

SENATE SECRETARIAT

“QUESTIONS FOR ORAL ANSWERS AND THEIR REPLIES”

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

Wednesday, the 8th January, 2014

DEFERRED QUESTIONS

(Questions Nos. 72, 76 and 86 originally set down for answering on
17th December, 2013 (99th Session))

76. ***Mr. Abdul Nabi Bangash:** (Notice received on 19-11-2013 at
02:20 pm)

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

- (a) the details of projects presently being funded by the Planning Commission of Pakistan with Province-wise break-up;*
- (b) the details of the said projects for which Rs.245 billion are being funded by the Commission;*
- (c) the details of utilization of Rs.20 billion by the Commission on Laptop scheme; and*
- (d) the criteria laid down for distribution of the said Laptops?*

Mr. Ahsan Iqbal: (a) The Federal PSDP 2013-14 at a size of Rs. 540 billion was approved by the National Economic Council on 10th June, 2013 and passed by the Parliament alongwith Finance Bill 2013-14. A copy of the PSDP 2013-14 was provided to the Members of Parliament at the time of discussions on the budget 2013-14. PSDP 2013-14 is also available on the website of Planning Commission *i.e.* www.pc.gov.pk. Government is following Medium Term Budgetary Framework under which Indicative Budget Ceilings are communicated to the Miniseries/Divisions by the Finance Division. Against these ceilings, the Ministries/Divisions make recommendations for project-wise funds allocation as per national priorities.

During 2013-14, 1129 projects located all over the country are being financed.

(b) As mentioned above, the size of PSDP 2013-14 is Rs. 540 billion including block allocation of Rs. 115 billion for undertaking new development initiatives. So Rs. 425 billion stands allocated to 1129 projects including block allocations for AJ&K, FATA & Gilgit-Baltistan.

(c) Considering the importance of knowledge utilization on equity basis, it was envisaged earlier to provide laptops to talented students of ICT, FATA, AJK GB. Accordingly, an allocation of Rs. 300 million was reflected in the PSDP 2013-14 for this purpose. However, demands were also made for the laptops from the provinces, therefore, the concept of the scheme is being converted from a federal scheme to a national scheme. The Finance Division has provided a window of Rs. 25 billion in the budget for such initiatives as a development grant outside PSDP 2013-14. This amount will help finance the subject scheme.

(d) Criteria of strict merit will be followed in transparent manner in distribution. Project is in process of approval and once the project is approved by ECNEC, details of approved criteria will be available.

86. ***Mrs. Khalida Parveen:** (Notice received on 25-11-2013 at 02:55 pm)

Will the Minister for Planning and Development be pleased to state the mechanism devised by the Government for promotion of educational and economic interests of backward classes and areas of the country during the last five years in pursuance of Article 37 of the Constitution of the Islamic Republic of Pakistan?

Reply not received.

11. ***Syeda Sughra Imam:** (Notice received on 18-11-2013 at 09:30 am)

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

(a) whether there is any proposal under consideration of the Government to carry out population census in the country, if so, when; and

(b) the methodology proposed to be adopted for the said purpose?

Mr. Muhammad Ishaq Dar: (a) The Council of Common Interests in its meeting held on 8th November, 2010 decided to conduct census in two phases *i.e.*:

a. House Listing Operation March / April, 2011.

b. Population and Housing Census August / September, 2011.

As per decision 1st phase *i.e.* House Listing Operation was completed *w.e.f.* 5th April 2011 to 5th May, 2011. A summary on House Listing Operation results and proposal for conduct of 2nd phase *i.e.* main Population and Housing Census was submitted to the Council of Common Interests for consideration in its meeting held on 27th August, 2011. The CCI deferred consideration of the summary which is still pending. During the meeting the Prime Minister desired to have a separate meeting on the subject with the Chief Ministers outside the purview of CCI, which has not been held so far.

