

Scenario 121

PRE-ELECTION ECONOMIC STAGE

LOAN DEFAULTERS OF PAKISTAN:

On 16th December 2009, the CJ Iftikhar Chaudhry's Supreme Court of Pakistan had set aside the NRO for which the PPP suffered a lot and would continue to suffer for another decade or two; hats off to the PPP's advisors like Rehman Malik and Gilanis. Then PPP government's review petition on NRO was also declined in December 2011 by the apex court. The SC went vocal on the implementation of its judgment; more serious issue than the Memo-gate scandal of 2011 then.

Aitzaz Ahsan's assessment came true. The same happened as he had predicted. When the Supreme Court had dismissed the National Reconciliation Ordinance (NRO), the PPP and especially Mr Zardari & his close associates lost their credibility; the humiliation continued.

Let us see the other side of the coin:

Gen Musharraf's government had once launched an intensive drive against the loan eaters who were given one month ending in mid November 1999 to voluntarily return the loans. As per government's report, a recovery of Rs:8 billion [3% of the total defaulted amount then] was made out of Rs:146 billion. The then Governor SBP, Mukhtar Nabi Qureshi, had told that about 325 defaulters owe more than Rs:100 million each amounting to Rs:72 billion. ***About 590 legislators were defaulters of Rs:9.64 billion mostly of Agricultural Development Bank of Pakistan (ADBP); 263 members were from those who were sent home immediately then.***

In November 1999, the National Accountability Bureau (NAB) was entrusted to recover the loans from the defaulters; they had arrested some of them mostly feudal, politicians, a few retired army officers and former bureaucrats. The list included Legharis, Saigols, Dreshaks, Khokhars, Kakars, Magsis, Mians, Rehman and Farooquis. Jaffar Leghari [then a suspended senator] and Malik Asad Khan, two close relatives of former President Farooq Leghari were also among those who were nabbed by the NAB.

In the beginning, Gen Musharraf's team was impartial thus former CM Punjab Manzoor Wattoo and former federal ministers Anwar Saifullah & Faisal Saleh Hayat were also arrested along with one former Air Marshal Viqar Azim. It was perhaps the first time in Pakistan's history that such a forceful crackdown had been launched against willful loan defaulters but then the compromises, nepotism, deals and negotiations empowered; NAB became another FIA for friends and foes. Many arrested MNAs & MPAs were given ministerial slots and that NAB game continued for another eight years.

Referring to the '***Express Tribune***' of 18th June 2010, a three member bench of the Supreme Court headed by the CJP Iftikhar M Chaudry heard the loan defaulters case and remarked that '***the apex court wants to hear the case as it involves public money of Rs:256 billion***'. The Supreme Court sought the details of people who got their loans written off in the duration between 1971 and 2009.

The whole nation knew that the superior courts were never solemn in taking that case seriously throughout the last sixty years. During hearing of the NRO case in December

2009, the apex court was pointed out that it should also take cognizance of those corrupt politicians who had eaten up the poor people's savings worth billions in the name of bank loans then got waived off. ***The SC had ordered then to produce the lists of loan defaulters 'since 1971; we'll see'. The court orders of 12th December 2009 are on record.***

May not be based on facts but the PPP had publicized on media that the judgment of **16th December 2009 on NRO** was hastily announced because it was mainly against the PPP and Mr Zardari in person. ***The loan defaulter's list was placed before the apex Court on 22nd December 2009***, but deferred because CJP's dear sponsoring party members were named in the list; due to them the CJP Iftikhar Chaudhry was there in saddles.

The time proved it true as the facts are before everyone and has become a part of history now. The court, however, directed State Bank to provide details of all the loan cases being heard by the banking courts. ***The Court adjourned the hearing till six months after [2nd August 2010] without recording any progress.***

In the **3rd week of October 2010** during another hearing, the CJP's serious warning was that ***those who had their loans written off have built empires. If they don't pay back the loans, their names should be put on the exit control list (ECL) and they be put behind bars.*** Nothing doing till today.

The State Bank's counsel, Iqbal Haider, produced a list of 50 defaulter companies and one Barrister MS Baqir apprised the court that Indus Sugar, a company owned by former MPA of the PML(Q) Nasrullah Dareshak, had Rs:820 million in loans written off through eight different banks upon which, the court summoned Mr Dareshak to the court on next hearing. The fact was that the State Bank had never become interested in getting the money back but always preferred to defend the loan defaulters. Not a single rupee from Dareshak's Rs:820 million could be recovered – he never attended any court.

