

A NOTE ON DOMESTIC SOURCES OF GOVERNMENT REVENUES:
WHO COLLECTS WHAT IN PAKISTAN

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Summary and Introduction

Resource mobilization has been a continuing concern of both the government of Pakistan and the aid donor community. The latter's concern is clearly shown in the consortium, where the chairing organisation, the World Bank, has repeatedly pointed to resource mobilization in periodic consultations and meetings with the government as an area of major concern. Recognizing government revenues as a major factor in public sector resource mobilization, the government has during the past decade appointed several commissions and study groups to examine the existing tax structure and recommend appropriate changes. However, these commission and committee reports have not been published. There have been a few changes in the tax system improving its structure and coverage, except for the notable very recent extension of tax on to agricultural income. Although the existing set of tax and resource mobilization measures provide a way to comprehensively cover the base. However, during this period, adjustments in coverage have not been adequately examined and extended. Also the existing tax structure has inadequate built in flexibility.

An important related question is the extent to which provincial and local governments can and do raise their own resources. With so many of USAID's planned new projects requiring local and provincial implementation, local involvement and commitment, and local direction, this is a crucial question.

This note outlines in some detail the existing pattern of taxes and sources of funds of the Federal Government, the four provincial governments, and the local bodies. The highlight is upon the relative importance of the government entity for the mobilization of domestic resources.

The government revenues during this period have been about 20 per cent of the GNP. Tables I and II illustrate the importance of major sources of revenues during 1970-77 for the Federal Government, the four provincial governments, and the local bodies in the Punjab. (Comparable data on local revenues was not readily available for other provinces.) The major sources of domestic revenues to all levels of government and their relative importance over the seven years of this decade:

<u>Sources</u>	<u>Average Contribution (Percent of Total)</u>
Taxes	63
User Charges	16
Savings Schemes	7
State Trading Profits	4
Public Borrowings	<u>10</u>
TOTAL	100

An analysis of trends of these sources of revenues over the period (See table III) indicates that the relative importance of tax revenue has remained unchanged. The tax/GNP ratio, during this period has been largely stationary at a low 12.8 per cent. The progressiveness of tax collection was (disappointingly) unaffected by enlargement of the overall tax collecting base, income in the economy, during this period. The collections from the user charges, mostly charges on the public utility services provided by the state, have had a strong declining trend over this period. The result seems an implicit, but real subsidy to consumers and producers. However, voluntary savings, particularly small savings schemes, savings bonds, and state funds and debts have shown a very positive upward movement. Similarly, the contribution of the state trading profits (mostly from rice trading) have shown a sharp rising movement in the recent years. But large improvements in both the savings schemes and the state trading profits have taken place, which began with a very small portion of the total. Compared with the conventional resource mobilization through small savings schemes, government savings bonds and deposit certificates; the non-conventional borrowings through market loans, treasury bills, ways and means and other type of advances from the banks for government's agriculture commodity tradings, have declined in importance.

Federal Government

The Federal Government has remained the overwhelming public mobilizer of domestic resources during the past seven fiscal years. In the recent years to some extent the Federal Government has assumed an even more important role for itself in this area.

	<u>Percent of Total</u>
Federal Government	86
Provincial Governments	12
Local Bodies	<u>2</u>
TOTAL	100

Analysis of administrative entities efforts in resource mobilization over time indicates relatively steep upward movement in the Federal Government's importance as resource mobilizer. This largely reflects the growing importance of collection of taxes and profits in the foreign trade sector. The provincial governments share of public resource mobilization has thus declined relatively over time as no changes have been made in the rates and structure of the provincial taxes. Similar changes in the local bodies resource base are also insignificant.

