

10

BRIEFING PAPER NO.

PILdAT

APRIL 2004

BRIEFING PAPER

FOR PAKISTANI PROVINCIAL LEGISLATORS

Strengthening National and Provincial Legislative Governance



www.pildat.org

Provincial Budget Process *How can the MPAs make effective contribution?*

PAKISTAN
LEGISLATIVE
STRENGTHENING
CONSORTIUM - PLSC

PILdAT
Pakistan Institute of
Legislative Development
And Transparency

Provincial Budget Process
How can the MPAs make effective contribution?

CONTENTS

Foreword

Part 1: The Budget Process

| | | |
|------|--|----|
| 1.01 | The Budget Year | 05 |
| 1.02 | Budget Call Circular | 05 |
| 1.03 | Preparation of Estimates | 05 |
| 1.04 | Annual Development Programme (ADP) | 06 |
| 1.05 | Effect to new Taxation Proposals | 07 |
| 1.06 | Schedule of Authorised Expenditure | 07 |
| 1.07 | Submission of Budget Proposals (Books) to the Provincial Cabinet | 07 |
| 1.08 | Submission of Budget / Finance Bill to the Provincial Assembly | 07 |
| 1.09 | Authentication of the Schedule of Authorised Expenditure | 07 |

Part 2: The Budget Documents

| | | |
|------|---|----|
| 2.01 | Budget Speech of the Finance Minister (Without Tax Proposals) | 08 |
| 2.02 | Budget Speech of the Finance Minister (With Tax Proposals) | 08 |
| 2.03 | Details of Demands for Grants and Appropriations (Pink Book) | 08 |
| 2.04 | Demands for Grants and Appropriations | 08 |
| 2.05 | Annual Budget Statement | 08 |
| 2.06 | White Paper | 09 |
| 2.07 | Schedule of Authorised Expenditure | 09 |
| 2.08 | Supplementary Demands for Grants and Appropriations | 09 |
| 2.09 | Estimates of Foreign Assistance | 09 |

Appendices

| | | |
|-------------|--|----|
| Appendix A: | Rules of Procedure and Conduct of Business in the Provincial Assembly on Financial Matters | 13 |
| Appendix B: | Articles of the Constitution of the Islamic Republic of Pakistan Relating to the Budget | 17 |

Figures

| | | |
|---------|--|----|
| Fig. 1: | The Budget Process at a Glance | 22 |
| Fig. 2: | Annual Development Programme Formulation Process at a Glance | 23 |



PIL DAT BRIEFING PAPER

FOR PAKISTANI PROVINCIAL LEGISLATORS

Provincial Budget Process *How can the MPAs make effective contribution?*

FOREWORD

The briefing paper for the Provincial Legislators is in your hands. The Briefing Paper is produced by Pakistan Institute of Legislative Development And Transparency- PILDAT, under Pakistan Legislative Strengthening Consortium- PLSC supported by USAID. Titled as the 'Provincial Budget Process,' the briefing paper is designed to act as an information booklet for the Provincial Legislators on the process of budget formulation. The briefing paper contains step-by-step information starting from budget formulation by the executive to the introduction of tools available to legislators for an effective review and analysis of the budget before its approval. The briefing paper has been prepared in a bid to both raise the awareness of legislators about their crucial role in analysis and review of the budget as well as to facilitate their analysis through providing relevant information to them in a succinct manner.

PILDAT, as an institution is committed to strengthening democracy and democratic institutions in Pakistan. PILDAT under its project Strengthening National and Provincial Governance- SNPLG prepares regular briefing papers for the national and provincial legislators focused on enhancing knowledge and awareness as well as building the capacities of legislators for an effective discharge of their duties. PILDAT briefing papers aim to provide comprehensive, concise and up-to-date information to legislators on effective policy issues.

We look forward to the readers' feedback especially from the Legislators and experts of the budget process in Pakistan. Their comments would go a long way in the continuous process of improvement of our work dedicated to aid Pakistani parliamentarians and thus strengthening parliament and Democracy in the country.

PILDAT and its team of researchers have made every effort to ensure the accuracy of the contents of this paper. We however do not accept responsibility of any omission or error, as it is not deliberate.

Lahore
April 2004

Provincial Budget Process
How can the MPAs make effective contribution?

PART 1

THE BUDGET PROCESS

1.01. THE BUDGET YEAR

The budget year in Pakistan has been defined under Article 260(I) of the Constitution, starts from 1st July. The Process of budget formulation starts in August & October each year on issuance of a Budget Call Circular by the Finance Department conveying the BM-I & BM-II forms respectively. The original estimates are framed in minute detail by the Drawing/Collecting Officers of each department, which collect the receipts and incur the expenditure, keeping in view the past actuals, current trends and future expectations and commitments. These estimates are submitted by the estimating authorities to their Controlling Officers/Administrative departments who, in turn, examine and pass these on to the Finance Department. The Finance Department as recommended by the Administrative department, subject the estimates, to detailed scrutiny before they are finally accepted for inclusion in the budget.

