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Role of Centre in Coordination of Province in PSDP: A brief comparison of Sindh and Punjab

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Abstract
PSDP has been the critical issue of Pakistan, finding its place in the headlines every year. It always becomes bone of contention in the federation. Smaller provinces, including Sindh are of the view that Punjab gets excessive share than other provinces due to tilt of the centre to the province, So, this study will evaluate these claims and find out the realities behind the PSDP allocation in the country.

Introduction

Public Sector Development Program (PSDP) is a crucial mechanism on which government of Pakistan doles out funds for different sectors i.e. energy, education and health sector in the country. This PSDP reflects development in provinces as well as politico-fiscal priorities of Centre in the country. Federal structure of the country specifically provincial autonomy after 18th amendment has remained under debate for years. According to the current structure; provinces receive their share via National Finance Commission (NFC) award, while PSDP of megaprojects has remained under control of Centre largely. Additionally, comparison of PSDP between Sindh and Punjab tells the story of political influence, size, economic contribution and strategic benefits. Punjab due to its large population and size secures greater chunk of PSDP. On the other hand, Sindh despite having huge economic contribution allegedly receives controversial allocation, which raises the concerns of the province regarding PSDP allocation. Therefore, this study will unearth all figures and facts as well as evaluate the veracity of grievances of Sindh regarding PSDP.

Research Objectives

- To study the role of Centre for allocating PSDP among provinces.
- To compare development funding trends, sectoral priorities, and project execution in Sindh and Punjab.
- To dig out grievances of Sindh province regarding PSDP.

Research Questions

- What is role-played by Centre in allocation of PSDP?
- What are the similarities and dissimilarities between development of Sindh and Punjab?
- What are the grievances of Sindh regarding allocation of PSDP?

Statement of Problem

It is oft quoted that Centre is too much inclined towards Punjab in doling out funds of PSDP allegedly dragging the smaller provinces towards catastrophe. Comical obsession of this concept creates tension among the federating units of the state. Therefore, this study will evaluate such assumptions thoroughly which are yet to be discussed.

Significance of Study

Study will examine pros and cons regarding the allocation of budget`s systematic rot in public sector project. It shows concerns to government as it may restructure its policies. By comparing the allocation of PSDP, we will come to know that the allocation was impeccable or not. The study will investigate the shortcomings of the planning commission because it is inextricably linked with the budgetary allocation. It will show the exact gap in the allocation of resources between Punjab and Sindh, which would be beneficial for researchers to understand the nature of budgetary allocation according to NFC awards. Further, the study will evaluate the veracity of grievances of smaller provinces that will be vital in addressing the budgetary conflicts. Finally, the study will be critical to resolve deepening mistrust among the provinces.

PSDP

Public Sector Development Program is an annual budgetary allocation for the development of public sectors including infrastructure, energy, education, health and water by the government of Pakistan "The PSDP is an important public intervention to accelerate private investment by way of developing human capital and improving the infrastructure. The PSDP is aligned to overall long-term development objectives of the government. Economically viable financed project help boosting economic growth by bridging infrastructure and skill gap".[1]

Planning Machinery at Federal Level in Pakistan

There are three tier planning machinery at federal level of the country

1. Development Board
2. National Planning Board
3. Planning Commission

Development Board: IT was established in 1948. It primary function is to deal with the economic development of the country; multiple projects were outlined for projecting the country on the trajectory of development, building and preserving essential infrastructure.[2]

National Planning Board: It was established on 18the July 1953 under the chairmanship of Zahid Hussain, former governor of State Bank of Pakistan. Its function was to articulate detailed national plan for development.