The major sources of the Federal Government revenue during the last seven years have been:

	<u>Average Annual Contribution</u>	
	<u>Percent of Federal Total</u>	<u>Percent of Overall Public Resource Mobilization Total</u>
Federal Excise Duties	22	18.92
Import Taxes	18	15.48
User Charges	12	10.32
Public Borrowings	12	10.32
Savings Schemes, Funds, Bonds	8	6.88
Income Tax	7	6.02
Export Taxes	6	5.16
Sales Tax	6	5.16
State Trading Profits	4	3.44
Corporation Income Tax	3	2.58
Others	<u>2</u>	<u>1.72</u>
TOTAL	100	86.00

A study of the relative importance of the major sources of Federal Government revenue over time (see table III), that the revenue collections from the foreign trade sector have the dominant upward movement during this period. The reasons are shared by the combined

result of (1) higher customs duty levies on (2) higher imports, (3) export taxes and (4) state trading profits, although the last two were only a small portion of the total Federal Government revenues during the last seven years. Export taxes were introduced by the government to mobilize windfall private profits expected to accrue largely from export trade in cotton, rice and hides and skins, following the May 1972 rupee devaluation. These have not been large (only 5% of the Federal total) because of softening of the world prices for these commodities in recent years. The state trading profits mostly on rice and edible oil started coming up in 1974. These were only 2% of the Federal total resources, but are now showing strong promise of revenue. Similarly, the return on government investments during the recent years have also increasing and show very strong promise of becoming a major source of the Federal Government revenues.

RETURN ON GOVERNMENT INVESTMENTS

	Revised Estimates			Budget	Revised	Budget
	<u>72/73</u>	<u>73/74</u>	<u>74/75</u>	<u>75/76</u>	<u>75/76</u>	<u>76/77</u>
A. Return from Commercial Departments:						
Pakistan Post Office	4.5	5.5	8.5	12.5	16.0	19.2
Pakistan Telegraph & Telephone	34.1	46.8	62.4	77.6	104.6	116.9
B. Return on Government Investments in Corporations and autonomous bodies	29.7	33.2	40.9	40.9	56.4	63.3
C. Return from Nationalized Banks	-	-	43.0	50.0	60.7	65.0
D. Return from Cement, Engineering, Chemical and Petro-Chemical Corporations	-	6.1	19.0	20.8	19.4	22.0
E. Return from Fuel and Power Companies	-	4.4	3.2	2.0	2.0	3.5
F. Return on annuity purchased for payment of sterling pensions	0.6	0.6	0.6	0.5	0.5	0.5
TOTAL:	<u>68.9</u>	<u>96.6</u>	<u>177.6</u>	<u>203.8</u>	<u>259.7</u>	<u>290.4</u>
Percent of Federal Total	0.67	0.63	0.92	0.96	1.24	1.27

Source: Explanatory Memorandum on the Budget, 1973/74 thru 1976/77, Finance Division, Government of Pakistan

But these returns also like export taxes and state trading profits formed a very small portion of the total Federal Government revenue earlier. Thus, despite their high percentage increase, they are still a minor source of revenue. Most of the government nationalized corporations and banks started showing profits in 1975. In the 1960s reinvested profits (business savings) were a major form of resource mobilization. The increasing importance of Government has not yet put public sector industries in the same position.

Other major sources of the Federal Government revenue, which had in the past and even now contribute large portion of the total, have been conspicuous by their declining importance during this period. This suggests that the real efforts in public savings have not kept pace with inflation and have gotten out of line with the proportionate increases in prices and the expansion of incomes. A policy prescription would require a detailed examination of each tax measure as it now has been structured, and the changes which have been incorporated over time in its coverage and means of collection. Some of the ground work was initiated by the previous tax commissions, particularly the 1970 commission, headed by a former State Bank Governor. In 1971 the government made use of some of the recommendations of the commission concerning personal and corporate income tax, tax holiday exemptions, tax levy on free corporate reserves, for agriculture sector revision of land revenue rates to reflect increases in agriculture commodities prices. However, now without new studies it would be very difficult to propose (for a particular tax) the magnitude of structural changes that have become due in most of the existing taxes.

Provincial Resources

The major sources of the Provincial Governments revenues are:

	<u>Average Annual Contribution</u>	
	<u>Percent of Provincial Total</u>	<u>Percent of Overall Public Resource Mobilization Total</u>
Irrigation Water Rates	17	2.04
Land Revenue	9	1.08
Provincial Excise	9	1.08
Stamp Duties	8	0.96
Motor Vehicle Tax	7	0.84
Forests	5	0.60
Property Tax	4	0.48
Administrative Departments and Civil Works Fees and Charges	23	2.76
Entertainment Duties	5	0.60
Savings Schemes Funds and Bonds	3	0.36
Others	<u>10</u>	<u>1.20</u>
TOTAL:	100	12.00

