(302nd Session)

SENATE SECRETARIAT

"QUESTIONS FOR ORAL ANSWERS AND THEIR REPLIES"

to be asked at a sitting of the Senate to be held on

Tuesday, the 18th August, 2020

*Question No. 1 Senator Zeeshan Khanzada: (Notice Received on 13/03/2020 at 2:00 PM) QID: 36997

Will the Minister for Industries and Production be pleased to state:

- (a) the losses suffered by Pakistan Steel Mills (PSM) during the last ten years indicating also its impacts on national exchequer;
- (b) the steps taken by the Government to make PSM profitable during the said period; and
- (c) whether any reduction has been registered in the loss of PSM as a result of the said steps, if not, the reasons thereof?

Mr. Muhammad Hammad Azhar: (a) As per PSM's Audited Accounts for the year ended 30th June, 2019 the loss is as follow:

Loss for the Financial Year 2018-19 = Rs. 16.550 billion. Accumulated operational losses = Rs. 169.516 billion. during the last ten years

Statement of Profit & Loss and Statement of financial position are attached at **Annex-A**.

(b) The Government of Pakistan (GoP) has been making continuous efforts for revival of PSM and to make it a profitable Company. In past financial assistance has been provided to PSM to enhance its capacity but the operations of PSM came to a complete halt due to dis connectivity of gas supply to PSM by SSGC on account of accumulated liabilities.

In 2019, Pakistan Steel Mill (PSM) was placed on the Privatization list in line with the decision of Economic Coordination Committee (ECC) of the Cabinet dated 3rd May, 2019. Subsequently, Cabinet Committee on Privatization (CCoP) vide its decision dated 17th June, 2019 also directed to immediately advertise for the recruitment of a Transaction Advisor. In light of these decisions, Government of Pakistan has been making persistence efforts for the revival of PSM. With regards to the appointment of Transaction Advisor, Financial Advisor (FA) has been engaged by PC who is evaluating the best possible option / mode for the revival of PSM on the basis of various parameters finalized in consultation with Privatization Commission (PC). At present draft Due Diligence Reports on different aspects of PSM have been prepared by FA and under discussion of PC's Evaluation Committee before being finalized. A well-defined timeline has been prepared by the PC for the completion of task.

Moreover, in order to address the grievances of PSM employees, the Government has been releasing net salaries to PSM since June, 2013 amounting to Rs. 34.012 billion **Annex-B**.

(c) As a result of the said steps taken by the Federal Government, the process for the revival of PSM is moving to its culmination as per the timelines prepared by PC. Therefore, the fixed cost of the reduction in losses cannot be stated at the moment.

							Rs. In Million	
ACCL	ACCUMULATED PROFIT/ (LOSS)	TOTAL ASSETS	TOTAL	NET WORTH	TAXES & DUTIES PAID	CASH & BANK BALANCE	LOAN REPAYMNETS	CAPU %
	(9,326)	32,119	24,229	7,890	3,216	2,415	323	91%
	(8,774)	30,496	22,054	8,442	4,021	2,016	1,171	86%
	(8,672)	30,150	21,606	8,544	2,764	565	1,171	81%
	(7,648)	23,669	14,101	9,568	5,505	412	9,983	92%
	(2,796)	30,936	16,516	14,420	5,395	7,751	633	94%
	3,937	37,049	15,895	21,154	8,902	11,096	1,354	89%
	4,866	36,580	14,498	22,082	4,277	10,924	625	62%
	8,025	40,176	14,935	25,241	6,492	12,564		89%
	9,536	41,477	14,725	26,752	8,252	8,987	3,500	82%
	(16,914)	35,043	34,741	302	8,978	2,855	1,196	64%
(11,566)	(28,480)	96,676	41,748	54,928	4,474	1,137	889	40%
	(40,914)	93,569	54,995	38,574	5,389	1,149	1,828	36%
	(63,187)	89,335	72,935	16,400	3,842	483	70	19%
	(95,032)	89,529	104,967	(15,438)	2,313	280	381	15%
	(118,782)	146,071	126,355	19,716	1,174	374	573	6%
(23,048)	(141,618)	155,427	158,547	(3,120)	2,814	1,137	747	20%
(16,188)	(163,772)	152,138	177,412	(25,274)	468	224		%0
(5,399)	(166,956)	162,566	193,736	(31,170)	131	226	385	%0
(5,809)	(174,032)	173,509	210,489	(36,980)	38	207	1,410	%0
	(192,733)	409,680	228,113	181,567	105	179	30	%0
valuati	on of PSM	Land lying in I	*Due to Revaluation of PSM Land lying in PPE as required in IAS-16	l in IAS-16				

