

SENATE SECRETARIAT

“QUESTIONS FOR ORAL ANSWERS AND THEIR REPLIES”

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

Tuesday, the 16th October, 2012

DEFERRED QUESTIONS

(Questions Nos.42, 44, 46, 52, 53-A & 54 were originally set down for answering on 6th September, 2012 (85th Session) but were deferred)

42. ***Begum Najma Hameed:** (Notice received on 13-07-2012 at 13:20 p.m.)

Will the Minister for Industries be pleased to state the number of employees in the Ministry of Industries and its corporation, attached departments etc. as on 12-10-1999, 15-03-2008 and 30-06-2012?

Ch. Pervez Ellahi: The statement showing the total number of employees in the Ministry of Industries and its Organizations is under:—

S. No.	Name of Organization	Number of Employees		
		12-10-1999	15-03-2008	30-06-2012
1.	Ministry of Industries(Main).	411	323	205
2.	Utility Stores Corporation (USC), Islamabad.	2426	8065	10306
3.	National Fertilizer Corporation(NFC), Head Office, Lahore.	97	73	74
4.	NFC Institute Engineering and Fertilizer Research, Faisalabad.	42	99	213
5.	NFC Institute of Engineering and Technology, Multan.	75	152	200

S. No.	Name of Organization	Number of Employees		
		12-10-1999	15-03-2008	30-06-2012
6.	National Fertilizer Marketing Ltd (NFML), Lahore.	593	78	61

7.	Plastics Technology Centre, Karachi.	37	28	27
8.	Export Processing Zones Authority (EPZA), Karachi.	176	146	281
9.	Small and Medium Enterprises Development Authority (SMEDA), Lahore.	—	141	136
10.	Departments of Explosives, Rawalpindi.	85	85	85
11.	Pakistan Industrial Technical Assistance Centre (PITAC), Lahore.	276	261	261
12.	Pakistan Institute of Management (PIM), Karachi.	94	125	116
13.	Engineering of Development Board (EDB), Islamabad.	—	89	95
14.	National Productivity Organization (NPO), Islamabad.	—	31	63

44. ***Begum Najma Hameed:** (Notice received on 16-07-2012 at 09:20 a.m.)

Will the Minister for Industries be pleased to state the steps taken by the Government for revival of sick industrial units?

Ch. Pervez Ellahi: (a) Reasons for non- Performance of Sick Industries:-

Sick units are closed down or not producing at optimum capacity due to energy shortage (frequent outages of electricity/ gas), high cost of capital, poor technology and poor productivity. Other reasons include ownership disputes and owner specific financial constraints.

(b) Area wise break up:-

A total number of 1579 Industrial units have been closed down in the country during the last five year as per following break-up:—

S. No.	Province	No. of Industrial Units
1.	Punjab	115
2.	Sind	700
3.	Khyber Pukhtunkhwa	688
4.	Balochistan	29
5.	EPZA	47
Total		1579

- (c) Measures taken by the Government :—
- i. In KPK and FATA the SBoP has approved write off of all SME's loan to help them revive.
 - ii. Augmenting Energy Supply:
 - (a) Enhancing electricity/ gas production in order to meet the increasing demand of energy.
 - (b) Nuclear energy production by enhancement of Indigenization of the nuclear power technology.
 - (c) Encouraging captive power generation through alternate/renewable sources of energy like coal, wind power projects, bio gas projects, small hydro and solar energy and coal gasification in short term.
 - iii. Access to credit: State Bank has provided many schemes for facilitating access to capital to SMEs by supplying collateral and building their capacity to manage their finances.
 - iv. To facilitate change of hands and have easy liquidation procedures as a huge amount of productive capacity lies dormant SECP was asked to make changes to 'bankruptcy laws'. The SECP and Finance Div. are working on the Corporate Rehabilitation Act to make the procedures swifter and also cover the possibility of providing 'technical support' to revive sick industry.
 - v. Introduction to modern technology: the MOI has set up Common Facility Centers through SMEDA and pilot projects for training including tools, dye and mould centers and Computer aided designing and manufacturing (CAD/CAM) Centers. Business incubation enters to develop/polish entrepreneurial skills.
 - vi. To tackle inefficiencies: the National Productivity Organization is conducting energy audits of textile and steel sector and helping in major savings through minor adjustments.
 - vii. Pakistan Council for Renewable Energy Technologies also carries out energy audits for a very minimal fee.