An analysis of relative importance of these taxes have been provided in table III. Overwhelmingly the provincial sources of revenue during this period have declined. But these levies and charges which are directly related to the rising administrative costs and aimed at providing services to a larger area or number of people have shown a positive upward movement. Similarly the reserve funds, small savings and state debts also show a rising importance as a source of resource mobilization. But these sources now have a small proportion in the total provincial revenue. Existing provincial tax measures and tax rates have largely lost effectiveness and are now to some extent inappropriate -- out of place. These sources of revenue for a long time have not been revised adequately by the provincial governments, although the provinces have the Constitutional powers to adjust, change and set the rates of the existing provincial taxes. The provincial governments during this period have instead been heavily depending on the transfer of resources from the Federal Government. The Punjab and Sind provinces have been barely meeting recurring budget expenditures from their own resources. These provincial resources also include the shared taxes. The shared taxes are the result of a constitutional provision which guarantees a share to the provinces in the taxes collected by the Federal Government. The basis for distribution of these taxes is reviewed periodically by the National Finance Commission. The latest determination was made in June 1975. The smaller provinces like NWFP and Baluchistan have large deficits in their operating budgets. Federal Government transfers of resource over and above their legal share are used to meet these deficits. In addition to the shared taxes, the provincial governments also get every year substantial amounts of grants-in-aid and development loans from the Federal Government for meeting their expenditures. In recent years all funds needed for the provincial annual development programs have been provided by the Federal Government.

New and additional revenue searching and raising efforts by the provinces, under the existing fiscal autonomy and tax choices, could provide enormous widening in resources base of the provincial governments. However, the provincial governments have not applied their attention and expertise seriously towards this problem. In the recent past, the Federal Government has been politically very sensitive to the provincial demands for resources. As such, the real pressures for resources have been unfolding on the Federal Government and relatively very little on to the provincial governments. An examination of the provincial tax and revenue structure shows that during the

last decade whatever changes have been incorporated in the provincial tax structure, these were largely under pressure of increasing administrative costs of the services and occasionally demand for budgetary resources that could not, for some Technical legal reason or other, be readily met otherwise. But there is no public evidence that the arguments for changing the tax and revenue rates and structures have been seriously looked into during this period. Adjustments in the provincial tax rates have been minimal or less frequent over time, So much so, that even the intervening increases in the administrative costs and the impact of inflation have been ignored. As a result, the existing provincial revenue base is extremely narrow and limited.

Local Governments

For Local Bodies Octroi collections are the overwhelming major source of revenue:

	<u>Average Annual Contribution</u>	
	<u>Percent of</u> <u>Local Bodies</u> <u>Total</u>	<u>Percent of Overall</u> <u>Public Resource</u> <u>Mobilization Total</u>
Octroi Collections	53	1.06
Local Rates (Water supply, conser- vancy, Lighting and Fire)	13	0.26
Taxes on Property	12	0.24
Licenses Fee & Charges (Public utility, Market etc)	8	0.16
Toll Tax on vehicles	3	0.06
Others	<u>11</u>	<u>0.22</u>
TOTAL:	100	2.00

The octroi collections are set by auction. Each collection point is sold separately, in each area, every year. A fixed minimum (an auction reservation price) for them is determined by the existing local bodies and approved by the provincial government. This particular source of local bodies revenue has been adjusted during the intervening years on the basis of visible changes in the economic activities in the area providing the base of octroi collection. Evidence that the octroi rates have been initially set, or later adjusted on the basis of any studies of the collection area is not available. To the contrary the available evidence suggests that the minimum rate has been set on the basis of commonsense "guesstimates." However, good these may have been originally, inflation has built a downward bias into them.

Public utilities rates, market fees, licences fees, and service charges do not have much importance in relation to the total government revenue but do have positive upward movement. There exists ample reasons and supporting data to justify adjustments in the existing local rates for water supply, local bodies' conservancy rates and taxes on property. But adjustments in these have either not been made or minimal changes have been done during this period.

