



Report on Compliance to Third Tranche Action B-iii

Provincial Finance Commission (PFC) is the body responsible for deciding intergovernmental transfers. Regular transfers to District Governments (DGs) and Town/Taluka Municipal Administrations (TMAs) take two forms, namely: salary transfers and non-salary transfers. The Third Tranche Action B-iii required that Government of Sindh (GoS) transfers 25% of non-salary allocations to DGs and TMAs within one month of the start of fiscal year 05-06 and transfers remaining on monthly basis. This report describes the compliance to this condition.

2. The releases of non-salary to districts in the fiscal year 2005-06 are given as under:

Table # 1. Releases of Non-Salary to Districts in the Fiscal Year 2005-06

Month	Release Amount (Rs. in Millions)	Date of Release
July	1616.31	14-Jul-05
August	549.43	27-Aug-05
September	544.62	26-Sep-05
October	544.62	25-Oct-05
November	544.62	2-Dec-05
December	544.62	2-Jan-06
January	544.62	1-Feb-06
February	724.62	1-Mar-06
March	724.62	30-Mar-06
April	724.62	2-May-06
May	724.62	12-May-06
Total	7787.28	

3. As per Section 120-G (1) of Sindh Local Government Ordinance, 2001, monthly releases to local governments have to be made as per actual monthly receipts of the GoS. One implication of this condition is that the transfers for preceding month have to be made in the first week of the ensuing month as actual receipts of the GoS are known only at the end of the month. However, as shown by Table # 1, to facilitate local governments, GoS has made many releases before the start of the next month.
4. Another implication is that the GoS can not transfer 25% of the total budgeted amount in the first month as it receives credit from the Federal Government on a monthly basis. As the new

National Finance Commission Award has not resulted in expected increase in the provincial resources, GoS was financially constrained to transfer such a huge amount upfront. Nevertheless, GoS has been able to transfer Rs. 2165.73 million in the first two months which is more than 25% of the budgeted amount (Rs. 6804.898 million).

5. The GoS, however, has supported DGs by providing additional funds due to better receipts to Govt. of Sindh than budgeted. Table # 1 shows that PFC has made more than budgeted non-salary releases subsequently. The table # 2 below, giving the district wise total (salary + non-salary) releases in the year 2005-06, shows that against a budgeted amount of Rs. 37,160 millions, the actual releases made were Rs. 38,990 millions.

Table #2. Releases to Districts in the year 2005-06


Sr.	Districts	Allocation According to PFC Award 2005-06	Total Transfers to Districts
			Rs. in millions
1	Badin	1,545.51	1,701.38
2	Dadu	2,040.67	2,138.64
3	Ghotki	1,252.93	1,369.94
4	Hyderabad	3,199.23	3,343.23
5	Jacobabad	1,499.44	1,528.33
6	Jamshoro	276.96	293.70
7	Karachi	8,377.93	8,699.43
8	Kashmore	287.54	312.10
9	Khairpur	2,278.56	2,379.39
10	Larkana	2,025.91	2,079.18
11	Matiali	237.14	212.71
12	Mirpurkhas	1,756.04	1,848.92
13	Naushehro Feroze	1,572.97	1,732.49
14	Nawabshah	1,488.99	1,576.77
15	Qamber	334.64	381.09
16	Sanghar	2,043.80	2,125.56
17	Shikarpur	1,556.16	1,646.89
18	Sukkur	1,660.02	1,744.07
19	Tando Allahyar	233.74	203.01
20	Tando Muhammad Khan	240.68	195.92
21	Tharparker	1,164.11	1,283.77
22	Thatta	1,793.61	1,921.72
23	Umerkot	294.12	271.87
	TOTAL	37,160.69	38,990.11

6. In case of TMAs too, monthly releases have been made regularly and timely. The budgeted amount of non-salary transfers was Rs. 6143.08 million. Release of first two months amount to Rs. 1460.79 million, which is approximately 24% of the budgeted amount.

7. The detail of releases of non-salary to TMAs in the fiscal year 2005-06 is given as under:

Table #3. Non-Salary Releases to TMAs in the Fiscal Year 2005-06

Month	Amount (Rs. in Millions)	Date of Release
July	948.87	14-Jul-05
August	511.92	6-Sep-05
September	511.92	4-Oct-05
October	511.92	25-Oct-05
November	511.49	3-Dec-05
December	511.49	19-Dec-05
January	511.42	7-Feb-06
February	511.42	6-Mar-06
March	511.42	29-Mar-06
April	511.42	2-May-06
May	511.42	13-May-06
Total	6064.72	


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