerned.

#### **4.5.4.3 Discount on Local Crude Oil**

4.5.4.3.1 Crude Oil and Natural Gas is explored/extracted by the Exploration and Production (E&P) Companies working under "Petroleum Concession Agreement (PCA)". E&P companies sell the crude oil to refineries at the rate prevailing in the international market based on the formula as per PCA. Under various agreements, E&P Companies agree to sell the crude oil to refineries at different discounted rate on attainment of certain milestones as per PCA. The amount of discount is retained by the refineries while making payment of crude oil to E&P companies and deposited in Government head of account.

4.5.4.4 The details of development surcharges and levies are given below:-

**TABLE 34**  
**Royalties, Discount retained on Crude Price and Windfall Levy**  
**(Rs. in Million)**

<b>Object Head</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
C039	Royalty on Oil	10,859.200	15,695.806	19,127.480
	Royalty on Gas	32,097.100	32,638.490	39,404.290
	Discount Retained on Local Crude Price	10,000.000	10,000.000	10,000.000
	Windfall Levy against Crude Oil	10,000.000	8,000.000	8,000.000
	Petroleum Levy on LPG.	2,000.000	0.000	2,000.000
	<b>Total - Development Surcharges and Royalties other than Petroleum Levy</b>	<b>64,956.300</b>	<b>66,334.296</b>	<b>78,531.770</b>
	<b>Total Misc Receipts</b>	<b>163,424.348</b>	<b>298,628.496</b>	<b>325,591.403</b>

**Chapter 5: PROVINCIAL SHARE IN REVENUE RECEIPTS**

5.1 The provincial share of revenues from the divisible pool taxes, straight transfers etc. is governed in accordance with the provisions of 7th National Finance Commission Award notified vide President's Order No.5 of 2010 issued on 10th May, 2010, which is reproduced as under:

***PRESIDENT'S ORDER NO.5 OF 2010***

AN

ORDER

*to provide for distribution of revenues and certain grants*

WHEREAS in pursuance of clause (1) of Article 160 of the Constitution of the Islamic Republic of Pakistan (hereinafter referred to as the Constitution), the President, by the Finance Division's Notification No. S.R.O. 739(I)/2005 dated 21st July, 2005, as modified by the said Division's Notification No.S.R.O.693(I)/2009, dated 24th July, 2009, appointed a National Finance Commission to make recommendations, among other matters, as to the distribution between the Federation and the Provinces of the net proceeds of certain taxes;

AND WHEREAS the said Commission has also submitted its recommendations with regard to the said distribution;

NOW, THEREFORE, in pursuance of clauses (4) and (7) of Article 160 of the Constitution, the President is pleased to make the following Order:-

**1. Short title and commencement.-** (1) This Order may be called the Distribution of Revenues and Grant-in-Aid Order, 2010.

(2) It shall come into force on the first day of July, 2010.

**2. Definitions.-** In this Order, unless there is anything repugnant in the subject or context.---

(a) "Net Proceeds" means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection as ascertained and certified by the Auditor General of Pakistan, and

- (b) "taxes on income" includes corporation tax but does not include taxes on income consisting of remuneration paid out of the Federal Consolidated Fund.

**3. Distribution of Revenues.** (1) The divisible pool taxes in each year shall consist of the following taxes levied and collected by the Federal Government in that year, namely:

- (a) taxes on income;
- (b) wealth tax;
- (c) capital value tax;
- (d) taxes on sales & purchases of goods imported, exported, produced, manufactured or consumed;
- (e) export duties on cotton;
- (f) customs duties;
- (g) federal excise duties excluding the excise duty on gas charged at well-head; and
- (h) any other tax which may be levied by the Federal Government.

(2) One percent of the net proceeds of divisible taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on War on Terror.

(3) After deducting the amount as prescribed in clause (2), of the balance amount of the net proceeds of divisible pool taxes, fifty six percent shall be assigned to the provinces during the financial year 2010-11 and fifty seven and a half percent from the financial year 2011-12 onwards. The share of the Federal Government in the net proceeds of the divisible pool shall be forty-four percent during the financial year 2010-11 and forty -two and half percent from the financial year 2011-12 onwards

**4. Allocation of shares to the Provincial Governments.** (1) The Province -wise ratios given in clause (2) are based on multiple indicators. The indicators and their respective weights as agreed upon are:-

- |     |                         |        |
|-----|-------------------------|--------|
| (a) | Population              | 82.0 % |
| (b) | Poverty or backwardness | 10.3%  |

(c)	Revenue collection or generation	5.0 %
(d)	Inverse population density	2.7 %

(2) The sum assigned to the Provincial Governments under Article 3 shall be distributed amongst the Provinces on the basis of the percentage specified against each:-

(a)	Balochistan	9.09 %
(b)	Khyber Pakhtunkhwa	14.62%
(c)	Punjab	51.74 %
(d)	Sindh	<u>24.55 %</u>
	Total:	<u>100.00%</u>

(3) The Federal Government shall guarantee that Balochistan Province shall receive the projected sum of eighty-three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the Award. Any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan shall remain protected throughout the remaining four years of the Award based on annual budgetary projections.

**5. Payment of net proceeds of royalty on crude oil :** Each of the Provinces shall be paid in each financial year as a share in the net proceeds of the total royalties on crude oil an amount which bears to the total net proceeds the same proportion as the production of crude oil in the Province in that year bears to the total production of crude oil.

**6. Payment of net proceeds of development surcharge on natural gas to the provinces :** (1) Each of the Provinces shall be paid in each financial year as a share in net proceeds to be worked out based on average rate per MMBTU of the respective province. The average rate per MMBTU shall be derived by notionally clubbing both the royalty on Natural Gas and Development Surcharge on Gas. Royalty on natural gas shall be distributed in accordance with clause (1) of Article 161 of the

Constitution whereas the development surcharge on natural gas would be distributed by making adjustments based on this average rate

(2) The development surcharge on natural gas for Balochistan with effect from 1st July, 2002 shall be reworked out hypothetically on the basis of formula given in clause (1) and the amount, subject to maximum of ten billion rupees, shall be paid in five equal installments by the Federal Government as grants to be charged on the Federal Consolidated Fund.

**7. Grants-in-Aid to the Provinces:** There shall be charged upon the Federal Consolidated Fund each year, as grants-in-aid of the revenues of the province of Sindh an amount equivalent to 0.66% of the provincial share in the net proceeds of divisible pool as a compensation for the losses on account of abolition of octroi and zila tax.

**8. Sales Tax on services:** NFC recognizes that sales tax on services is a Provincial subject under the Constitution of the Islamic Republic of Pakistan, and may be collected by respective Provinces, if they so desired.

**9. Miscellaneous:** (1) NFC also recommended increase in the rate of excise duty on natural gas to Rs. 10.0 per MMBTU. Federal Government may initiate necessary legislation accordingly.

(2) The NFC recommended that the Federal Government and Provincial Governments should streamline their tax collection systems to reduce leakages and increase their revenues through efforts to improve taxation in order to achieve a 15% tax to GDP ratio by the terminal year i.e. 2014-15. Provinces would initiate steps to effectively tax the agriculture and real estate sector. Federal Government and Provincial Governments may take necessary administrative and legislative steps accordingly.

(3) Federal government and Provincial Governments would develop and enforce mechanism for maintaining fiscal discipline at the Federal and Provincial levels through legislative and administrative measures.

(4) The Federal Government may assist the Provinces through specific grants in times of unforeseen calamities.



(5) The meetings of the NFC may be convened regularly on a quarterly basis to monitor implementation of the award in letter and spirit.

**10. Repeal.-** The Distribution of Revenues and Grant-in-Aid Order, 1997 (P.O.No.1 of 1997), and the Distribution of Revenues and Grants-in-Aid, Order, 2010. (P.O. 4 of 2010) are hereby repealed.

*ASIF ALI ZARDARI*  
*President*

5.2 Distribution of Revenues and Grants-in-Aid Order, 2010 (President's Order No. 5 of 2010) was slightly amended through President's Order No.6 of 2015, which is reproduced as under;

***PRESIDENT'S ORDER NO.6 OF 2015***

AN

ORDER

*To amend Distribution of Revenues and Grants-in-Aid Order, 2010 (President's Order No.5 of 2010)*

Whereas it is expedient to amend the Distribution of Revenues and Grants-in-Aid Order, 2010 (P.O. No. 5 of 2010) for the purpose hereinafter appearing.

Now therefore in pursuance of clause (6) read with clause (7) of Article 16 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make the following Order:-

**1. Short title and commencement:** (1) This Order may be called the Distribution of Revenues and Grants-in-Aid (Amendment) Order 2015.

(2) It shall come into force on the first day of July 2015.

(3) It will remain in force till further orders.

**2. Substitution of Article-4(3) P.O No.5 of 2010:** In the Distribution of Revenues and Grants-in-Aid Order, 2010 (P.O. No. 5 of 2010) for Article 4(3) the following shall be substituted;

3. The Federal Government shall guarantee that Balochistan Province shall receive the projected sum of eighty-three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the Award and any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan shall remain protected throughout Award period based on annual budgetary projections.