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SUMMA

Annex-B

		(Rs.in	million)
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AR			

		Payn	tent of Sala	Payment of Salaries and other Related	lated	million)	Other	
Grant			8	amounts			(working capital)	Total
Net Salāries		Provident Fund	Gratuity Fund	Payroll Ducs (leave encashment etc)	For Pay & Allowances	Total		
					10. 2. A.	1	9.955	9.955
				-			6,907	9,907
							1	1
							6,000	6,000
L,600	00		300		2,000	3,900	12,700	16,600
5,006)6					5,006	6,324	11,330
5,880	30	500				6,380	8,384	14,764
4,943	43	1			a Association 1920 - State State Carl Landard Carl Landar	4,943	51	4,994
3,610	10	92	205	25		3,932		3,932
4,560	50					4,560		4,560
5,249	49	652	505	109	di Carata	6,515	0	6,515
3,164	54					3,164	350	3,514
34,012	2	1,244	1,010	134	2,000	38,400	53,671	92,071

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*Question No. 2 Senator Mian Muhammad Ateeq Shaikh: (Notice Received on 19/03/2020 at 10:30 AM) QID: 37003

Will the Minister for Finance and Revenue be pleased to state whether there if any proposal under consideration of the Government to include/take measures in the budget for the next fiscal year (2020-2021) for provision of interest free loans to the farmers in the country which shall be repaid by them after the sale of their crops, if so, the details thereof?

Minister for Finance and Revenue: At present, there is no such proposal under consideration to include/take measures in the budget for the next fiscal year (2020-21) for provision of interest free loans to the farmers in the country.

*Question No. 3 Senator Sirajul Haq:

(Notice Received on 6/04/2020 at 10:00 AM) QID: 37024

Will the Minister for Industries and Production be pleased to state:

- (a) whether it is a fact that the Government has decided to privatize the Pakistan Steel Mills, if so, the details thereof; and
- (b) whether it is also a fact that the Government hired the services of a firm to assess the value of the assets of the said Mills, if so, the name and details/profile of that firm and the estimated value of the assets of the Mills?

Mr. Muhammad Hammad Azhar: (a) Pakistan Steel Mill (PSM) was placed on the Privatization list in line with the decision of Economic Coordination Committee (ECC) of the Cabinet dated 3rd May, 2019 (**Annex-A**). Subsequently, Cabinet Committee on Privatization (CCoP) vide its dated 17th June, 2019 also directed to immediate advertise for the recruitment of a Transaction Advisor (**Annex-B**). In light of these decisions, Government of Pakistan has been making continues effort for the revival of PSM. With regards to the appointment of Transaction Advisor, Financial Advisor (FA) has been engaged by Privatization Commission (PC) who is evaluating the best possible option / mode for the revival of PSM on the basis of various parameters finalized in consultation with PC. At present draft Due Diligence Reports on different

aspects of PSM prepared by FA are under discussion of PC's Evaluation Committee before being finalized. A well-defined timeline has been prepared by the PC for the completion of task.

(b) In line with the decision of CCoP dated 17th June, 2019, PC has appointed Pak-China Investment Company Limited (PCICL) as Financial Advisor (FA) for carrying out due diligence on different aspects of PSM, including land. The said company has further engaged M/S. Iqbal A. Nanjee for assessment of PSM's land. The brief profile of M/s A Nanjee has been placed at **Annex-C** The final estimated value of the assets of the PSM are yet to be Finalized because draft due diligence reports are under discussion of PC's evaluation committee before being finalized.

However, PSM from its own resources engaged M/S. Anjum Adil and Associates for revaluation of PSM's land. The total value of PSM assets including land comes cut to be Rs. 409.680 billion (approx.).