46. ***Begum Najma Hameed:** (Notice received on 17-07-2012 at 09:05 a.m.)

Will the Minister for Commerce be pleased to state the names of countries from where cooking oil is being imported indicating also the type and quantity of oil being imported from each country?

Makhdoom Amin Fahim: Pakistan is importing palm oil, soybean oil, vegetable oil & its fractions. A list showing the names of countries where from cooking oil is being imported *vis-à-vis* quantity and value of cooking oil imported is placed at **Annex-A**.

52. ***Mrs. Nuzhat Sadiq:** (Notice received on 24-07-2012 at 09:40 a.m.)

Will the Minister for National Food Security and Research be pleased to state:

- (a) *the levels of hunger and malnutrition in the country in February 2008 and at present;*
- (b) *whether there is any proposal under consideration of the Government to launch Zero Hunger Plan in the country, if so, its details; and*
- (c) *the steps being taken by the Government to revitalize agriculture production and rationalize pricing mechanism in order to minimize / eliminate hunger and malnutrition in the country?*

Mir Israrullah Zehri: (a) (i) In 2007-08 it was estimated by the World Bank and UNDP that 17.2 per cent of the total population was below the poverty line.

(ii) According to a study titled “**Food Insecurity in Pakistan, 2009**” conducted by the Sustainable Development Policy Institute (SDPI) in 2009, 48.6 per cent of the population was food insecure. Out of which 22.4 per cent of the population was extremely poor.

(iii) According to the National Nutrition Survey 2011 conducted by the Benazir Income Support Programme (BISP), Government of Pakistan, around 58 per cent of the population was food insecure. Of the total food insecure population, 29.6 per cent population was food insecure with hunger/severe hunger.

- (b) • The Ministry of National Food Security and Research presented a ‘National Zero Hunger Programme’ to the Prime Minister in a workshop held on March 21, 2012. The announcement during the workshop has yet to be formally approved by the Prime Minister.
- The Ministry officials have held consultations with the World Food Programme (WFP) which is one of the main stakeholders in the proposed Zero Hunger Programme. A draft Zero Hunger Action Plan prepared by WFP was also examined and found lacking in operational details. To prepare a comprehensive Zero Hunger plan with clearly spelt out activities and modalities, further engagements with donors and local stakeholders would be required.

- As Food assistance to the Internally Displaced Persons (IDPs) forms an integral part of the proposed Zero Hunger Programme, recently, on the request of Government of Khyber Pakhtunkhwa and WFP for food assistance for IDPs due to critical food supply situation in FATA, MoNFS&R in a Summary submitted to ECC on August 3, 2012 proposed that 50,000 tons of wheat out of PASSCO's reserves may be donated to the World Food Programme. The cost of 50,000 tons of wheat is Rs.1.546 billion which will be picked up by Government of Pakistan. With this wheat, WFP would be able to provide fortified flour and high energy biscuits to 1.2 million IDPs till December 2012.
- The ECC has approved the above proposal contained in the Summary submitted by this Ministry.

(c) Following steps are taken by the Government to revitalize agriculture production:

- (i) In order to provide incentive to the farming community, during 2011, government increased the support price of wheat to Rs. 1050 per 40 kgs in view of high fertilizer prices and cost of production.
- (ii) The government also provides subsidy on fertilizer in order to encourage balanced input use for increasing agriculture production.
- (iii) Benazir Tractor scheme was also introduced to provide tractors at subsidized rates for improved farming practices.
- (iv) The government also provides research funds to PARC and other provincial agriculture research institutes to promote research activity for high yielding and disease resistant varieties of food crops for better production.
- (v) National Programme for improvement of water courses in Pakistan was formulated.
- (vi) Water conservation and Productivity Enhancement through High Efficiency Irrigation System.