Planning Commission: National Planning Board could not fulfill the original need of the country for development due to having limited power and reach. Therefore, on 5th August 1961, elevating the status of the board under the chairmanship of President, commission was formed called

[1]Planning Commission of Pakistan. (n.d.). Chapter 2: Public Sector Development (PDF). Government of Pakistan. https://pc.gov.pk/uploads/docs/Ch2-Public-Sector-Development.PDF

[2]Ministry of Planning, Development and Reform. (2019). Manual for development projects (Revised 2019):Identification

Planning Commission of Pakistan. Now the commission deals all developmental projects of public sectors.

Project Approving Forum at Federal level

Project goes through different forums for the final approval

1. National Economic Council (NEC)
2. Executive Committee of NEC
3. Central Developmental Working Party
4. Department Development Working Party

National Economic Council: It is the most important project approving body in the country. Its prime function is to evaluate and review holistic economic condition of the country and extend its piece of advice to the central and provincial governments for crafting plan in respect of socio-economic, financial and commercial policies, ensuring balanced development and regional equity guided by principle policy set out in chapter 2 of part-II of the constitution of 1973.[3]

Executive Committee of NEC: The council has delegated all powers to the committee over development projects.

Its main functions are:

- To sanction development schemes.
- To allow moderate changes in the plan and sectoral readjustment within the overall plan allocation.
- To monitor the implementation policies formulated by the cabinet and the NEC".[4]

Central Developmental Working Party: This party is primarily responsible for security and approval of developmental budget. The party can approve scheme up to 10000 million rupees.

Departmental Developmental Working Party: "The sanctioning power of the party to approve PC-I or PC-II of a project is up to 2000 million provided foreign aid \ foreign exchange is less than 25% of total cost of the project".[5]

Nature of PSDP Allocation before the 18th Amendment

Before 18thamendment allocation of PSDP was totally different from the today. Some insight is given below:

Centralization of Budget

Before the amendment, allocation of PSDP heavily relied on the federal government which designed and approve major projects of development in the country. Planning Commission used to play dominating role in appropriating the budget for developmental projects.

A little Provincial Autonomy

Before the amendment, provinces enjoyed limited autonomy in every sphere, specifically in PSDP allocation. Every unit used to look towards centre transfers. Mega developmental projects were executed without significant say in of provinces.

Political Discretion

Before the amendment, PSDP allocation was done at whim of political connection. A party at the centre dominated the all-developmental projects in the country.

[3] DO

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[5] DO

Nature of PSDP After 18th Amendment

Size of Provincial Development Programs

Provinces are given the largest outlay percentage in developments. Following the 18th Amendment the resulting distribution of functional responsibilities divided the ministries and their work. Devolution under the amendment has been planned in three phases. As mentioned above the total throw forward of PSDP schemes being executed under the devolved divisions.

7th NFC Award

The amount of annual resource transfers to the provinces has tripled under the seventh NFC Award. In the very first year, the provinces' share went from 47.5% to 56%, and in the subsequent years, it increased to 57.5 %.

In this Award, the share percentage of every province is determined by four separate metrics, including fiscal ability, inverse population density, poverty or backwardness, and revenue creation. Other notable aspects of the Award include Sindh receiving an extra six billion rupees coming from the Federal government, which is equivalent to 0.66 percent of the provincial pool, as well as a decline in federal tax collection charges from 5 percent to 1.0 percent, thereby raising the divisible pool by 4 percentage points.

Role of Council of Common Interest

CCI plays central role in addressing conflicts between the centre and the province. For example, the federal government has argued that the provinces are already enjoying enhanced fiscal space under the 7th NFC Award. Therefore, they should be able to finance the additional responsibilities, which have been constitutionally transferred to them. This argument bred disagreement among the province. So this issue had been brought into the council and resolved accordingly.

Brief Over View of NFC Funds Distribution

During the inception of the country, the relation between central and provincial government were governed according to the India Act, 1935. After the partition according to resources of the country, the redistribution between the federal and the units reopened in 1951. New scheme was made some of the arrangements. East Pakistan got 45.0%, Punjab got 27.0% and Sind got 12.0%. The distribution of the Province of One Unit (West Pakistan), necessitated redistribution occurred. Punjab got 56.5%, Sindh 23.5%, NWFP 15.5% and Baluchistan 4.5% as per reports.