MAMNOON HUSSAIN

*President*

5.3 The following table shows the estimated transfers to the provincial governments on account of their share in Federal Taxes and by straight transfers during the year 2016-17 and 2017-18;

**Table 35**  
**Provincial Share in Revenue Receipts**  
**2016-17 (Budget)**

Description	(Rs. in Million)				
	Balochistan	* Khyber Pakhtunkhwa	Punjab	Sindh	TOTAL
<b>Divisible Taxes (A)</b>	<b>182,604.700</b>	<b>328,983.800</b>	<b>1,039,380.600</b>	<b>493,173.400</b>	<b>2,044,142.500</b>
Taxes on Income	78,030.200	140,580.500	444,145.500	210,741.600	<b>873,497.800</b>
Capital Value Tax	117.700	212.000	669.800	317.800	<b>1,317.300</b>
Sales Tax excl. GST on services	73,488.300	132,397.800	418,293.300	198,475.100	<b>822,654.500</b>
Federal Excise (Net of Gas)	10,109.500	18,213.500	57,543.100	27,303.500	<b>113,169.600</b>
Customs Duties	20,859.000	37,580.000	118,728.900	56,335.400	<b>233,503.300</b>
<b>Straight Transfers (B)</b>	<b>14,238.420</b>	<b>17,200.010</b>	<b>5,631.920</b>	<b>54,667.800</b>	<b>91,738.150</b>
Gas Development Surcharge	6,436.600	3,202.800	1,997.000	22,663.600	<b>34,300.000</b>
Royalty on Natural Gas	5,481.600	5,811.200	1,349.900	18,812.500	<b>31,455.200</b>
Royalty on Crude Oil	6.420	6,270.110	1,754.820	2,610.600	<b>10,641.950</b>
Excise Duty on Natural Gas	2,313.800	1,915.900	530.200	10,581.100	<b>15,341.000</b>
<b>GST on Services (C) **</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total (A+B+C)</b>	<b>196,843.120</b>	<b>346,183.810</b>	<b>1,045,012.520</b>	<b>547,841.200</b>	<b>2,135,880.650</b>

**Table 36**  
**Provincial Share in Revenue Receipts**  
**2016-17 (Revised)**

Description	(Rs. in Million)				TOTAL
	Balochistan	* Khyber Pakhtunkhwa	Punjab	Sindh	
<b>Divisible Taxes (A)</b>	<b>182,604.750</b>	<b>320,522.262</b>	<b>1,012,647.504</b>	<b>480,488.909</b>	<b>1,996,263.425</b>
Taxes on Income	78,030.207	124,599.962	393,657.027	186,785.466	<b>783,072.662</b>
Capital Value Tax	117.670	217.994	688.724	326.791	<b>1,351.179</b>
Sales Tax excl. GST on services	73,488.336	133,203.814	420,839.752	199,683.338	<b>827,215.240</b>
Federal Excise (Net of Gas)	10,109.518	17,705.503	55,938.183	26,541.986	<b>110,295.190</b>
Customs Duties	20,859.019	44,794.989	141,523.818	67,151.328	<b>274,329.154</b>
<b>Straight Transfers (B)</b>	<b>20,988.799</b>	<b>23,024.965</b>	<b>7,447.401</b>	<b>73,622.404</b>	<b>125,083.569</b>
Gas Development Surcharge	13,778.503	7,677.929	3,198.327	39,045.241	<b>63,700.000</b>
Royalty on Natural Gas	5,173.410	4,956.174	1,242.346	20,613.790	<b>31,985.720</b>
Royalty on Crude Oil	74.652	8,849.106	2,586.249	3,871.882	<b>15,381.889</b>
Excise Duty on Natural Gas	1,962.234	1,541.756	420.479	10,091.491	<b>14,015.960</b>
<b>Total (A+B)</b>	<b>203,593.549</b>	<b>343,547.227</b>	<b>1,020,094.905</b>	<b>554,111.313</b>	<b>2,121,346.994</b>

**Table 37**  
**Provincial Share in Revenue Receipts**  
**2017-18 (Budget)**

Description	(Rs. in Million)				TOTAL
	Balochistan	* Khyber Pakhtunkhwa	Punjab	Sindh	
<b>Divisible Taxes (A)</b>	<b>202,691.366</b>	<b>365,172.186</b>	<b>1,153,713.011</b>	<b>547,422.775</b>	<b>2,268,999.338</b>
Taxes on Income	79,997.803	144,125.392	455,345.029	216,055.671	<b>895,523.895</b>
Capital Value Tax	139.902	252.050	796.318	377.843	<b>1,566.113</b>
Sales Tax excl. GST on services	82,079.679	147,876.135	467,195.005	221,678.341	<b>918,829.160</b>
Federal Excise (Net of Gas)	11,037.194	19,884.796	62,823.371	29,808.925	<b>123,554.286</b>
Customs Duties	29,436.788	53,033.813	167,553.288	79,501.995	<b>329,525.884</b>
<b>Straight Transfers (B)</b>	<b>17,282.603</b>	<b>24,682.291</b>	<b>8,111.431</b>	<b>65,167.530</b>	<b>115,243.855</b>
Gas Development Surcharge	9,732.193	2,518.444	3,306.804	26,582.559	<b>42,140.000</b>
Royalty on Natural Gas	5,344.146	9,574.963	1,344.854	22,352.242	<b>38,616.205</b>
Royalty on Crude Oil	2.283	10,857.185	2,987.491	4,897.971	<b>18,744.930</b>
Excise Duty on Natural Gas	2,203.981	1,731.699	472.282	11,334.758	<b>15,742.720</b>
<b>Total (A+B)</b>	<b>219,973.969</b>	<b>389,854.476</b>	<b>1,161,824.442</b>	<b>612,590.305</b>	<b>2,384,243.192</b>

## Chapter 6: CAPITAL RECEIPTS

6.1 Capital receipts comprise Recoveries of Loans and Advances from Provinces and other entities and Public Debt which includes Permanent Debt and Floating Debt. The net capital receipts so realized by the federal government generally constitute the available resources for the financing of its Public Sector Development Programme. External finances and un-funded debt (primarily made up of the various instruments available under the National Savings Schemes) also fall under the category of Capital Receipts, however they are covered under separate chapters of this publication.

6.2 The following table indicates the position of Capital receipts for 2016-17 (budget and revised) and 2017-18 (budget).

**Table 38**  
**Capital Receipts**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>A. Capital Receipts (I+II)</b>	<b>469,669.108</b>	<b>159,806.010</b>	<b>427,473.677</b>
<b>I. Recoveries of Loans and Advances</b>	<b>101,891.108</b>	<b>107,720.310</b>	<b>112,536.677</b>
Provinces	46,725.420	47,332.753	51,946.528
Others	55,165.688	60,387.557	60,590.149
<b>II. Public Debt</b>	<b>367,778.000</b>	<b>52,085.700</b>	<b>314,937.000</b>
Domestic Debt (Permanent)	260,463.000	230,214.300	270,000.000
Foreign Currency Debt (Permanent)	-63.000	-13.000	-63.000
Floating Debt	107,378.000	-178,115.60	45,000.000
<b>B. Public Account</b>	<b>462,113.013</b>	<b>500,321.968</b>	<b>551,207.522</b>
Deferred Liabilities (Net)	122,181.000	120,242.000	166,003.000
Deposits and Reserves	339,932.013	380,079.968	385,204.522
<b>C. Total (A+B)</b>	<b>931,782.121</b>	<b>660,127.978</b>	<b>978,681.199</b>
<b>D. Disbursements</b>	<b>478,142.761</b>	<b>403,863.929</b>	<b>475,812.019</b>
Federal Govt Misc investments	18,484.000	2,839.775	19,948.686
Loans and Advances	27,055.000	26,384.673	28,324.173

Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
Short Term Credits	141,370.000	39,407.006	89,424.506
Deposits and Reserves	291,233.761	335,232.475	338,114.654
<b>Net Capital Receipts</b>	<b>453,639.360</b>	<b>256,264.049</b>	<b>502,869.180</b>

### 6.3 RECOVERIES OF LOANS AND ADVANCES

6.3.1 The recovery of principal amount of loans and advances from provinces, public sector enterprises, financial and non-financial institutions is reflected in this section.