A study of local bodies taxes on a case by case basis could identify a widened revenue base. The local bodies' resource base during this period has remained largely unaltered. There are very few identifiable research studies relating to the potentials of the existing local bodies tax measures. The local taxes, fees, charges and rates are set, changed and adjusted on the recommendation of the Municipal committees. Town committees and District Councils in their respective areas. The provincial governments department of local government supervises, approves and controls the overall operation of the local bodies. The local bodies' financial functions during the first seven year in the 1970 decade have remained a very unorganised operation, largely due to the absence of an effective local government machinery in the country. During this period most of the revenue collection work of the local bodies have been to carried out to provide a continuity of the system. Resources were in adequate even for local bodies' operating budgets. For development work the provincial or Federal Government resource transfers have been used. A detailed analysis is needed to determine how much flexibility is now available in each of the existing local rates levies, cesses and octroi or property tax.

Existing Framework

In this paper we have not discussed in detail each tax separately, Neither a description of the taxes or other sources of revenue have been provided. (However, the references listed at the end of this paper are recommended for additional information about tax structure and rates at various organisational levels in Pakistan.) We have compiled here by nomenclatures of taxes and sources of revenues which are commonly used, understood and are self explanatory. Under the constitution promulgated on the 14th of August 1973, the Federal Government has exclusive powers to make laws governing the following taxes and duties.

- a) duties of customs including export duties;
- b) duties of excise, including duties on salt, but not including duties on alcoholic liquors, opium or other narcotics;
- c) taxes on income (also now agricultural income)
- d) taxes on corporations;
- e) estate duty in respect of property;
- f) duties in respect of succession to property;
- g) taxes on capital value of assets, not including taxes on capital gains on immovable property;
- h) taxes on sales and purchases;
- i) taxes and duties on production capacity;
- j) terminal taxes on goods or passengers carried by railways, sea or air, and taxes on their fares and freights;
- k) taxes on mineral oil, natural gas and minerals used in the generation of nuclear energy; and
- l) fees in respect of any of the matters enumerated in the Fourth schedule, but not including fees taken in any court.

The provincial governments have residual powers to make laws with respect to any matter not reserved for the Federal Government. Provincial government revenues aside from revenue sharing with the Federal Government are mainly derived from, water rate, tax on agricultural holdings, land revenue (this has recently been abolished) central excise, and stamp duties. Electricity duty, entertainment duty, taxes on motor vehicles, tolls on roads and bridges, urban immovable property tax, betterment tax, capital gains tax, betting tax, taxes on cinemas, taxes on hotels and various cesses.

The Local bodies like Municipalities, District and Local Councils can be allowed to levy any of the taxes which the provincial governments have been authorised under the Constitution subject to the previous approval of the provincial governments. The list of taxes, rates, tolls and fees leviable by the local bodies is governed by the Peoples Local

Government Ordinances Acts which govern these bodies. (The main sources of finance for local bodies are loans and grants from the Provincial Governments, a cess on land revenue, collected by the Provincial government and assigned to the local bodies, taxes on property, on the value of land, animals, tolls, octroi duties and tax on professions and trade).

A comprehensive listing of sources of revenues including taxes, user charges, levies, fees and cesses by administrative entity, is given here.

A. Federal Government

Taxes

Direct Taxes

Income Tax

Individual Income Tax
Corporation Income Tax
Income Taxes under MLRs
Workers' Welfare Tax

Property Tax

Customs Duties

Export Taxes
Import Taxes
Import Surcharge

Sales Tax

On Imports
On Domestic Production

Federal Excise Duties

Surcharges (Price & Development)

Cement
Natural Gas
Petroleum
Fertilizers
Rehabilitation
Price Equalization

Opium Sales (Customs Contributions)

Non - Tax Revenues (User Charges)

Post Office
Telephone and Telegraph
Currency and Mint (Manufacturing charges of coins, medals, insignia etc, by the Government).

Defense Service Receipts

Other Administrative Departments and Civil Work (Fee and Charges) Return from Nationalized Bank's and Corporations.