1.02. BUDGET CALL CIRCULAR

The procedure applicable to the preparation of the budget estimates for a financial year is indicated by the Finance department every year in a "Budget Call" issued to the Administrative Departments of the Provincial Government. The circular contains comprehensive instructions for the preparation and scrutiny of the budget estimates. It also sets out the target dates by which the various stages of budget formulation are to be completed. Since time factor is important, emphasis is laid, among other things, on the strict observance of the budget time table at all stages of budget making.

1.03. PREPARATION OF ESTIMATES

The budget estimates for the ensuing year are formulated separately in respect of current expenditures (non-development) and development expenditure. The estimates are supported by complete details.

The revised estimates for the current year, prepared

simultaneously, include provision for such anticipated expenditure as has been duly authorized and for which there is reasonable expectation that it will be incurred before the close of year. In all cases where revised estimates for the year exceed the authorized grants, these have to be supported by documentary evidence to show that the increase has been duly authorized by the competent authority, and also the manner in which this excess is to be met, i.e., whether by appropriation of savings in the existing grants / appropriations from other items or a supplementary grant. In case the revised estimates are less than the authorized grants, the reasons for short utilization of the grants are to be invariably stated.

As the budget is essentially based on the cash accounting system, the estimates are required to be prepared on the basis of what is expected to be actually received or paid for during the ensuing year and not merely the revenue demand or the liability of expenditure falling due in that year.

According to the conventional classification, the budget is divided into two main sections, namely:

- a) Revenue Budget
- b) Capital Budget

The revenue budget presents day-to-day current expenditure (non-development), i.e., debt servicing, running of civil government and other activities which are financed from current revenues derived through taxes, duties and other miscellaneous receipts. The difference between revenue receipts and current (non-development) expenditure results in revenue surplus for the year which is transferred to the capital budget (development budget).

The development/capital budget is designed to create material assets which add to the economic potential of the Province. Its main features are that it must involve construction of a work or acquisition of a permanent asset of public utility such as irrigation and industrial projects. With ever increasing investment to promote economic development, the capital budget is assuming increasing

Provincial Budget Process
How can the MPAs make effective contribution?

importance. The capital expenditure is generally met from the revenue surplus, net of Public Account and foreign assistance received through the Federal Government.

The aforesaid two divisions of the Government budget are merged together to work out the resource estimates which indicate the cash balance position of the Government at the beginning and end of the financial year.

1.04. ANNUAL DEVELOPMENT PROGRAMME (ADP)

Provision for development expenditure is included in the budget on the basis of the Annual Development Programme prepared by the Planning and Development Department in consultation with the Finance department and other Provincial Government departments, under the overall policy of the National Economic Council.

The Formulation of the Annual Development Programme is one of the most important aspects of the budget making. Emphasis is laid on drawing-up the Annual Development Programme so that only approved projects, which go through careful technical scrutiny in the Development Working Party and approved by the Executive Committee of the National Economic Council, or have otherwise received the approval of the competent authority, are included in the Annual Development Programme. The Programme, as finally approved by the Cabinet, is reflected in the budget.

The exercise for the preparation of the Annual Development Programme starts some time in early November when keeping in view the overall requirements of the economy and plan targets, the size of the Annual Development Programme is fixed and communicated to the Planning and Development department which in turn intimates the departments about scrotal earmarking. Within the overall allocations so intimated by the Planning & Development Department, the detailed sector-wise development programmes are formulated by the sponsoring departments and finalized after detailed discussion with the Planning & Development Department. These allocations are then discussed and finalized in the meetings in April / May by the Annual Plan Coordination Committee at Federal Government level and finally by the National Economic Council. The Annual Development Programme, as finally approved and incorporated in the budget, presents the blue

print for action by the Provincial Government and indicates the financial allocations along with physical targets in respect of various development schemes.

a) Resources Estimates:

Since the successful implementation of the Annual Development Programme as an instrument of economic development largely depends upon the availability of resources, the determination of the size of the programme is preceded by a detailed exercise in resource estimation. Finance Department undertakes this exercise in coordination with the concerned Government agencies, particularly the Federal Government for estimated projections of divisible pool taxes. The components of resource estimates are:

- (i) Public Savings, i.e. the excess of revenue receipt over current expenditure of the Provincial Government.
- (ii) Net capital receipts of the Province.
- (iii) The Federal Government's estimates of Foreign economic assistance.