(b) The census is conducted under the legal cover of General Statistics (Re-organization) Act, 2011. The Council of Common Interests in its meeting held on 8th November, 2010 decided to conduct Census in the Country. Prior to this decision Population Census Organization now Pakistan Bureau of Statistics starts preparations for conduct of Census. Following actions were taken:—

- Consultation with data users for preparation of draft questionnaires.
- Updating of Urban / Rural Maps.
- Updating of Area Lists.
- Delimitation of Census Areas (census blocks/circles).
- Geo-Coding of census areas.
- Questionnaire Design and its Pre-Testing.
- Decision on Census Topics through Advisory Committee and their approval from Council of Common Interests Decision on data entry equipments and Data Processing Plan.
- Decision on sample survey and Determination of Sample Design.
- Appointment of CDOs.
- Freezing of Administrative boundaries.
- Pretesting of Questionnaires, Procedures.
- Setting up Control Rooms at Census District Office level.
- Conducts Population and Housing Census as per field operation plan.

12. ***Mr. Muhammad Talha Mehmood:** (Notice received on 18-11-2013 at 02.10 pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the details of targets fixed for collection of revenue / taxes during the current financial year and details of the same collected so far with head-wise break-up?

Mr. Muhammad Ishaq Dar: The tax-wise target fixed for the current financial year and provisional revenue collection during July-November, 2013-14 is given below;

Tax-wise Targets FY: 2013-14

(Rs. Billion)

Heads	Targets FY 2013-14	Provisional Collection July-November 2013-14
Direct Taxes	975.0	271.0
Sales Tax	1054.1	393.7
Federal Excise	166.9	46.3
Customs	279.0	87.6
Total	2475.0	798.6

13. ***Mr. Muhammad Talha Mehmood:** (Notice received on 20-11-2013 at 09:00 am)

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

(a) *the details of buildings presently hired by FBR for its offices indicating also the location and rent of each building; and*

(b) *the procedure adopted for hiring those buildings?*

Mr. Muhammad Ishaq Dar: (a) 98 buildings have been hired by FBR for office accommodation. Province-wise break-up is as under:—

Punjab including Federal Capital (Annex-I)

**Total No. of
accommodations**

76

Rent being paid

Rs.8,114,865/-
per month

Sindh (Annex-II)

**Total No. of
accommodations**

05

Rent being paid

Rs.2,925,397/-

per month

KPK (Annex-III)

**Total No. of
accommodations**
12

Rent being paid
Rs.333,710/-
per month

Balochistan (Annex-IV)

**Total No. of
accommodations**
04

Rent being paid
Rs.86,720/-
per month

Gilgit - Baltistan (Annex-V)

**Total No. of
accommodations**
01

Rent being paid
Rs 44,440/-
per month

(b) As per procedure prescribed by the Ministry of Housing & Works and Finance Division (**Annex-VI & VII**).

(Annexures have been placed on the Table of the House as well as Library.)

14. ***Syeda Sughra Imam:** (Notice received on 20-11-2013 at 09:10 am)

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

(a) whether any mechanism exists to collect tax on mobile phone cards deducted from mobile phone users, if so, the details thereof; and

(b) the revenue generated from the said tax during the last three financial years?

Mr. Muhammad Ishaq Dar: (a) There exists a mechanism to collect tax on mobile phone cards. Section 236 of the Income Tax Ordinance, 2001 provides for collection of tax on telephone bills and prepaid cards. The person issuing or selling prepaid cards collects Advance tax from the purchasers at the time of sale of cards.

Income tax collected is deposited in the national exchequer on weekly basis as required under Rule 43 of Income Tax Rules 2002. For the purposes of monitoring of tax

collection monthly withholding statements are filed by mobile phone companies, as prescribed under Rule 66 of the Income Tax Rules, 2002.

(b) Amount of Income Tax collected from mobile phone users u/s 236 of Income Tax Ordinance 2001 is as under:—

Financial Year	Tax Collected u/s 236
2010-11	27,514 Million
2011-12	36,843 Million
2012-13	27,072 Million

15. ***Syeda Sughra Imam:** (Notice received on 21-11-2013 at 09:00 am)

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

- (a) *the names, aims and objectives of the projects /programmes being funded by USA in Pakistan; and*
- (b) *the amount being provided by that country for the said projects/ programmes annually?*

Mr. Muhammad Ishaq Dar: (a) The name of the projects being funded by USAID and their aims/objectives are at **Annex-I**.