Following steps are taken by the Government to rationalize pricing mechanism in order to minimize/eliminate hunger and malnutrition in the country:

- (i) The Government has constituted a National Price Monitoring Committee headed by the Finance Secretary with the representatives of Federal Ministries and Provincial Departments. The Committee meets every month.

- (ii) In addition, the Cabinet and the Economic Committee of the Cabinet monitors the prices of essential items and takes corrective measures to ensure that the prices remain under check.

53-A. ***Mr. Shahi Syed:** (Notice received on 25-07-2012 at 11:30 a.m.)

Will the Minister for Commerce be pleased to state:

- (a) *the number of permits / licences issued by the ministry of Commerce for transportation of various goods to Afghanistan during the last four years;*
- (b) *the names of persons who were issued the said permits / licences;*
- (c) *the criteria adopted for issuance of the said permits / licences; and*
- (d) *the details of the good transported under the said permits / licences?*

Makhdoom Amin Fahim: (a) Since the disbanding of office of Chief Controller Import & Export in July, 1993, the condition of licencing for the export of goods has been done away with. Therefore, no permission/licence is required for the export to all over the world including Afghanistan.

(b) As at (a) above.

(c) As at (a) above.

(d) As at (a) above.

54. ***Mr. Shahi Syed:** (Notice received on 26-07-2012 at 09:00 a.m.)

Will the Minister for Commerce be pleased to state:

- (a) *the number and details of cases of bogus insurance claims recently surfaced in the National Insurance Company Limited indicating also the amount involved in those cases; and*
- (b) *the names and designation of the persons involved in the said cases and the action taken against them?*

Makhdoom Amin Fahim: (a) The report regarding bogus insurance claims in National Insurance Company Limited may please be treated as NIL.

(b) None of the person is involved in the said cases.

72. ***Mr. Muhammad Talha Mehmood:** (Notice received on 13-09-2012 at 09:00 a.m.)

Will the Minister for Production be pleased to state:

- (a) *the number of persons appointed in Pakistan Steel Mills on contract, daily wages and permanent basis during the present regime with province-wise breakup;*
- (b) *the procedure adopted for appointment of the said persons; and*
- (c) *the increase in the production, if any, of these Mills as a result of appointment of the said persons?*

Mr. Anwar Ali Cheema: (a) During the present regime commencing from 25-03-2008, following appointments on contract/daily wages/regular basis were made:—

Sr. No.	No of persons	Nature of appointment	Province-wise breakup detail
1.	308	Contract	Annex-A.
2.	463	Daily Wages	Annex-B
3.	5674 of daily wagers/ contract workers.	Services Regularized	Annex-C

- Contract appointments have been made after completion of all codal formalities.
- Daily wages appointments were made for purely temporary/casual nature on work requirement basis.
- Services of contract/Daily Wagers were regularized in accordance with the Government policy.

(b) Proper procedures *i.e.* press advertisement and assessment of suitability by Selection Board was carried out with regard to appointment of Contract Officers, management Trainees and Artisan Trainees.

(c) Above appointments have definite proportionate affect on overall production; however, increase are production as a consequence of above appointments cannot be bifurcated.

76. ***Col (R) Syed Tahir Hussain Mashhadi:** (Notice received on 14-09-2012 at 9:00 a.m.)

Will the Minister for Production be pleased to state:

- (a) the loss suffered by Pakistan Steel Mills during the last three years alongwith the reasons thereof;
- (b) the annual production capacity of the Mills alongwith the production registered during the last three years;
- (c) the quantum of steel products imported for the Mills during the said period; and
- (d) the steps taken to enhance the production?

Mr. Anwar Ali Cheema: (a) Pakistan Steel Mills suffered losses during last 03 years, as under:—

(Rs. In million)

	2008-09	2009-10	2010-11	2011-12
	(Audited)	(Audited)	Audited	(Provisional)
Loss sustained	Rs. 25,526	Rs. 11,566	Rs. 12,434	Rs. 21,434

The main reasons for huge losses are as under:—

- Decrease in sales
- High prices of imported raw material (Cost & Freight)
- Low capacity utilization (low production)
- Inventory Valuation at Net Realization Value (NRV).