6.3.2 The estimates of recoveries of loans and advances are given below :

**TABLE 39**  
**Recover of Loans and Advances (Provinces)**

		(Rs. in Million)		
Object Code	Province	2016-17 Budget	2016-17 Revised	2017-18 Budget
	<b>Punjab</b>	<b>26,607.100</b>	<b>27,748.909</b>	<b>31,017.711</b>
E021	Cash Loans	3,079.520	2,926.428	3,247.441
	Foreign Loans	23,527.580	24,822.481	27,770.270
	<b>Sindh</b>	<b>8,423.420</b>	<b>8,379.755</b>	<b>9,217.564</b>
	Cash Loans	1,087.240	1,095.020	1,196.216
	Foreign Loans	7,336.180	7,284.735	8,021.348
	Premature Retirement of Cash Loans	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>Khyber Pakhtunkhwa</b>	<b>6,575.060</b>	<b>6,170.901</b>	<b>6,422.758</b>
	Cash Loans	466.060	0.000	0.000
	Foreign Loans	6,109.000	6,170.901	6,422.758
	<b>Balochistan</b>	<b>5,119.840</b>	<b>5,033.188</b>	<b>5,288.495</b>
	Cash Loans	0.000	0.000	0.000
	Foreign Loans	5,119.840	5,033.188	5,288.495
	<b>Total</b>	<b>46,725.420</b>	<b>47,332.753</b>	<b>51,946.528</b>

**TABLE 40**  
**Recover of Loans and Advances**  
**(Local Bodies)**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	<b>Cash Loans</b>	<b>17,122.986</b>	<b>12,137.401</b>	<b>13,400.622</b>
E022	PTVC	14.040	58.753	58.753
	Lahore Garment City	0.000	0.000	43.886
	NHA	10,834.890	10,834.885	12,027.253
	PBC	69.336	69.337	77.233
	SNGPL	0.000	0.000	0.000
	PIA	6,062.500	1,000.000	1,000.000
	Mari Gas Company	0.000	0.000	0.000
	GHPL	0.000	0.000	0.000
	Nuclear Plants	0.000	0.000	0.000
	Wah Brass Mills	142.220	174.426	193.497
	<b>Foreign Loans</b>	<b>11,670.394</b>	<b>13,157.461</b>	<b>18,292.666</b>
	Karachi Port Trust	8.063	8.063	8.063
	PAEC	1.965	1.965	1.965
	CDA	818.569	793.992	797.760
	NHA	6,869.612	6,869.612	7,032.064
	GIK Institute	145.950	100.334	100.811
	Shaukat Khanum Memorial Trust	6.732	6.277	6.307
	NLC	85.742	85.742	85.742
	NEPRA	0.751	0.751	0.751
	OGRA	0.623	0.623	0.623
	Chashma Nuclear Power Plant	3,732.387	5,290.102	10,258.580
	<b>Total Local Bodies</b>	<b>28,793.380</b>	<b>25,294.862</b>	<b>31,693.288</b>



**TABLE 41**  
**Recovery of Loans and Advances**  
**(Financial Institutions)**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>E023</b>	<b>Foreign Loans</b>	<b>3,461.934</b>	<b>6,862.505</b>	<b>97.314</b>
	NDFC/LTCF	3,364.620	6,765.191	0.000
	Ist. Dawood Leasing Co. Ltd.	0.000	0.000	0.000
	English Leasing Ltd.	0.000	0.000	0.000
	Network Leasing	0.000	0.000	0.000
	Pakistan Industrial and Commercial Leasing	0.000	0.000	0.000
	IDBP	97.314	97.314	97.314
	<b>Total - Financial Institutions</b>	<b>3,461.934</b>	<b>6,862.505</b>	<b>97.314</b>

**Table 42**  
**Recovery of Loans and Advances**  
**(Non-Financial Institutions)**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
C015	<b>A. WAPDA</b>			
	<b>Cash Loans</b>	<b>811.784</b>	<b>924.847</b>	<b>1,659.949</b>
	WAPDA (power wing)	303.200	303.200	491.114
	TESCO	81.490	97.775	111.964
	MEPCO	5.920	8.427	19.430
	NJHP	210.880	210.880	446.604
	GENCO - I	11.657	21.541	35.028
	GENCO - II	100.310	110.268	271.117
	GENCO - III	72.730	137.852	219.156
	GENCO - IV	1.197	1.197	2.599
	QESCO	18.160	27.469	39.698
	NTDC	0.000	0.000	0.000
	WAPDA (water wing)	6.240	6.238	23.239
	<b>Foreign Loans</b>	<b>11,542.818</b>	<b>14,913.122</b>	<b>13,699.791</b>
	WAPDA (Power wing)	4,349.970	4,485.582	3,896.578
	TESCO	0.712	0.712	0.714

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	NTDC	4,161.160	4,968.805	4,968.806
	GENCO - I	0.000	0.000	0.000
	GENCO - II	0.000	0.000	0.000
	GENCO - III	0.000	0.000	0.000
	LESCO	341.721	441.438	463.849
	HESCO	407.432	421.433	443.566
	PESCO	240.608	239.557	263.123
	QESCO	230.830	230.830	246.844
	GEPCO	206.219	206.219	208.991
	IESCO	569.310	570.689	591.497
	FESCO	138.630	144.046	166.340
	MEPCO	572.430	573.626	620.818
	NJHP	323.796	2,630.185	1,828.665
	<b>Total - WAPDA</b>	<b>12,354.602</b>	<b>15,837.969</b>	<b>15,359.740</b>
	<b>B. Autonomous Bodies/Corporations</b>	<b>4,114.342</b>	<b>4,173.289</b>	<b>4,238.370</b>
	<b>Foreign Loans</b>	<b>4,114.342</b>	<b>4,173.289</b>	<b>4,238.370</b>
	Pakistan Railways	1,819.199	1,813.021	1,813.895
	Karachi Fish Harbour Authority	26.584	26.584	26.584
	PPAF	791.182	856.307	920.514
	ERRA	1,445.521	1,445.521	1,445.521
	TEVTA	31.856	31.856	31.856
	<b>Total Non-Financial Institutions (A+B)</b>	<b>16,468.944</b>	<b>20,011.258</b>	<b>19,598.110</b>
<b>C016</b>	<b>Government Servants</b>	<b>4,393.090</b>	<b>4,768.600</b>	<b>5,181.314</b>
	Cantt/Garrison Edu. Institutions	35.100	34.364	36.082
	Office of the AGPR, Islamabad	1,985.450	2,183.994	2,402.394
	AGPR, Sub-Office, Lahore	489.180	512.240	563.464
	AGPR, Sub-Office, Karachi	367.790	419.521	461.425
	AGPR, Sub-Office, Peshawar	198.320	240.622	252.632
	AGPR, Sub-Office, Quetta	121.240	129.002	135.452
	AGPR, Sub-Office, Gilgit	272.650	285.594	342.712
	Defence	529.230	529.230	534.522
	Pakistan Post Office Deptt.	162.500	185.500	189.000
	Pakistan PWD	35.340	37.490	38.797

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
	Pakistan Mint	10.180	11.936	12.745
	CAO (Ministry of Foreign Affairs)	76.870	77.019	85.896
	Central Dte. of National Savings	70.160	86.613	92.018
	Geological Survey of Pakistan	21.380	21.375	22.975
	Special Communication Organization	17.700	14.100	11.200
<b>E027</b>	<b>Others</b>	<b>2,048.340</b>	<b>3,450.332</b>	<b>4,020.123</b>
	Cash Loans Govt of AJK	1,357.130	2,643.385	3,208.147
	Foreign Loans Govt of AJK	680.970	798.779	802.583
	PNRA	10.240	8.168	9.393
	<b>Total (PSEs &amp; Others)</b>	<b>55,165.688</b>	<b>60,387.557</b>	<b>60,590.149</b>
	<b>Estimated Shortfall</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
	<b>Net Total - PSEs &amp; Others)</b>	<b>55,165.688</b>	<b>60,387.557</b>	<b>60,590.149</b>
	<b>Total - Provinces</b>	<b>46,725.420</b>	<b>47,332.753</b>	<b>51,946.528</b>
	<b>Grand Total - Recovery of Loan</b>	<b>101,891.108</b>	<b>107,720.310</b>	<b>112,536.677</b>

#### 6.4 PUBLIC DEBT

Public Debt of the Federal Government is classified into two basic categories:

- (i) Domestic debt, which includes permanent debt, floating debt and unfunded debt; and
- (ii) Foreign currency debt, which includes long, medium and short term debt.

##### 6.4.2 DOMESTIC DEBT (PERMANENT)

The main features of securities through which domestic debt (permanent) is raised are given below:

###### 6.4.2.1 Pakistan Investment Bonds:

6.4.2.1.1 This security having maturity period of 2, 3, 5, 7, 10, 15, 20 and 30 years is in operation since 2000. Against the budgeted receipt of Rs.150,000.000 million for the year 2016-17, the revised estimates for the year 2016-2017 have been worked out at

Rs.110,020.400 million whereas the budget estimates for the year 2017-2018 are estimated at Rs.115,000.000 million.

**6.4.2.2 Government Ijara Sukuk Bonds:**

6.4.2.2.1 The Government of Pakistan Ijara Sukuk Bonds are issued through Pakistan Domestic Sukuk Company Limited. The Sukuk are not redeemable before maturity. The profit on the Sukuk is payable bi-annually on rental rate to be announced by State Bank of Pakistan. Against the budget estimates of Rs.463.000 for the year 2016-17, the revised estimates have been projected at the same level. The budget estimates for the year 2017-18 are estimated at Rs.60,000.000 million.