(b) Under Kerry Lugar Berman Legislation upto \$ 1.5 billion could be allocated per year starting October, 2009. The amount disbursed for the projects in the year 2011-12 & 2012-13 are at **Annex-II**.

(Annexures have been placed on the Table of the House as well as Library.)

16. ***Mr. Muhammad Talha Mehmood:** (Notice received on 21-11-2013 at 09:15 am)

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

- (a) *the number of accommodations presently hired by FBR for its employees with province-wise break-up;*
- (b) *the rent being paid for the said accommodations; and*
- (c) *the procedure adopted for hiring those accommodations?*

Mr. Muhammad Ishaq Dar: (a) 3,542 buildings have been hired by FBR for residential accommodation of its employees. Province-wise break-up is as under:—

Punjab including Federal Capital (Annex-I)

Total No. of accommodations	Rent being paid (Rs.)
2039	206,387,601

Sindh (Annex-II)

Total No. of accommodations	Rent being paid (Rs.)
1109	106,995,819

KPK (Annex-III)

Total No. of accommodations	Rent being paid (Rs.)
213	44,171,435

Balochistan (Annex-IV)

Total No. of accommodations	Rent being paid (Rs.)
181	12,098,824

(b) Rs.369,653,679 as per rental ceilings notified by the Ministry of Housing & Works.

(c) As per Hiring Policy issued by the Ministry of Housing & Works, Islamabad vide Office Memorandum No.2(3)/2003- Policy dated 31-07-2004 (**Annex-V**).

(Annexures have been placed on the Table of the House as well as Library.)

17. ***Mr. Abdul Haseeb Khan:** (Notice received on 22-11-2013 at 04:00 pm)

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

(a) *the GDP growth target to be achieved by the financial year 2018-19; and*

(b) *whether there is any proposal under consideration of the Government to revise the said target and existing economic policy?*

Mr. Ahsan Iqbal: (a) Ministry of Planning, Development and Reform/ Planning Commission of Pakistan envisages to achieve around 7% GDP growth by 2018-19 under 11th Five Year Plan, 2013-18 and Vision, 2025.

(b) There is no such proposal under consideration to revise either the growth target or existing economic policy. However, it may be mentioned that Government realign policies through Annual Development Plans and PSDP to cope with prevailing economic situation in the country.

18. ***Mr. A. Rehman Malik:** (Notice received on 09-12-2013 at 00:00)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the reasons for present devaluation of Pakistani rupee against US dollar?

Mr. Muhammad Ishaq Dar: State Bank of Pakistan follows a flexible exchange rate regime where the value of Pakistani rupee *vis-a-vis* other currencies is determined in the foreign exchange market through the forces of supply and demand in both domestic and international markets. Devaluation is a term used for fixed exchange regimes where the Central Bank or Government decides the value of exchange rate from time to time. Thus the concept of devaluation does not arise.

The depreciation of Rupee is mainly a reflection of overall weak balance of payments position in Pakistan. The fundamental weakness in the overall balance of payments is the result of a continuous decline in the net capital and financial flows since FY07 and is not a recent phenomenon. Even last year (FY13), there was a net inflow of US\$0.6 billion only. Thus, despite some improvement in external current account and continued growth in remittances, a deficit of US\$2.0 billion in the overall balance of payments was recorded in FY13. This along with repayment of IMF loans in FY13 has kept the country's foreign exchange reserves and the exchange rate under pressure.

During Jul-Nov-FY14, the current account deficit stood at US\$ 1.9 billion. There was a net marginal inflow of US\$0.8 billion only in the capital and financial account and the overall balance of payments registered a deficit of US\$ 2.1 billion in Jul-Nov-FY14. IMF repayments have also kept the balance of payment position under pressure. Additionally, budgeted foreign exchange inflows including 3G license fee, PTCL privatization proceeds, and loans from multilateral and bilateral sources are yet to materialize.

