



**PERFORMANCE AUDIT REPORT
ON
EXPORT PROCESSING ZONES
AUTHORITY, KARACHI
FOR THE YEAR 2017-18 to 2019-20**

AUDITOR GENERAL OF PAKISTAN

PREFACE

The Auditor General of Pakistan conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. The Performance Audit of Export Processing Zones Authority, Karachi was carried out accordingly.

The Directorate General of Commercial Audit & Evaluation South, Karachi conducted Performance Audit of Export Processing Zones Authority for the years 2017-18 to 2019-20 during April to June, 2021 with a view to report significant findings to the stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the Export Processing Zones Authority. In addition, Audit also assessed, on test - check basis whether the management complied with applicable laws, rules and regulations in managing the affairs of the Authority. The Performance Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the Authority. DAC meeting was not convened by PAO despite several requests by Audit.

The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, for causing it to be laid before the Parliament.

Islamabad
Dated:

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
AGR	Annual Ground Rent
BoD	Board of Directors
CEO	Chief Executive Officer
DAC	Departmental Accounts Committee
DM	Deputy Manager
DWP	Development Working Party
EPZA	Export Processing Zone Authority
FoB	Freight on Board
GD	Goods Declaration
GEPZ	Gujranwala Export Processing Zone
GFR	General Financial Rules
GM	General Manager
I&I	Intelligence and Investigation
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
JCR	Journal Citation Reports
KEPZ	Karachi Export Processing Zone
MCC	Model Customs Collectorate
MoF	Ministry of Finance
MoI&P	Ministry of Industries & Production
NAB	National Accountability Bureau
NoC	No Objection Certificate
PACRA	Pakistan Credit Rating Agency
PPRA	Public Procurement Regulatory Authority
PSIC	Pakistan Small Industries Corporation
REPZ	Risalpur Export Processing Zone
SDA	Sarhad Development Authority
SECP	Securities and Exchange Commission of Pakistan
SEPZ	Sialkot Export Processing Zone
SOP	Standard Operating Procedure
TSML	Tuwairqi Steel Mills Limited
UTC	Used Textile Clothing

EXECUTIVE SUMMARY

The Directorate General of Commercial Audit & Evaluation, Karachi conducted Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20. The main objectives of the Performance Audit were to; (i) Examine whether the Authority was undertaking projects after due diligence and preparing proper feasibility reports, (ii) Scrutinize the process of award of contracts with the view to check compliance of applicable rules and regulations, (iii) Examine whether the funds of EPZA have been utilized efficiently, economically, effectively, and (iv) Ascertain whether the targets have been achieved or not. The audit was conducted in accordance with INTOSAI Auditing Standards.

a. Key Audit Findings

- i. Ineffective Governance at Export Processing Zones Authority
- ii. Zero export abroad against huge imports - US\$ 28.448 million
- iii. Non-achievement of targets fixed by investors at the time of investment - US\$ 173.281 million
- iv. Mismanagement of KEPZ Phase-III resulting in scraping of project
- v. Unauthorized regularization of illegal construction on payment of meager penalties US\$67,078.97
- vi. Excess export in tariff area than allowed limit US\$ 123.919 million
- vii. Illegal activities of clearing and forwarding agents in EPZA / KEPZ
- viii. Non-achievement of EPZA objective to provide local employment opportunities
- ix. Allotment of Land to non-manufacturing / industrial units 271,915 square meter
- x. Non-preparation of EPZA's financial statements since 2011

b. Recommendations

- i. Public Sector Companies (Corporate Governance) Rules, 2013 should be implemented in letter & spirit to ensure good governance.
- ii. Vacant position of BoD members may immediately be filled.
- iii. Accounting record may be streamlined and annual accounts may immediately be finalized
- iv. Internal audit department may be strengthened.

- v. The matter of vacant plot of EPZA may be placed before the BoD to explore the options for its best utilizations.
- vi. Units importing goods against zero export need thorough investigation regarding probable smuggling of goods in tariff area or to other sister units of EPZA.
- vii. Hectic efforts should be made to enhance the export of EPZs.
- viii. Investigate and fix responsibility regarding ill planning and irregular award of contract and non-recovery of mobilization advance from the contractor.
- ix. Relevant provision of Custom rules (2001) may be implemented.
- x. Make efforts for fulfilling the envisaged employment.
- xi. Clearing and Forwarding Agents, who were involved in the fraudulent activities, should be black listed.

1. INTRODUCTION

Export Processing Zones Authority (hereinafter referred to as “EPZA / the Authority”) was established by the Government of Pakistan on Feb 06, 1980 through Export Processing Zones Authority Ordinance, 1980. The main objective of the Authority is to plan, develop, manage and operate Export Processing Zones (EPZ) in Pakistan in order to invite/help foreign investors. The principal office of the Authority is situated at Landhi Industrial Area, Extension Mehran Highway, Karachi.

The Authority is an autonomous body and functions under the Ministry of Industries, Production & Special Initiative and is administered by a Board of Directors headed by the Chairman. The Authority has been pursuing an extensive industrial program for setting up EPZ in the country.

Export Processing Zones Authority (EPZA) is a Pakistan Government venture, conceived and designed to increase and improve the exports of the country. Powers vested in Board of Directors (Sections 5 & 12).

- Existing BoD Notified on March 08, 2018.
- Chairman EPZA is the Chairman of the Board.
- Section 26 enables the Federal Government to make rules.

Since establishment in 1980, seven (07) EPZs (Karachi EPZ, Tuwairqi Steel Mills EPZ, Saindak EPZ, Duddar EPZ, Sialkot EPZ, Gujranwala EPZ and Risalpur EPZ) are working throughout the country.

The KEPZ Phase-I of Karachi EPZ was established on September 13, 1981 on 211 acres of land and other 94 acres land were developed as KEPZ-Phase-II in 2013.

EPZs have also extended their incentives and facilities to Joint venture zones i.e. Sialkot, Risalpur, Gujranwala.

Further, with the direction and approval of ECC/ Ministry of Industries, EPZA concept was also extended to single entity zones i.e. Saindak Export Processing Zone (Extraction of Copper and Gold) and Duddar Export Processing Zone (Extraction of Zinc and Lead) for processing.

A work force of around 35,354 is engaged in different industrial units in the

zone.

2. AUDIT OBJECTIVES

2.1 The major objectives of the audit were to:

- a. Examine whether the Authority was undertaking projects after due diligence and preparing proper feasibility reports,
- b. Scrutinize the process of award of contracts with the view to check compliance of applicable rules and regulations,
- c. Ascertain whether the targets have been achieved or not,
- d. Whether EPZA has boosted export of the country,
- e. Whether genuine export is done at optimum level,
- f. Whether mechanism of tax rebate / refunds is easy and exporters feel the advantage of being at EPZA Zones,
- g. Whether EPZA is efficient and effective in realization of its goals in an economical manner,
- h. Evaluate whether funds and resources were economically, efficiently and effectively utilized.

3. AUDIT SCOPE AND METHODOLOGY

The performance audit of EPZA was conducted for the years 2017-18 to 2019-20.

Audit methodology included data collection, examination/analysis of record, discussions with officials. Site visits were also included to have a physical view of the service. Audit methodology also included collection of initial accounting record and financial statement, examination of the record, analysis of the issues, interviews with the stakeholders, and collection of sufficient evidences.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization and Management

4.1.1 Ineffective Governance at Export Processing Zones Authority

Rule 6 (1) of Public Sector Companies (Corporate Governance), 2013, states

that the Board shall meet at least once, each quarter of a year, to ensure that it discharges its duties and obligations to shareholders and other stakeholders efficiently and effectively. In case of non-compliance, the same shall be reported to the Commission with reasons of non-compliance, within fourteen days of the end of the quarter in which the meeting should have been held.

Rule 4 (2) of Public Sector Companies (Corporate Governance), 2013, states that the chairman of the Boards shall;

- (a) ensure that the Board is properly working and all matters relevant to the governance of the Public Sector Company are placed on the agenda of Board meetings;
- (b) conduct the Board meeting including fixing the agenda; and
- (c) ensure that all the directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board. The chairman has a responsibility to lead the Board and ensure its effective functioning and continuous development, he shall not be involved in day-to-day operations of the Public Sector Company.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the Authority did not follow the rules as mentioned above and conducted only one meeting in a whole year 2018. No BoD meeting was held since September 2019 till - date.

