

SENATE SECRETARIAT

“QUESTIONS FOR ORAL ANSWERS AND THEIR REPLIES”

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

Wednesday, the 4th December, 2013

2. ***Syeda Sughra Imam:** (Notice received on 08-11-2013 at 01:30 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state:

- (a) *the sources of generation of Rs.500 billion to pay circular debt; and*
- (b) *whether it is a fact that the said amount was borrowed from banks, if so, the names of the banks concerned and the terms and conditions on which the same was borrowed?*

Mr. Muhammad Ishaq Dar: (a) All payments relating to government expenditure are made out of Federal Consolidated Fund which consists of revenue receipts, loans and recovery of loans. No specific revenue receipt or loan can be linked for any specific payment. For settlement of power sector circular debt, three kinds of transactions were carried out (i) issuance of five years Pakistan Investment Bonds (ii) Deduction at source against government receipts or recovery of loans (iii) Cash payment out of Federal Consolidated Fund.

- (b) As indicated above no specific borrowing from banks was made for this purpose.

3. ***Syeda Sughra Imam:** (Notice received on 08-11-2013 at 01:30 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state whether disbursement of Rs. 500 billion for settling / paying circular debt was made with the approval of the Parliament, if so, its details?

Mr. Muhammad Ishaq Dar: The amount required for settlement of circular debt – PEPCO during the years 2012-2013 and 2013-2014, was provided under Demand No. 107 “Federal Miscellaneous Investment” through demands of grants and appropriation, which were approved by the National Assembly through voting.

4. ***Mr. Karim Ahmed Khawaja :** (Notice received on 11-11-2013 at 09:30 am)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state:

- (a) *the amount provided to Pakistan by USA on account of war on terror so far;*
- (b) *the amount received by Pakistan from USA under the Coalition Support Fund (CSF) so far, with year-wise break-up; and*
- (c) *the amount reserved / allocated for Pakistan under Kerry-Lugar Bill indicating also the amount received out of the same so far?*

Mr. Muhammad Ishaq Dar: (a) The US Government has reimbursed US\$ 10.775 billion on account of war on terror up to October, 2013.

(b) The year-wise breakup is as under:—

Period	Al-Mizan
2001-02	\$ 300.00 M
2002-03	\$ 847.00 M
2003-04	\$ 753.20 M
2004-05	\$ 830.60 M
2005-06	\$ 1070.40 M
2006-07	\$ 1240.80 M
2007-08	\$ 655.00 M
2008-09	\$ 912.90 M
2009-10	\$ 1294.00 M
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Period	Al-Mizan
2010-11	\$ 743.30 M
2011-12	
2012-13	\$ 1806.50 M
21-10-13	\$ 322.20 M
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Total:	\$ 10,775.90 M

(c) Under Kerry Lugar Bergman Legislation upto US\$ 1.5 billion per year could be allocated to Pakistan starting from October, 2009. The actual amount obligated by US Congress since October, 2009 upto 30th June, 2013 is US\$ 3.947 billion. Against this obligation US\$ 3.827 billion have been disbursed upto 30-06-2013.

5. ***Mr. Abdul Rauf:** (Notice received on 11-11-2013 at 02:00 pm)

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

- (a) *the number of industrial units / factories in the country at present and the number of the same in northern Balochistan; and*
- (b) *whether it is a fact that Hirnai Woolen Mill has been closed down, if so, its reasons and the steps being taken by the Government for its revival?*

Mr. Ghulam Murtaza Khan Jatoi: The information is being collected from all the Provincial Governments and reply will be given on next Rota Day.

6. ***Mr. Karim Ahmed Khawaja:** (Notice received on 12-11-2013 at 08:45 am)

Will the Minister for Science and Technology be pleased to state:

- (a) *the number of persons working in Pakistan Engineering Council with province-wise break-up; and*
- (b) *the number of firms and engineers registered by the said Council so far?*

Mr. Zahid Hamid: (a) Number of persons working in Pakistan Engineering Council (PEC) with province-wise break-up, is as under:—

Punjab:	102
Sindh:	39
Khyber Pakhtunkhwa:	28
Balochistan:	07
AJK:	13
Gilgit/Baltistan:	05
FATA:	02
Total:	196

(b) **Registration of Engineers as on 20th November 2013:**

No. of Registered Engineers (RE)*	= 69,819
No. of Professional Engineers (PE)**	= 89,615
Total	= 159,434

Registration of Firms as on 20th November 2013:

No. of Registered Consulting Engineering Firms = 1,593
 No. of Registered Constructors
 Firms = 66,464
 No. of Registered Operators
 Firms = 723

Notes:

***Registered Engineer (RE):** A graduate holding Engineering Qualification duly accredited with PEC.

****Professional Engineer (PE):** A Registered Engineer who has passed the Engineering Practices Examination (EPE) after completing five years experience.