However, as contemplated by the Government the realization of budgeted foreign exchange inflows including 3G license fee, PTCL privatization proceeds, and loans from multilateral and bilateral sources (including IMF, World Bank, ADB and IDB) are likely to release some pressures on the exchange rate.

19. ***Mr. A. Rehman Malik:** (Notice received on 09-12-2013 at 00:00)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the details of terms and conditions and commitments made by the Government in connection with implementation of IMF agenda before and after the release of last tranche of the loan being obtained from that fund?

Mr. Muhammad Ishaq Dar: The terms and conditions of the Extended Fund Facility (EFF) with the IMF are given below:—

- Interest rate 2-3% per annum
- Commitment fee 15-30 basis points
- Service Charges 50 basis point (on each amount drawn)
- Repayment period 4.5 – 10 years
(In equal semiannual installments).

The commitments to be fulfilled by the Government under the above facility are given in Annexure. The program does not include any condition to be completed by the Government after the disbursement of last tranche which is expected in September, 2016.

Annexure

Prior Actions (before the release of 1st tranche)

- Implementation of a series of fiscal adjustment measures (including those in 2013/14 budget) totaling 2 percent of GDP on an annualized basis
- Elimination of tariff differential subsidies in industrial, commercial and bulk users and reduction of subsidies to high levels of consumption totaled 0.75 percent of GDP in annualized savings.
- Sustained purchases of foreign exchange by the SBP.
- An agreement at the Council of Common Interest on respecting the 2013/14 fiscal balances for the provinces under the program.
- Issuance of 10,000 collection notices to individuals not registered to pay taxes based where indirect methods suggest large potential income tax liabilities.

Structural Benchmarks (after the release of 1st tranche)

Item	Structural benchmark	Time frame
Fiscal Sector		
1.	Develop and launch initiatives to enhance revenue administration for sales tax, excises, and customs, Similar to that prepared for income tax.	End-December 2013
2.	Announce a rationalization plan for gas prices which will involve a levy to generate 0.4 percent of GDP fiscal savings by end-December 2013. Monetary Sector	End December 2013
3.	Enact the amendments to the SBP law to give SBP autonomy in its pursuit of price stability as its primary objective, while strengthening its governance and internal control framework, in line with Fund staff advice.	End March 2014

Item	Structural benchmark	Time frame
Financial Sector		
4.	Prepare detailed plans to achieve compliance of all banks that fall below minimum capital adequacy, Including specific actions, end dates, and contingency arrangements. Also detail a plan for Recapitalization, consolidation or liquidation of 9 banks that fall below the minimum capital Requirement but not CAR.	End-December 2013
5.	Enact the Deposit Protection Fund Act, in line with Fund staff advice end September 2014	End September 2014
6.	Enact the Securities Bill, in line with Fund staff advice	End-December 2014
Structural Policies		
7.	Develop and approve PSE reform strategy for thirty firms among the 65 PSEs approved for Privatization by the Council of Common Interest (CCI).	End September 2013
8.	Hire a professional audit firm to conduct a technical and financial audit of the system to identify the stock and flow of payables at all levels of the energy sector (including Power Sector Holding Company Limited).	End November 2013
9.	Make Central Power Purchasing Agency (CPPA)	

- operational by separating it from the National transmission and Despatch Company (NTDC), hire key staff, issue CPPA rules and guidelines, and initiate the payment and settlement system. End December 2013
10. Enact the amendments to the Pakistan Penal Code 1860 and the Code of Criminal Procedures 1898. End December 2013
11. Privatize 26 percent of PIA's shares to strategic investors. End June 2014

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Pakistan: Quantitative Targets for FY 2013/14/1/
(In Billion of Rupees at Program Exchange Rate unless otherwise specified)