Annex-A

<u>SECRET</u>

Case No.ECC-135/17/2019 Dated: 3rd May, 2019

APPOINTMENT OF TRANSACTION ADVISORY CONSORTIUM (TAC) FOR REVIVAL OF PAKISTAN STEEL MILLS (PSM)

DECISION

The Economic Coordination Committee (ECC) of the Cabinet considered the summary dated 16th April, 2019 submitted by the Ministry of Industries & Production regarding Appointment of Transaction Advisory Consortium (TAC) for Revival of Pakistan Steel Mills (PSM) and agreed to the proposal of Ministry of Industries & Production for placing the PSM on privatization list. The Committee directed Ministry of Industries & Production to make a formal proposal in this regard to CCoP, which is the competent forum for the purpose.





Annex-B

<u>SECRET</u>

Case No.CCoP-2/2/2019 Dated: 17th June, 2019

PRIVATIZATION OF PAKISTAN STEEL MILLS

DECISION

The Cabinet Committee on Privatization (CCoP) noted the position presented by the Privatization Division regarding Privatization of Pakistan Steel Mills and directed that Pakistan Steel Mills (PSM) be placed in the privatization list. Cabinet Committee on Privatization (CCoP) directed the Privatization Commission to immediately advertize for the recruitment of a transaction adviser for this transaction i.e. to bring in a party for the revival of the Pakistan Steel Mills without transfer of full ownership.

II. The CCoP also asked for a Committee comprising Minister for Privatization and Adviser to PM on Commerce & Industries to review the progress and report to the ECC.



Profile of Iqbal A. Nanjee

The strength of experts of Iqbal A. Nanjee based at Karachi, Lahore, Multan and Peshawar, operating for over four decades. It has emplyed various engineers from different disciplines, including electrical, mechanical, industrial, marine, textiles, etc.

It has conducted valuations and risk assessment for Pakistan Telecommunication properties, airport facilities of Civil Aviation Authority, various textile plants, cement plants, power generation units, Pakistan State Oil, various Fertilizer Plants host of chemical and pharmaceutical companies.

Iqbal A. Nanjee was involved in surveys of Projects such as Tarbela Dam which was one of the largest earths filled Dam in the World, Pakistan Steel Mills, Sui Southern Gas Company and several projects related to Textile, Cement, Automobile Industries, Oil Refineries, Chemicals and Glass Plants, etc. for local and foreign Underwriters / Bankers and Owners. It has been involved in the inspection of various Power Generation Units including Hub Power, Port Qasim Thermal Power Station, Kot Addu Thermal Power Station, TarbelaHydal Power Station, Jamshoro Power Station, Uch Power and Liberty Power, etc.

*Question No. 4 Senator Mushtaq Ahmed:

(Notice Received on 11/05/2020 at 12:15 PM) QID: 37027

Will the Minister for Economic Affairs be pleased to state the number of countries and international organization who have provided or promised to provide financial assistance / aid to Pakistan in the wake of the pandemic of corona virus indicating also the amount of financial assistance provided by them so far?

Makhdoom Khusro Bukhtiar: Fifteen (15) countries and international organizations have committed to provide an amount of US\$ 3302.06 million to Pakistan as loans, grants and technical assistance in the wake of COVID-19 pandemic. Out of total committed amount, US\$ 2660.35 million have been disbursed so far. The details are as under:

Country/ Organization	Committed (US\$ M)	Disbursed (US\$ M)	Beneficiary
IMF	1,386	1,386	
ADB	500	500	General
AIIB	500	500	Budgetary Support
OFID	50	0	I I
Sub Total - I	2,436	2,386	-

A. Budgetary Support (Loans)

	B. Project Fin	ancing (Loan	18)
Country/ Organization	Committed (US\$ M)	Disbursed (US\$ M)	Beneficiary
ADB	350	129	NDMA, BISP, NDRMF
World Bank	300	111	M/o NHSR&C, NDMA, BISP, Provincial Govts.
IsDB	70	0	M/o NHSR&C
France (AFD)	47	0	NDMRF, MOCC
Sub Total - II	767	240	-