**6.4.2.3 National Prize Bonds:**

6.4.2.3.1 These are of bearer type non-terminable securities freely en-cashable and transferable by delivery. These are issued in denomination of Rs.100/-, Rs.200/-, Rs.750/-, Rs.1500/-, Rs.7500/-, Rs.15000/-, Rs.25,000/- and Rs.40,000/-. Against the budgeted receipt of Rs.110,000.000 million for the year 2016-2017, the revised estimates for the year 2016-17 are kept at Rs.115,830.900. Budget estimates for the year 2017-18 are estimated at Rs.85,000.000 million.

6.4.2.4 The net receipts from domestic debt (permanent) during the year 2016-2017 (budget & revised) and 2017-2018 (budget) are estimated as under:-

**6.4.2.4 Premium Prize Bonds (Registered):**

6.4.2.4.1 Premium Prize Bonds (Registered) of Rs.40,000/- denomination have been launched. These bonds offer biannual profit payment on completed period of six months as well as prize money on quarterly draws. The bond shall be registered against the name of purchaser. The ownership of bond is transferable from one person to another person through an application on prescribed format.

**Table 43  
Public Debt**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
E031	<b>Domestic Debt (Permanent)</b>	<b>260,463.0</b>	<b>230,214.3</b>	<b>270,000.0</b>
	Pakistan Investment Bonds (Non-Bank)	150,000.0	110,020.4	115,000.0
	Government Ijara Sukuk Bonds	463.0	463.0	60,000.0
	National Prize Bonds	110,000.0	115,830.9	85,000.0
	Premium Prize Bonds (Registered)	0.0	3,900.0	10,000.0

### **6.4.3 FOREIGN CURRENCY DEBT (PERMANENT)**

It includes the following securities:

**6.4.3.1 Foreign Exchange Bearer Certificates(FEBCs):** Budget estimates in case of repayment of 6.4.3.1.1 Foreign Exchange Bearer Certificates for financial year 2016-17 were estimated at Rs.5.000 million. Revised estimates for the year 2016-17 are projected at Rs.1.000 million whereas budget estimates for financial year 2017-2018 have been kept at Rs.5.000 million.

#### **6.4.3.2 Foreign Currency Bearer Certificates(FCBCs):**

6.4.3.2.1 Repayment on account of Foreign Currency Bearer Certificates in the budget estimates for the year 2016-2017 was estimated at Rs.5.000 million. Revised estimates for the year 2016-2017 and budget estimates on account of repayment have been kept at Rs.1.000 million and 5.000 million respectively. These certificates are in US\$ and Pound Sterling. Profit is payable half yearly at floating rates which is not liable to income tax. Investment in these certificates is exempt from Wealth Tax and compulsory deduction of Zakat.

#### 6.4.3.3 US Dollar Bearer Certificates (DBC's):

6.4.3.3.1 This security was introduced in 1991 and discontinued on 17th November, 1994. Against the repayment of Rs.3.000 million in the budget estimate 2016-2017, revised estimates 2016-2017 and budget estimates for the year 2017-2018 have been kept at Rs.1.000 million and Rs.3.000 million respectively.

#### 6.4.3.4 Special US Dollar Bonds:

6.4.3.4.1 These bonds were issued under Special US Dollar Bonds Rules, 1998 to the Foreign Currency Accounts holders or Foreign Currency Certificates holders with scheduled banks or non-bank financial institutions out of their foreign currency deposits. Against the repayment of Rs.50.000 million provided in budget estimates 2016-2017, the repayment on account of these bonds in revised estimates 2016-2017 has been estimated at Rs.10.000 million. Budget estimates for the year 2017-2018 are estimated at Rs.50.000 million.

6.4.3.5 The estimates of foreign currency debt (permanent) are tabulated below:-

**Table 44**  
**Public Debt (Foreign Currency Permanent)**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>E031</b>	<b>Foreign Currency Debt (Permanent)</b>	<b>-63.000</b>	<b>-13.0</b>	<b>-63.0</b>
	Foreign Exchange Bearer Certificates (FEBCs)	-5.000	-1.000	-5.000
	Foreign Currency Bearer Certificates (FCBCs)	-5.000	-1.000	-5.000
	US Dollar Bearer Certificates (DBC's)	-3.000	-1.000	-3.000
	Special US Dollar Bonds	-50.000	-10.000	-50.000

#### 6.4.4 Floating Debt

The term "floating debt" is applied to borrowing of purely temporary nature with currency of not more than twelve months. Market Related Treasury Bills and Bai-Maujjal Ijara Sukuks are included in this category.

**6.4.4.1 Market Related Treasury Bills (Auction):**

These reflect non-bank borrowing of the Federal Government.

**6.4.4.2 Government Bai-Muajjal Ijara Sukuk :**

6.4.4.2.1 Government Bai-Maujjal Sukuk are issued through auction for a maturity period of one year from date of issue. Bai-Maujjal Ijara Sukuk shall be repaid only on maturity. The profit earned on Bai-Maujjal Ijara Sukuk shall be liable to income tax. Withholding tax shall be deducted at source at the applicable rate.

6.4.4.3 The estimates of receipts from floating debt during the year 2016-2017 (revised) and 2017-2018 (budget) are as under:-

**Table 45  
Floating Debt**

Object Head	Description	(Rs. in Million)		
		2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>E032</b>	<b>Floating Debt</b>			
	A. Market Treasury Bills through Auction (Non-Bank)			
	Receipts	266,485.800	571,782.000	634,470.500
	Repayments	166,485.800	537,275.600	589,470.500
	Net	<b>100,000.000</b>	<b>34,506.400</b>	<b>45,000.000</b>
	B. Govt Bai-Muajjal Ijara Sukuk	7,378.000	-212,622.0	0.000
	<b>Net Total Floating Debt (A+B)</b>	<b>107,378.0</b>	<b>-178,115.6</b>	<b>45,000.0</b>

## **Chapter 7: PUBLIC ACCOUNT RECEIPTS**

7.1 Article 78(1) of the Constitution of Islamic Republic of Pakistan provides that all revenues received by the Federal Government, all loans raised by that Government and all moneys received by it in repayment of loan, shall form part of the Federal Consolidated Fund. Besides, Article 78(2) provides that all other moneys received by or on behalf of the Federal Government shall be credited to the Public Account of the Federation. Public Account largely comprises money kept by the Government as a trust, which may be repaid on demand subject to such terms and conditions as prescribed in this regard.

7.2 Public Account Receipts may be categorized as Deferred Liabilities and Deposit Receipts.

### **7.3 DEFERRED LIABILITIES**

These receipts represent the net proceeds of various savings schemes launched by the Government. Brief introduction of each saving scheme is given below.

#### **7.3.1 Defence Savings Certificates**

7.3.1.1 This is a ten years scheme. However, the investment can be encashed at any time. The rate of return on Defence Savings Certificates has been linked with the yield of Pakistan Investment Bonds of ten years maturity. The existing rate on this scheme is 7.54% p.a. on maturity. Withholding tax is deducted from the profit payment. Apart from individuals, institutions may invest their individuals' funds such as pension, gratuity, superannuation, contributory provident funds and trusts etc. in this scheme.

#### **7.3.2 Special Savings Certificates/Accounts**

7.3.2.1 Special Savings Certificates (Registered/Accounts) is a three years scheme with profit payable on six monthly basis. The rate of return on Special Savings Certificates/Accounts has been linked with the yield of Pakistan Investment Bonds of three years maturity. The existing rate of profit in this scheme is 6.00% per annum for first to fifth profits and 6.20% for the last sixth profit. Withholding tax is deducted from the profit payment. Apart from individuals, institutions may invest their individuals' funds



such as pension, gratuity, superannuation, contributory provident funds and trusts etc. in this scheme.

### **7.3.3 Regular Income Certificates**

7.3.3.1 This scheme was introduced on 2-2-1993 to ensure payment of income on monthly basis. The rate of return on Regular Savings Certificates has been linked with the yield of Pakistan Investment Bonds of five years maturity. The existing profit on this scheme is 6.54% per annum. The profit in the scheme is subject to withholding tax and the investment is exempt from compulsory deduction of Zakat at source. Apart from individuals, institutions may invest their individuals' funds such as pension, gratuity, superannuation, contributory provident funds and trusts etc. in this scheme. Premature encashments on these certificates carry service charges as under:-

(i)	if encashed before completion of one year from the date of issue	@ 2% of face value
(ii)	Before two years	@ 1.50% of face value
(iii)	Before three years	@ 1% of face value
(iv)	Before four years	@ 0.5% of face value

### **7.3.4 Mahana Amdani Account**

7.3.4.1 It is a five years scheme in which only individuals can invest from Rs.500/- to Rs.5000/- each month consecutively for five years and thereafter, the return was paid on monthly basis equal to the amount of monthly deposit till the withdrawal of accumulated principal amount. However, the account holders who opened accounts on or after 1.7.2000 and 1.7.2002 were required to deposit monthly installment for six years and seven years respectively to get monthly profit equal to the amount of monthly deposit so long as the account is not closed. The return upto Rs.1000/- is tax free. Zakat is deducted on principal value at the time of payment of return if declaration in this regard is not filed. However, Mahana Amdani Account Scheme has been discontinued after 17<sup>th</sup> May, 2003.