(M.Tons)

ANNUAL CAPACITY	PRODUCTION REGISTERED		
1,100,000 MT	2009-10	2010-11	2011-12
	44,4390 (40%)	396,104 (36%)	204,064 (19%)

(c) Pakistan Steel does not import any steel product, however, raw materials *i.e.* Iron Ore and Coal imported from foreign countries is being used for production of hot metal which is subsequently converted into steel product. The imported raw material (Iron Ore & Coal) received during last three years is as follows:

(Quantity in MTN)

Period / Material	2009-10	2010-11	2011-12
Iron Ore (Imported)	55,551	463,275	113,417
Coal (Imported)	481,201	374,123	330,000

(d) The GoP approved a bailout package for revival and revitalization of Mills. As far as the Budgeted production for the year 2012-13 is concerned, the BoD approved the capacity utilization of 63% for the year 2012-13 in its meeting dated 16-07-2012. A committee has been constituted to set out the Key Performance Indicators (KPIs) for Pakistan Steel Mills and further implementation and monitoring of the (KPIs).

77 ***Mrs. Nuzhat Sadiq:** (Notice received on 14-09-2012 at 10:15 a.m.)

Will the Minister for Commerce be pleased to state the steps being taken by the Government to get preferential access to American and European Union market for textile and clothing export?

Makhdoom Amin Fahim: The steps being taken by the government to get referential access to American market for textile and clothing export

United States of America (USA) is a major trading partner of Pakistan. In 2010-11 Pakistan's exports to USA were US\$ 3.957 billion and imports were US\$ 1.810 billion. The trade balance is in favor of Pakistan. Textile and Clothing is the major component of our exports, which constitutes about 87% of the total exports. However textile and clothing products are facing high tariffs in the US market compared to other countries of the region.

In order to get preferential market access for textile and clothing sector, several efforts have been made during the last five years, which are summarized below:—

- (1) The issue of market access remained on agenda of Trade and Investment Framework Agreement (TIFA) Council meetings held during the last five years. In the 6th TIFA Council meeting which was held on 24th April, 2012 at Washington, the issue of market access for textile and clothing sector was discussed in detail. The US side has agreed to prepare a set of proposals for grant of unilateral enhanced market access to Pakistan, which will be shared with the Ministry of Commerce soon.
- (2) Under the US Generalized System of Preferences (GSP) scheme, duty free access is available to developing countries for limited number of textile and other products. Pakistan is also beneficiary of the scheme and exported US\$ 131 million worth of products to USA under the scheme, in 2011. Pakistan is persuading US authorities to include those textile items in the GSP scheme in which Pakistan has greater potential of increasing its exports. In the 6th TIFA Council meeting, the US side agreed that US Department of Commerce would explore possibilities for arranging GSP Seminars, in collaboration with leading chambers of commerce in Pakistan, in an effort to encourage greater utilization of the duty free access, available to Pakistan under the scheme.

- (3) On the request of Ministry of Commerce the office of United States Trade Representative (USTR) is sponsoring holding of a Trade and Investment Conference, on 4, 5 October, 2012 in London. The conference would provide an opportunity for Pakistani exporters to interact with US major buying houses.

The steps is being taken by the Government to get Preferential access to European Union market for textile and clothing export

Market Access in European Union (EU): EU is a customs union of 27 European Countries. It is the largest trading partner of Pakistan.