As the development outlays in the provincial field are increasing and the provincial resources for this purpose are not adequate, the Federal Government render financial assistance to the Provincial Governments on a larger scale for implementation of their development programme.

b) Foreign Exchange Component of ADP

Side by side with the finalization of the Annual Development Programme, endeavour is made to estimate the foreign exchange component of the programme as realistically as possible. The expenditure in foreign exchange is shown separately from the expenditure in local currency, both in the revenue and capital budget. This also serves as an indication to the administrative authorities that the budgetary allocation for foreign exchange expenditure is not available for expenditure in local currency.

Provincial Budget Process
How can the MPAs make effective contribution?

PART 2

THE BUDGET DOCUMENTS

2.01. BUDGET SPEECH OF THE FINANCE MINISTER

(Without Tax Proposals)

It contains the information on the performance of the economy during the previous year and major efforts proposed to be made during the new budget year for improving the working of the economy.

This document is printed both in Urdu and English.

2.02. BUDGET SPEECH OF THE FINANCE MINISTER

(With Tax Proposals)

It contains proposals for levy of new taxes. The new enhanced or revised taxation conceived as a part of the budget are given effect by means of a distinct legislation called Finance Act. This legislation is an integral part of the budget presentation and without it no tax can be levied enhanced or revised.

This document is printed both in Urdu and English.

2.03. DETAILS OF DEMANDS FOR GRANTS AND APPROPRIATIONS

This document consists of the following two books:

Book-I: Current Expenditure. This document contains Demands and Appropriations relating to current expenditure.

Book-II: Development Expenditure. This document contains development expenditure.

The document containing Details of Demands for Grants and Appropriations reflects in detail the budget estimates and revised estimates of current year and budget estimates of next financial year of the Provincial Government.

Since an expenditure is made for a defined Function/Object (full details given in the Chart of Classification), the book also presents Function-cum-Object-wise classification of

expenditure of every Office/Department separately.

Function-wise classifications include expenditures on general administration, law and order, community services, social services, economic services, subsidies, debt servicing etc. The object-wise classifications include expenditures on establishment charges, purchase of durable goods, construction of works and repair and maintenance of durable goods and works, investments, loans and repayments etc.

2.04. DEMANDS FOR GRANTS AND APPROPRIATIONS

Demands for Grants and Appropriations contain estimates of expenditure on both revenue and capital accounts. Besides, distinctly showing the expenditure which is charged to the Provincial Consolidated Fund under the legal provisions. When budgetary allocations for a particular purpose consist wholly of charged expenditure, these are included in Appropriations which, contrary to Demands, bear no serial number.

The demands for each department, as shown in the budget book, are further bifurcated into two sectors:

- i) Expenditure met from revenue; and
- ii) Expenditure met from capital

2.05. ANNUAL BUDGET STATEMENT

The Annual Budget Statement gives, in broad details and by function classification-wise accounts, the estimates of:

- (i) Revenue receipts and expenditure on revenue account.
- (ii) Capital receipts and disbursements.
- (iii) Transactions anticipated under the debt, deposit and remittance heads.

The estimates of receipts and payments included in the annual budget statement are further segregated into transactions relating to the Provincial Consolidated Fund

Provincial Budget Process
How can the MPAs make effective contribution?

and Public Accounts.

This is a Constitutional document as per Article 120 (1) of the Constitution.

This document is printed in English.

2.06. WHITE PAPER

The White Paper on the budget is published every year as explanatory memorandum to the Annual Budget Statement. It is readable, non-technical description of the main features of the provincial budget. It guides the layman about the picture of the state of provincial finances and the general direction of the budgetary policy over the course of the fiscal year. It provides an overview through “Budget at a Glance” and “Budget in Brief” of the Revenue, Capital and Public Account of the province and highlights the strategic intervention of A.D.P. of the year.

In addition it also contain the Policy Statement of the Chief Minister about the future vision of the province, interalia indicating efforts for “Poverty Focused Investments in a Medium Term Budgetary Framework” and debt strategy paper.

It is printed in English.

2.07. SCHEDULE OF AUTHORISED EXPENDITURE

After the Budget has been approved by the competent forum, an authenticated Schedule of Authorized Expenditure is drawn up in the same form as the Annual Budget Statement, in so far as it relates to expenditure. This Schedule constitutes the sole authority for withdrawal of money from the Provincial Consolidated Fund to meet expenditure specified in the Annual Budget Statement and the corresponding demands for grants and appropriations.

According to Article 123(2) of the Constitution the Schedule so authenticated has to be laid before the Provincial Assembly but shall not be open to discussion or vote thereon.

This document is printed in English.

2.08. SUPPLEMENTARY DEMANDS FOR GRANTS AND APPROPRIATIONS

Supplementary Demands for Grants and Appropriations are prepared in terms of Article 124 of the Constitution. This is to cater for the additional requirement of current financial year i.e. the budget year. It represents details of estimates of additional expenditure from the Provincial Consolidated Fund.