### **7.3.5 Savings Accounts**

7.3.5.1 This is the oldest savings scheme in operation which provides profit on non-chequing accounts. Zakat is deducted @ 2.50% on credit balance on valuation date each year if declaration in this regard is not filed. The existing profit on savings account is 3.95% p.a. Withholding tax is deducted from the profit payment. Apart from individuals, institutions may invest their individuals' funds such as pension, gratuity, superannuation, contributory provident funds and trusts etc. in this scheme.

### **7.3.6 Pensioners' Benefit Accounts**

7.3.6.1 This scheme has been launched with effect from 20-1-2003 to provide incentives to the retired officials of the Federal Government, Provincial Governments, Azad Government of the State of Jammu and Kashmir, Armed Forces, Semi Governments and autonomous bodies and in case of death the pensioner's eligible member of the family. Only one account can be opened in the National Savings Centre with a minimum deposit of rupees ten thousand and in multiple of one thousand with the facility of seven subsequent deposits subject to the maximum limit of five million rupees. It is a ten years scheme and profit is payable on completion of each period of one month reckoned from the date of opening of an account till maturity or encashment whichever is earlier. The existing rate of profit on this scheme is 9.36% p.a. Premature encashment before completion of one, two, three and four years carries service charges at the rate of 1.00%, 0.75%, 0.50% and 0.25% of principal amount respectively. Profit accrued from this scheme is exempt from compulsory deduction of withholding tax and Zakat. The scheme has been made more attractive as any upward revision in rate of profit notified after 9.3.2009 shall also be applicable to existing accounts holders whereas downward revision shall apply to fresh investment only.

### **7.3.7 Bahbood Savings Certificates**

7.3.7.1 Initially this scheme was introduced exclusively for widows to cater for their needs with monthly profit payment facility. The scheme was further extended to the aged persons 60 years or above. The existing rate of profit on this scheme is 9.36% per annum. The maximum investment limit in this scheme is five million rupees and ten

million rupees for joint holders. It is only a compensatory package to enable widows and senior citizens to supplement their income to lead a respectable life. Service charges at the rate of 1.00%, 0.75%, 0.50% and 0.25% of the face value are deducted if certificates are encashed before completion of one, two, three and four years respectively. Profit accrued from this scheme is exempt from compulsory deduction of withholding tax and Zakat. The scheme has been made more attractive as any upward revision in rate of profit notified after 9.3.2009 shall also be applicable to existing certificate holders whereas downward revision shall apply to fresh investment only.

7.3.8 The estimates of receipts are tabulated as under.

**Table 46**  
**Deferred Liabilities**

		(Rs. in Million)		
Object Head	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
	<b>Deferred Liabilities</b>	<b><u>122,181.000</u></b>	<b><u>120,242.000</u></b>	<b><u>166,003.000</u></b>
	<b>Provident Fund</b>	<b>4,000.000</b>	<b>5,604.000</b>	<b>6,500.000</b>
<b>G03</b>	<b>Saving/Deposit Account/Certificates</b>	<b>113,381.000</b>	<b>111,838.000</b>	<b>156,003.000</b>
	Savings Bank Accounts	3,695.000	2,231.100	2,700.000
	Khas Deposit Accounts	0.000	0.000	0.000
	Mahana Amdani Accounts	-170.000	-92.000	-90.000
	Pensioners' Benefit Accounts	18,800.000	21,507.400	25,300.000
	Defence Savings Certificates	5,960.000	22,719.100	27,100.000
	Bahbood Savings Certificates	50,000.000	59,648.300	70,200.000
	National Deposit Certificates	-1.000	-0.100	-1.000
	Khas Deposit Certificates	-3.000	-5.300	-6.000
	Special Savings Certificates (Registered)	15,930.000	15,728.700	16,543.200
	Special Savings Accounts (Term Deposit)	14,070.000	16,502.300	17,356.800
	National Saving Bonds	0.000	0.000	0.000
	Regular Income Certificates	3,000.000	-26,856.600	-22,100.000
	Short Term Saving Certificates	100.000	455.100	2,000.000
	New Savings Schemes	2,000.000	0.000	17,000.000
	Postal Life Insurance Fund	<b>4,800.000</b>	<b>2,800.000</b>	<b>3,500.000</b>

## 7.4 DEPOSITS AND RESERVES

7.4.1 The public account deposit receipts are broadly of two types known as (i) Reserve funds and (ii) Other deposits. The reserve funds, falling in the category of renewal reserve and depreciation funds, are designed to meet the cost of renewal and replacement of assets of the commercial departments and undertakings to which they relate. These are fed by annual contribution from these departments and organizations, calculated either on commercial principle or on ad-hoc basis. The expenditure on renewal and replacement in a year is initially booked as expenditure under the relevant capital head of account but at the end of the year, it is transferred to the appropriate depreciation or renewal reserve fund per contra-credit to the expenditure head.

7.4.2 Reserve funds and deposit accounts, other than the renewal reserve and depreciation funds, are intended to provide for liabilities and requirements of funds for specific purposes for which they have been created. Like renewal reserve and depreciation funds, these are fed by regular yearly payment or ad-hoc contributions from the current revenues. Such transfers generally pass through the budget grant of the concerned Ministry or Division.

7.4.3 The reserve funds and deposit accounts in respect of which provision for contributions have been made in the revised estimates for 2016-17 and budget estimates for 2017-18 are tabulated on the following pages.

**Table 47**  
**Deposits and Reserve Fund**

		(Rs. in Million)		
Object Code	Description	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>Benevolent Funds</b>		<b>2,566.36</b>	<b>2,680.827</b>	<b>2,814.868</b>
G06202	Civil	991.74	1,057.880	1,110.774
G06203	Defence	1,421.22	1,456.587	1,529.416
G06204	T&T	0.01	0.000	0.000
G06205	Pakistan Post Office Department	132.66	144.600	151.830
G06206	Pak PWD	2.36	2.520	2.646
G06208	Food Department	0.00	0.000	0.000

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
G06209	National Saving	10.39	11.507	12.082
G06210	Pakistan Mint	4.05	3.360	3.528
G06211	Forest Department	0.09	0.080	0.084
G06212	Geological Survey of Pakistan	3.83	4.293	4.508
<b>Group Insurance Funds</b>		<b>575.57</b>	<b>541.453</b>	<b>568.526</b>
G06401	PAK PWD	1.02	1.013	1.064
G06402	Foreign Office	0.01	0.093	0.098
G06403	Food Department	0.00	0.013	0.014
G06404	National Saving	3.29	3.413	3.584
G06405	Pakistan Mint	0.13	0.160	0.168
G06406	Forest Department	0.15	0.133	0.140
G06407	Geological Survey of Pakistan	2.80	1.667	1.750
G06409	Civil	379.01	356.507	374.332
G06410	Defence	179.78	178.453	187.376
	PROD Group Insurance	9.39	0.000	0.000
<b>Others</b>		<b>336,790.09</b>	<b>376,857.688</b>	<b>381,821.128</b>
G03109	Postal Life Insurance Fund	0.000	0.000	0.000
G06304	Workers Welfare Fund	17,235.57	14,118.653	14,824.586
G07101	Post Office Renewal Reserve Fund	0.850	0.000	0.000
G07102	Post Office Welfare Fund	0.11	0.173	0.182
G07106	PPO Miscellaneous	120,968.06	117,486.733	123,361.070
G08117	Railways Reserve Fund	41,000.000	37,000.000	40,000.000
G08120	Railways Dep. Reserve Fund	0.000	37,204.168	23,634.932
G10101	Pak PWD Receipts & Collection Account	133.330	326.080	342.384
G10102	Foreign Office Receipts & Collection Account	9,185.444	7,147.613	7,504.994
G10106	Deposit Works of Survey of Pakistan	16.408	14.667	15.400
G10113	Pak PWD Deposits	7,736.428	11,456.000	12,028.800
G10301	Lighthouses and Lightships Reserve Fund	0.000	0.000	0.000
G10304	Zakat Collection Account	1,252.904	1,278.747	1,342.684
G11201	Spl. Deposit Fund for Army supplies-friendly countries	0.000	0.000	0.000