(i) **Autonomous Trade Preferences (ATPs)**

European Union had announced trade concessions on 75 products for Pakistan subject to WTO waiver in the aftermath of devastating floods of 2010. The required WTO waiver was obtained in February, 2012. The matter is now with European Parliament for legislation before implementation. The next plenary session of European Parliament will be held in September, 2012. Ministry of Commerce in consultation with Ministry of Foreign Affairs is making diplomatic efforts for earliest implementation of the package. **Out of the 75 products being offered for concessions 64 are from textile and clothing category.**

(ii) **GSP Plus 2014 onwards**

European Parliament has recently approved its Generalised System of Preferences (GSP) Scheme for 2014 onwards. Its sub-arrangement 'Special Incentive for Sustainable Development and Good Governance' also known as GSP Plus provides duty free access to a few developing countries. As per the revised criterion of GSP Plus eligibility Pakistan qualifies for duty free access from 1st January, 2014 onwards. Previously Pakistan was not eligible for GSP Plus because its GSP covered exports were more than 1% of EU's total GSP covered imports (import vulnerability threshold) and Pakistan had not ratified all the 27 mandatory UN conventions on Human Rights, Labour Rights, Environment and Drug Control. Pakistan has now ratified all the 27 international conventions. Furthermore EU has revised its import vulnerability threshold from 1% to 2%. At present Pakistan's GSP covered exports to EU are 1.20% of EU's total GSP covered global imports. **It is important to note that GSP Plus provides duty free access to all the products of textiles and clothing sector in EU.**

78. ***Col (R) Syed Tahir Hussain Mashhadi:** (Notice received on 17-09-2012 at 10:00 a.m.)

Will the Minister for Commerce be pleased to state:

- (a) *the trade deficit of the country during the financial years 2010-11 and 2011-12;*

(b) the cause which led to the deficit; and

(c) the steps taken by the Government to reduce / control the deficit?

Makhdoom Amin Fahim: (a) Trade deficit, during the years 2010-11 and 2011-12 is as under:—

(Value in Million \$)

Year	Export	Import	Balance Trade Deficit
2010-11	24810	40414	15604
2011-12 (Provisional)	23641	44912	21271

Source: FBS

(b) The reason for this trade deficit is mainly due to increase in petroleum food and machinery which form the bulk of Pakistan's imports.

(c) Ministry of Commerce has developed a three years Strategic Trade Policy Framework (STPF) 2009-12 for achieving sustainable high economic growth through exports which will ultimately reduce the trade deficit. Details of Trade Policy Initiatives attached at **Annex-I**.

Annex-I

LIST OF TRADE POLICY DEVELOPMENT INITIATIVES 2009-12 APPROVED BY THE CABINET

1. Financing at Reasonable Markup
2. Reliability of Electricity Supply
3. Insurance Cover for Visiting Buyers
4. Facilitating Presence in International Markets
5. Warehousing Facility
6. Support for Compliance Certification
7. Compensating Inland Freight Charges
8. Technology, Skill and Management Up-gradation Fund for Value Added Products

9. Brand Promotion Support for Surgical Instruments, Sports goods & Cutlery
 10. Product Development and Marketing Fund for Light Engineering
 11. Enhancing Sophistication in Surgical Instruments-Center of Excellence
 12. Enhancing Sophistication in Leather Apparel
 13. Freight Subsidy on Export of Live Sea Food
 14. Support on Export of Processed Food
 15. Introduction of PAKGAP Standard
 16. Conversion of PHDEB into a company
 17. Improving Supply Chain of Leather Sector Exports-Flaying Machines
 18. Improving Supply Chain of Leather Sector Exports-Finished Leather
 19. Services Export Development Fund
 20. Halal Products-Cost sharing of Moody Certification
 21. Compliance with Safety Standards
 22. Cluster Development
 23. Support on Export of Motorcycles
 24. Pharmaceutical (support for hiring medical representatives aboard and registration of pharmaceutical products aboard)
 25. Matching Grant for Paddy Harvesters and Paddy Dryers
 26. Markup Subsidy for Cool Chain Projects
 27. Zero Rating of Exports and Adhoc Relief @ 1%
 28. Greening of Industry
82. ***Mrs. Kalsoom Parveen:** (Notice received on 25-09-2012 at 09:45 a.m.)

Will the Minister for Textile Industry be pleased to state:

- (a) *the number of Textile Mills running in the country; and*
- (b) *number of textile units closed down in Pakistan due to power shortage and have shifted to Bangladesh?*

Reply not received.

ISLAMABAD :
The 15th October, 2012.

IFTIKHAR ULLAH BABAR,
Secretary.