7. ***Mr. Abdul Rauf:** (Notice received on 12-11-2013 at 09: 15)

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

- (a) *the quantum of losses of Pakistan Steel Mills at present;*
- (b) *whether there is any proposal under consideration of the Government to sell extra land of the Mills to meet the said losses, if so, the income expected from the same; and*
- (c) *whether it is a fact that Pakistan Steel Mills was a profit earning organization before the last regime, if so, the reasons for its conversion into loss suffering organization thereafter?*

Mr. Ghulam Murtaza Khan Jatoi: (a) The accumulated loss of Pakistan Steel Mill upto 30-09-2013 as per provisional accounts is Rs, 97,882 million. Year wise position of profit & loss is given below:

	Profit/(Loss) before Taxation	Taxation	Profit/(Loss) after Taxation
2005-06 Audited	1,295	(365)	930
2006-07 Audited	4,576	(1,417)	3,159
2007-08 Audited	3,249	(1,169)	2,081
2008-09 Audited	(28,960)	2,434	(26,526)
2009-10 Audited	(11,561)	(5)	(11,566)
2010-11 Audited	(13,140)	(706)	(12,434)

2011-12 Audited	(22,273)	—	(22,273)
2012-13 Draft	(28,557)	—	(28,557)
2013-14 Sept' 13	(6,139)	—	(6,139)

(b) Various options including this one are under consideration at preliminary stage.

(c) Pakistan Steel has earned profit during the years 2005-06 to 2007-08. However, due to global recession and other factors, the Corporation suffered during the subsequent years. The detail of reasons for conversion into losses due to the following reasons:-

- o Global recession and crash of steel products prices in international market which decreased Pakistan Steel sales value and volume.
- o Procurement of imported raw material on much higher prices (cost & freight) than the prevailing spot rates because Pakistan Steel was bound to procure their material through long term supply contracts.
- o Devaluation of Pak Rupees from Rs.70 to Rs.99 against the US Dollars which increased cost of production.
- o Grant of piecemeal, delayed and below requirement bailout packages.
- o Low capacity utilization (low production)
- o Development of projects at stand still (PSDP)
- o Liquidity crunch in the country
- o Import of identical Iron & Steel Products at low cost
- o Closure / Low Production of re-rolling, line pipe & foundries due to load shedding

8. ***Mr. Karim Ahmed Khawaja:** (Notice received on 12-11-2013 at 12:00 Noon)

Will the Minister for Finance, Revenue, Economics Affairs, Statistics and Privatization be pleased to state:

- (a) *the amount of financial assistance provided to Pakistan by USA during the last 10 years with year-wise break-up; and*
- (b) *the amount of loan obtained by Pakistan from World Bank, Asian Development Bank and International Monetary Fund during the said period with year-wise break-up?*

Reply not received.

9. ***Syeda Sughra Imam:** (Notice received on 12-11-2013 at 01:40 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the details of laws, rules and regulations which regulate or govern foreign funding of non government or civil society organizations in the country?

Mr. Muhammad Ishaq Dar: 1. No specific law, rules and regulations exist in the country to regulate or govern foreign funding of non-government or civil society organizations in the country. Such organizations are generally regulated under various enactments under which they have been registered by the respective regulatory authorities. Such enactments include Companies Ordinance 1984 (SECP), Societies Act (Provincial Governments), Trust Act (Provincial Governments). These various enactments have different audit requirements which are regulated by the concerned agencies.

2. Presently International NGOs operate in the Country under MoUs signed between INGO and the Government of Pakistan (EAD).