Federal Savings Schemes, Bonds and Funds

Postal Savings Schemes
Small Savings Schemes of National Savings
Prize Bonds
Defense Savings Bonds
Income Tax Bonds
State Provident Fund (Contributed by the Federal Government Employees)
Reserve Funds

The receipts under the above schemes, bonds and funds represent the net collection (deposits or investments less withdrawal, encashments during the fiscal year). Reserve funds represent the contributions from the current revenues of the concerned departments and organizations. These do not lapse at the end of the financial year. Reserve funds also include the depreciation and renewal reserves funds, designed to meet the cost of renewal and replacement of assets of the commercial departments. The balances in such funds carry interest at the borrowing rate of the government from year to year. It is fixed at 2% below the bank discount rate. Currently the discount rate is 9% and the borrowing rate of the government is 7%. Other than these, reserve funds. Do not carry any interest on them. At present the major reserve funds are:

- a) Post and Telegraph Renewal Reserve Funds
- b) Railways Reserves Funds
- c) Railways Improvement Fund
- d) Pension Funds
- e) Prime Minister's Food Relief Fund
- f) Workers Welfare Fund
- g) National Defense Fund, etc.

State Trading Profits

Rice
Edible Oil

Public Borrowings

Market Loans
Treasury Bills
Ways and Means Advances
Cash Credit Accomodation

B. Provincial Government

Taxes Revenues

Direct Taxes

Land Revenue (Abolished as of Jan 5, 1977)
Agricultural Income Tax
Motor Vehicle Tax
Property Tax
Other Taxes on Trade and Profession

Indirect Taxes

Provincial Excise Duties
Stamps Fee
Registration Fee
Entertainment Duties (including betting)
Electricity Duties on Cinemas
Excise Duty on National Gas
Other Levies and Cesses

Non-Tax Revenues (User Charges)

Irrigation (Water rates)
Forests
Other Administrative Deptt and Civil Work (Fee and Charges)

Provincial Savings Schemes and Funds

States Provident Fund (Contributed by Provincial Employees)
Government Servants Benevolent Fund
Government Employees Welfare Fund

Public Borrowings

Market Loans
Floating Loans
Ways and Means and Other Advances

C. Local Bodies

TAX - RECEIPTS

<u>Direct Taxes</u>	<u>Indirect Taxes</u>
1. Tax on Buildings and Lands	1. Octroi
2. Tax on Transfer of Immovable Property (Transfer fee from one owner to the Other)	2. Tax on Export of Good
3. Tax on Persons Presenting Building Applications	3. Tax on Advertisement
4. Toll Tax	4. Tax on Entertainment
5. Tax on Professions	
6. Tax on Animals	
7. Tax on Vehicles	
8. Fire Rate	
9. Lighting Rate	
10. Conservancy Rate	
11. Drainage Rate	
12. Rate for the Execution of Public Utility works	

NON-Tax Receipts

A-Revenue from Public Utilities and Services	:	B-Revenue from Licences and Fees	:	C-Revenue from Property other than taxes
1. College Fees		1. Tonga Tax Licence Fees		1. Rent of Municipal and District Council Pro- perties
2. Fees from Medi- cal Institutions and Sale of Medi- cines		2. Cart Tax for Vehicles		2. Rent of "Nazul" Property
3. Fees at Veteri- nary Institutions and Stock Breeding		3. Licence Fees for Articles of Food and Drink		3. Other Rents
4. Public Health and Vaccination Fees		4. Licence Fees for Animals		4. Receipts on Account of Sale of Sullage
5. Fees for Fire Brigade		5. Licence Fees for Tehbazar		5. Receipt on Account of Sale of Refuse
		6. Fees for Markets		6. Receipts on Account of Sale of Refuse
		7. Fees for Slaughter- ing of Animals		
		8. Fees for Fairs		
		9. Fees for Registration of Marriages, Births and Deaths		
		10. Licence Fees for Dan- gerous and offensive Trades		

TABLE I

Gross Revenues : Federal & Provincial Governments' Local Bodies
by Major Sources of Revenues
(Rs. Million)