A Senior lawyer [late] Hafeez Pirzada contended that the present ***PPP government had written-off loans worth Rs:50 billion without any authority***, adding that the move was also endorsed by the executive director of the State Bank, Inayet Hussain declaring that it was part of an ongoing scheme. ***[The State Bank had issued 33 circulars since 1972 to 2007 in that respect – but no one was found serious to implement them.]***

Astonishingly, the State Bank did not have the details of all companies and individuals concerned, the CJP went furious and remarked that if the banks concerned did not share the information, why their licenses should not be cancelled and the list containing names of defaulters should be published in newspapers. The CJP had also warned that if they did not pay their loans back, their properties should be confiscated and auctioned and they should be put behind bars in Adiala Jail; ***but who bothers for court orders in Pakistan – stay orders are always ready*** for those defaulters and then passed on to next generation.

The said *suo moto* case was initiated on the call of Altaf Hussain of the MQM who had urged that there was a need to give equal rights to everyone to improve the economy and that billions of rupees should not be given for personal benefits of some influential. According to Section 25 of the Banking Ordinance, a loan write off case should be sent to the Parliament but this section had continuously been ignored since decades.

The chief justice said that there was a need to enact new laws to give big loans against small securities. Knowingly that the whole Parliament was comprising of the *jageerdars*, *waderas* and such industrialists who are the proven loan eaters then who would make such laws. ***Parliament has not made the required laws in 67 years then the apex court should have made these laws much earlier.***

During the **2nd week of March 2011's** hearing, the Supreme Court approved the State Bank's request for constituting a commission for loan recovery and sought the opinion of banks and their customers and loan defaulters within four days. **The State Bank's governor agreed to form a 3-member commission headed by Justice (retd) Saleem Akhtar. It was proposed that:**

'The commission should be empowered to impose heavy financial penalties on loan defaulters and to send them behind bars because that is what they are afraid of.

Only a powerful commission can ensure that the loans are recovered. Citing Circular 29, it was considered a viable document on banking laws but it has been misused. Banking rules need to be amended through legislation to stop misuse of loans and to increase the number of banking courts.

People obtain loans to set up businesses and have their loans written off to install more firms. Loans waived off in Pakistan are far greater than anywhere else in the world. People don't pay taxes, why would they return their loans.'

[In Pakistan it is very old and tested technique that if the government or the court wants to thin out some issue, or to detract people's attention from it, or to make the fools forget corruption; make out a commission or committee. The poor people will forget every thing soon.]

Till the last day of 2011, not a single loan was recovered; not a single property confiscated, not a single man was jailed or convicted – it was CJP Chaudhry's Supreme Court. No one chased that NRO even, why the SC's decision has not been implemented yet.

On 14th March 2013, well before general elections of May 2013, the Supreme Court made public a report evolved by a 3-member judicial commission led by Justice Syed Jamshed Ali in respect of the persons who had got waived their loans since 1972. A 3-judge bench led by CJP Iftikhar M Chaudhry took up the case for hearing. With the opening of that report several names of important figures appeared and exposed - sword of disqualification was likely to hang over the heads of several politicians.

Major defaulters among the politicians were Chaudhries of Gujrat who defaulted in payment of six loans worth Rs:109.66 million against Phalia Sugar, Punjab Sugar and Sapco Limited; Ittefaq group Rs:83 million against Ittefaq Foundry, Saifullah's Rs:37.3 million while Zardari group was in default of Rs:7 million.

The total amount waived off as loans from 1972 to 1996 was over Rs:200 billion. Three lists of bad loans were published since 1993, the first by caretaker PM Moeen Qureshi, followed by two lists by Benazir Bhutto and caretaker government of Meraj Khalid in October 1996 and January 1997 respectively. The bad loans which were Rs:1,340 million when Z A Bhutto was removed in July 1977 swelled to Rs:80 billion in August 1993, Rs:126 billion in November 1996 and Rs:130 billion in January 1997.

Some notable beneficiaries of loans written-off before August 1993 included New Era Textile (Rs:136.7m), Hashwani Hotels (Rs:120 m), Fancy (Rs:64.89m), Colony Group (Rs:51.4 m), Saifullahs (Rs:39.21m), Hyesons (Rs:35.7m), Habib group against RKD Sugar (Rs:17m), Saigol against Omaryar Limited and Kohinoor Textile Mills (Rs:17.1m), Mian Mansha (Rs:7.5m), Bibojee (Rs:4.2m), Packages (Rs:4.2m) and Bawany (Rs:2m).