10. ***Mr. Abdul Rauf:** (Notice received on 13-11-2013 at 09:00 am)

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

- (a) *the procedure laid down for distribution of fertilizers in the country; and*
- (b) *whether any quota of fertilizers has been allocated for the provinces, if so, the names of dealers through whom the same is distributed with province-wise break-up?*

Mr. Ghulam Murtaza Khan Jatoi: (a) i. On receipt of urea imported through Trading Corporation of Pakistan, NFML Management allocate quota to its regions, keeping in view the demand of respective areas. At the arrival of ship at ports, cartage Contractors already appointed by NFML through a competitive process of envisage in public procurement Rules-2004 carry the product to NFML designated stores.

ii. Currently NFML is operating with 33 Stores located throughout the country at strategic points and a network of 2823 dealers across the country. Delivery of urea to our dealers is made from nearby stores. This reduces the transportation cost for both the dealers and farmers. Sales to end consumer (farmers) is executed through our dealer's network.

(b) Quota allocation to the province is made as per historical consumption of urea. The detail of which is as under—

PUNJAB,	SINDH	KPK,	BALUCHISTAN
70%	20%	7%	3%

Provincewise Dealer's breakup

PUNJAB,	SINDH	KPK,	BALOCHISTAN
2399	274	107	58

List of dealer network is at Annexure- A

(Annexure has been placed on the Table of the House as well as Library.)

11. ***Mr. Saleem H. Mandviwalla:** (Notice received on 13-11-2013 at 12:50 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state:

- (a) the targets fixed by FBR for tax / revenue collection for the first quarter of the current financial year;*
- (b) whether it is a fact that the collection of taxes / revenue during the said quarter was not in accordance to the fixed targets, if so, its reasons and the extent of shortfall; and*
- (c) the steps being taken by the Government to meet the targets during the remaining period of the current financial year?*

Mr. Muhammad Ishaq Dar: (a) The targets of Rs. 509 billion was fixed by FBR for tax/revenue collection for the first quarter of the current financial year.

(b) FBR has achieved the revenue target by 95% during first quarter of the current fiscal year. The shortfall is to the extent of 5%. However, it reflects a growth of 17% over the collection of 1st quarter of 2012-13. Followings are the reasons for shortfall:

The target for FY 2013-14 was based on the assumption that collection would be Rs. 2007 billion in 2012-13, whereas the collection stood at Rs. 1946 billion. Thus the base has eroded by Rs.61 billion from beginning of FY 2013-14. Moreover, decline in dutiable imports also affected the collection

(c) The government has taken a number of steps to enhance revenues to cover shortfall and achieve the assigned annual target. These include:

- (1) Broadening of tax base
- (2) Rationalization of SROs
- (3) Addressing inadmissible input adjustment and illegal refunds in sales tax

- (4) Taxpayers facilitation
- (5) Strengthening tax audit
- (6) Customs modernization and control
- (7) Administrative improvement initiatives
- (8) Human resource management improvement.

12. ***Mr. Saleem H. Mandviwalla:** (Notice received on 13-11-2013 at 12:50 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state:

- (a) *the targets of tax refund for the first quarter of the current financial year, and*
- (b) *the amount of tax refunds for the said quarter and its comparison with the same period of the preceding year?*

Mr. Muhammad Ishaq Dar: (a) Targets for refunds are not fixed.

(b) During first quarter 2013-14 an amount of Rs. 19.9 billion was issued as refunds as compared to Rs.24. 2 billion in the corresponding period last year.

13. ***Mr. Saleem H. Mandviwalla:** (Notice received on 13-11-2013 at 12:50 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state:

- (a) *whether it is a fact that there exist a law which empowers the FBR to access to online information of industrialists for tax purposes; and*
- (b) *whether it is also a fact that the FBR is not exercising the power conferred by the said law, if so, its reasons and the time by which the same will be exercised?*

Mr. Muhammad Ishaq Dar: (a) The law which empowers FBR to have online access to the data held by banking companies was introduced through Finance Act, 2013 by inserting new section 165A in Income Tax Ordinance, 2001. Under the said section every banking company is bound to provide to the FBR, online access to its database containing details of its accounts holders and all transactions made in their accounts.

Every banking company is also to provide to FBR a list containing details of deposit and credit card payments of more than of Rs. 1 million and Rs. 1 lack respectively made during the preceding calendar month.

The said information is not restricted to industrialists only, but to all persons who are not existing taxpayers.

(b) Firstly FBR intends to have online access of bank accounts only in case of non filers of tax returns. Secondly legality of section 165A is sub-judice before Sindh and Lahore High Courts, who have stayed the operation of this section.

ISLAMABAD :
The 3rd December, 2013.

AMJED PERVEZ,
Secretary.