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
G11210	Agriculture Produce Cess Fund	0.607	0.000	0.000
G11215	Revenue Deposits	14,932.817	21,006.373	22,056.692
G11216	Civil & Criminal court Deposits	0.000	0.000	0.000
G11218	Forest Deposits	0.396	0.240	0.252
G11220	Deposit in connection with Election	29.040	0.640	0.672
G11224	Deposits Accounts with Defence	1,939.278	2,169.107	2,277.562
G11225	Deposits Accounts with AGPR	157.067	297.040	311.892
G11227	Unclaimed Deposits	0.000	0.000	0.000
G11230	Special Remittances Deposits	1,130.791	1,149.360	1,206.828
G11237	Deposit local bodies to meet Claims of contractors	1.492	0.733	0.770
G11238	Security deposit of supply cell	3.828	1.600	1.680
G11240	Security Deposits of Cashiers etc.	201.960	172.440	181.062
G11255	Defence Services Security Deposits.	2,118.006	3,933.320	4,129.986
G11256	Defence Service Misc. Deposits.	113,705.439	101,701.227	106,786.288
G11276	Security deposit of Private Co.	43.177	7.000	7.350
G11281	Deposits on account of fee realized by PNAC	15.220	22.920	24.066
G11290	Security deposit of Firms/Contractors	178.358	374.160	392.868
G11295	Penalties/ Fine imposed under Companies Act 2010	0.000	0.000	0.000
G12123	Chief Executive Draught Relief Fund 2000	0.000	0.000	0.000
G12130	President's Relief Fund for Earthquake Victims 2005	46.596	0.040	0.042
G12135	PM's Special Fund for victims of Terrorism	0.119	0.093	0.098
G12140	PM Flood relief Fund 2010	1.690	0.200	0.210

<b>Object Code</b>	<b>Description</b>	<b>2016-17 Budget</b>	<b>2016-17 Revised</b>	<b>2017-18 Budget</b>
G12145	PM Flood relief Fund 2011	0.845	0.027	0.028
G12148	PM Balochistan Relief & Rehabilitation	10.850	0.000	0.000
G12149	PM Relief Fund for Thar 2014	0.079	0.013	0.014
G12150	PM Relief Fund for IDPs 2014	1,120.244	3,780.640	3,969.672
G1252	Balochistan Flood Relief	0.937	3.587	3.766
G12205	Pakistan Minorities Welfare Fund	0.409	0.000	0.000
G12206	Special Fund for Welfare & Uplift of Minorities	69.208	81.600	85.680
G12305	Export Development Fund	0.000	1,333.333	1,400.000
G12308	Reserve Fund for Exchange Risk on Foreign Loans	33.290	12,446.773	13,069.112
G12412	Pakistan Oil Seed Development Fund	130.772	133.333	140.000
G12504	Workers Children Education Fund	0.383	0.373	0.392
G12510	Education Welfare Fund	0.238	0.227	0.238
G12153	PM Relief Fund for Earth Quake effectees on Nepal 2015	1.742	0.053	0.056
G12713	Income Tax deduction from Salaries	0.000	0.000	0.000
G12714	Income Tax deduction from Contractors/Suppliers	0.000	0.000	0.000
G12729	Fund for social services	0.000	0.000	0.000
G12738	National Fund for Control of Drug Abuse	54.107	66.187	69.496
G12741	Federal Civil Servant's subscription to Services Book Club	8.501	8.880	9.324
G12745	Central Research Fund	1,523.504	133.333	140.000
G12777	Sales Tax deduction special procedure, 2007	0.000	0.000	0.000
G14100	Pakistan Mint	1,800.000	2,000.000	2,500.000
<b>TOTAL</b>		<b>339,932.013</b>	<b>380,079.968</b>	<b>385,204.522</b>

7.4.4 A brief description of the main deposits/reserve funds are given below.

#### **7.4.4.1 Post Office Renewal Reserve Fund**

7.4.4.1.1 The objective of establishing this reserve fund is to secure the payment of annual contribution from general revenues, to provide funds to meet the actual cost of renewing and replacing assets. The fund also bears the cost of relieving capital of the value of an asset, other than land, which is sold, abandoned or otherwise disposed off without being replaced. The fund receives credit for an annual contribution from working expenses of such amount fixed from time to time as a depreciation charge based on the life of assets as well as sale proceeds of unserviceable materials, block value of dismantled assets etc.

#### **7.4.4.2 Railways Depreciation Reserve Fund**

7.4.4.2.1 The Railways Depreciation Reserve Fund provides for the cost of renewals and replacement of assets as and when it becomes necessary. The Fund was to provide the amount of original cost of the assets replaced and its scope was restricted to the replacement of complete units of certain classes of wasting assets. With a view to providing safeguard against over capitalization, the entire cost of the replacement of an asset including the improvement elements is charged to the Fund. Presently, the contribution to the fund is made by adopting "Straight Line Method".

#### **7.4.4.3 Railways Reserve Fund**

7.4.4.3.1 The objective of establishing this Fund is to secure the payment of annual contribution of general revenues to provide, if necessary, for arrears of depreciation and for writing off capital and to strengthen the financial position of the Railways. The Fund was also used for temporary borrowings for the purposes of meeting the expenditure for which there was no provision or insufficient provision in the revenue budget. The receipts in this Fund consist of the surplus which remains out of the profit of Railways after payment to general revenues of the contribution fixed under the Convention.

#### **7.4.4.4 Workers Welfare Fund**

7.4.4.4.1 This Fund was created for provision of housing facilities and other amenities to industrial workers. Initial contribution of Rs.100 million was made by the federal



government. Further contributions to the Fund are being made in the form of Workers Welfare Tax @ 2% per annum of the total assessable income of industrial units whose income is not less than Rs.100,000 and the amount transferred to the Fund from time to time, under clause (d) of Section 4 of the scheme set out in the schedule to the "Companies' Profit (Workers' Participation ) Act, 1968 (XII of 1968). All proceeds of the fund will initially be credited into the WWF Trust Fund and money from the fund for incurring expenditure on the defined/prescribed purposes will be withdrawn by submitting a proper sanction of competent authority to AGPR. However, the profit earned either from investment of Bank accounts and income from properties and assets will be credited direct in the WWF bank Account and the entire amount shall be treated as part of the "Workers Welfare Fund" and it shall be subject to audit.

#### **7.4.4.5 Fund for Exchange Risk on Foreign Loans**

7.4.4.5.1 The federal government pays the difference of exchange rate fluctuations on behalf of borrowers, and charges an exchange risk fee. The rate of this fee is different for different foreign currencies.

## **Chapter 8: EXTERNAL RESOURCES**

8.1 External Resources comprise Project Loans and Grants, Programme Loans and Other Loans. A brief description is given as under;

### **8.2 Project Loans and Grants**

8.2.1 Project loans and grants are received from specialized international financial institutions and friendly countries with specific purpose falling under the following broad categories;

#### **8.2.2 For Project under Public Sector Development Programme (PSDP)**

8.2.2.3 Project loans and grants for PSDP are received for various projects being executed by Federal Government, Provincial Government and various Autonomous bodies such as WAPDA, PEPCO, NHA etc.

#### **8.2.3 For Projects outside Public Sector Development Programme (PSDP)**

8.2.3.1 There are certain projects kept out of PSDP, which are executed by Federal Government, Provincial Government and Autonomous bodies by receiving project loans and grants.

### **8.3 Programme Loans**

8.3.1 Programme loans are provided for budgetary support and are linked/tied with achievement of specific targets and goals. Programme Loans not only stabilize foreign exchange reserves but also generate rupee counterpart to meet country's development needs.

### **8.4 Other Loans**

Other loans comprise loans from Islamic Development Bank, Sovereign Bonds, Sukuk Bonds, etc received from non-traditional sources generally by way of payment as well as for budgetary support.

8.5 The estimates of external resources for the year 2016-17 (budget and revised) and 2017-18 (budget) are tabulated on the following page.

**Table 48**  
**External Resources**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b><u>External Receipts for PSDP Projects</u></b>			
<b>A. Project Aid (1+2)</b>	<b><u>207,943.750</u></b>	<b><u>249,038.860</u></b>	<b><u>329,824.103</u></b>
<b>1. Federal Government</b>	<b><u>139,232.660</u></b>	<b><u>171,153.142</u></b>	<b><u>151,983.604</u></b>
Divisions/departments	24,169	28,550.482	13,553.604
Autonomous Bodies	115,063.230	142,602.660	138,530.000
<b>2. Provinces</b>	<b><u>68,711.090</u></b>	<b><u>77,885.718</u></b>	<b><u>177,840.499</u></b>
<b>B. Programme Loans (Non-Food)</b>	<b><u>133,796.9</u></b>	<b><u>112,244.470</u></b>	<b><u>95,570.800</u></b>
Loans	133,796.9	112,244.470	95,570.800
<b>C. Other Aid</b>	<b><u>443,838.5</u></b>	<b><u>559,582.440</u></b>	<b><u>374,525.000</u></b>
Loans	443,838.5	559,582.440	374,525.000
<b>D. Grants (1+2)</b>	<b><u>21,425.824</u></b>	<b><u>12,566.561</u></b>	<b><u>26,810.444</u></b>
<b>1. Federal Government</b>	<b><u>4,085.420</u></b>	<b><u>2,062.561</u></b>	<b><u>9,650.943</u></b>
Divisions/Departments	2,574.420	1,991.561	6,183.550
Autonomous Bodies	1,511.000	71.000	3,467.393
<b>2. Provinces</b>	<b><u>17,340.404</u></b>	<b><u>10,504.000</u></b>	<b><u>17,159.501</u></b>
<b>E. Total for PSDP Projects (A+B+C+D)</b>	<b><u>807,005.011</u></b>	<b><u>933,432.331</u></b>	<b><u>826,730.347</u></b>
<b><u>External Receipts for Projects outside PSDP</u></b>			
Loans for the Projects outside PSDP	11,205.320	50,736.754	10,822.420
Grants for the Projects outside PSDP	1,399.930	12,118.140	270.930
<b>F. External Receipts(Outside PSDP)</b>	<b><u>12,605.250</u></b>	<b><u>62,854.894</u></b>	<b><u>11,093.350</u></b>
<b>Total External Resources (E+F)</b>	<b><u>819,610.261</u></b>	<b><u>996,287.225</u></b>	<b><u>837,823.697</u></b>

## Chapter 9: RECEIVABLES

9.1 The Federal Government extends loans to the provincial governments, AJ&K, local bodies, autonomous organizations, financial and non-financial institutions for meeting their development needs and other budgetary requirements. As per the agreement, certain time-lines with regard to payment of principal amounts and interest are to be followed. However, there is growing tendency of default on this account in a number of organizations. In this publication, statistics regarding such receivables have been included for the first time.