It was also observed that no in-house activity regarding the improvement of business by maximization of profit was worked out by the management, which could be presented in BoD meeting. In this regard, following observations have been noticed: -

i. Permanent Chairman of EPZA was not appointed since long. Detail is as under: -

S#	Name	Charge of Chairman EPZA	Period	
			From	To
1.	Mr. Iftikhar Ali Shallwani	Additional	15.05.18	02.07.18
2.	Mr. Ajaz Ahmed	Additional	02.07.18	04.09.18
3.	Mr. Abdul Jabbar Shaheen	Additional	30.11.18	04.12.19
4.	Mr. Shafqat-ur-Rehman Ranjha	Regular	20.02.20	08.12.20
5.	Mr. Rizwan Ahmed Bhatti	Additional	09.12.20	

i. Annual Accounts for the years 2011-12 to 2019-20 were not audited by the Chartered Accountant.

- ii. Huge amount of investment in Banks for Rs.1,580 million and US\$ 13.50 million was not approved by the BoD.
- iii. The management did not implement decision of 122nd BoD meeting.

Audit is of the view that the management did not comply with the aforesaid rules, which shows slackness and lack of seriousness on the part of management.

The matter was reported to the management on 03.08.2021. The management stated in its reply that EPZA is not a Public Sector Company. Authority has submitted the audited accounts up to the year 2009-10 to Audit and MOI&P duly approved from EPZA Board. The initialed audited accounts / reports for the year 2010-11, 2011-12 & 2012-13 have been received from the External Auditors, which will be submitted to EPZA Board for approval. The development of KEPZ Phase-III has been included in the Prime Minister Performance agreement and it is decided at level of Chairman Planning Commission that EPZA may execute the project through Public Partnership Private (PPP) mode with the coordination of Authority. EPZA had already written letters to Chief Secretary Sindh for possession of remaining land for KEPZ Phase-III. The management's reply is not tenable due to the following reasons that:

1. EPZA being Authority has not been able to get its financial accounts audited for the years 2011-12 to 2019-20 in accordance with Section 23 of the Ordinance, 1980. The Section requires preparation of the annual accounts and their certification. Further, Auditor General of Pakistan (Audit Policy) letter dated 02.08.2007 states that compliance of PAC directive be made by PAO in letter & spirit. Accounts should be prepared from 1993 – 94 onwards on commercial basis. Preparation of accounts was desired by Ministry of Industries, Production and Special Initiatives. The preparation of accounts is mandatory requirement and it cannot be condoned by any authority / forum.
2. Bank investment of Rs.1,580 million and US\$ 13.50 million was not approved by the BoD.
3. The management did not implement decision of 122nd BoD meeting.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to take necessary action and setting the affairs of EPZA in order

by way of enhanced vigilance by BoD & getting above rules implemented in letter & spirit.

4.1.2 Violation of rule by non-conducting of Board meeting

According to Public Sector Companies (Corporate Governance) Rules, 2013, the Board shall meet at least once, each quarter of a year to ensure that it discharges its duties and obligations to shareholders and other stakeholders efficiently and effectively. In case of non-compliance, the same shall be reported to the commission with reasons of non-compliance, within fourteen days of the end of the quarter in which the meeting should have been held.

During scrutiny of record of Export Processing Zones Authority for the years 2017-18 to 2019-20, it was observed that the Board meetings in the years 2019 and 2020 were not conducted as per requirement of Corporate Governance Rules, 2013. The position of meeting conducted during the years is as under:

2018-19		2019-20	
Quarter	Date of meeting	Quarter	Date of meeting
1 st quarter	No meeting	1 st quarter	29-08-2019
2 nd quarter	No meeting	2 nd quarter	No meeting
3 rd quarter	11-01-2019 & 15-02-2019	3 rd quarter	No meeting
4 th quarter	No meeting	4 th quarter	No meeting

According to above mentioned rule, the management was required to conduct meeting of the Board members at least once in each quarter of the year. In case of non-compliance, the same was required to be reported to the commission with reasons of non-compliance, within 14 days of the end of the quarter in which the meeting should have been held.

However, neither the Board meeting was conducted nor the aforesaid non-compliance was reported to the SECP, which is a violation of above-mentioned rule.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the tenure of EPZA Board has expired on 7th March, 2021. EPZA has taken up this matter with MOI&P for formation of new EPZA Board of Directors along with posting of permanent Chairman to run the affairs of EPZA smoothly. In absence of Board, no meeting can be scheduled. During the period 2018-19 and 2019-20 no permanent Chairman was posted in EPZA. The management's

reply is not satisfactory. The meetings of the BoD should have been conducted regularly.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to ensure meeting of BoD periodically.

4.1.3 Non-production of detailed record of losses / FIR cases against investors

Section 14(2) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, requires that officer in charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete form as possible and with all reasonable expedition. Further, Section 14(3) of the Ordinance provides that any person or authority hindering the audit functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Disciplinary Rules applicable to such person.

Rule 9 (A) Export Processing Zones Authority Rules, 1981 dated 23rd September 1981 states that, if in the opinion of the Authority an investor has failed to carry out the purpose for which, or has not fulfilled the conditions of, the sanction accorded to him under sub-section (1) of section 11 of the Ordinance, it may, after giving him notice to show cause, cancel, revoke or withdraw the sanction.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed from <https://customnews.pk/> that the KEPZ units had been involved in the different types of crime. The Custom Department lodged FIR against the KEPZ Units on account of smuggling, mis-declaration and missing containers.

It was also observed that a letter of GM Facilities EPZA sent to the Deputy Collector Customs (Export) vide letter No. INV-22-121 dated April 29, 2019 stated that custom department lodged FIR on account of smuggling, mis-declaration and missing containers is at **Annex-A**.

Detailed updated position of FIR lodged by customs department / EPZA and others was called for from the management. The management provided incomplete

record as copies of FIR proper record / reply and updated progress of FIR was not communicated to audit.

Audit is of the view that due to non-availability of the proper requisitioned record; audit was unable to analyze the matter and action by the management.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the cases are *sub judice* and EPZA is not a party against these FIRs. Since Custom Authorities are likely to be held responsible to conduct clearance of imports and exports and they might be authorized to regulate procedures under Customs Act, therefore, all affairs related to Customs. EPZA is an authority to sanction project under EPZA Rules, and provide Export NOCs to the investors as per business line of production already approved. EPZA is not a party in the FIRs. The management's reply is not acceptable as the reference were quoted in the para from the correspondence of EPZA i.e. letter No. INV-22-121 dated April 29, 2019.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends immediate production of record, besides, fixing responsibility for the above lapses.

4.1.4 In-effective internal audit function

According to Rule 22 (1) of Public Sector Companies (Corporate Governance) Rules, 2013, there shall be an internal audit function in every Public Sector company. The chief internal auditor, who is the head of the internal audit function in the Public Sector Company, shall be accountable to the audit committee and have unrestricted access to the audit committee.

Rule 22 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that internal audit reports are provided for the review of external auditors. The external auditor shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the internal audit function of the organization was not so effective as the activities of internal audit were only restricted

to verification of payments before disbursement (pre-audit), and those did not encompass activities of core business like over-viewing the performance of HR/Administration, Finance & Accounts, IT, Engineering, investment and sale/monitoring of industrial units etc.

As per above mentioned rule 22 (3) the internal audit department was required to prepare internal audit plan with the approval of Board audit committee and conduct internal audit accordingly and share Internal Audit Report with external audit.

Audit is of the view that the management had failed to conduct internal audit as required under above mentioned rule.

The matter was reported to the management on 03.08.2021. The management stated in its reply that since its inception, the EPZA Internal Audit Section is performing primary functions of pre-auditing all cases pertaining to payments made by EPZA. The management's reply is not acceptable as no proper internal audit report was prepared in EPZA to be placed before the Audit Committee.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends adopting remedial measures to strengthen the internal audit function by covering all critical areas instead of focusing only on pre-audit.