According to details, 244 loans were written-off amounting to Rs:4,724 million between March 1985 and August 1993 but the number of written-off loans

increased to 942 in November 1996 valued at Rs:8,247 million. Thus during her second term, Benazir government wrote-off 698 loans worth Rs:3,550m.

The 698 beneficiaries of written-off loans under Benazir included **Farooq A. Sheikh with five loans worth Rs:500 million** in Adamjee Industries, Dost Mohammad Textile Mills, United Exports and United Group of Industries were written-off. **Six loans worth Rs:131m of Jan Mohammad** relating to Charsada Sugar Mills were written-off. A few other beneficiaries were: Saifullahs, Hashwani, House of Habib, B.D Avari, Taufiq Sayed Saigol, MNA Shahid Nazir and former NA Speaker Gohar Ayub.

Top Defaulter groups, concerns and persons [in Pak rupees (Rs)] till January 1997 remained Ittefaq 3,013m; Tawakkal 2,956m; Fazalsons 2,800m; Bela Chemicals 2,339m; Chaudri Shujaat 1,557m; Abdul Shakoor Koladia 1,254m; Fauzi Ali Kazim 1,159m; Saigol 1,086m; Naqvi 1,056m; Zahur 1,028m; Abdullah Al-Rajaih 1,031m; Ghani 903m; Habib 845m; Adamjee 832m; Hashwani 640m; Arabian Sea Enterprise 626m; Sargodha 581m; United 501m; Chakwal 441m; Dawood 376m; Bawany-Alnoor 352m; Fateh 213m; Packages 166m and Colony 81m – Total Rs:25,389 million.

The Nation dated 23rd September 2010: State Minister for Finance and Economic Affairs Hina Rabbani Khar said that during 2008-10 financial years approximately Rs:50.85 billion loans were waived off by banks; 252,114 people and companies were benefitted.

While Pakistan owed \$31.16 billion to World Bank, Asian Developmental Bank [ADB] and the IMF including \$3.63 billion as added interest. Breakup remained as \$11.49 billion to World Bank with an interest of \$1.69 billion on these loans and Pakistan owed \$11.58 billions to ADB that added \$1.49 billions interest and loan of the IMF was at \$8.7 billion.

Flood Tax was once imposed after its approval from the parliament. After prevailing flood devastations of 2010, the government had reviewed its expenditures to tackle flood wreckages in the country however the parliament's approval had not been sought. During 2009-10 fiscal year \$2.20 billion investments were made in the industrial sector that was 40% less as compared to the investments made during the year 2008-09.

The Parliament was told that **till 30th June 2010** total value of foreign loans on Pakistan was \$55 billion adding that waving of loans had not been an easy task because if loans were written off then in future the country would not be able to get loans due to its negative implications.

One could see the helplessness or the connivance of the then political elite with wrong doers that the State Minister for Finance and Economic Affairs **Hina Rabbani Khar was given the said portfolio to manage maximum relief for her own person and family.** See the details:

NIB Bank gave an **unprecedented relief to Galaxy Textile Mills**, owned by one Mr Feroz, husband of Hina Rabbani Khar; re-scheduled Galaxy's short and long terms loans of Rs:190 million for next 10 years and to put cherry on top of this deal, all of the markup was waived off. The loans were taken six years earlier. Moreover; all loan default cases in banking courts and Lahore High Court were also notified as withdrawn.

The loan of Rs:130 million was taken from Pakistan Industrial Credit Investment Corporation Limited [PICIC] on short term and long term basis. The borrowers included Hina Rabbani Khar's father in law Arif Gulzar, spouse Feroz Gulzar and brother in law Asad Gulzar. Rs:100 million of debt were taken from PCBL in different dates and for different time period. The debt had to be paid back till 31st July 2007, but was not paid.

If someone asks whether this rescheduled loan of Rs:190 million would ever be paid? It would be a stupid question to ask. After all, *'Who really cares and who will really remember after ten years?'*

MILLIONAIRES DOUBLED IN 2012:

As per information released by the State Bank of Pakistan [SBP] in the 2nd week of February 2012, top 24,000 millionaire account holders in Pakistan then owned Rs:2,118 Billion; 0.02% of Pakistani owned 40% of bank deposits. Interestingly, during 2008-12, presumed to be the worst years for Pakistan's Economy, the number of *crorepati* (multi-millionaires) in Pakistan increased by 50%; from 24,000 in 2008 to 36,500 in 2012.