	FY 2013/14 End June Act	FY 2013/14 End Sep. Program	FY 2013/14 End Dec. Program	FY 2013/14 End March Projections	FY 2013/14 End June Projections
Performance Criteria					
Floor on net international reserves of the SBP (million of US dollars)	-2473	-2499	-2090	-141	2532
Ceiling on net domestic assets of the SBP (Stock, billion of Pakistani Rupees)	2402	2877	2901	2571	2227
Ceiling on overall budget defect (Cumulative, excluding grants billions of Pakistani Rupees)/2	2012	419	882	1209	1464
Ceiling on SBP's stock of net foreign currency swaps/forward position (million of US dollars)	2255	2255	2005	2005	1755
Ceiling on net Government borrowing from the SBP (including provincial Governments, stock, billion of Pakistan rupees) 3/	2168	2690	2560	2560	2240
Continuous Performance Criterion					
Accumulation of External public payments arrears by the general Government (Continuous)	0	0	0	0	0
Indicative Targets					
Cumulative floor on Targeted Cash Transfers Spending (BISP) (Billion of Pakistani rupees)	54	19	38	56	75

Source: Pakistani Authorities; and Fund staff estimates.

1/ All items as defined in the TMU Fiscal year runs from July 01 to June 30.

2/ Excluding grants, FY 2012-13 overall budget deficit is a stock.

3/ F-Y2012-13, total stock of Government debt an of June 30, 2013.

20. ***Mr. A. Rehman Malik:** (Notice received on 09-12-2013 at 00:00)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the amount being paid as national debt servicing per month on the loans obtained from IMF, World Bank and other countries / organizations?

Mr. Muhammad Ishaq Dar: Detail of amount being paid as national debt servicing per month on loans obtained from IMF, World Bank and other countries / organizations is placed at **Annex-I**.

21. ***Mr. Waqar Ahmed Khan:** (Notice received on 11-12-2013 at 04:00 pm)

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

- (a) *the names and countries of origin of the foreign commercial banks presently operating in Pakistan with permission of the State Bank of Pakistan;*
- (b) *whether it is a fact that some of the said banks are not opening accounts of parliamentarians, labeling them as politically exposed persons (PEP), if so, its reasons and the names of such banks; and*
- (c) *whether the State Bank of Pakistan has issued any such instruction to the said banks, if so, the reasons for not informing the parliamentarians about the same?*

Mr. Muhammad Ishaq Dar: (a) State Bank of Pakistan has issued licenses to the following seven (7) foreign commercial banks for operating in Pakistan:—

Sr.	Bank	Country
i.	Citibank N.A.	USA
ii.	Deutsche Bank AG	Germany
iii.	Hongkong & Shanghai Banking Corporation (HSBC) Bank Oman S.A.O.G	Sultanate of Oman
iv.	The Bank of Tokyo-Mitsubishi UFJ Ltd.	Japan
v.	Hongkong & Shanghai Banking Corporation (HSBC) Middle East Ltd.	Jersey Island
vi.	Barclays Bank PLC	UK
vii.	Industrial and Commercial Bank of China Ltd.	Peoples Republic of China

(b) No.

(c) No.

25. ***Mr. Karim Ahmed Khawaja:** (Notice received on 12-12-2013 at 03:30.pm)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state the details of aid / loans provided to Pakistan by USA, UK, France, Germany, China, Saudi Arabia, European Union, Japan and South Korea since 2002?

Mr. Muhammad Ishaq Dar: The details of grants/loans provided (disbursed) to Pakistan by USA, UK, France, Germany, China, Saudi Arabia, European Union, Japan, South Korea since 2002 are as under:—

(USD Million)

Donor	Grant	Loan	Total
USA	2,734.61	9.69	2,744.31
UK	1,366.17	8.95	1,375.13
France	—	131.91	131.91
Germany	197.23	184.35	381.59
China	409.25	4,285.39	4,694.64
Saudi Arabia	657.65	886.19	1,543.84
European Union	241.46	—	241.46
Japan .	405.77	1,146.59	1,552.37
Korea	0.50	39.85	40.35
Total	6,012.66	6,692.93	12,705.59

26. ***Mr Karim Ahmed Khawaja:** (Notice received on 20-12-2013 at 01:10 pm)

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

- (a) the number of persons in BPS-1 to 22 working in the Ministry of Planning and Development with grade-wise and Province-wise breakup; and*
- (b) the number of the said persons working against executive posts with Province-wise breakup?*

Mr. Ahsan Iqbal: (a) The reply is attached at Annex-A.