4.1.5 Non-implementation of enquiry committee decision

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that plot No.2(measuring 1000 sq. meters), Sector-VIII, Phase-I, was allotted to M/s. Imran Salman (Pvt) Limited for establishment of trading unit for tobacco related business on 02-07-2015. Later on, the said unit was sold / transferred to M/s. Maraya International Private Limited on 18-01-2019.

On 31-08-2019, a complaint was lodged by Mr. Imran Javed, the director of M/s. Imran Salman (Pvt) Limited to Ministry of Industries & Production with copy forwarded to Chairman EPZA, NAB and FIA, that the sale/transfer of said unit to M/s. Maraya International Private Limited was forged and fraudulent because he did not sign any documents in respect of sale/transfer of said property.

On complaint, the chairman EPZA constituted an enquiry committee of four members to look into the matter and report within 7 days. The enquiry committee submitted their report on 18-10-2019 with the recommendation that the signature of Mr. Imran Javed (the complainant) should be verified from NADRA through forensic test.

Later on, the complainant withdrew his complaint from Pakistan Citizen Portal (PCP), and surrendered his claim regarding forged and fraudulent transfer of property on 27-11-2019. As a result of arbitration and withdrawal of complaint by M/r. Imran Javed, the management regularized the transfer of said plot and unit Maraya International Private Limited in favour of owner and restored import/export facilities for doing business in KEPZ.

Audit is of the view that management should have implemented the recommendation of enquiry committee and signature of Mr. Imran Javed should have been verified from NADRA.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the matter of inquiry had been finalized and physical arrangements of original signatures of actual persons i.e. Mr. Imran Javed, had been made and with no doubt, the sale/transfer have been rectified. Resultantly the complainant had withdrawn his complaint from the Prime Minister Portal after agreeing on the crystal process of transfer of property. The management's reply is not acceptable as these issues have been damaging the image of EPZA.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

It is recommended that the management should get the signature verified from NADRA in order to maintain transparency in sale/transfer process of industrial units.

4.1.6 Non-existence of Statutory Board Committees

According to Public Sector Companies (Corporate Governance) Rules, 2013, section 12(1), the Board shall set up the following committees to support it in performing its functions efficiently, and for seeking assistance in the decision-making process, namely: -

- a. audit committee, for an efficient and effective internal and external financial reporting mechanism;
- b. risk management committee, in case of Public Sector Companies either in the financial sector or those having assets of five billion rupees or more, to effectively review the risk function;
- c. human resources committee, to deal with all employee related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures for effective utilization of the employees of the Public Sector Company;
- d. procurement committee, to ensure transparency in procurement transactions and in dealing with the suppliers; and
- e. nomination committee, to identify, evaluate and recommend candidates for vacant positions, including casual vacancies, on the Board, including the candidates recommended by the Government for consideration of shareholders or in case of casual vacancy to the Board of directors after examining their skills and characteristics that are needed in such candidates:

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the statutory Board committees required to be formed under code of Corporate Governance 2013 for Public Sector Entities did not exist in the authority. According to above mentioned rule the management was required to form following committees to fulfill corporate requirements;

- a. Audit committee
- b. Risk Management Committee
- c. Human Resource Committee
- d. Procurement Committee
- e. Nomination committee

Audit is of the view that the aforesaid Board Committees were not formed by the management which is a violation of above-mentioned rule.

The matter was reported to the management on 03.08.2021. The management stated in its reply that EPZA Board of Directors had constituted the following Sub-Committees of EPZA Board to assist the Board in EPZA affairs.

- 1. Audit & Finance Committee
- 2. Human Resource Committee

3. Banking & Investment Committee

The tenure of EPZA Board has expired on 7th March, 2021 and the Sub-Committees of EPZA Board were also dysfunctional. EPZA had taken up this matter with MOI&P for formation of new EPZA Board along with posting of permanent Chairman. After the constitution of new EPZA Board the above-mentioned Sub-Committees would start their functions.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends ensuring meeting of Sub-Committees of EPZA Board periodically.

4.1.7 Non-assessing the performance of Board of Directors

According to Rule 8 (1) of Public Sector Companies (Corporate Governance) Rules, 2013, the performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his / her appointment.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that as per above mentioned rule the Board was responsible to undertake the performance evaluation of the members of the Board, including Chairman and Chief Executive, annually. For this purpose, the Board was required to establish a process, based on specified criteria, and the chairman of the Board shall take the ownership of such evaluation. The committees should also carry out their evaluation on an annual basis.

Audit is of the view that there is no mechanism in place at the authority to evaluate and assess the performance of the Board including chairman and chief executive.

The matter was reported to the management on 03.08.2021. The management stated in its reply that EPZA is a statutory body established through an Ordinance i.e. EPZA Ordinance, 1980. It is not a Public Sector Company or Corporation. Therefore, Rules & Regulations of Security Exchange Commission of Pakistan may not be

implemented in any case, on EPZA.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the Authority should establish appropriate mechanism for required evaluations and performance evaluation on annual basis as in the absence of annual evaluation programs, consistent and specific improvements, strategic planning, efficiency and time management might not be achieved. The same may be implemented under intimation to Audit.

4.1.8 Non-developing and implementing of whistle-blowing policy

According to Public Sector Companies (Corporate Governance) Rules, 2013, rule 5(7)(n), the Board shall also formulate significant policies of the Public Sector Companies, which may include (n) development of whistle blowing policy and protection mechanism.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that as per above mentioned rule the Board was responsible to develop and implement a formal, comprehensive and robust system of anti-fraud programs and controls that were considered an integral part of effective internal control system, including a whistle blowing policy for reporting of frauds and protection of whistle-blower. Such controls were basically responses to the results of a formal periodic risk assessment procedure which was carried out by the management to develop the risk repository of the company and possible mitigating controls.

Whistle blower program allows supplemental confidential communication channel for employees to lodge complaints; submit concerns regarding questionable matters, or report fraudulent behavior. This coupled with strong communication of the message to employees to encourage reporting irregularities, can prove to be the most effective anti-fraud control mechanism.

In absence of whistle-blower program, malpractices concealed through undue influence or coercion could go unnoticed as the employees are not provided with a secure communication medium. In the absence of anti-fraud programs and control any concerns relating to fraud and irregularities, breaches of ethics, internal control issues

and other related matters may not be highlighted or submitted, investigated and dealt with appropriately. This in turn undermines the confidence of stakeholders and provides an opportunity for mischievous elements.

Audit is of the view that the management should develop and implement an antifraud program including whistle blowing policy to minimize actual or perceived fraud in the Authority in compliance of the rules under intimation to Audit.

The matter was reported to the management on 03.08.2021. The management stated in its reply that EPZA was a statutory body. It was not a Public Sector Company or Corporation. Therefore, rules of SECP may not be implemented in any case, on EPZA. Hence, EPZA is not bound to implement Whistle blowing policy. It is pointed out that there is no evidence of fraud reported in EPZA during the year 2017-20. The management reply was not tenable as it has not adopted whistle-blowing policy as a good management practice, whereby the company gives freedom and allows their employees to report the management the Facts and putting a Stop on all unethical, immoral or illegal work.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the management may develop and implement whistle-blowing policy.

4.1.9 Un-satisfactory performance of Gujranwala Export Processing Zone

EPZA is mandated to: ‘plan’, ‘develop’, ‘manage’ and ‘operate’ Export Processing Zone in Pakistan.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017- 18 to 2019-20, it was observed that Gujranwala Export Processing Zone (GEPZ) is operational since October 2013. EPZA has approved 15 units out of which only 06 or 07 units invested US\$ 14.141 million and envisaged exports of US\$ 39.550 million per annum. Detail of export and import along with expenses incurred by EPZA is at **Annex-B**.

It was also observed from the Board minutes of 120th meeting dated June 06, 2018 that the reasons for demanding of de-notification of GEPZ were as under: -

- i. The main cause of poor colonization of the zone was that the plots in the zone were allotted by Pakistan Small Industries Corporation (PSIC) to non-genuine investors, who lacked export / financial muscles and did not have the capacity of export business, as evident from their export performance.
- ii. PSIC did not fulfill its obligations to improve infrastructure of the zone as per its mandate. The zone was without Sui gas.
- iii. The plots of the defaulters were not cancelled by PSIC, which clearly violated the terms of the approval of the scheme by ECC and the terms & condition of their allotment letters.