National Finance Commission 1974 made some of the changes in the allocation of the budget. The share of the provinces according to the population of the units. Punjab got 60.25%, Sindh 22.50%, NWFP 13.39% and Baluchistan 3.86% as per reports.

Provincial Share according to 1979 award are as follows: Punjab 57.97%,Sindh 23.34%,NWFP 13.39% and Baluchistan 5.30%.A perception built that Punjab and the center are different sides of the same coin. Priority given to Punjab in center province relations, other Sind and Baluchistan faced many fiscal constraints in the field. “The country has been in the grip of drought for the last many years. This has meant that there is an overall shortage of water. This requires careful water management and the shortage has to be shared equally by everyone. Yet the people of Sind believe that their share of the water has been given by the center to Punjab. That is factually wrong but it is a perception that exists widely.”[6]

[6]ShafaqatMehmood, , “Changing Dynamics of Center-Provinces Relations”, *Margalla Papers* (2020), 54-55.

NFC Award 1996: Provincial Share according to 1996 award are as follows: Punjab 57.88%, Sindh 23.28%, NWFP 13.54% and Baluchistan 5.30%.The NFC Award 2000: in July 2000 Pervaiz Musharf constituted NFC, but could not finalise its recommendations due to lack of consensus among its members. Provincial Share according to 2006 award are as follows: Punjab 57.36%, Sindh 23.71%, NWFP 13.82% and Baluchistan 5.11%.

Comparison of development among Punjab &Sindh Federal PSDP 2014-15)

<u>Infrastructure: Communication Division</u>

1. **<u>Project name: Bridge over River Indus at Larkana</u>**

Location (Punjab)

Cost: 9225.3 million

Expenditure up to June 2014: 10203.1 million

Throw forward: -977.7 million

Allocation 2014-15: 400.00 million

The Project starts near a point about 1.5 Km from Tando Masti Khan on (realigned) N-5 and enters the bunds of Indus and terminates at the point about 1 Km from Baqrani on Mohenjo-daroBaqrani Road. The length from N-5 up to the end of the project at the right bank is about 47 Km. The length of the road upto the end of the project at right bank of Indus is 8 Km. The length of the Bridge over Indus is 1222 meters.

2. **<u>Project Name: Construction of Bridge on River Ravi at Syed Wala (Nankana Sahib)</u>**

Location (Punjab)

Cost: 987.3 million

Expenditure up to June 2014: 161.7 million

Throw forward: 825.3 million

Allocation 2014-15: 225.00 million

The Syed Walabridge on the River Ravi, connecting Okara and Nankana Sahib, is a critical infrastructure project intended to link multiple districts, including Nankana Sahib, Faisalabad, and Lahore. The 612-meter-long, 11.9-meter-wide bridge was inaugurated on March 24, 2018.

(Ministry of Planning development & special initiative, Federal PSDP 2014-15: pg: 4)

3. **<u>Project name: Multan inner ring road including six interchanges</u>**

Location (Punjab)

Cost: 6191.3 million

Expenditure up to June 2014: 7817.2 million

Throw forward: -1625.9 million

Allocation 2014-15: 200.0 million

The Multan Inner Ring Road project is designed to upgrade and connect key city arterials, including Khanewal Road, Old Bahawalpur Road, Nusrat Road, and Vihari Road. Covering roughly 20 km.

4. **<u>Project name: Construction of Road from GharotoKetiBunder (190Km)(Thatta)</u>**

Location (Sindh)

Cost: 3036.0 million

Expenditure up to June 2014: 3256.7 million

Throw forward: -220.2 million

Allocation 2014-15: 450.0 million

Name: Construction of Road from Gharo to KetiBunder (Thatta)

Location: Sindh (Thatta District)
Start Point:Gharo
End Point:KetiBunder (Indus delta coastal area) Total Length (planned):190 km
Executing Agency: Likely National Highway Authority (NHA). A Rs 3 billion road project (190 km) approved in PSDP 2014–15. Intended to boost coastal connectivity and economic activity in Thatta. Minimal progress in 2014, mostly at early stages. Part of long-term vision for Sindh coastal and port development.