This book like budget is also divided in three parts.

- (i) Demands for current expenditure.
- (ii) Demands for development expenditure.
- (iii) Appropriations charged upon the Provincial Consolidated Fund.

This book is laid before the Provincial Assembly according to Article 124 of the Constitution for obtaining legislative approval to the additional expenditure made during the year.

2.09. ESTIMATES OF FOREIGN ASSISTANCE

External resources mainly comprise the loans and credits from friendly countries and specialized international agencies.

The loans and credits and grant assistance, collectively described as Foreign Aid fall into four broad categories, namely, project aid, non-project commodity aid, food aid and other aid. Project aid generally takes the shape of foreign exchange loans and grants for procurement of project equipment and supplies of services. Project loans are of two types. Whereas loans and credits are subject to subsequent repayment according to schedule, the grant portion is not to be repaid:

Answers by the Finance Minister on the points raised by the members of the House and detailed explanation regarding various aspects of the budget and the suggestions for accelerating the pace of economic development and social progress etc form part of winding up Budget Speech of the Finance Minister.

PILDAT
BRIEFING PAPER

FOR PAKISTANI PROVINCIAL LEGISLATORS

Provincial Budget Process
How can the MPAs make effective contribution?

APPENDICES



Provincial Budget Process
How can the MPAs make effective contribution?

APPENDIX A

Rules of Procedure and Conduct of Business in the Provincial Assembly on Financial Matters

Excerpts from the “Rules of Procedure of the Provincial Assembly of Punjab 1997.

134 BUDGET

- (1) The budget shall be presented to the Assembly on such day and at such time as the Leader of the House may appoint.
- (2) No demand for grant shall be made except on the recommendation of the Government.

135 DEMANDS FOR GRANTS

- (1) A separate demand shall be made in respect of the grant proposed for each Function/Department:

Provided that the government may cause to be included in one demand, grants proposed for two or more departments or a demand to be made in respect of expenditure, which cannot readily be classified under a particular department.
- (2) Each demand shall contain a statement of the total grant proposed and a statement of the detailed Estimate under each grant divided into items.

136 PRESENTATION OF THE BUDGET

The Budget shall be presented by the Finance Minister or, in his absence, any other Minister authorized by the Leader of the House, hereafter in this Chapter referred to as the Minister-in-Charge: Provided that on the day the Budget is presented, no other business, including questions, privileges and adjournment motions, shall be transacted except introduction of Finance Bill.

NO DISCUSSION ON THE DAY OF PRESENTATION

There shall be no discussion on the Budget on the day on which it is presented to the Assembly.

137 STAGES OF DISCUSSION OF THE BUDGET

The Budget shall be dealt with by the Assembly in the following stages:

- i) General discussion on the budget as a whole.
- ii) Discussion on appropriations (in respect of charged expenditure) and
- iii) Discussion and voting on demands for grants (in respect of expenditure other than charged expenditure), including voting on motions for reduction, if any.

138 ALLOTMENT OF DAYS

The Speaker shall, in consultation with the Minister-in-Charge allot days for the different stages of the budget referred to in rule 137(b) Provided that at least two days shall elapse between the days the budget is presented

Provincial Budget Process
How can the MPAs make effective contribution?

and the first day allotted for the general discussion on the Budget. Provided further that, not less than four days shall be allotted for the general discussion on the budget.

139 GENERAL DISCUSSION ON THE BUDGET

- (1) On the days allotted for general discussion on the budget, the assembly may discuss the budget as a whole or any question of principle involved therein, but no motion shall be moved at this stage nor shall the budget be submitted to the vote of the Assembly.
- (2) The Minister-in-Charge shall have a general right of reply at the end of the discussion
- (3) The Speaker may, if he thinks fit, prescribe a time-limit for speeches.

140 CUT-MOTIONS

Any member may move a cut-motion to reduce the amount of demand in any of the following ways:

- (A) That the amount of the demand be reduced to Re. 1.00” representing disapproval of the policy underlying the demand. Such a motion shall be known as “Disapproval of Policy Cut”. A member giving notice of such a motion shall indicate in precise terms the particulars of the policy which he proposes to discuss. The discussion shall be confined to the specific point or points mentioned in the notice and it shall be open to members to advocate an alternative policy
- (b) “That the amount of the demand be reduced by a specified amount” representing the economy that can be effected. Such specified amount may be either a lump-sum reduction in the demand or omission or reduction of an item in the demand. The motion shall be known as “Economy Cut”. The notice shall indicate briefly and precisely the particular speeches shall be confined to the discussion as to how economy can be affected.
- (C) That the amount of the demand be reduced by Rs. 100.00” in order to ventilate a specific grievance which is within the sphere of the responsibility of the Government. Such a motion shall be known as “Token Cut” and discussion thereon shall be confined to the particular grievance specified in the motion.