C	C. Grants		
Country/ Organization	Committed (US\$ M)	Disbursed (US\$ M)	Beneficiary
USA	31.87	20.87	INGO, HIS, CDC, UNHCR
Japan	28.33	2.87	MoH, NDMA, UNICEF, IOM, NHCR, IFRC
EU	19.85	0.00	NGOs
ADB	7.78	0.50	MoNHSR&C NDRMF,
China	4.00	4.00	NDMA
UK	3.22	2.31	WHO
Canada	2.39	2.39	WFP, UNHCR, OCHA
South Korea	0.80	0.80	WHO
IsBD	0.42	0.21	GoS, GoKP
UN	0.40	0.40	UN Agencies
Sub Total – III	99.06	34.35	-
GRAND TOTAL	3,302.06	2,660.35	

*Question No. 5 Senator Mushtaq Ahmed: (Notice Received on 18/06/2020 at 2:00 PM) QID: 37091

Will the Minister for Finance and Revenue be pleased to state:

- (a) the overall losses suffered by State Owned Enterprises (SOEs) as of December, 2019 indicating also the steps being taken by the Government to overcome the losses of those SOEs; and
- (b) whether there is any proposal under consideration of the Government to hand over the administrative matters of the said SOEs to private sector in accordance with Public Sector Companies Rules, 2013, if so, the details thereof and if not, the reasons thereof?

Minister for Finance and Revenue: The information is being collected from quarter concerned and will be placed on the table of the House when it received from them.

*Question No. 6 Senator Mushtaq Ahmed:

(Notice Received on 18/06/2020 at 2:00 PM) QID: 37196

Will the Minister for Finance and Revenue be pleased to state:

- (a) whether it is a fact that the Government made 145% extra expenditure through supplementary grants during the fiscal year 2019-20, if so, the details thereof; and
- (b) whether the Government had obtained any approval from the Parliament for the said extra expenditures?

Minister for Finance and Revenue: (a) The supplementary grants (SG) of Rs. 1, 135.104 billion was allowed by the Federal Government under Article 84(a) of the Constitution during financial year 2019-20 which together constitute 2.38% of authorized expenditure approved by the Parliament for FY 2019-20.

(b) Article 84(a) is authorized Federal Government to provide supplementary grants to Ministries/ Divisions. During financial year 2019-20 Federal Government provide Supplementary Grants as under:

- Regular Supplementary Grants of Rs. 778 billion
- Technical Supplementary Grants of Rs 357 billion
- Token Supplementary Grant of Rs. 2.5 million
- Supplementary Grants of Rs. 544.825 billion have been approved by the Parliament during budget session 2020-21
- The remaining SG of Rs. 590.279 billion availed will be laid before the National Assembly for approval in financial year 2020-21.

*Question No. 7 Senator Abdul Rehman Malik:

(Notice Received on 13/07/2020 at 11:55 AM) QID: 37129

Will the Minister for Finance and Revenue Division be pleased to state whether there is any proposal under consideration of the Government to reduce the retirement for Governments servants from 60 to 55 years and to stop the payment of monthly pension to the retired Government servants, if so, the details and reasons thereof?

Minister for Finance and Revenue: Section 13 (ii) of Civil Servants Act, 1973 provides the age of retirement of civil servants as 60 years. In term of Section 19 of the Civil Servants Act, 1973, on retirement from service, a civil servant shall be entitled to receive such pension or gratuity as may be prescribed. The Act ibid is administered by the Establishment Division, therefore Finance Division cannot comment on it. However, no proposal is under consideration in Finance Division to reduce retirement age or stoppage of monthly pension.

*Question No. 8 Senator Gianchand:

(Notice Received on 16/07/2020 at 4:10 PM) QID: 37138

Will the Minister for Planning, Development and Special Initiatives be pleased to state:

- (a) the details of development schemes funded by the Federal Government in district Tharparkar during the last 5 years; and
- (b) the names of development schemes in the said District which were part of PSDP but dropped during the last 10 years?

Mr. Asad Umar: (a) Allocation of funds under federal PSDP is not earmarked on constituency / district basis rather allocated to the national level projects proposed by the Federal Ministries / Divisions and approved by the federal competent fora.

Detail of 6 development schemes funded through federal PSDP in Tharparkar, sponsored by various Ministries / Divisions is attached as **Annex-I**.

(b) As per record, only two development schemes were dropped / closed under federal PSDP. List with reasons is attached at **Annex-II**.