(b) The contents of the question are not clear.

27. ***Col (R) Syed Tahir Hussain Mashhadi:** (Notice received on 24-12-2013 at 11:30 am)

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

- (a) whether targets of various sectors as pledged in the Millennium Development Goals (MDGs) are likely to be achieved by the deadline of year 2015, if not, the reasons thereof;*
- (b) the steps being taken by the Government to achieve the said targets goals; and*
- (c) the details of progress made so far in various sectors for achieving the said targets indicating also the present indicators thereof?*

Mr. Ahsan Iqbal: (a) Of the 34 indicators on which Pakistan reports progress and on which data is available, Pakistan is on track on 10 indicators.

The reasons for missing most of the indicators include internal and external economic and non-economic challenges, including natural disasters, conflicts; institutional, administrative and political changes, weak commitments to economic reforms, lack of awareness, fading commitments by the development partners due to global recession of 2007 and belated ownership of MDG agenda at the sub-national level. The impact of above challenges reflected in slow progress and hence non-achievement of many of the indicators.

(b) The government has taken a number of steps for achieving Millennium Development Goals (MDGS) by 2015. These includes:

- (a) Provincial engagement and agreement on MDG Acceleration Framework, in the first instance, on education.
- (b) Enhancing capacity of the people through human resource development that involve better education, health, population welfare, skill development services, improved access to clean water & sanitation and gender mainstreaming initiatives.
- (c) Provision of productive assets inclusive of micro finance at individual level.
- (d) Moving towards a comprehensive social safety net to protect the vulnerable and those suffering from natural or manmade disasters.
- (e) Provision of adequate resources for financing the poverty reduction programs.
- (f) Reforming and strengthening institutions for better delivery of public services to people.
- (g) Improving access and quality of education and health services.
- (h) Providing improved population welfare facilities.
- (i) Infrastructure development.

To help augment physical assets of the poor, the following programs have been launched:

- (a) Pakistan Poverty Alleviation Fund for improved access to microfinance.
- (b) Subsidy on fertilizer and tractors.
- (c) Tameer-e-Watan Program.
- (d) Development communications for creating awareness.

Targeted interventions for the poor and vulnerable under social safety net programs include:

- i. Benazir Income Support Program
- ii. Pakistan Bait-ul-Mal
- iii. Subsidy on food
- iv. Employees Old Age Benefit Scheme
- v. Workers Welfare Fund

(c) Between 2001 and 2011, based on consistent official methodology and Pakistan Living Standards Measurement Survey data, it appears that poverty headcount has declined from 34.5% in 2001-02 to 12.4% in 2010-11. However, a Technical Group on Poverty has been setup by the Minister for Planning, Development & Reform to review official methodology for poverty estimation and validate poverty numbers.

Net Enrolment Ratio has improved from 42% in 2001-02 to 57% in 2011-12 while Completion Rate to Grade 5 has remained stagnant at 57% during the period.

In Health MDGs, estimates for 2012-13 show decline in Under-five Mortality Rate has from 94 (per thousand live births) in 2006-07 to 89 (per thousand live births) while Infant Mortality Rate declined from 77 deaths (per one thousand live births) in 2001-02 to 74 by 2012-13. The proportion of children under two years who have been fully immunized against six preventable diseases has increased from 53% to 80% between 2001-02 and 2011-12, while the proportion of children under 1 year immunized against measles has increased to 81% during the same period.

Maternal Mortality Rate (MMR) declined to 276 (deaths per 100,000 live births) in 2010-11 from 350 (deaths per 100,000 live births) in 2001-02. The share of deliveries attended by skilled personnel has gone up to 52% in 2012-13 from 24% in 2001-02 while Contraceptive Prevalence Rate (CPR) among married women improved from 28% to 35% during the same period. A decrease in the Total Fertility Rate (TFR) over the period 2006-07 to 2012-13 has been recorded from 4.1% to 3.8%. The percentage of TB cases detected and cured has increased from 79% in 2001-02 to 91% in 2010-11.