9.2 The figures of receivables are given in the following table;

**Table 49**  
**Arrears of Foreign Relent Loans as on 30-06-2016 as intimated by EAD vide**  
**Letter No.6(1)DMR-I/2016 Dated 28-02-17**  
**(Rs. In Million)**

S. NO.	Name of Agency	No. of Loans	Principal	Interest	Ex.Change Risk Fee	Total
1	CDA (PK_P-24)	1	6,515.624	155.020	0.000	6,670.644
2	CDA (PK_P-25)	1	1,269.470	20.922	0.000	1,290.392
3	IDBP (Relent Loan)	21	6,310.337	5,721.001	0.000	12,031.338
4	IDBP ( Private Sector Loan)	5	1,265.083	377.655	0.000	1,642.738
5	English Leasing	1	71.823	33.462	0.000	105.285
6	PICL	3	344.205	123.450	42.622	510.277
7	Dandoot Cement	1	35.232	2.712	0.000	37.944
8	KFHA	1	372.176	363.702	0.000	735.878
9	NHA	23	51,853.676	52,518.693	31,251.156	135,623.525
10	NLC	1	1,586.234	2,625.136	0.000	4,211.370
11	GCGL	1	2,692.275	0.000	0.000	2,692.275
12	Pakistan Railway	21	12,258.279	6,624.973	5,427.560	24,310.812
13	IESCO	4	2,295.099	2,958.647	1,782.233	7,035.979
14	GENCO-II	2	133.855	11.395	4.274	149.524
15	GENCO_III	3	6.784	0.815	0.306	7.905
16	GEPCO	4	426.615	551.816	448.252	1,426.683
17	LESCO	3	729.905	802.086	471.148	2,003.139
18	MEPCO	3	1,948.965	2,481.084	1,572.337	6,002.386

S. NO.	Name of Agency	No. of Loans	Principal	Interest	Ex.Change Risk Fee	Total
19	HESCO	3	1,620.467	1,990.835	1,168.073	4,779.375
20	PESCO	3	946.656	1,279.984	773.456	3,000.096
21	QUESCO	2	1,915.461	1,235.263	791.586	3,942.310
22	TESCO	11	168.330	49.417	17.728	235.475
23	NTDC	14	3,213.927	1.175	6,474.778	9,689.880
24	Chasma Nuclear Power Project	7	7,602.133	19,625.318	15,636.655	42,864.106
25	NJHPP	3	161.898	8,144.050	7,444.006	15,749.954
26	TEVTA	1	64.330	102.733	59.014	226.077
27	ERRA	2	2,175.230	3,718.417	3,162.435	9,056.082
<b>GRAND TOTAL</b>			<b>107,984.069</b>	<b>111,519.761</b>	<b>76,527.619</b>	<b>296,031.449</b>

**Consolidated Receivables - FRL and CDL**

(Rs. In Million)

S. NO.	Name of Agency	Principal	Interest	Ex.Change Risk Fee	Total
1	WAPDA (Power Wing)	261.3	0.0	0.0	261.3
2	TESCO	85.3	276.0	0.0	361.3
3	QUESCO	16.5	699.0	0.0	715.5
4	MEPCO	2.5	498.5	0.0	501.0
5	GENCO-I	9.9	28.1	0.0	38.0
6	GENCO-II	10.0	1,532.3	0.0	1,542.3
7	GENCO-III	65.1	282.6	0.0	347.7
8	GENCO-IV	1.0	3.0	0.0	4.0
9	WAPDA (Water Wing)	0.0	0.0	0.0	0.0
10	NHA	64,092.9	269,172.9	0.0	333,265.8
11	PBC	2,692.5	8,470.6	0.0	11,163.1
12	PIA	5,062.6	5,781.3	0.0	10,843.8
13	WAH Brass Mills	0.0	0.0	0.0	0.0
14	NJHP	198.5	0.0	0.0	198.5
15	LNG Base Power Plant Baliki	0.0	0.0	0.0	0.0
16	LNG Basr Power Plant Hanali	0.0	0.0	0.0	0.0
<b>Total</b>		<b>72,498.0</b>	<b>286,744.2</b>	<b>0.0</b>	<b>359,242.2</b>

**Receivables - Cash Development Loans**

(Rs. In Million)

<b>S. NO.</b>	<b>Name of Agency</b>	<b>Principal</b>	<b>Interest</b>	<b>Ex.Change Risk Fee</b>	<b>Total</b>
1	CDA (PK_P-24)	6,515.6	155.0	0.0	6,670.6
2	CDA (PK_P-25)	1,269.5	20.9	0.0	1,290.4
3	IDBP (Relent Loan)	6,310.3	5,721.0	0.0	12,031.3
4	IDBP ( Private Sector Loan)	1,265.1	377.7	0.0	1,642.7
5	English Leasing	71.8	33.5	0.0	105.3
6	PICL	344.2	123.5	42.6	510.3
7	Dandoot Cement	35.2	2.7	0.0	37.9
8	KFHA	372.2	363.7	0.0	735.9
9	NHA	115,946.5	321,691.6	31,251.2	468,889.3
10	NLC	1,586.2	2,625.1	0.0	4,211.4
11	GCGL	2,692.3	0.0	0.0	2,692.3
12	Pakistan Railway	12,258.3	6,625.0	5,427.6	24,310.8
13	IESCO	2,295.1	2,958.6	1,782.2	7,036.0
	GENCO-I	9.9	28.1	0.0	38.0
14	GENCO-II	143.8	1,543.7	4.3	1,691.8
15	GENCO_III	71.9	283.4	0.3	355.6
	GENCO-IV	1.0	3.0	0.0	4.0
16	GEPCO	426.6	551.8	448.3	1,426.7
17	LESCO	729.9	802.1	471.1	2,003.1
18	MEPCO	1,951.5	2,979.5	1,572.3	6,503.4
19	HESCO	1,620.5	1,990.8	1,168.1	4,779.4
20	PESCO	946.7	1,280.0	773.5	3,000.1
21	QUESCO	1,932.0	1,934.2	791.6	4,657.8
22	TESCO	253.6	325.4	17.7	596.7
23	NTDC	3,213.9	1.2	6,474.8	9,689.9
24	Chasma Nuclear Power Project	7,602.1	19,625.3	15,636.7	42,864.1
25	NJHPP	360.4	8,144.1	7,444.0	15,948.5

## Chapter 10: PRIVATIZATION PROCEEDS

9.1 Privatization in Pakistan is an important economic reform policy tool, for generating growth and to expunge structural inefficiencies, by removing false barriers and opening up the economy to competition. The Privatization program is part of the economic and structural reforms agenda of the Government of Pakistan that along with deregulation and good governance, seeks to enhance the growth and productivity of Pakistan's economy, by harnessing the private sector as its engine of growth. It takes an integrated approach, towards enhancing the private sector's role and goes beyond the transfer of public assets to the private sector, by identifying the linkages and role of regulation, good governance, market competition in fostering conditions that provide incentives for the private sector to invest in providing goods and services efficiently.

9.2 The Privatization Commission Ordinance, 2000 was promulgated on 28th September, 2000 to establish "Privatization Commission" for implementation of privatization policy of the federal government.

9.3 Section 16(2) of the said Ordinance envisages that the privatization proceeds shall be utilized by the Federal Government as follows :-

- (a) ten percent shall be used for poverty alleviation programmes ; and
- (b) the remaining ninety percent for retirement of the Federal Government debt

9.4 The estimates of privatization proceeds are given below:

**Table 50**  
**Privatization Proceeds**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
Privatization Proceeds	50,000.0	17,774.0	50,000.0





## Chapter 11: DEVELOPMENT ASSISTANCE TO PROVINCES

10.1 The provinces fund their respective ADPs from two sources i.e Self-Financing and Federal Assistance.

### 10.1.1 Self Financing

10.1.1.1 Largely the Provinces finance their respective ADPs out of their budgetary resources comprising self-generated receipts as well as share in Federal revenue receipts i.e Divisible pool taxes and straight transfers. However, they also rely on the assistance provided by Federal Government.

### 10.1.2 Federal Assistance

10.1.2.1 The Provinces also receive Federal assistance in the shape of Cash Assistance and Foreign Project Assistance i.e Loans and grants.