The new 12,000 millionaires added about Rs:800 billion in bank deposits in the previous three years. Of course they were not depositing everything, there must be properties and other investments involved which were not included in this figure. 24,423 account holders, having an amount Rs:10 million and above, made a total deposit of Rs:1,323 billion at the end of December 2008. The figure of account holders rose to 36,509 by the end of December 2011, taking the total amount to Rs:2,118 billion.

The economic growth during the same four years registered an average of 2% only thus validly questioning about the source of income of these 12,000 people who mysteriously became multi-millionaires while Pakistan's economy was facing joblessness, security conditions, trade barriers and acute power shortage etc.

In that PPP's era, the key question with the SBP and the government was that what could be done with that kind of wealth? In such situations, the answer depends on who you're asking. Had those entire millionaires decided to acquire stake in companies listed in Karachi Stock Exchange - they could acquire KSE's top 30 companies at four times more price of each share. The companies could have included OGDCL, Nestle, Unilever, PTCL, MCB Bank, United Bank, Habib Bank, Bank Alfalah, National Bank, Attock Refinery, National Refinery, Engro Corporation, Dawood Hercules and 17 other giants; OR all those top 30 companies with only 25% of their wealth.

Next question arose if that money was all illegal: very simple answer that ***'given the economic conditions and tax evasion practices followed in Pakistan, this cannot be ruled out at all.'*** It was 2012 – but the same is true today in ending 2015.

On 1st June 2012, the PPP regime read over their fifth annual budget of Pakistan once more painting a rosy picture for the poor populace of this ***'beggar nuclear power state'***.

In an interview [***'the News dated 1st June 2012*** is referred] with the Wall Street Journal, Yaseen Anwar, Governor State Bank of Pakistan [SBP], drew a sorry picture of why Pakistan's economy in the mess it was, not the least because of government borrowings from the central bank, were to the tune of \$4.8 billion only in that financial year.

Governor SBP admitted that lending to the government was not only highly inflationary, it had also "crowded out" private investment, which was an important factor in fuelling economic growth. With the government borrowing so heavily from the market, investment in Pakistan was about 12.5% of the GDP, its lowest level in 60 years.

The biggest problem here was that ***as SBP Governor, he didn't have the autonomy to turn away the government when it came calling to borrow more money.*** The last governor who had tried to assert his autonomy was Shahid Kardar and after long running differences with the government over ***borrowings and large allocations to the highly***

political Benazir Income Support Fund, Kardar had to resign, unwilling to compromise on the autonomy of the State Bank.

Mr Kardar's successor had openly admitted that he had limited autonomy and was having difficulty convincing the government to fix its poor fiscal management habits.

After the SBP Governor's warning, the government's failure to get a massive budget and mounting trade deficit under control made it very difficult for it to meet more than \$4 billion in IMF loans due in July 2012. The PPP government's solution to cover the deficit resulted in printing more money. Despite the fact that even the most basic economics teaches that hyperinflation results when a government prints money instead of collecting taxes to fund government activities. Indeed, printing notes in an environment of dismally low economic growth brought high inflation combined with high unemployment called stagflation.

The scenario made it clear that the real problem facing Pakistan's economy was not economic impediments – because promising fundamentals existed – but that it was in the hands of irresponsible managers. Pakistan had no option but to go knocking at the doors of IMF and World Bank once again.

In the past, whenever governments turned to the IMF, it was not to reform the economy but for new and ongoing development projects, supplemented by additional lending and debt relief by other international financial institutions and bilateral sources to meet their immediate foreign exchange requirements. But in this PPP regime, all such transactions were marked by a lack of genuine commitment to carry out the necessary policy reforms. And almost every time Pakistan had to compromise and agree to political, strategic or diplomatic interests of those remote controlling world bodies.

TAX RETURNS OF PAKISTANI LEGISLATORS:

Referring to most **media reports dated 12th December 2012**, a study titled "**Representation without Taxation**" by investigative journalist Umar Cheema tried to take Pakistan's elected leaders to task for paying little or no tax despite an estimated average net wealth of \$882,000. the report observed that:

"The problem starts at the top. Those who make revenue policies, run the government and collect taxes have not been able to set good examples for others. 62% of the members of the Cabinet have not filed their Tax Return this year, 36% of them have filed the returns whereas for the remaining 2% there is no basic data for tax information available."

Till ending 2012, Pakistan had one of the lowest tax-to-GDP ratios in the world, estimated at 9.2%. Only 260,000 out of 180 million citizens had paid tax consecutively for the last three years, according to the Federal Board of Revenues (FBR) figures.