Audit is of the view that the aforesaid position shows unsatisfactory performance of the management besides discontent by the investors.

The matter was reported to the management on 03.08.2021. The management stated in its reply that:

- i. There was a demand from the local investors for de-notification of GEPZ, but the Federal Government had directed that EPZA and PSIC may sit-together and decide to know the actual reasons for non-colonization and non-performance of GEPZ. The main reason for non-performance of GEPZ was that the investors who had purchased the plot in GEPZ wanted to set up their unit to facilities for the home consumption of their manufactured goods. But, unfortunately, in the year 2002, the Government had imposed the barrier for 80% of their production of goods to abroad and 20% for home consumption.
- ii. In addition to that, the PSIC did not perform its duties for maintenance of infrastructure and with the passage of time its condition had deteriorated. In order to fulfill the duties, EPZA had deputed its officers and staff to facilitate the investors. Now, the investors of GEPZ were also showing their interest to come in the ambit of EPZA.
- iii. EPZA has no role in the cancellation of plot and the plots were sold out to investors on ownership basis and PSIC has to take some steps to make the zone functional.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends taking measures to set the things right at Gujranwala

Export Processing Zone. Measures taken in this regard may be shared with Audit.

4.2 Financial Management

4.2.1 Poor performance of exports in various sectors of KEPZ

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017- 18 to 2019-20, it was observed that objective of EPZA was to accelerate the pace of industrialization and enhance the volume of exports by creating an enabling environment for investors to initiate ambitious export promoted projects in the zone. For this purpose, the management had allotted industrial plots to investors in different sectors. The detail of export and import for the year 2019-20 is at **Annex-C**.

During the year, 81 units exported goods worth USD 27.75 million against their imports of USD 123.160 million. This indicated that exports of electrical, food, garments, plastic products, specialized fabrics and trading units were far less than their import. In other word, the said units sustained loss in their operations.

Audit is of the view that the management should review their policy by setting preference to more profitable sectors and investors should be allowed to establish industries accordingly.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the audit observation indicated that exporting goods less than imports were out of question in the presence of Customs Rules vide S.R.O. 450(1)/2001, which provided that section 226, import of goods into the Zones (1) Subject to sub-rules (7) and (8), any goods could be imported into the Zones from abroad or from the Tariff Area. Whereas, (9) Goods admitted to a Zone may remain there for such period as may be prescribed by the Authority. The goods imported in to zone under the provision of section 226 sub section (9) could remain with the investor as balance for the future use which currently had two years duration, besides, these goods were utilized as per export orders in hand. The management's reply was not tenable as the management did not enclose the detail of such Goods and that the same were in accordance with the Authority's objectives.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the management should initiate ambitious export-oriented projects in the zone, which would attract foreign investors and earn foreign exchange.

4.2.2 Zero export against huge imports - US\$ 28.448 million

The main objectives of EPZA are accelerating the pace of industrialization in the country and enhancing the volume of exports by creating an enabling environment for investors to initiate ambitious export-oriented projects in the Zones.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that various units made no exports against imported items valuing \$28.448 million during the year 2019-20 as given at **Annex-D**.

The management neither imposed any penalty nor took any legal action against the investors having zero export. Resultantly, the management sustained loss of revenue on account of presumptive tax and service charges.

Audit was of the view that the units importing goods against zero export needed thorough investigation regarding probable smuggling of goods in tariff area or to other sister units of EPZA.

The matter was reported to the management on 03.08.2021. The management stated in its reply that these units were performing their export into tariff area as per EPZA export policy. These units engaged in trading and warehousing activity were allowed 100% local market (tariff area). Seven units were facilitated trading business. As per record, these units were performing trading business, therefore these units made their export 100% in local market (tariff area). Two units were engaged in trading business as per their agreements executed before change of category from trading to recycling and reprocessing of used textile clothing. Further, two units were engaged in re-export facility under SRO 492, which permitted 100% export to units in tariff area. Three units were allowed one time export facility after payment of custom duty and taxes to dispose of inventory into tariff area. Four units were engaged in

export to their permissible quota under SRO 461 (I)/99 as maintained by Custom department, and balance quota of previous year for export abroad were allowed into tariff area. The management's reply is not acceptable as the management did not provide the complete detailed list of units and nature of goods, which were allowed for tariff areas and allowed one time export facility after payment of custom duty and taxes to dispose of inventory into tariff area.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends taking action for boosting up exports in abroad.

4.2.3 Non-achievement of targets fixed at the time of investment - US\$.173.281 million

According to para 16 of EPZA Rules, 1981, service charges of 0.5% on Freight on Board (FoB) value of all goods exported from any Zone shall be payable to the Authority.

Clause 41 of license agreement states that the investor application, undertaking annual export of his products per annum, the sanction / approval letter of the license is and shall be treated as integral part of this license agreement.

As per item No.2 (3) of 122nd Board meeting of EPZA dated 15-02-2019 "in the event such units fail in their committed export figure as undertaken by them during a particular fiscal year, they shall be liable to pay a penalty equal to 1% of the shortfall from the committed export performance for a particular year".

As per part H of Export Projections for five years of Application form of investors for setting up an industrial/ trading unit an investor is required to mention committed annual export which must be maintained. The investors are bound to follow their commitments in case they retain the allocated land.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that some units of KEPZ failed to achieve the envisaged export targets fixed by the investors at the time of license agreement and committed export mentioned in the license. Detail of such cases for the year 2019-20 is at **Annex-E**.

The export position had thus declined to an alarming position during the period. This situation shows a huge fluctuation in the export targets, which manifestly reflects that no proper criteria was taken into account by the management, while stipulating the targets. Thus, the management sustained loss of presumptive tax and service charges US\$ 2.599 million per annum. Further, the management did not impose any penalty nor took any legal action against the investors. This resulted into loss of revenue on account of presumptive tax, service charges and penalty as well.

Audit is of the view that management did not scrutinize the units with respect to their performance against their committed exports and it should have also examined the circumstances leading to the shortfall.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the investment proposals submitted by the investors were based on projections. However, global financial and economic conditions were considered by the EPZA management which included global economic recessions, variation of market strategies, market demands and global spreading of diseases like COVID 19 etc. which affected the exports. Audit expressed its concern over closure of large number of units, thus, their non-participation in future exports. EPZA management usually provided opportunities to its investors on case-to-case basis. The management's reply is not tenable as the above-mentioned data pertained to financial year 2019-20. Whereas, the COVID 19 spread in March 2020 and the aforesaid 1 to 36 units exported only up to 10% of their commitments.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that hectic efforts should be made to enhance the exports of EPZA. Measures taken in this regard may also be shared with Audit for further comments.

4.2.4 Huge import and nominal export in Zone Al-Tuwairqi Steel Mill

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items and to create a source of supply for such components and parts as are imported for domestic needs as import substitution and to provide local employment opportunities and to upgrade their managerial and

technical skills;

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the Tuwairqi Steel Mill EPZ in Bin Qasim area had been notified to operate over an area of 220 acres, being developed by a renowned Saudi Group namely M/s. Al-Tuwairqi Group. The Zone was inaugurated in April 2006 to produce steel billets / direct reduced iron based renowned (Direct Reduction of Iron (DRI) process. TSML was dormant since the year 2017 till - date. Performance of import and export of Tuwairqi Steel Mill EPZ.

Tuwairqi Steel Mill EPZ import's value was higher than export value by US\$ 153.511 million. Moreover, huge number of workers were rendered jobless which was against the objective of Zone. Further, detail of Tuwairqi Steel Mill EPZ is at **Annex-F**.

It was also observed that approximately US\$ 43.872 million should have been saved by M/s. Al-Tuwairqi Group from custom duties and taxes.

Audit is of the view that the management had failed to maintain check and balance on the units and imports of raw material was made after getting export order quantity from foreign buyers.