5. **<u>Project name: Dualization / Rehabilitation ofLarkanaMoenjodero Road uptoAirport Road (28 km) (Larkana)</u>**

Location (Sindh)
Cost: 1931.1 million
Expenditure up to June 2014: 2771.2 million
Throw forward: -840.1million
Allocation 2014-15: 100.00 million

- Approved Cost: Rs 1,931.1 million
- Expenditure up to June 2014:Rs. 2,771.2 million
- Throw-forward (July 2014): –Rs. 840.1 million
- Allocation (2014–15):Rs. 200 million
- Release (2014–15):Rs. 200 million

The project titled *Dualization / Rehabilitation of Larkana–Moenjodero Road up to Airport Road (28 km)* is a significant road infrastructure scheme undertaken by the Government of Pakistan under the **Public Sector Development Programme (PSDP) 2014–15**. It involves the upgrading of a key segment of the **N-155 National Highway**, connecting Larkana city with the historic site of **Mohenjo-daro** and the nearby airport.

6. **<u>Project: Dualization of Balance Portion of Sukkur Bypass</u>**

Location (Sindh)
Cost: 878.5 million
Expenditure up to June 2014: 0.0 million
Throw forward: 878.5 million
Allocation 2014-15: 200.00 million
Sukkur Bypass is 11.30 km long four lane divided controlled access road connecting N-5 with N-65. The pavement consist of aggregate base with asphaltic concrete. The major bridge is on River Indus downstream of Sukkur Barrage with a length of 1.600 km.

<u>Education Sector funded by Federal:</u>

Dev. of University of Education, Campus at Okara, Punjab

Location (Punjab)
Cost: 433.0 million
Expenditure up to June 2014: 393.3 million
Throw forward: 40 million
Allocation 2014-15: 40.00 million

Development of Fatima Jinnah Women University, Rawalpindi, Campus-II
Location (Punjab)
Cost: 428.4 million
Expenditure up to June 2014: 312.0 million
Throw forward: 116.4 million
Allocation 2014-15: 66.411 million in **Establishment & Development of the Islamia University of Bahawalpur Sub Campus at Rahim Yar Khan**
Location (Sindh)
Cost: 416.7 million
Expenditure up to June 2014: 286.8 million
Throw forward: 129.9 million
Allocation 2014-15: 129.934 million
Establishment of Air University Campus at Multan
Location (Punjab)
Cost: 200.0 million
Expenditure up to June 2014: 192.0 million
Throw forward: 8.0 million
Allocation 2014-15: 8.000 million
Establishment of Shaheed Mohtarma Benazir Bhutto Medical University Larkana (Prime Minister's Directive)
Location (Sindh)
Cost: 949.7 million
Expenditure up to June 2014: 230.5 million
Throw forward: 719.2 million
Allocation 2014-15: 250.00 million
Federally Funded projects in Health sector in Sindh and Punjab
According to Finance Division of Pakistan, in the year of 2014-2015 Fedral government Financed 15 projects in Sindh while 7 in Punjab[7]. As far as, budgetary allocation the former received 4.49 billion and Punjab was given 0.83 billion[8]
Some major projects of both province are given below:
Projects in Sindh Province
1. Shaheed Mohtarma Benazir Bhutto Medical University Larkana
   Place: Larkana Sindh
   FOCUS: Establishing of medical university, fostering advanced healthcare
   Total cost: RS 1556.8 million
   Allocation: 150 million
2. Dow University – National Institute of Liver and GI Diseases (NILGID)
   PLACE: Karachi (DUHS)
   FOCUS: Improving Liver and gastroenterology
   TOTAL COST: 473.3 million
   ALLOCATION: 150 million