Pakistan's refusal to implement sweeping tax reform was instrumental in the collapse of a \$11.3 billion IMF bailout programme in November 2010. The country was one of the biggest recipients of Western aid – payouts which US Secretary of State Hillary Clinton and British PM David Cameron said were difficult to increase when Pakistan's own elite did not pay tax.

The report, which marks the launch of the Centre for Investigative Reporting in Pakistan, based its findings on information from the FBR and lawmakers themselves. It urges politicians to disclose their tax returns voluntarily in future.

Discussing the party-wise position then, in the Pakistan Peoples Party [PPP] only 52 Parliamentarians had filed their Tax Returns while 108 members had NOT, data for 8 members were not traceable. In the PML[N] only 33 members had filed their Tax Returns while 73 had NOT. In PML[Q] only 18 members had filed their Tax Return while 39 had NOT. In Mutehida Qaumi Mahaz [MQM] only 11 had filed their Tax Returns while 21 had NOT. In the Awami National Party [ANP] only 3 members had filed their Tax Returns while 21 had NOT. Amongst the Independents only 6 members had filed their Tax Returns whereas 24 had NOT considered it worth.

Amongst the non-filer leaders were Maulana Fazalur Rehman JUI[F]'s Chief, Makhdoom Faisal Saleh Hayat of the PPPP, Faisal Karim Kundi the Deputy Speaker National Assembly, Aftab Sherpao Chief of PPP[S], Pir Saddaruddin Rashdi of PML[F], Yaqoob Bazenjo of BNP[A] and Asfand yar Wali Khan Chief of the ANP.

The height of lawlessness was that the then ***sitting President Asif Ali Zardari had not filed a tax return in 2011 and neither did 34 of the 55 Cabinet members including Interior Minister Rehman Malik.*** Of the 20 cabinet ministers who did pay for 2011, most made only negligible contributions, including Prime Minister Raja Pervaiz Ashraf, with Rs:142,536 and Foreign Minister Hina Rabbani Khar with Rs:69,619 only.

The cabinet member who paid the most was Water and Power Minister Ahmad Mukhtar with Rs:1.09 million. Religious Affairs Minister Syed Khurshid Ahmed Shah paid the least with Rs:43,333.

The highest tax payer Parliamentarians in 2011 included Aitzaz Ahasan – Rs:12,975,996; Abbas Khan Afridi – Rs:11,228,592; Talha Mahmood – Rs:7603,719; Farogh Nasim – Rs:4565,137 and Osman Saifullah Khan – Rs:1795,874. Similarly the lowest amounts tax payer Parliamentarians were Mushahid Hussain Sayed – Rs:82; Kh Karim Ahmed – Rs:3636; Haji Saif Bangash – 4063; Naseema Ehsan – Rs:4280; Malik Salahuddin Dogar – Rs:8659.

Referring to ***'the guardian' dated 4th April 2013;*** a report from UK's Parliamentary Committee on International Development urged the Department for International Development (DfID) to focus more closely on supporting the rule of law and anti-corruption efforts while deciding financial aid for Pakistan. Malcolm Bruce, the Chairman of the Committee said:

"Many people in Pakistan who live below the poverty line gain from the projects supported by DfID's valuable programmes in education, health and governance. But Britain should increase aid to Pakistan only if there is clear evidence that the newly elected government will increase tax revenues.

In particular, we cannot expect people in the UK to pay taxes to improve education and health in Pakistan if the Pakistani elite does not pay meaningful amounts of income tax."

DfID was proposing to increase bilateral aid to Pakistan to £446m in 2014-15, from £267m in 2012-13, making this strategically important country the largest recipient of UK aid. ***'Despite its status as a middle-income country, about one in three Pakistanis live on 30p a day or less, one in 11 children die before their fifth birthday, and half of all adults, including two-thirds of women, are illiterate, with 12 million children out of school'.***

Britain's MPs expressed particular concern at Pakistan's tax system, in a country notorious for corruption and tax evasion. Pakistan shamefully ranked low on **Transparency International's corruption perceptions index – coming joint 139th out of 176 countries** – and had weak auditing and budgeting procedures.

The report noted that for the past decade, tax in Pakistan as a proportion of GDP remained at or around 10%. This compared with tax collection rates of around 14% to 15% of GDP in countries with similar per capita incomes. Pakistan's VAT efficiency remained at 25%, the lowest in the world (Sri Lanka's is 45%).