The matter was reported to the management on 03.08.2021. The management stated in its reply that M/s. Al-Tuwairqi Steel Mill was established under single entity mode of development in which the investor was responsible for development of all infrastructure development works of the zone EPZA has the role of regulator. The FBR with the approval of ECC had given special permission to Al-Tuwairqi to Export their product 100% to Pakistan after payment of duties and taxes applicable. The maximum imports of Al-Tuwairqi were of the raw material for construction of Infrastructure development of building works, roads water supply installation of equipment and plants required for the project. The Project was completed in the year 2011-12, but gas was not given as per agreement despite the recommendation of EPZA, MOIP but ECC rejected the proposal for provision of gas on the tariff of fertilizer sector. The Project was dormant since 2016-17 and they filed suit for recovery due to loss in business in international arbitration. It was the factual position in the closure of steel Mill. There was no fault of Export Processing Zone and all the material required for development for the Steel Mill were allowed duty free as per the EPZA /Pakistan custom rules.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

The management should take measures to encourage the zone for improving the exports and review their policy by setting preference to more profitable investors to establish industries accordingly.

4.2.5 Non-recovery of receivables from the investors - US \$ 1.317 million

According to agreement with various investors for rented out property, Annual Ground Rent of the allotted plots at the specified rates was required to be recovered in advance on every 10th of January and 10th of July each year. Similarly, the utilities bills were also to be recovered on due dates and in case of non-payment of two or three consecutive bills the utility services would have to be suspended in order to recover the outstanding balances and to avoid their heavy accumulation.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that an amount of US \$ 1.317 million was lying outstanding against sick/inactive units and other units on account of Annual Ground Rent (AGR) and Electricity charges as on 30.06.2020. Despite non-payment, services were not suspended, which led to accumulation of dues (**Annex-G**).

Audit is of the view that the management did not recover its dues, which resulted into blockage of funds and chances of converting the receivables into bad debts cannot be ruled out.

The matter was reported to the management on 03.08.2021. The management stated in its reply that two payments were received from M/s. Rainbow Enterprises mentioned (at serial No. 1) & M/s. YG Textile mentioned (at Serial No. 13). The management's reply was not acceptable as only one receipt of M/s. Rainbow Enterprises for US\$ 2,000/- was produced.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that steps need to be taken to expedite the recovery of outstanding amount.

4.2.6 Non-achievement of exports target due to sick / closed units of EPZA US\$ 92.699 million

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items.

Mission Statement of Export Processing Zone states that “to mobilize and promote utilization of the national resources, for socio-economic development of the country by enhancing exports. This task is carried out through coordination between national development agencies, external cooperation programs and technical assistance; and through the promotion of private sector investments”.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that 30 units of EPZA (**Annex-H**) were closed / non-functional for last many years. As per application form for setting up an industrial / trading unit an investor is required to mention committed annual export which must be maintained. The committed export of these units was mentioned as US\$ 92.699 million per annum, but the achievement of these units remained zero because of being non-functional..

Audit is of the view that non-functional units should have been penalized where applicable and other investors for business should have been invited to promote employment opportunity as well as revenue increase in terms of AGR, Service Charges and Presumptive Tax.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the investment proposals submitted by the investors were based on their projections and most of these projections were met by these investors. However, global financial and economic conditions were considered e.g., any economic recession, variation of market strategies, market demands and global spreading of diseases like COVID 19 viruses etc. The units namely Alpha Industries, Pearl Lubricants, and Sun Gravure were taken over by the EPZA management on default grounds while other nine units have given opportunity to revive their business activities. The management’s reply is not tenable as COVID-19 spread in March 2020 and the aforesaid units were not making or exporting goods exports during the whole year.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-

11-2021 and 16-09-2022.

Audit recommends that the management should initiate ambitious export-oriented projects in the zone, which would attract foreign investors and earn foreign exchange.

4.2.7 Non-achievement of income from Annual Ground Rent (AGR) viz-a-viz Budget - Rs. 5.605 million

The main objective of the EPZA is to increase the foreign exchange earnings of the country.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the Authority did not achieve its main objective of increasing the foreign exchange earnings in shape of Annual Ground Rent (AGR) during the year 2019-20. Detail of annual ground rent is as under: -

(Rs. in million)

Description	Year	As per Budget estimate 2019-20	Actual income	Less income
Annual Ground Rent	2019-20	285.000	279.395	5.605

It is evident from the above that the Authority has not focused on its main business. Resultantly, income from Annual Ground Rent declined by Rs.5.605 million from the previous year. Thus, the management did not achieve the objective of increase in the foreign exchange earnings of the country.

The matter was reported to the management on 03.08.2021. The management stated in its reply that seven (07) units were in litigation due to change of category. At the time of preparation of budget for the year 2019-20, two cases were under consideration for settlement, who agreed to withdraw the case unconditionally and pay the AGR @ US\$ 4.00 instead of US\$1.5. So, the recovery of the difference amount from two units namely M/s. Universal Rags (Pvt) Limited and M/s. Sunrise Rags (Pvt) Limited was also included in estimated/projected AGR for the year 2019-20. Although, the payment was received from one unit i.e. M/s. Universal Rags (Pvt) Limited on 4th February 2020 (FY 19-20), yet the other unit settled the case in 2021. The less recovery from the budget estimates in the FY: 2019-20 was due to the global

pandemic situation of COVID-19, which was a force majeure. The management's reply is not tenable as the COVID 19 spread in March 2020.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that efforts need to be made to increase income from Annual Ground Rent.

4.2.8 Non-achievement of income target from service charges Rs. 177.882 million

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items.

Mission Statement of Export Processing Zone states that "to mobilize and promote utilization of the national resources, for socio-economic development of the country by enhancing exports. This task is carried out through coordination between national development agencies, external cooperation programs and technical assistance; and through the promotion of private sector investments".

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the Authority did not achieve the target of service charges as mentioned in the annual budget. The service charges were fixed at 0.5% of actual export. Income on service charges at 0.5% on export decreased by 32% from US\$ 3.822 million in the year 2018-19 to US\$ 2.563 million in the year 2019-20. Detail is as under: -

(Rs. in million)				
Description	As per Budget estimate 2019-20	Actual income from service charges	Less income	Non achievement in %
Service charges	562.391	384.509	177.882	32%

Further, analysis of service charges from the previous year i.e.2018-19 is as follows: -

Year	Dollar rate for Annual accounts	Service charges in US \$
2018-19	115	3,822,474.54
2019-20	150	2,563,395.13
Total Difference		1,259,079

It is evident from the above that the Authority has not been focusing on its main business. Resultantly, the service charges declined by US\$ 1.259 million from the

previous year.

Audit is of the view that the management did not achieve the objective to increase foreign exchange earnings of the country by export of value-added items.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the mission of EPZA was “to mobilize and promote utilization for national resources for the socio-economic development of country by enhancing exports”. The exports from EPZs were showing increasing trend year-by-year; except in the year 2019-20, which was reported as US\$ 638.023 million (Approx. 10% below from FY: 2018-19); due to the global pandemic situation of COVID-19, which was a force majeure. The management’s reply is not tenable as the COVID 19 spread in March 2020.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that efforts need to be made to increase the income from export of value-added items.

4.2.9 Non-preparation of accounts

According to Public Sector Companies (Corporate Governance) Rule, 2017, section (10) Every Public Sector Company shall, within one month of the close of first, second and third quarter of its year of account, prepare a profit and loss account for, and balance- sheet as at the end of, that quarter, whether audited or otherwise, for the Board’s approval. Annual report including annual financial statements shall be placed on the Public Sector Company’s website:

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the annual accounts for the year 2010-11 to 2019-20 have not been prepared so far. In fact, the management is far behind from timely preparation of accounts as no accounts was published since 2011. The last account published was for the year 2009-10.

According to above mentioned rule the requisite accounts (i.e. profit & loss accounts and Balance sheet) were required to be prepared within one month of the close of first, second and third quarter (whether audited or not audited) and submitted

to Board for approval. However, the said rule was not complied with.

Audit is of the view that underlying weaknesses in accounting system have caused delay in timely preparation of accounts and timely completion of audit.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the Authority had submitted the audited accounts up to the FY: 2009-10 to the Commercial Audit and MOI&P duly approved from EPZA Board of Directors. The initialed audited accounts / reports for the FY(s): 2010-11, 2011-12 & 2012-13 had been received from the external auditors of the Authority, which would be submitted to EPZA Board of Directors for approval in its forth coming 124th meeting, which would subsequently be forwarded to Commercial Audit and MOI&P. The audited accounts for the FY: 2013-14 were in final stage of completion / review with the external auditor and filed work for the FY: 2014-15 had been initiated. The management's reply is not satisfactory as the annual accounts should have been finalized when due in accordance with rules.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the management should improve the quality of accounting system by following a system of periodic internal reviews, verifications and reconciliations of accounts department's records with respective operational departments to ensure accuracy and completeness of the financial data and verification by mean of periodic statements.