141 NOTICE OF CUT-MOTIONS

If notice of a cut-motion has not been given two clear days before the day on which the demand is taken up for consideration any member may object to the moving of the motion and the objection shall prevail unless the Speaker allows the motion to be made.

142 CONDITIONS FOR ADMISSIBILITY OF CUT-MOTION

In order that a notice of motion for reduction of the amount of demand may be admissible, it shall satisfy the following conditions, namely,

- i) It shall relate to one demand only.
- ii) It shall not seek to increase a grant or alter the destination of a grant.

Provincial Budget Process
How can the MPAs make effective contribution?

- iii) It shall not relate to expenditure charged on the Provincial Consolidated Fund.
- iv) It shall be clearly expressed and shall not contain arguments, inferences, ironical expressions, imputations, Epithets or defamatory statements.
- v) It shall be confined to one specific matter which shall be stated in precise terms.
- vi) It shall not reflect on the character or conduct of any person whose conduct can only be challenged on a subjective motion.
- vii) It shall not make suggestions for the amendment or repeal of any existing law.
- viii) It shall not refer to a matter which is not primarily the concern of the Government.
- ix) It shall not relate to a matter which is under adjudication by a court of law having jurisdiction in any part of Province.
- x) It shall not raise a question of privilege.
- xi) It shall not revive discussion on a matter which has been discussed in the same session and on which a decision has been taken.
- xii) It shall not anticipate a matter which has been previously appointed for consideration in the same session, nor shall it relate to a trifling matter, and
- xiii) It shall not relate to any matter which is pending before any court or other authority performing judicial or quasi-judicial functions:

Provided that the Speaker, may in his discretion, allow such matter being raised in the Assembly as is concerned with the procedure or subject or stage of enquiry if he is satisfied that it is not likely to prejudice the consideration of the matter such court of authority.

143 SPEAKER TO DECIDE ADMISSIBILITY OF CUT-MOTION

The Speaker shall decide whether a cut-motion is or is not admissible under these rules and may disallow any cut-motion, if in his opinion it is an abuse of the right of moving cut-motion or is calculated to obstruct or prejudicially affect the procedure of the Assembly or is in contravention of any of these rules.

AMENDMENT TO CUT-MOTION

No amendment to a cut-motion shall be permissible.

144 VOTING ON DEMANDS FOR GRANTS

- (1) Each demand for grant referred to in clause (b) of rule 137 shall be discussed separately.
- (2) Before a question is put in respect of a demand for grant, all cut-motions in respect of that demand shall be discussed and voted upon.
- (3) When several cut-motions relating to the same demand are tabled they shall be discussed in the order in which the heads to which they relate appear in the budget.
- (4) On the last of the days allotted under rule 137 for the stage referred to in clause (b) of the rule 137 at the time when the meeting is to terminate, the Speaker shall forthwith put every question necessary to dispose of all the outstanding matters in connection with the demands for grants.

Provincial Budget Process
How can the MPAs make effective contribution?

SCHEDULE OF AUTHORIZED EXPENDITURE

The schedule of authorized expenditure, when authenticated under clause (1) of Article 123 or Article 124, shall be laid on the Table but shall not be open to discussion or vote thereon.

146 VOTE ON ACCOUNT

- (1) A motion for vote on account shall state the total sum required to be voted and the various amounts needed for each Division, Department or item of expenditure which compose that sum shall be stated in a schedule appended to the motion.
- (2) Amendment may be moved for the reduction of the whole demand for grant or for the reduction or omission of the items of which the demand is composed.
- (3) Discussion of a general character may be allowed on the motion or any amendments moved thereto but the details of the grant shall not be discussed further than is necessary to develop the general points.
- (4) In other respect, a motion for vote on account shall be dealt with in the same way as if it were demand for grant.
- (5) The schedule referred to in sub-rule (1) shall also separately specify the several sums required to meet The expenditure charged on the Provincial Consolidated fund.

147 PROCEDURE FOR DEALING WITH SUPPLEMENTARY AND EXCESS DEMANDS

The procedure for dealing with supplementary estimates of expenditure and excess demands shall, as far as possible, be the same as prescribed for the budget, except that if on a demand for a supplementary grant, funds to meet the proposed expenditure on a new purpose are available by re-appropriation, a demand for the grant of a token sum may be submitted to the vote of the Assembly and if the Assembly assents to the demand, funds may be made available.

Provincial Budget Process
How can the MPAs make effective contribution?