Annex-I

Projects Located in District Tharparkar

(Rs in Million) Project Name Approval Status Cost Reported Alloaction PSDP St Remarks/ Status Expenditure 2020-21 Upto June, 2020 **Cabinet Division** 1 Installation of RO Plants in Taluka DDWP 890.52 0.00 450.00 New Initiative Dahli, Taluka Chachro and Taluka 14.05.2020 Nagarparkar of Tharparkar District Finance Division 0.00 Funding was discontinued from 2X50 MW Power Plant from Syngas ECNEC 8898.70 3713.94 (IGCC 2009), Tharparkar 18-12-2010 FY 2018-19 Interior Division 3 Rehabilitation /Upgradation of DDWP 54.50 54.50 0.00 Completed during FY 2015-16 Accommodation and Allied Facilities 23.01.2014 of Thar Rangers Railways Division 70.00 Bankable feasibility study for new DDWP 0.00 0.00 Shifted to PSDP+ / PPP Mode Railway Link connecting SECMC 20.11.2019 from FY 2019-20 Thar Coal Block-II with the National Railway Network Science & Technological Research Division Exploration of Groundwater Potential DDWP 57 00 28 57 0.00 Funding was discontinued from and Promotion of Intervention for 04.04.2016 FY 2020-21 Rainwater Harvesting and Bio-Saline Agriculture in Thar, PCRWR Water Resources Division Makhi Farash Link Canal Project ECNEC 5306.20 4337.00 969.20 On-going (Chotiari Phase-II) for Water supply 04.09.2015 to Thar Coal Project Cost 10612.4 M

Total: 15276.93

8134.01

1419.20

Federal PSDP - DURING THE LAST 5 YEARS

Annex-II

Dropped projects Located in Tharparkar

FEDERAL PSDP DURING THE LAST 10 YEARS

						(Rs in Million)
S#	Project Name	Approval Status	Cost	Reported Expenditure Upto June, 2020	Alloaction PSDP 2020-21	Remarks/ Status
2	2X50 MW Power Plant from Syngas (IGCC 2009), Tharparkar	ECNEC 18-12-2010	8898.70	3713.94		Funding was discontinued from FY 2018–19 onwards on recommendations of the third party validation Committee after its field visits in March 2018.
5	Exploration of Groundwater Potential and Promotion of Intervention for Rainwater Harvesting and Bio-Saline Agriculture in Thar, PCRWR	DDWP 04.04.2016	57.00	28.57		Funding discontinued from FY 2020- 21. Due to enquiry and audit related issues in the project, allocation has not been proposed / recommended by the M/o S&T in PSDP for FY 2020-21
		Total:	8955.70	3742.51	0.00	

*Question No. 9 Senator Keshoo Bai:

(Notice Received on 20/07/2020 at 4:05 PM) QID: 37150

Will the Minister for Industries and Production be pleased to state whether it is a fact that Large scale manufacturing has recorded negative growth of 3.03% during the period from July, 2019 to February, 2020, if so, the steps taken/being taken by the Government to control the decline in the same?

Mr. Muhammad Hammad Azhar: According to Pakistan Bureau of Statistics (PBS), it is a fact that the Large Scale Manufacturing has recorded negative growth of **3.03%** (provisionally) which was revised latter on to negative growth of **2.93%** during the period from July, 2019 to February, 2020, as compared to the corresponding period of July 2018 to February 2019.

Industries and Production Division has taken following steps in various sectors to control the decline in the Large Scale Manufacturing:

The central bank of Pakistan lowered its benchmark interest rate by 100 bps to 7% in June 2020 to continue supporting domestic economic activity, growth and employment during these challenging times of Covid-19.

Special incentive package for construction industry announced by the government is also very encouraging, which created a stimulus in the economy by increasing the demand of cement and 70 allied industries and creating job opportunities for a very large number of skilled and unskilled workforces. Construction sector also contributes significantly to GDP.

AUTOMOTIVE SECTOR

- The current incumbent Government has ensured continuity of Auto Policy. Government has tried to create competition/ improve quality of locally manufactured automobiles by granting manufacturing licenses to six new entrants namely M/s Kia Lucky Motors Pvt. Ltd., M/s United Motors (Pvt.) Ltd., M/s Regal Automobile Industries Ltd., M/s Foton JW Auto Park (Pvt.) Ltd., M/s Master Motors Ltd and M/s Hyundai Nishat Motor (Pvt.) Ltd. Furthermore, Pakistan has officially joined WP-29 Forum for harmonization of safety environment regulations on April 24, 2020.
- Total investment attracted so far under ADP 2016-21 is approximately USD 1 billion. Under ADP 2016-21, nineteen new investors have been granted Greenfield status. In addition, under Brownfield category two closed down units have been revived.