According to the Pakistan's FBR, around 0.57% of Pakistanis – only 768,000 people – paid income tax during 2012, with only 270,000 paid something each year over the past three years. No one had ever been prosecuted for tax fraud for at least 25 years. The report observed that:

"Historically, Pakistan has been able to water down calls for longer-term internal reform, notably on taxation, because of short-term geopolitical concerns of western donor countries. This trend now has to end, and the UK must work alongside other donors and especially use its influence within the IMF to encourage urgent reform within Pakistan."

However, the members of the Parliament knew that *'it's unlikely that this important conditionality [linking UK-aid to the effective Tax Collection] will have any teeth within the next two or three years when DfID's funding is set to rise so dramatically.'*

Education had been the DfID's largest programme in Pakistan, absorbing half of the bilateral aid programme. Other key areas were **governance, security and maternal health**, with smaller programmes on humanitarian assistance, wealth creation and vulnerability. In response to the development committee's report, and the apprehensions shown by the MPs, the DfID spokesman said:

"We have made it clear to government and opposition politicians in Pakistan that it is not sustainable for British taxpayers to fund development spend if Pakistan is not building up its own stable tax take."

Following the election we will make available practical assistance to the incoming government to help deliver reform of the Pakistan tax system and work with the IMF, but tax and economic reform must take place."

Umar Cheema had done a sort of miracle who triggered a public outcry when his organization published two reports showing that nearly 70% of Pakistani lawmakers did not file taxes in 2011 and around half did not file in 2012. Cheema told that:

"Information is the first step towards change. Tax has become part of the mainstream debate and people are getting radicalised about tax evasion by the rich."

The publication of the directory makes Pakistan the fourth country in the world – after Sweden, Finland and Norway – to publish the details of all individual and corporate tax payers. Citizens were asked to file any objection within a month if they wanted to dispute the records.

Finance Minister Ishaq Dar held that the directory was a response to criticism by British and American donors who had questioned why they were sending development aid when wealthy Pakistani lawmakers refused to pay up. ***'While Pakistani parliamentarians do not pay taxes ... why should we spend our tax payers' money?'*** the Western donors had the valid question.

The directory contained the details of everyone paying tax in Pakistan and how much each paid. Authorities also had a much bigger database of 2.3 million wealthy tax defaulters; with

details of their cars, foreign travel, mansions and bank accounts. That was not made public due to unknown reasons.

However, by publishing those figures, the job was not complete. The FBR could have pulled up its officers and staff, start an investigation and prosecute them; otherwise what was the purpose of publishing that list? It was just wasting time and stamping the bad governance on behalf of the sitting governments. Many judges, Generals and legislators were not on the 17,000 page list, thus the said list also needed improvements.

But Pakistan's problems were beyond just collecting more taxes – **the state officials still keep habits of wasting huge amounts of public funds on perks, ceremonies, state protocols, official cars and vehicles, residential plots and lands for themselves and VIP treatments in the name of security** coupled with tens of more luxuries.

Prominent candidates for National Assembly belonging to influential political and business families despite being very rich and holding huge assets paid only a meagre income tax in year 2012. The clearance certificates granted to them by the Federal Board of Revenue [FBR] divulged that they paid small amounts in taxes.

On 13th April 2013; some *details were released by the State Bank of Pakistan* [SBP], sent to the Election Commission of Pakistan [ECP] showing key politicians or their spouses' outstanding or written-off loans. These details, however, didn't cover the entire five-year period when they were sitting in the assemblies and Senate as lawmakers.

The certificates issued by the SBP only said: "Details of overdue / written-off loans amounting to Rs:2 million or above for the last one-year reported by the financial institution as on Feb 28, 2013." This clearly indicated that any ***loans written-off before the year 2012 were not covered in the documents – the poor populace was blatantly betrayed.***

Even the ECP had not asked information for the earlier periods – who had manoeuvred the ECP to make fool of the Pakistani nation; to whom the ECP intended to extend special relief and benefits; on whose instance the ECP asked so limited information; was that act of the ECP proved its independent nature of that body; was the question asked worthy of characters of those retired judges sitting there as members; had the ECP fulfilled their constitutional obligations for which the body had been made AND through such gimmicks how could the ECP ensure fair elections.

Despite such loopholes, some details still came out. One such example was that of former foreign minister **Hina Rabbani Khar** whose spouse, Feroze Gulzar, got a loan of a local bank amounting to Rs:56 million written off. Her father **Ghulam Rabbani Khar** also got a loan of Rs:109 million written off. He still had Rs:55.24 million overdue loans taken from three banks.