	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>	<u>Budget 1975/76</u>	<u>Revised 1975/76</u>	<u>Budget 1976/77</u>
Federal Government	7066	9071	10273	15431	19306	21170	20965	22857
Provincial Governments	1121	1337	1530	2000	2496	2774	2805	3182
Local Bodies	216	226	266	294	390	437	437	480
TOTAL	<u>8403</u>	<u>10634</u>	<u>12069</u>	<u>17725</u>	<u>22192</u>	<u>24381</u>	<u>24207</u>	<u>26519</u>
Private Savings	5770	5944	6972	6562	7990	11000	10933	11060
<u>Taxes</u>	5821	6304	7717	10726	12789	15752	15422	17996
Federal	(5111)	(5494)	(6768)	(9445)	(11151)	(13814)	(13484)	(15716)
Provincial	(534)	(627)	(729)	(1042)	(1322)	(1583)	(1583)	(1900)
Local Bodies (Punjab)	(176)	(183)	(220)	(239)	(316)	(355)	(355)	(380)
Percent of GNP %	12.79	12.85	12.67	13.44	12.25	12.99	12.71	12.79
<u>User Charges</u>	<u>1534</u>	<u>2002</u>	<u>2214</u>	<u>2564</u>	<u>3231</u>	<u>4208</u>	<u>3571</u>	<u>3589</u>
Federal	(941)	(1289)	(1422)	(1621)	(2046)	(3002)	(2360)	(2301)
Provincial	(553)	(670)	(746)	(888)	(1111)	(1124)	(1129)	(1188)
Irrigation	267	295	260	377	345	354	362	370
Forests	61	72	78	98	115	116	117	118
Admin. Deptt's Fee and Charges	225	303	408	413	651	654	650	700
Local Bodies (Punjab)	(40)	(43)	(46)	(55)	(74)	(82)	(82)	(100)
<u>Savings Schemes, Funds, Bonds</u>	<u>413</u>	<u>737</u>	<u>1026</u>	<u>1306</u>	<u>2051</u>	<u>1629</u>	<u>2153</u>	<u>2154</u>
Federal	(379)	(697)	(971)	(1236)	(1988)	(1562)	(2060)	(2060)
Provincial	(34)	(40)	(55)	(70)	(63)	(67)	(93)	(94)
<u>State Trading Profits (Federal)</u>	-	-	-	<u>892</u>	<u>1237</u>	<u>922</u>	<u>687</u>	<u>368</u>
<u>Public Borrowings (Federal)</u>	<u>635</u>	<u>1591</u>	<u>1112</u>	<u>2237</u>	<u>2884</u>	<u>1870</u>	<u>2374</u>	<u>2412</u>

TABLE I (Cont'd.)

	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>	<u>Budget 1975/76</u>	<u>Revised 1975/76</u>	<u>Budget 1976/77</u>
	<u>P E R C E N T</u>							
Federal Government (86)	85	85	85	87	87	87	88	88
Provincial Governments (12)	13	13	13	11	11	11	12	12
Local Bodies (2)	2	2	2	2	2	2	2	2
TOTAL (100)								
Taxes (63)	69	59	64	61	58	65	64	68
User Charges (16)	18	19	18	14	15	17	15	14
Savings Schemes (7)	5	7	8	7	9	7	9	8
State Trading (4)	-	-	-	5	6	4	3	2
Public Borrowing (10)	8	15	10	13	12	7	9	8

- Source: 1. Pakistan Recent Trends and Development Prospects : IBRD March 1976.
 2. Annual Budget Statement - 1976/77 : Government of Pakistan, Finance Division, June 1976.
 3. Financial Position of the Local Bodies in the Punjab : The Punjab Board of Economic Inquiry, March 1976.

TABLE II
MAJOR SOURCES OF REVENUES BY ADMINISTRATIVE ENTITY
(PERCENT)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76 B	1975/76 R	1976/77 B	Overall
<u>Federal Government</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Income Tax	9	10	8	6	5	5	7	7	(7)
Corporation Income Tax	4	4	2	2	2	1	2	2	(3)
Export Taxes	-	2	10	12	6	6	3	3	(5)
Import Taxes	19	13	15	15	18	22	21	21	(18)
Federal Excise Duties	29	23	22	18	18	21	20	21	(22)
Sales Tax	9	5	4	4	5	6	5	6	(6)
User Charges	13	14	14	11	11	14	11	10	(12)
Savings Schemes Funds and Bonds	5	8	9	8	10	7	10	9	(8)
Public Borrowings	9	17	11	14	15	9	11	11	(12)
State Trading Profits	-	-	-	6	6	4	3	2	(2)
Others	3	4	5	4	4	5	7	8	(5)
<u>Provincial Governments</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Irrigation Water Rates	24	22	17	19	14	13	13	12	(17)
Land Revenue	12	11	11	10	7	7	7	7	(9)
Provincial Excise	5	4	4	7	13	14	14	13	(9)
Stamps	10	7	9	9	8	8	8	8	(8)
Motor Vehicle Tax	6	8	7	6	6	6	6	7	(7)
Property Tax	4	5	4	5	3	2	2	3	(4)
Admin Deptts, Civil Works, Fees and Charges	20	23	27	21	26	24	23	22	(23)
Forests	5	5	5	5	5	4	4	4	(5)
Entertainment Duties	5	6	4	4	6	5	5	6	(5)
Savings Schemes Funds and Bonds	3	3	4	4	3	2	4	3	(3)
Others	6	6	8	10	9	15	14	15	(10)