4.2.10 Unauthorized investment in Bank - Rs. 1,580 million and US\$ 13.50 million

According to Finance Division OM.No.F.4 (1)2002-BR II dated July 02, 2003 the process of selection of banks should be transparent, therefore, prior to placing deposits with a bank, where working balance exceeds Rs.10 million, the selection of banks as well as terms of deposits will be approved by the Board of Director/governing body on the basis of competitive bids from at least 3 independent banks.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that investments of Rs.1,580 million

and US\$ 13.50 million were made by the management with the approval of investment committee in different banks. However, the approval of BoD, as required under above mentioned rules, was not obtained (**Annex-I**).

Audit is of the view that the investment of funds without approval of BoD is a violation of rule.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the investments were made by the Authority with the approval of Banking & Investment Committee of EPZA Board of Directors with the condition that, all these investments would be submitted to EPZA Board of Directors in its upcoming meeting to regularize these investments. Unfortunately, after 29th August, 2019 no meeting of EPZA Board was convened. The management's reply is not tenable as the investment without approval of BoD is unauthorized.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit emphasizes the need to investigate the matter for fixing responsibility on the person(s) who did not follow the specific guidelines & procedures and obtaining ex-post facto approval from the Ministry of Finance. Audit also recommends to share appropriate / corrective steps / measures to eliminate / reduce the chances of such decisions which are being taken without BoD's approval.

4.2.11 Non-registration of EPZA employees with EOBI

Chapter-ii (3) EOBI Act 1976 states that Compulsory Insurance: All employees in an industry or establishment shall be insured in the manner prescribed by or under this Act.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the BoD decided in its 122nd meeting dated February 15, 2019 for registration of EPZA employees with Employees Old Age Benefits Institution (EOBI) as pensionary benefit for the Authority's employees. It was also observed that the employees of EPZA had no post-retirement benefits in term of "pension". The EOBI operates on partially funded basis.

EOBI provides the following benefits to the insured person or their survivors. An

insured person becomes eligible to get pension after reaching the age of 60 and completing 15 years of insured service. Despite the approval of the Board, the management failed to register EPZA employees till now.

Audit is of the view that Government of Pakistan has protected the interest of low paid employees in the country through EOBI Act 1976 applicable on all firms, industries and commercial organizations to safeguard them through various schemes. Due to non-registration with EOBI, the low paid employees of the Authority have been deprived from the benefits of pension, insurance and medical facilities as provided in the Act.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the process would be completed within 03 months.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends investigating the matter for fixing responsibility on those who did not pay attention / give importance to Board's approval and also justify the reason for non-registration of EPZA employees with EOBI.

4.3 Construction and Works

4.3.1 Non-imposition of penalty for non-completion of construction work within stipulated time US\$ 27.335 million

According to clause-8 of the License Agreement the investor is bound to complete construction and start running the unit within a period of 18 months from the date of approval. As per clause-11 of the License Agreement, 50% of construction is to be completed within one year period to avoid cancellation of the plot. Moreover clause No.10 prescribes non-construction fee @ US\$ 5 per square meter per month upon failure of the investor to raise construction or to start installing unit.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that 17 Units (KEPZ phase II) failed to complete the construction work despite lapse of 2 to 15 years against the allowed period of 18 months. As a result of the failure of these investors, the envisaged investment could not be materialized and achievement of export remained zero,

because of being non-functional, which resulted into loss of committed export. Construction detail for the month of April 2021 is at **Annex-J**.

In addition, EPZA did not impose non-construction penalty of US\$ 5 per square meter per month as provided in the agreement and sustained a loss of US\$ 27.335 million Equivalent to Pak Rs. 4,100.332 million.

Audit is of the view that the economic viability/capability of the investors and their true potential were not properly scrutinized due to which non serious persons not only managed to get sanctioned projects but also unnecessarily held 67,514 square meters of developed land for last many years. It also indicated loose internal control & lack of proper monitoring control and supervision of the projects.

The matter was reported to the management on 03.08.2021. The management stated in its reply that out of 17 units, only three units could not complete the construction i.e. M/s. Saltex, M/s. Uzair Exports and M/s. ChalChal Rags the remaining units had completed the buildings and started their operational activities. M/s. Saltex. and M/s. Uzair Export were in litigation and Nazir Sindh High Court had taken the possession of these two units and in the year 2020 the possession was handed over by the Nazir High Court to investors and they started construction. However, there was only one unit M/s. ChalChal Rags who had not completed the construction as per agreement. EPZA would impose the late payment charge of late completion i.e. US\$ 3000/Per annum. The management's reply is not satisfactory as the management did not show that how much amount was received.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit emphasizes to fix responsibility on management(s) who did not take serious action on this matter and also justify the reason for non-imposing penalty charges due to non-completion of construction work within stipulated time. Audit also recommends to share the steps taken by management to avoid these losses in future.

4.3.2 Mismanagement of KEPZ Phase-III resulting in scraping of project

Main objectives of EPZA are accelerating the pace of industrialization in the country and enhancing the volume of exports by creating an enabling environment for investors to initiate ambitious export-oriented projects in the Zones which would, as a

corollary, create job opportunities, bring in new technology and attract foreign direct investment (FDI).

EPZA is mandated to: 'plan', 'develop', 'manage' and 'operate' Export Processing Zones in Pakistan.

The Board of Directors (BoD) in its 122nd meeting item No. 03 on February 15, 2019 decided as follows: -

- i. To scrap the PC-I of KEPZ phase-III and prepare a fresh PC-I, because the decision of the minutes of DWP meeting dated 25.08.2016 were violated.
- ii. PPRA Rules were violated.
- iii. M/s. Naqvi & Siddiqui Associates be black listed.
- iv. Recovery from the contractor be made.
- v. Responsibility be fixed.
- vi. The Board also assigned looking after the fresh work of PC-I, cost estimates to the committee consisting of Mr. Hassan Masood Khawaja & Mr. Mustafa Hemani.
- vii. It was further resolved that EPZA should approach Chief Secretary, Sindh and Supreme Court Registry, Karachi to help vacate the encroached land belonging to the KEPZ Phase-III.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the project phase-III was approved by the BoD in its 112th meeting on December 02, 2015 at a total cost of Rs.640.00 million. The PC-I of the project was revised several times and cost was increased by 1,629.00 million. Later on, BoD scraped the PC-I and recommended some revision in the PC-I. However, despite decision of the Board revised PC-I was not submitted to BoD for approval.

It was further observed that after previous approval, the management had commenced the execution of project by awarding contract to M/s. Siddique and Brothers at a contract price of Rs.124.832 million on March 03, 2017 for construction of the project Phase-III. Moreover, the management also awarded consultancy contract to M/s. Naqvi & Siddiqui Associates at contract price of Rs 6.50 million for planning & designing and master planning of infrastructure Development works.

Despite passage of time, recovery of mobilization advance had not been made

by the management. Notification of black listing was not provided either.

It was also observed that the completion of project of KEPZ phase-III was likely to create around eight to ten thousand job and accelerate industrial development. Contrarily, huge number of workers remained jobless, which is against the objective of Zone.

Audit is of the view that non-submission / revision of PC-I indicated poor performance of the management in respect of execution of the project.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the minutes of 122nd BoD's meeting were misleading and not correct. The PC-I of Phase-III was approved by Development Working Party (DWP) on 25-08-2016 with certain observations pointed out by Chief Planning Industries and Commerce with the directions to incorporate the observations in PC-I the same were incorporated and circulated to all members on 30-8-2016 (Mr. Zahoor Ahmad, ex-Secretary EPZA, and Mr. Mushtaq Hussain Leghari who had created problems in the KEPZ Phase-III of the project). Unfortunately, EPZA had no regular Chairman and the project was not properly taken up by the higher ups i.e. Chairman, Secretary EPZA. Due to this the 122nd Board meeting was headed by Chairman with additional Charge who had no interest in EPZA and PC-I was scrapped. The Board had given the task to two Board members although all the prevalent record was provided but no PC-I was prepared by these two Board members. The Project Cost increased from Rs1657 Million to approximately Rs 3.00 Billion. The management's reply is not tenable. If the Board minutes of meeting were misleading and not correct what was the reason for non-initiation of action against the person(s).