MOBILE DEVICE MANUFACTURING POLICY:

• This Division's summary and policy on "Mobile Phone Manufacturing Policy" was approved by the Economic Coordination Committee (ECC), in its meeting held on 21-05-2020 in case No. ECC-196/23/2020 and ratified by the Cabinet in its meeting held on 02-06-2020. The purpose of this policy is to promote make in Pakistan policy with developing a new industry in mobile device manufacturing by incentivizing the local industry by increasing the difference between CBU and CKD.

ELECTRIC VEHICLES (EV) POLICY:

• Summary, regarding entrusting formulation of EV Policy by MoI&P, has been submitted by this Division to the Cabinet on 16th March 2020.

- Consequently, a high level committee comprising of Minister for Industries & Production, Advisor to Prime Minister on Climate Change, Minster for Science & Technology, Minister of Planning, Special Assistant to PM on Petroleum, Deputy Chairman Planning Commission and Advisor to PM on Institutional Reforms & Austerity has been constituted to finalize policy draft.
- The first meeting of the said committee was held on 06-04-2020.
- The second and 3rd meetings of the said committee held on 03 & 08-06-2020 under chairmanship of Minister for Industries & Production.
- As per decision of the above committee, this Division moved summary on 2/3 Wheelers & HCVs which was approved by ECC in case No. ECC-244/27/2020 on 10-06-2020 and Cabinet also ratified it on 16-06-2020.
- The main objectives of the EV Policy are to encourage auto and related industry to adopt EV manufacturing and introduce hybrid and other fuel efficient technologies, mitigating negative aspects of climate change through reduction in emissions from transport sector, employment generation and reduction of external deficit through reduction in oil import bill.

FERTILIZER

As per the data regarding fertilizer production, production for fertilizer sector in general during the period under consideration (July 19 to Feb 20) increased by 5.1 %. Reasons for increase are as under:

• The subject increase is primarily due to running of two shut plants at SNGPL network *i.e.* Fatima fertilizer (Sheikhupura plant) and Agritech (Urea fertilizer) from July to Nov.-19 (5 months). In this regard, M/o Industries and Production (GoP) intervened by operating both the plants on cost sharing basis at 100% RLNG. During the period July to Nov-19, GoP picked up cost differential to the tune of PKR 7.3 billion.

- Further another closed plant *i.e.* PaK Arab (CAN, NP) started its operations on the basis of restoration of its gas supply from Mari Petroleum Company Limited (MPCL) from Jan-20.
- Further M/s Engro fertilizer old plant on the basis of allocation of additional 25MMCFD gas also started operating at full installed capacity (970,000 MT)

ISLAMABAD, the 17th August, 2020 DR. SYED PERVAIZ ABBAS, *Secretary*.

PCPPI-1021(20) Senate-17-07-2020-275.

(302nd Session)

SENATE SECRETARIAT

"UN-STARRED QUESTION AND THEIR REPLY"

for Tuesday, the 18th August, 2020

*Question No. 1 Senator Syed Muhammad Sabir Shah: (Notice Received on 2/06/2020 at 3:10 PM) QID: 37058

> Will the Minister for Finance and Revenue be pleased to state whether it is a fact that ATM facility is not available in the National Bank and Muslim Commercial Bank branches in Tehsil Darband, District Mansehra, if so, the time by which ATM facilities will be provided in the said branches?

Minister for Finance and Revenue: Yes. However, the banks have given following time line for installation of ATM:—

NBP	Subject to feasibility / viability, an ATM could be arranged within 2.5 to 3 months (time required for electrical installation, construction of cabin / civil works etc.).
MCB Bank	As per Business Area North, we will be able to install ATM machine at Darband Township Branch by end of December 2020.

ISLAMABAD, the 17th August, 2020 DR. SYED PERVAIZ ABBAS, Secretary.

PCPPI-1021(20) Senate-17-08-2020-275.