During the year 2012, Ms Hina Rabbani Khar paid Rs:145,142 tax although her income, declared by herself, was Rs:3.14 million in the year; in year 2011 she had paid her income tax as Rs:69619 only; meaning thereby that her income was exactly doubles within a year.

It remained a fact that in banking sectors ***'overdue category of loans indicated that the loan had not been performing smoothly and it was possible that some amount had only been recently paid to get the outstanding loan out of "non-performing loan" category.'***

Among other people paying only a meagre tax included **Nawab M Yousuf Talpur** who paid Rs:57,064 tax in 2012 which was deducted at source from his salary as an MNA. But his declared income in the year was Rs:9.49 million as per documents on record.

Munawar Ali Talpur paid Rs:92,031 tax for a declared income of Rs:8.64 million in 2012. The statement of assets submitted to the ECP showed that Mr Talpur had more than 207 acres of agriculture land, Rs:1.5 million worth of farm animals and arms and ammunition worth Rs:747,000 apart from other assets and residential properties.

Similarly, his spouse, **Ms Faryal Talpur**, who is the sister of President Asif Ali Zardari, paid Rs:295,245 tax against Rs:22.42m income in 2012.

Another sister of President Asif Zardari, former MNA **Dr Azra Fazal Pechuho**, had an erratic income record, according to documents submitted in the ECP, her income was nil in 2010, but it suddenly increased to Rs:8.91 million in 2011 and in the year 2012 her income jacked up to Rs:11.18m. Out of this amount, she paid Rs:311,407 in tax.

Mr Noor Khan of the PPP, who himself acknowledged to be a multi-billionaire, paid only Rs:80,284 tax in 2012 as per certificate released by the FBR to the ECP.

- **According to tax experts, on an average any person LIKE AN MNA or SENATOR getting a monthly salary of around Rs:120,000 pays around Rs:80,000 income tax, annually.**

According to FBR, **Mr Noor Khan** paid Rs:67,479 tax in 2011. In his statement filed in the ECP, Mr Khan, who was **an MNA from NA-3 Peshawar**, himself told the net worth of his assets was more than **Rs:32 billion**; including 200 acres of agricultural land and commercial properties, a Prado, a Land Cruiser, 2.20 kg gold of his spouse etc.

PPP MNA from KPK and former federal minister **Dr Arbab Alamgir Khan** paid Rs:266,957 tax in 2012 out of Rs:1.90 million income. However, net worth of his assets was Rs:2 billion, including Rs:44m apartment in Dubai and agriculture & commercial lands.

Mehboobullah Jan, a former MNA from Kohistan, who was a candidate for NA-23 in upcoming polls, held assets **worth Rs:5.40 billion** - included real estate businesses, agricultural land worth Rs:1.9 billion, timber business worth Rs:2 billion and a construction company worth Rs:2.2 billion and two vehicles worth Rs:7 million. **However, he had no National Tax Number [NTN] and hence no tax filing record.**

Ameer Muqam, a PML[Q] candidate for NA-31, paid no tax in 2012 despite earning **Rs:3.8 million** in the year because of adjustments made in the previous filing of his tax returns. In 2011, he paid Rs:28,094 tax and in 2010 he paid Rs:19,058 despite the fact that his income in those years was Rs:4.73 million and Rs:4.89 million, respectively. Mr Muqam stated in his statement that total worth of his businesses and other property, including agricultural land, was more than Rs:163 million. He had 17 vehicles, including a bulldozer, tractors and a bullet-proof Land Cruiser.

Hamza Shahbaz Sharif paid Rs:3.52 million tax in 2012. His income was Rs:12.5 million. PML[N] leader **Nawaz Sharif** paid Rs:2.20 million tax in the year 2012.

Makhdoom Amin Fahim paid Rs:1.35 million tax against his income of Rs:6.66 million in 2012. However, his spouse, **Ms Rizwana Amin**, owed Rs:16.91 million in terms of overdue bank loans.

Former MNA **Shahid Khaqan Abbasi** of PML[N] paid Rs:1.34 million in tax. He was the CEO of a private airline worth Rs:1.80 billion. The worth of his other assets, including property in Murree and Islamabad, was around Rs:300 million.

Former deputy prime minister **Ch Pervaiz Elahi** paid Rs:1.26 million tax and Rs:90,775 in terms of agricultural income. Former interior minister **Aftab Khan Sherpao** paid Rs:58,882 in terms of taxes in 2012. His income was Rs:2.98 million in that year.