[7] Planning Commission of Pakistan. (2015). Federal Public Sector Development Programme (PSDP) 2014–15: Details of releases (as on 2 January 2015). Government of Pakistan. https://www.pc.gov.pk/uploads/archives/Details_of_Rleases_2014-15(02-1-2015).pdf
[8] Do

3. Post Graduate Medical Science Research Centre (DUHS OJHA Campus)
   Place: Karachi
   Focus : Medical Research and Post graduate training of Medical Staff
   Total Cost : 634 million
   Allocation : 56 million
4. Tele Health Clinic Network
   Place: Karachi and remote areas of the province
   FOCUS: digitization of health
   Total Cost : 55 million
   Allocation : 35 million

Projects in Punjab Province

1. University Of Sargodha(MedicalCollage)
   Place: Sargodha, Punjab
   Focus: Improving Medical Infrastructure
   Total Cost: 802 million
   Allocation : 93 million
2. University of Punjab – Stem cell Reserach Centre
   Place: Lahore (PU)
   FOCUS : Advancement in biomedical
   Total Cost : 384 million
   Allocation : 72 million
3. NUST PTCA Balloon Catheter Facility
   Place: Federal but also serving in Punjab
   Focus Equipment manufacturing of medical science specifically cardiology tools
   Total cost : 32 Billion
   Allocation 20 million

Comparison among the provinces:

WATER & POWER DIVISION (WATER SECTOR): In water sector Sindh got the dominance. The budget given to Sindh is more than the population. Although the fluctuations were there. 163880.7 million given to Sindh in WATER & POWER DIVISION (WATER SECTOR). As per the stats, Punjab is bit lower in budgets in water & power sector. 101662.6 millions were given to Punjab in WATER & POWER DIVISION (WATER SECTOR). Punjab have a more population than Sindh.

SCIENCE & TECHNOLOGICAL RESEARCH DIVISION: In Science & Technology, Sindh is given less as compare to Punjab. 941.7 million given to Sindh in SCIENCE & TECHNOLOGICAL RESEARCH DIVISION.

1704 million given to Punjab in SCIENCE & TECHNOLOGICAL RESEARCH DIVISION.

PAKISTAN ATOMIC ENERGY COMMISSION: 962563.1 million given to Sindh in PAKISTAN ATOMIC ENERGY COMMISSION.

241537.3 million given to Punjab in PAKISTAN ATOMIC ENERGY COMMISSION.

PAKISTAN ATOMIC ENERGY COMMISSION: 12112 million given to Punjab in PAKISTAN ATOMIC ENERGY COMMISSION.

618.3 million given to Sindh in PAKISTAN ATOMIC ENERGY COMMISSION.

Projects	Sindh	Punjab
WATER & POWER DIVISION (WATER SECTOR)	163880.7 million	101662.6 million
SCIENCE & TECHNOLOGICAL RESEARCH DIVISION	941.7 million	1704 million
PAKISTAN ATOMIC ENERGY COMMISSION	962563.1 million	241537.3 million
PAKISTAN ATOMIC ENERGY COMMISSION:	12112 million	618.3 million