APPENDIX B

73. PROCEDURES WITH RESPECT TO MONEY BILLS

- (1) Notwithstanding anything contained in Article 115, a Money Bill shall originate in the Provincial Assembly:
- (2) For the purposes of this Article, Bill or amendment shall be deemed to be a Money Bill if it contains provisions dealing with all or any of the following matters, namely:
 - (a) the imposition, abolition, remission, alternation or regulation of any tax;
 - (b) the borrowing of money, or the giving of any guarantee, by the Provincial Government or the amendment of the law relating to the financial obligations of the Government;
 - (c) the custody of the Provincial Consolidated Fund, the payment of moneys into, or the issue of moneys from the Fund:
 - (d) the imposition of charge upon the Provincial Consolidated Fund, or the abolition or alteration of any Such charge;
 - (e) the receipt of moneys on account of the Public Account of the Province, the custody or issue of such moneys: and
 - (f) any matter incidental to any of the matters specified in the preceding paragraphs.
- (3) A bill shall not be deemed to be a Money Bill by reason only that it provides-
 - (a) for the imposition or alteration of any fine or other pecuniary penalty, or for the demand or payment of a licence fee or a fee or charge for any service rendered; or
 - (b) for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or Body for local purposes.
- (4) If any question arises whether a Bill is a Money Bill or not, the decision of the Speaker of Provincial Assembly thereon shall be final.
- (5) Every Money Bill presented to the Governor for assent shall bear a certificate under the hand of the Speaker of the Provincial Assembly that it is a Money Bill, and such certificate shall be conclusive for all Purposes and shall not be called in question.

77. TAX TO BE LEVIED BY LAW ONLY

No tax shall be levied for the purposes of the Province except by or under the authority of Act of Assembly

80. ANNUAL BUDGET STATEMENT

- (1) The Provincial Government shall in respect of every financial year cause to be laid before the Provincial

Provincial Budget Process
How can the MPAs make effective contribution?

Assembly a statement of the estimated receipt and expenditure of the Provincial Government for that Year, in this part, referred to as Annual Budget Statement.

- (2) The Annual Budget Statement shall show separately
- (a) The sums required to meet expenditure described by the Constitution as expenditure charged upon the Provincial Consolidated Fund and,
- (b) The sums required to meet other expenditure proposed to be made from the Provincial Consolidated Fund. And shall distinguish expenditure on revenue account from other expenditure

81. EXPENDITURE CHARGED UPON PROVINCIAL CONSOLIDATED FUND

The following expenditure shall be expenditure charged upon the Provincial Consolidated Fund:-

- (A) The remuneration payable to the Governor and other expenditure relating to his office, and the remuneration payable to-
- i. The judges of the High Court; and
- ii. The Speaker AND the Deputy Speaker of the Provincial Assembly
- (b) The administrative expenses, including the remuneration payable to officers and servants of the High Court, and the Secretariat of the Provincial Assembly.
- (c) All debt charges for which the Provincial Government is liable, including interest sinking fund charges, the repayment or amortization of capital, and other expenditure in connection with the raising of loans, and the service and redemption of debt on the security of the Provincial Consolidated Fund;
- (d) Any sums required to satisfy any judgment, decree or award against Province by any court or tribunal, and
- (e) Any other sums declared by the Constitution or by Act of the Provincial Assembly to be so charged.

82. PROCEDURE RELATING TO ANNUAL BUDGET STATEMENT

- (1) So much of the Annual Budget Statement as relates to expenditure charged upon the Provincial Consolidated Fund may be discussed in, but shall not be submitted to the vote of.
- (2) So much of the Annual Budget Statement as relates to other expenditure shall be submitted to the Provincial Assembly in the form of demands for grants, and the Assembly shall have power to assent to, or to refuse to assent to, any demand, or to assent to any demand subject to a reduction of the amount Specified therein:

Provided that, for a period of ten years from the commencing day or the holding of the second general election to the National Assembly, whichever occurs later, a demand shall be deemed to have been assented to without any reduction of the amount specified therein, unless by the votes of a majority of the total membership of the

Provincial Budget Process
How can the MPAs make effective contribution?

Assembly, it is refused or assented to subject to a reduction of the amount specified therein.

- (3) No demand or a grant shall be made except on the recommendation of the Provincial Government.

83. VOTES ON ACCOUNT

- (1) The Chief Minister shall authenticate by his signature a schedule specifying:
- (a) The grants made or deemed to have been made by the Provincial Assembly under Article 122, and
 - (b) The several sums required to meet the expenditure charged upon the Provincial Consolidated Fund but not exceeding in the case of any sum, the sum shown in the statement previously laid before the Provincial Assembly.
- (2) The schedule so authenticated shall be laid before the Provincial Assembly, but shall not be open to discussion or vote thereon.
- (3) Subject to the Constitution no expenditure from the Provincial Consolidated Fund shall be deemed to be duly authorized unless it is specified in the schedule so authenticated and such schedule is laid before the Provincial Assembly as required by clause (2).