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends investigation and fixing of responsibility for violating minutes of meeting and irregular award of contract and non-recovery of mobilization advance from the contractor. It is also recommended that the instructions of the Board as mentioned in 122nd meeting may be implemented under intimation to Audit.

4.3.3 Unauthorized regularization of illegal construction on payment of meager penalties US\$ 67,078.97

Rule C-1 to C-3 of Guidelines / Building laws for the construction of building in EPZA stipulates that the built-up area shall not exceed 72% of the total area of a plot. It is in the interest of investors to have adequate foundations to cater for expansion in the vertical direction from basement to upper three floors. All buildings, except those allowed within the compulsory vacant strips, should have permanent open spaces, 04 meters from road side i.e. front, 1.5 meter from rear and any one side and 3 meters from other side.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the investors at Zone constructed industrial units outside building plan. Instead of demolishing the construction on unauthorized area, the management allowed construction by imposing some minor penalties, against the agreement, which obliged the investors to construct their industrial units in accordance with the building plan. The management imposed penalties at very low rate for unauthorized construction by the Investors in the units / plots area amounting to US\$ 67,078.97 during 1998 to 2021. Detail of such cases is at **Annex-K**.

It was also observed that the penalties were not imposed during the year 2005 to 2020 at least 15 years and the fire incidents in EPZA indicated non-observance of Guidelines/ Building laws during construction phase and negligence of the management in enforcement of laws for providing ample space between the factories.

Audit is of the view that the unauthorized construction should not have been allowed in the premises of Export Processing Zone.

The matter was reported to the management on 03.08.2021. The management stated in its reply that investors had carried out construction / covered the compulsory open spaces. EPZA had issued letters for demolishing of the unauthorized constructions then investors approached to Chairman and requested to take a lenient view and take action as per Sindh Building Control Authority and approve the “As Built” drawings after imposing penalty on the unauthorized construction to regularize and approve the “As Built” drawings and issue the Completion certificate. The management’s reply is not tenable as no provision was found in the Guidelines / Building laws to regularize the unauthorized construction.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit emphasizes to fix responsibility on management(s) who did not take serious action on this matter and also justify the reason for non-imposing penalty charges and non-demolishing the construction on unauthorized area within stipulated time. Audit also recommends to share what steps management has taken to avoid recurrence of these issues in future.

4.4 Asset Management

4.4.1 Blockage of funds due to non-utilization of Facilitation Center at Gulistan-E-Jauhar, Karachi - Rs. 104.718 million

The main objective of audit is to evaluate whether funds and resources were utilized economically, efficiently and effectively.

EPZA is mandated to: 'plan', 'develop', 'manage' and 'operate' Export Processing Zones in Pakistan.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management had an amenity plot No PB-8 Block 3 Scheme 36, measuring 1,596.58 Sq. yards valuing Rs.104.718 million and allotted by Karachi Development Authority on 26th November 1987. The main purpose of the plot was to construct EPZA office building, auditorium, display center. The Physical possession of the plot was taken over in October 1996. The EPZA's plot was located on the main road, 150 ft wide. As Karachi Export Processing Zone is far away from the city, till today the plot is lying vacant and unutilized.

Audit is of the view that EPZA funds to the tune of Rs.104.718 million were blocked for more than 33 years.

The matter was reported to the management on 03.08.2021. The management stated in its reply that EPZA never spent Rs. 104.718 million on purchase of amenity plot. This plot was allotted by Karachi Development Authority in 1987 at nominal cost of Rs.243,284.24 which was paid by EPZA to KDA. EPZA had planned different ideas for construction on the plot which could not be materialized. The management's reply is not tenable up to the utilization of plot.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the matter may be investigated with a view to identify the persons responsible for showing slackness in utilization of plot.

4.4.2 Non completion of work for enhancement of electric load– Rs.159.360 million

The main objective of audit is to evaluate whether funds and resources were utilized economically, efficiently and effectively.

EPZA is mandated to: ‘plan’, ‘develop’, ‘manage’ and ‘operate’ Export Processing Zones in Pakistan.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that pursuant to BoD decision dated August 29, 2019 on enhancement of electric load from 11.02 to 27.00 MW, to be financed through bridge financing and subsequent recovery from EPZA investors against security charges & development charges, management awarded the contract to M/s. Barqtron Engineering Solutions at a cost of Rs.159.30 million. Work order was issued to the contractor on July 07, 2020. Work completion period was four months i.e. 07.12.2020. Due to some reason, the period of completion was extended by the management upto March 30, 2021, but the work was not completed up to June 30, 2021. However, neither liquidity charges were imposed nor the performance bond worth Rs.15.93 million was forfeited / encashed.

Audit is of the view that the work should have been completed within the prescribed time limit.

The matter was reported to the management on 03.08.2021. The management stated in its reply that M/s. Barqtron Engineering Solution had completed almost 80-85% work and it was expected that the project would be completed by the end of December, 2021. The management further stated that the delay was due to non-payment by the management. The question of imposition of penalty and forfeiture of performance bond at this stage did not arise. The management’s reply is not acceptable as completion of work for electric load from 11.02 to 27.00 MW was delayed.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that efforts should have been made to prevent the escalating trend of project.

4.4.3 Non transfer of ownership of 385 Acres land of EPZA

The main objective of audit is to evaluate whether funds and resources were utilized economically, efficiently and effectively.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that Phase-I was on 211 acres land, Phase-II on 94 acres land and Phase-III was on 80 acres land, but the ownership of 385 acres land could not be transferred in the name of EPZA after lapse of 10 to 40 years. Detail of land and its cost is as under:

(Rs. in million)

S#	Properties	Measurement	Valuation
1.	KEPZ Land Phase-I	211	6,788.940
2.	KEPZ Land Phase-II	94	3,899.632
3.	Buildings	-	354.125
4.	Infrastructure	-	832.230
5.	KEPZ Land Phase-III	80	529.000
	Total	385	12,403.927

Audit observed that no concrete efforts were made by the management for transferring of ownership in the name of EPZA.

Audit is of the view that the title of land should have been transferred in the name of EPZA. Non-transferring of ownership of land may raise questions on the financial statements of EPZA.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the Audit rightly pointed out regarding mutation of land in favor of EPZA. In past there was opinion that the land had been leased in favor of EPZA i.e 311 acres earlier allotted and leased by KDA hence no need for mutation of land. Recently, the question was raised by ex-Chairman with an advice for a legal opinion by EPZA and that the management may approach quarter concerned for mutation of the land allotted by Sindh Board of Revenue on 99 years. Accordingly, EPZA requested Assistant Commissioner Land Malir for issuance of mutation

documents for land. The management's reply is not tenable as the management could not justify the delay in mutation of land.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends making strenuous efforts to get the ownership of land.

4.4.4 Blockage of funds due to non-utilization of land - Rs 43.560 million

Section 9 & 10 of Export Processing Zones Authority Ordinance, 1980 state that the Authority shall prepare a master plan and a phased master program for the development of its Zones, the Authority may, pursuant to the master plan, prepare schemes in respect of:- (a.) land use, zoning and land reservation; (b.) public buildings; (c.) industrial warehousing and buildings; (d.) transportation and communications; roads, streets, railways, jetties, walls, workshops, sheds, godowns, navigation channels; (e.) telecommunication, including wireless, telex and telephones; (f.) community facilities, including water supply, sewerage disposal, electricity supply, gas supply and other public utilities; and (g.) environmental control and prevention of pollution.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management purchased a plot of land 200 acres valuing Rs.43.500 million in April 2006 from Government of Sindh for KEPZ Phase-III. The land was disputed and included in the package of 1,200 acre of land already pledged to M/s. Sindh Alkalis and was therefore under litigation. EPZA had not been given possession of land despite payment of complete amount. The said land was acquired for project of KEPZ III for establishment of a state-of-the-art modern information technology park.