TABLE II (Cont'd)

	(PERCENT)								Overall
	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76 B	1975/76 R	1976/77 B	
<u>Local Bodies (Punjab)</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>100</u>
Octroi Collections	53	52	53	51	54				(53)
Tax on Property	10	11	12	14	12				(12)
Licences Fee and Charges	7	7	7	9	9				(8)
Local Rates	15	15	13	12	10				(13)
Toll taxes on Vehicles	3	3	4	3	3				(3)
Others	12	12	11	11	12				(11)

Source: Table I

Memorandum:

1. Tax/GNP Ratio %	12.79	12.85	12.67	13.44	12.25	12.99	12.71	12.79
2. Government Resource Mobilization/ GNP	18.46	21.68	19.82	22.21	21.25	20.10	19.96	18.85

TABLE III

Major Source of Revenues by Administrative Entity
Analysis of Trends Over Time 1970-77

<u>Admin Entity/Sources</u>	<u>Coefficient of Correlation</u>	<u>Trend Over Time Slope of Line</u>	<u>Average Constant Y-intercept</u>	<u>Overall Contribution Mean (Percent)</u>
Federal Government	+ .94	+ .61	84.00	86
Provincial Governments	- .60	- .25	13.14	12
Local Bodies	0	0		2
Taxes	+ .02	+ .04	63.14	63
User Charges	- .84	- .82	19.43	16
Savings Schemes	+ .77	+ .50	5.57	7
State Trading Profits	+ .56	+ .64	- .28	4
Public Borrowings	- .29	- .36	12.14	10
			<u>100.00</u>	<u>100</u>
<u>Federal Government</u>				
Income Tax	- .67	- .54	9.57	7
Corporation Income Tax	- .79	- .36	4.00	3
Export Taxes	+ .12	+ .25	4.14	5
Import Taxes	+ .61	+ .89	13.86	18
Federal Excise Duties	- .69	- 1.21	26.43	22
Sales Tax	- .36	- .29	6.57	6
User Charges	- .85	- .64	14.57	12
Savings Schemes Funds and Bonds	+ .76	+ .61	6.0	8
Public Borrowings	- .05	- .07	12.86	12
State Trading Profits	+ .51	+ .64	- .14	2
Others	+ .85	+ .71	2.14	5
			<u>100.00</u>	<u>100</u>
<u>Provincial Governments</u>				
Irrigation Water Rates	- .95	- 2.04	25.44	17
Land Revenue	- .94	- .96	13.13	9
Provincial Excise	+ .89	+ 1.89	1.00	9
Stamp Duties	- .40	- .18	9.14	8
Motor Vehicle Tax	- .20	- .07	6.86	17
Property Tax	- .69	- .36	5.14	4
Admin Departments and Civil Work Charges	+ .15	+ .18	22.43	23
Forests	- .79	- .18	5.43	5
Entertainment Duties	+ .26	+ .11	4.71	5
Savings Schemes Funds and Bonds	+ .14	+ .04	3.29	3
Others	+ .94	+ 1.57	3.43	10
			<u>100.00</u>	<u>100</u>

TABLE III (Cont'd)

<u>Admin Entity/Sources</u>	<u>Coefficient of Correlation</u>	<u>Trend Over Time Slope of Line</u>	<u>Average Constant Y-intercept</u>	<u>Overall Contribu- tion Mean (Percent)</u>
<u>Local Bodies</u>				
Octroi Collections	+ .14	+ .1	52.3	53
Tax on Property	+ .75	+ .7	9.7	12
Licenses Fee and Charges	+ .87	+ .6	6.0	8
Local Rates	- .97	-1.3	16.9	13
Toll Taxes on Vehicles	0	0	3.2	3
Others	- .29	- .1	11.9	11
			<u>100.00</u>	<u>100</u>

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