84. SUPPLEMENTARY AND EXCESS GRANTS

If in respect of any financial year it is found:

- (a) That the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget statement for that year; or
- (b) That any money has been spent on any service during a financial year in excess of the amount granted for that service for that year;

The Provincial Government shall have power to authorize expenditure from the Provincial Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the Provincial Assembly. Supplementary Budget Statement or, as the case may have, an Excess Budget Statement, setting out the amount of that expenditure and the provisions of Articles 120 to 123 shall apply to those statements as they apply to the Annual Budget Statement.

85. VOTES ON ACCOUNT

Notwithstanding anything contained in the foregoing provisions relating to financial matters, the Provincial Assembly shall have power to make any grant in advance in respect of the estimated expenditure for a part of any financial year, not exceeding four months, pending completion of the procedure prescribed in Article 122 for the voting of such grant and the authentication of the schedule of authorized expenditure in accordance with the provision of Article 123 in relation to the expenditure.

PIL DAT
BRIEFING PAPER

FOR PAKISTANI PROVINCIAL LEGISLATORS

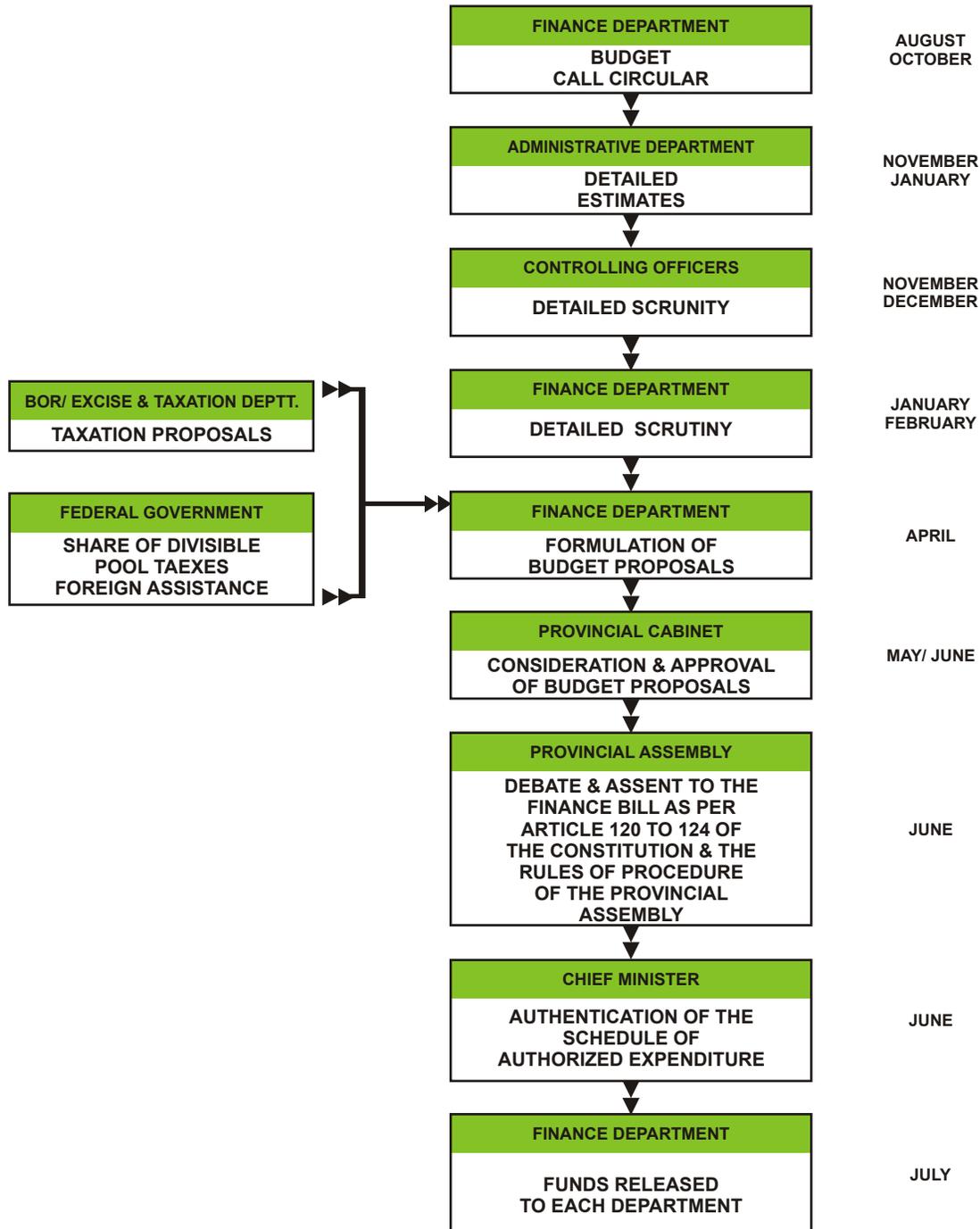
Provincial Budget Process
How can the MPAs make effective contribution?