Primary Education Gender Parity Index (GPI) in Pakistan has improved from 0.82 in 2001-02 to 0.88 in 2010-11, while Youth Literacy GPI increased from 0.65 in 2001-02 to 0.63 in 2010-11. Inequality in terms of women's political participation and share in the national decision making process has been satisfactory in Pakistan.

Since 2001-02 the land area under forest cover improved from -4.8% (of the total area of Pakistan) to 5.2% in 2011-12. As per PSLM survey data for 2011-12, the coverage of improved drinking water has increased to 89% from 86% in 2001-02.

The debt service as a percentage of exports of goods and services decreased from 50.9% in 2001-02 to 28.5% in 2010-11. Targets relating to connectivity show remarkable

improvement as tele-density of cellular phones reaches to 68% while total tele-density, at 72% by 2013. Total number of broadband subscribers has touched 2.5 million. Total number of telephone subscribers (both fixed line and cellular) was 128.1 million, including 122.1 million subscribing to cellular phones. Total number of broadband subscribers is 2.51 million.

28. ***Col (R) Syed Tahir Hussain Mashhadi:** (Notice received on 24-12-2013 at 11:30 am)

Will the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization be pleased to state whether it is a fact that the sales tax for unregistered retailers has recently been reduced from 17% to 1% and sales tax on fabrics has been reduced from 5% to 3%, if so, the reasons thereof?

Mr. Muhammad Ishaq Dar: No, it is not a fact that sales tax for unregistered retailers has been reduced from 17% to 1%. Retailers are covered under Chapter II of the Sales Tax Special Procedure Rules, 2007 whereunder they are required to pay sales tax on the basis of their quarterly turnover. This scheme has not been changed for the retailers and is as follows:

S #	Quarterly Turnover	Sales Tax Rate
(i)	Upto 1-25 million	Nil
(ii)	More than 1.25 million and upto 2.5 million	0.25% of the turnover exceeding Rs.1.25 million
(iii)	More than Rs.2.5 million	Rs.6,250 plus 0.75% of the turnover in excess of Rs.2.5 million

It is pertinent to mention that rate of withholding sales tax on supply of goods, made to Sales Tax withholding agents by unregistered suppliers, has been **reduced from 17% to 1%** of the value of supplies through SRO 897(I)/2013, dated 04-10-2013 by amending the Sales Tax Special Procedure (Withholding) Rules, 2007. The rate of withholding tax of 17% had been agitated as highly exorbitant. Keeping in view hardships faced by the registered taxpayers, particularly with regard to withholding of tax on purchases from unregistered persons, state of documentation of economy at present, rate of withholding tax on purchases made by registered persons has been reduced to 1% which, however, is not adjustable.

Regarding reduction in rate of sales tax on fabrics from 5% to 3%, it is admitted that rate of Sales Tax on “fabric” has been rationalized @ 3%. SRO 898(I)/2013, dated 04-10-2013 had been issued to remove confusion on sales tax chargeable on supplies and import of ‘Fabric’. In case of the Textile sector, the rate of sales tax on raw materials is 2% while the rate of sales tax for finished goods is 5%.

There was a confusion with respect to 'Fabric', as to whether it is a finished good or a raw material. FBR was of the opinion that 'Fabric' is ready for use and sales tax @ 5% should be charged, while the taxpayers were of the opinion that 'Fabric' has to still undergo process of manufacturing, therefore, it is a raw material chargeable to sales tax @ 2%. In order to resolve this dispute and rather than leaving the determination of rate of sales tax on 'Fabric' to the field offices, the Federal Government as a conscious policy rationalized the rate of sales tax on 'Fabric' @ 3%.

ISLAMABAD :
The 7th January, 2014.

AMJED PERVEZ,
Secretary.