Despite contributing significantly to the Gross Domestic Products (GDP) but the Sindh, sadly, has been allegedly given rough end stick of the share. At multiple occasions either by government's side or by public, various grave concerns have been expressed. Sindh government has alleged the centre for being neglected in the PSDP allocation. Sindh Chief Minster Syed Murad Ali Shah had termed claim of Centre of economic growth as eyewash and stated that Sindh was going through shortfall 82 billion in federal transfer[9]. Further, the government has criticized inadequate budgetary allocation to the province. In 2016 The CM expressed his dismay over low allocation to Sindh. He said that "Federal government had proposed only 12.05 billion for the province from the total outlay of 800 billion of next PSDP[10]". Additionally, the province also blames the centre for ignoring strategic projects such as K-IV water supply and desalination of plant. The government also raises its concerns for poor communication of planning commission with provincial body. The latter states that the commission does not take the province at confidence. In addition, for resolving these concerns and securing satisficatory allocation, CM Sindh has penned multiple letter to the Centre, I.e CM wrote letter to Prime Minster Imran Khan in 2021, calling the proposed PSDP is to destructive interests of people. He stated that "As you note above, grave injustice is being meted out to the people of Sindh ever since the current federal government came into power in August 2018".[11]Furthermore, he noted in the letter " there was 22 schemes with total allocation of Rs32,151.57m for Punjab and 21 schemes with allocation of Rs41,256.48m for KP and 15 schemes with allocation of Rs24,150m for Balochistan in the proposed PDSP 2021-22, while there were only two schemes with allocation of 7,111.95m for Sindh. "I know the above data is unbelievable, but it is unfortunately a reality"[12]

[9]Dawn.(2021, June 15).
[10] International The News.(2016,may 31).
[11]Dawn.(2021,June 6, 2021).
[12] Ibid

Recommendations:

- Strengthening the Council of Common Interest (CCI)
  This is the credible platform to sort out the issue easily. Sadly, the council has been struggling with administrative failure. For example, prescribed meeting within 3 month in law is hardly conveyed. So, the body should be strengthened bringing due administrative reforms, thereby increasing role of CCI in the resolving problems of PSDP allocation in the country
- Increasing the Participation of Provinces
  Provinces are the direct stakeholders of the federation but they are sidelined while allocating PSDP funds. Therefore, the participation of provinces should be streamlined to address the discrepancies of PSDP allocation in the country
- Establishing the independent parliamentary committee
  Parliamentary body having equal representation from all provinces can be crucial for tackling the budgetary allocation. In this body, all provinces should have equal rights. If two provinces reject any proposal, it should be deemed discarded.
- Promoting Balanced Regional Development
  Development should be balanced and equal. No tilt should be observed to any of the province. Low developed or under-developing regions, i.e, Sindh, Balochistan and Khyber Pakhtunkhuwa (KPK). Especial programs should be given to these regions.
- Adopting need- based planning
  There should be a need-based planning. Funds should be doled out where there is need. Under-performing sectors, such as education and health should be prioritized. Through additional funds infrastructure should be built and other necessary needs should be fulfilled
- Enhancing Transparency and accountability
  Transparency and accountability is the part and parcel of success of everything. Without them, it may be not glittering at large. So, both accountability and transparency should be enhanced to address the issues in PSDP Allocation in the country
- Improving Monitoring and Evaluation of PSDP
  Timely completion of projects needs structured monitoring and evaluation. So, every ongoing project should be evaluated and monitored under PSDP. It will be bring unresisting approach in the allocation.
- Ensuring constitutional and fiscal justice
  NFC award should be revised, retaining the original essence of the 18th amendment. It will ensure the fiscal-constitutional justice to every province

Conclusion

PSDP allocation always faces criticism in the country. Smaller provinces usually blame Punjab for receiving larger share of the allocation. They believe that the centre tilts toward Punjab province instead remaining neutral. This study figured out these all concerns. In the study, year of 2014-15 was reviewed comprehensively where some discrepancies are observed at different places. It is witnessed that Punjab received greater share than Sindh province in the year. Government of Sindh has been criticizing the centre for long time over inadequate PSDP allocation to the Sindh province. So, addressing these problems, practical steps are required. These are strengthening CCI, increasing participation of the province, establishing independent parliamentary committee, and adopting need-based planning. These steps are very critical, leading equal distribution of PSDP budget in the country. Further, Accountability, transparency, monitoring, evaluation and fiscal justice are also vital steps to streamline the allocation in Pakistan

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