10.1.3 The provincial development scenario has been depicted in the following tables from difference angles;

**Table 51**  
**Self-Financing of ADPs by Provinces**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
Self-Financing of PSDP by Provinces	780,639.4	719,682.7	907,918.1
Foreign Assistance	94,360.6	104,317.3	204,081.9
<b>Total Provincial PSDP</b>	<b>875,000.0</b>	<b>824,000.0</b>	<b>1,112,000.0</b>

**Table 52**  
**Financing of ADP of Balochistan**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b>Development Programme</b>	<b>84,000.0</b>	<b>79,104.000</b>	<b>106,752.000</b>
Less Provincial Contribution	77,818.100	74,513.000	100,741.000
<b>Federal Assistance</b>	<b>6,181.910</b>	<b>4,591.000</b>	<b>6,011.000</b>
<b>I. Cash Assistance</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Japanese Grant	0.000	0.000	0.000
Programme Loan	0.000	0.000	0.000
<b>II. Foreign Project Assistance</b>	<b>6,181.910</b>	<b>4,591.000</b>	<b>6,011.000</b>
Japanese Grant	5,305.100	1,215.000	2,627.000
Programme Loan	876.810	3,376.000	3,384.000

**Table 53**  
**Financing of ADP - Khyber Pakhtunkhwa**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b><u>Development Programme</u></b>	<b><u>152,599.962</u></b>	<b><u>143,705.600</u></b>	<b><u>193,932.791</u></b>
Less Provincial Contribution	139,699.800	137,507.159	164,780.793
Federal Assistance	<b>12,900.162</b>	<b>6,198.441</b>	<b>29,151.998</b>
<b>I. Cash Assistance</b>	<b>7.008</b>	<b>1.401</b>	<b>5.607</b>
Japanese Grant	7.008	1.401	5.607
Programme Loan	0.000	0.000	0.000
<b>II. Foreign Project Assistance</b>	<b>12,893.154</b>	<b>6,197.040</b>	<b>29,146.391</b>
Loans	4,053.840	2,620.630	20,797.560
Grants	8,839.314	3,576.410	8,348.831

**Table 54**  
**Financing of ADP - Punjab**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b><u>Development Programme</u></b>	<b><u>451,675.020</u></b>	<b><u>425,348.800</u></b>	<b><u>574,014.400</u></b>
Less Provincial Contribution	415,972.900	355,540.326	448,410.191
Federal Assistance	<b>35,702.120</b>	<b>69,808.474</b>	<b>125,604.209</b>
<b>I. Cash Assistance</b>	<b>5,749.300</b>	<b>15,241.820</b>	<b>8,503.300</b>
Japanese Grant	0.000	0.000	0.000
Programme Loan	5,749.300	15,241.820	8,503.300
<b>II. Foreign Project Assistance</b>	<b>29,952.820</b>	<b>54,566.654</b>	<b>117,100.909</b>
Loans	29,952.820	54,560.038	117,100.909
Grants	0.000	6.616	0.0

**Table 55**  
**Financing of ADP - Sindh**

Description	(Rs. in Million)		
	2016-17 Budget	2016-17 Revised	2017-18 Budget
<b><u>Development Programme</u></b>	<b><u>186,724.963</u></b>	<b><u>175,841.600</u></b>	<b><u>237,300.800</u></b>
Less Provincial Contribution	147,148.600	152,122.210	193,986.147
Federal Assistance	<b>39,576.363</b>	<b>23,719.390</b>	<b>43,314.653</b>
<b>I. Cash Assistance</b>	<b>2,552.753</b>	<b>677.750</b>	<b>572.953</b>
Japanese Grant	45.453	0.0	45.453
Programme Loan	2,507.300	677.750	527.500
<b>II. Foreign Project Assistance</b>	<b>37,023.610</b>	<b>23,041.640</b>	<b>42,741.700</b>
Loans	29,399.330	19,490.050	37,315.030
Grants	7,624.280	3,551.590	5,426.670

**Table 56**  
**Development Assistance to Provincial Governments**  
**A Consolidated View**  
**2016-17 (Budget)**

Description	(Rs. in Million)				
	Balochistan	KPK	Punjab	Sindh	Total
<b><u>Development Programme</u></b>	<b><u>84,000.0</u></b>	<b><u>152,600.0</u></b>	<b><u>451,675.0</u></b>	<b><u>186,725.0</u></b>	<b><u>875,000.0</u></b>
Less Prov Contribution	77,818.1	139,699.8	415,972.9	147,148.6	780,639.4
Federal Assistance	<b>6,181.9</b>	<b>12,900.2</b>	<b>35,702.1</b>	<b>39,576.4</b>	<b>94,360.6</b>
<b>I. Cash Assistance</b>	<b>0.0</b>	<b>7.0</b>	<b>5,749.3</b>	<b>2,552.8</b>	<b>8,309.1</b>
Japanese Grant	0.0	7.0	0.0	45.5	52.5
Programme Loan	0.0	0.0	5,749.3	2,507.3	8,256.6
<b>II. Foreign Project Assistance</b>	<b>6,181.9</b>	<b>12,893.2</b>	<b>29,952.8</b>	<b>37,023.6</b>	<b>86,051.5</b>
Loans	5,305.1	4,053.8	29,952.8	29,399.3	68,711.1
Grants	876.8	8,839.3	0.0	7,624.3	17,340.4

**Table 57**  
**Development Assistance to Provincial Governments**  
**A Consolidated View**  
**2016-17 (Revised)**

<b>Description</b>	<b>(Rs. in Million)</b>				
	<b>Balochistan</b>	<b>KPK</b>	<b>Punjab</b>	<b>Sindh</b>	<b>Total</b>
<b><u>Development Programme</u></b>	<b><u>79,104.000</u></b>	<b><u>143,705.600</u></b>	<b><u>425,348.800</u></b>	<b><u>175,841.600</u></b>	<b><u>824,000.00</u></b>
Less Prov Contribution	74,513.000	137,507.159	355,540.326	152,122.210	719,682.70
Federal Assistance	<b>4,591.000</b>	<b>6,198.441</b>	<b>69,808.474</b>	<b>23,719.390</b>	<b>104,317.31</b>
<b>I. Cash Assistance</b>	<b>0.000</b>	<b>1.401</b>	<b>15,241.820</b>	<b>677.750</b>	<b>15,920.97</b>
Japanese Grant	0.000	1.401	0.000	0.0	1.40
Programme Loan	0.000	0.000	15,241.820	677.750	15,919.57
<b>II. Foreign Project Assistance</b>	<b>4,591.000</b>	<b>6,197.040</b>	<b>54,566.654</b>	<b>23,041.640</b>	<b>88,396.33</b>
Loans	1,215.000	2,620.630	54,560.038	19,490.050	77,885.72
Grants	3,376.000	3,576.410	6.616	3,551.590	10,510.62

**Table 58**  
**Development Assistance to Provincial Governments**  
**A Consolidated View**  
**2017-18 (Budget)**

<b>Description</b>	<b>(Rs. in Million)</b>				
	<b>Balochistan</b>	<b>KPK</b>	<b>Punjab</b>	<b>Sindh</b>	<b>Total</b>
<b><u>Development Programme</u></b>	<b><u>106,752.000</u></b>	<b><u>193,932.791</u></b>	<b><u>574,014.400</u></b>	<b><u>237,300.800</u></b>	<b><u>1,112,000.0</u></b>
Less Prov Contribution	100,741.000	164,780.793	448,410.191	193,986.147	907,918.1
Federal Assistance	<b>6,011.000</b>	<b>29,151.998</b>	<b>125,604.209</b>	<b>43,314.653</b>	<b>204,081.9</b>
<b>I. Cash Assistance</b>	<b>0.000</b>	<b>5.607</b>	<b>8,503.300</b>	<b>572.953</b>	<b>9,081.9</b>
Japanese Grant	0.000	5.607	0.000	45.453	51.1
Programme Loan	0.000	0.000	8,503.300	527.500	9,030.8
<b>II. Foreign Project Assistance</b>	<b>6,011.000</b>	<b>29,146.391</b>	<b>117,100.909</b>	<b>42,741.700</b>	<b>195,000.0</b>
Loans	2,627.000	20,797.560	117,100.909	37,315.030	175,840.5
Grants	3,384.000	8,348.831	0.0	5,426.670	17,159.5

**Table 59**  
**DEVELOPMENT ASSISTANCE TO PROVINCIAL GOVERNMENTS**  
**(Rs. in Million)**

Province	2016-17 Budget	2016-17 Revised	2017-18 Budget
Balochistan	6,181.9	4,591.0	6,011.0
Khyber Pakhtunkhwa	12,900.2	6,198.4	29,152.0
Punjab	35,702.1	69,808.5	125,604.2
Sindh	39,576.4	23,719.4	43,314.7
<b>Total</b>	<b>94,360.6</b>	<b>104,317.3</b>	<b>204,081.9</b>

EXPLANATORY  
MEMORANDUM  
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**2017-18**



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