Former federal minister **Syed Khurshed Shah** paid Rs:97,190 tax in 2012 and he paid Rs:41,516 in tax in 2011.

PML[Q] leader and industrialist **Humayun Akhtar**, paid Rs:210,832 tax in 2012. His income in the year was Rs:1.59 million. PTI Vice Chairman **Shah Mehmood Qureshi** paid Rs:587,500 tax in 2012 out of an income of Rs:5.24 million.

In nut shell, most politicians and election candidates belonging to influential political and business families were found to be paying income tax even below the salaried executives. As many as **10,000 out of 24,000 candidates who have filed their nomination papers for National Assembly as well as four provincial assemblies and reserved seats do not have National Tax Numbers (NTN)**. The certificates issued by the State Bank and other commercial banks provided a legal cover to their long standing clients.

The exercise brought results.

On 11th April 2015; the FBR issued the tax directory for the year 2014, which illustrated that 1,040 of total 1169 legislators, including all members of the Senate, the National Assembly and the provincial assemblies, had filed their income tax returns. The due process was underway for the remaining parliamentarians, who had failed to file income tax returns.

According to details, PM Nawaz Sharif paid Rs:2.61 million tax during 2014. Senate Chairman Raza Rabbai paid Rs:685,707; Finance Minister Ishaq Dar Rs:2.29 million; Interior Minister Ch Nisar Rs:641,284; Defence Minister Kh Asif Rs:311,638; Petroleum Minister Shahid Khaqan Abbasi Rs:2.21 million; Railways Minister Kh Saad Rafique Rs:2.04 million; Planning Minister Ahsan Iqbal Rs:130,749; Information Minister Pervaiz Rashid Rs:313,681 and National Assembly Speaker Ayaz Sadiq paid Rs:327,895 income tax during 2014.

Meanwhile, Opposition Leader in National Assembly Syed Khurshid Shah paid Rs:100,054 income tax; PTI Chairman Imran Khan Rs:218,237; JUI-F Amir Maulana Fazlur Rehman Rs:15,688; Awami Muslim League Chief Sh Rasheed Rs:303,893; Dr Farooq Sattar of MQM Rs:89,935; Shah Mahmood Qureshi Rs:1.5 million; Dr Shireen Mazari Rs:1.1 million; Pervaiz Elahi Rs:1.34 million; Ghulam Ahmad Bilour of ANP Rs:17,271 and former Speaker National Assembly Dr Fehmida Mirza paid Rs:59,281.

MNA Hamza Shahbaz Sharif paid Rs:4.88 million tax, MNA Aftab Ahmad Khan Sherpao Rs:1.68 million; former KP Chief Minister Ameer Haider Khan Hoti Rs:31,377; MNA Omar Ayub Khan Rs:3.48 million, Prime Minister's Son in Law Cap (r) Mohammad Safdar Rs:39,900; PTI MNA Asad Omar Rs:489,457; Minister of State for Water and Power Abid Sher Ali paid Rs:112,415; PTI MNA Shafqat Mahmood Rs:72,095 and PPP MNA Faryal Talpur paid Rs:4.8 million.

Punjab Chief Minister Shahbaz Sharif paid Rs:5.13 million tax; Sindh CM Qaim Ali Shah Rs:111,772; KP CM Pervaiz Khattak Rs:660,619 and Balochistan CM Dr Malik paid Rs:63,443 income tax for the year 2014.

Leader of House in the Senate Raja Zafarul Haq paid Rs:99,446, Leader of Opposition in Senate Aitzaz Ahsan Rs:10.2 million, Senate Deputy Chairman Maulana Abdul Ghafoor Haideri Rs:30,169; PPP Senator Rehman Malik Rs:17,379; MQM Senator Farogh Naseem Rs:10.6 million; former Finance Minister Saleem Mandviwalla Rs:1.2 million and ANP Senator Shahi Syed paid Rs:622,569.

The senators who did not pay any tax last year were Gul Bushra, Mir Naimatullah Zehri, Muhammad Usman Khan Kakar, Sardar Muhammad Azam, Shahbaz Khan Durrani, Hilal-ur-Rehman, Iqbal Zafar Jhagra, Maulana Ataur Rehman, Muhammad Javed Abbasi, Sirajul Haq, Sittara Ayaz, Saleem Zia and Nighat Mirza.

The fact remained that for the first time tax directories have been published for the second consecutive year. The Finance Minister Mr Dar himself confirmed that the number of taxpayers in the country had gone beyond 0.8 million.