FIGURES
FIGURES 

Provincial Budget Process
How can the MPAs make effective contribution?

Figure 1

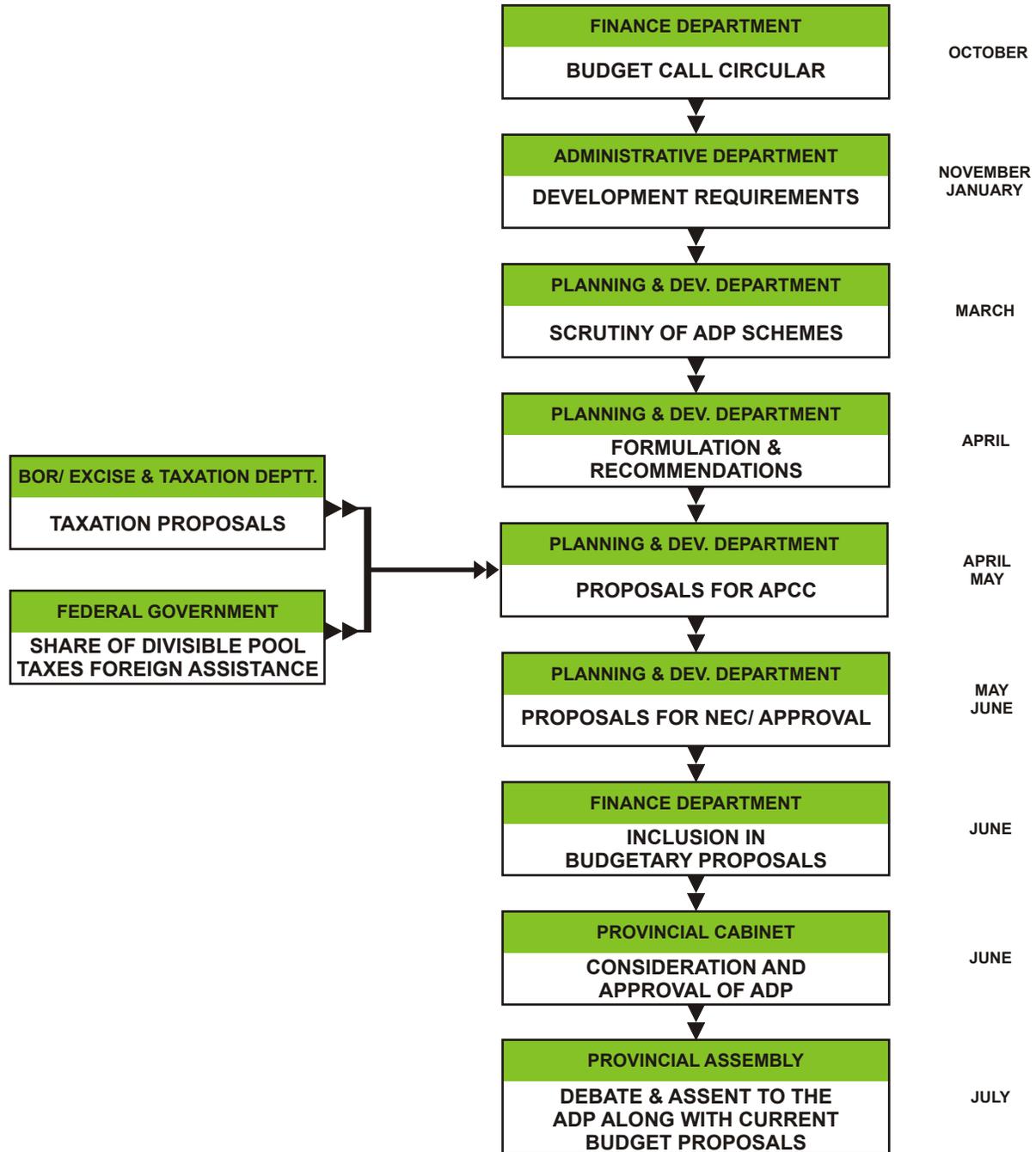
FORMULATION OF THE PROVINCIAL BUDGET AT A GLANCE



Provincial Budget Process
How can the MPAs make effective contribution?

Figure 2

**ANNUAL DEVELOPMENT PROGRAMME (ADP)
FORMULATION PROCESS AT A GLANCE**





5-A, Zafar Ali Road, Gulberg V, Lahore-54000, Pakistan.
Tel: (+92-42) 111 123 345 Fax: (+92-42) 575 1551
E-mail: info@pildat.org URL: www.pildat.org