Audit is of the view that the management could not launch the project since 2006 and the plot was lying vacant and unutilized.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the blockage of funds in land Para was settled by PAC with the direction to pursue with Government of Sindh for possession of land. The land was still unused due to non-launching of KEPZ Phase-III Project. The management's reply is not satisfactory. According to manifesto of EPZA, its core objective is to mobilize

and promote utilization of national resources, for socio-economic development of the country. In the light of above, the management of EPZA is unable to pursue its objective.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to justify the reasons that why management has not made efforts for utilization of land of KEPZ Phase-III.

4.5 Monitoring and Evaluation

4.5.1 Poor performance due to decline in export

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items.

According to item No.2 (3) of 122nd Board meeting of EPZA dated 15-02-2019 “in the event such units fail in their committed export figure as undertaken by them during a particular fiscal year, they shall be liable to pay a penalty equal to 1% of the shortfall from the committed export performance for a particular year”.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that export performance of units working at export processing Zones declined during the years as follow;

(US\$ in million)				
Year	KEPZ	Duddar EPZ	Saindak EPZ	Total Export
2018-19	520.179	64.673	105.595	690.447
2019-20	502.828	41.301	68.540	612.669

It is evident from the above position that exports in the year 2019-20 declined as compared to previous years.

Audit is of the view that the management should review its policy for not accomplishing the export targets by the investors, and a penalty clause should be incorporated in the agreement with investors in case of non-achievement of committed export target.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the export figures in the year 2019-20 declined due to economic recession, variation of market strategies, market demands during Covid-19 pandemic which was a force majeure. The management's reply is not tenable as the above-mentioned data pertained to financial year 2019-20, whereas the COVID 19 spread in March 2020.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that penalty of 1% may be imposed on investors for non-achievement of export target and a penalty clause in the agreement may also be created for binding investors and helping to improve export in zones.

4.5.2 Poor performance by different sectors of KEPZ

The main objectives of EPZA are accelerating the pace of industrialization in the country and enhancing the volume of exports by creating an enabling environment for investors to initiate ambitious export-oriented projects in the Zones.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the following sectors of KEPZ made nominal exports against imports during the year 2019-20. Detail is at **Annex-L**.

It came to notice that the management did not impose any penalty nor took any legal action against the investors having nominal export abroad against import. Resultantly, the management sustained loss of revenue on account of presumptive tax and service charges.

Audit is of the view that the management should review their policy by setting preference to more profitable sectors and investors should be allowed to establish industries accordingly. Moreover, the management should initiate ambitious export-oriented projects in the zone, which would attract foreign investors and earn foreign exchange.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the export figures for the period 2019-20 did not match with actual figures. The management's reply is not tenable as there was poor performance

by different sectors of KEPZ.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

4.5.3 Illegal activities of clearing and forwarding agents in EPZA / KEPZ

BoD minutes item No. 08 of 123rd meeting dated August 29, 2019 decided to have strict control over illegal activities of clearing and forwarding agents in the zone area of KEPZ, and emphasized that if any agent found involved in illegal activity, his registration would be cancelled, security deposits (if any) will be forfeited as well as and the case will be referred to Custom Intelligence for further necessary action. In addition, the issue faced by EPZA zone investors with the introduction of WeBOC in KEPZ would be resolved with FBR.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed from the working papers of 123rdBoD meeting dated August 29, 2019 that some of the clearing and forwarding agents, registered on EPZA Panel, having a valid customs clearing & Forwarding license, were involved in illegal activity during the clearance of goods / movement of containers at the time of bringing in / taking out from the zone. There are no mechanism / rules framed to restrict such illegal activity.

Audit is of the view that a proper policy / mechanism / rules should have been devised to control illegal activity of the Clearing and forwarding agents. In this regard, the following information was requisitioned by Audit: -

- i. Detail of clearing and forwarding agents, registered on EPZA Panel.
- ii. Copy of policy / mechanism / rules / Sop to control illegal activity of the Clearing and forwarding agents.
- iii. Complete detail of such clearing and forwarding agents, who were found involved in illegal activities along with relevant documents.
- iv. Action taken by management on these cases up till now along with relevant documents.
- v. Detail of cancellation of registration and forfeiture of security deposits along with relevant documents.
- vi. Detail of cases referred to Custom Intelligence for further necessary action so far along with relevant documents.

vii. The above information was not provided to Audit latest position of the cases.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the clearing and forwarding agents were registered with Pakistan Customs and provide license for clearing of goods. EPZA was not empowered to issue license for their activities, hence when any clearing and forwarding agent was involved in illegal activities, Custom Department suspend their activities.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends immediate production of aforesaid information / record and the reasons for non-availability of proper policy / mechanism / rules in EPZA to control illegal activities of the clearing and forwarding agents.

4.5.4 Poor performance in exports by various sectors of REPZ

The main objective of the EPZA is to increase the foreign exchange earnings of the country by export of value-added items.

According to item No.2 (3) of 122nd Board meeting of EPZA dated 15-02-2019 “in the event such units fail in their committed export figure as undertaken by them during a particular fiscal year, they shall be liable to pay a penalty equal to 1% of the shortfall from the committed export performance for a particular year”.

During scrutiny of record of EPZA for the year 2017-18 to2019-20, it was observed that total 11 units of Risalpur Export Processing Zone (REPZ) have been closed / cancelled by the management. The position of export was very poor against the import. Detail of cumulative export and import up to April 2021 is at **Annex-M**.

It was also observed that the management did not impose any penalty against the investors having less export against huge import. This shows poor performance of the management against these closed and withdrawn units.

Audit is of the view that the management had failed to maintain check and balance on the units. Moreover, no efforts were shown in this matter i.e. issuance of letters and reminders to the investors / units.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the land is not leased by the EPZA therefore EPZA cannot take any action to cancel the sanction. Hence, on poor performance of export EPZA is not in position to issue show cause notices under EPZA prevailing rules like KEPZ (the EPZA land on lease).

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that the management should make concrete efforts to enhance the exports of EPZA.

4.5.5 Non-achievement of envisaged exports target valuing US\$ 898.516 million

According to part H of Export Projections for five years of Application form of investors for setting up an industrial/ trading unit an investor is required to mention committed annual export which must be maintained. The investors are bound to follow their commitments in case they retain the allocated land.

Mission Statement of Export Processing Zone states that “to mobilize and promote utilization of the national resources, for socio-economic development of the country by enhancing exports. This task is carried out through coordination between national development agencies, external cooperation programs and technical assistance; and through the promotion of private sector investments”.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the investors committed with the EPZ that the total envisaged exports of 369 units would be valuing US \$ 847.829 million per annum, whereas total export for the year 2019-20 was US\$ 27.012 million only against the committed export. Detail of export versus envisaged export and opportunity loss of presumptive tax & service charges is at **Annex-N**.

Audit is of the view that exports should have been enhanced as mentioned in the application form of investment. Hence, the zone sustained loss of US\$ 12.31 million per annum in the head of presumptive tax and service charges due to non-availing of envisaged export US\$ 820.817 million. Moreover, no efforts were shown to enhance export i.e. issuance of letters and reminders to the investors / units.

The matter was reported to the management on 03.08.2021. The management stated in its reply that KEPZ is only 1st EPZ which have rights to invoke rules against their investors to take over the possession of land as the land was not on ownership basis. All specified zones in the observation were working under joint venture and allotted by the PSIC and SDA on ownership basis, therefore EPZA could take over the possession of the land or building.

It was further stated that non exports may be due to various factors including economic recession, variation of market strategies, market demands and global spreading of diseases like COVID 19 viruses which was a force majeure. The management's reply is not tenable as the above-mentioned data pertained to the financial year 2019-20, Whereas, the COVID 19 spread in March 2020.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to share appropriate / correctives steps / measures to eliminate / reduce the chances of these avoidable losses with Audit.

4.5.6 Unnecessary incentive of rent provided to insurance companies and offshore banking units

Rule 4 (3) of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Chief Executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that following 10 units allotted to insurance companies and 10 units allotted to offshore banking units measuring 4,104 square meters and charged @ US\$ 3.5 per square meter on normal Annual Ground Rent (AGR) rate per annum per square meter. The management provided unnecessary facilities to the insurance companies and offshore banking units, which was to be provided to the exporters for exports. Detail is at **Annex-O**.

It was also observed that rate was fixed for 30 years at the time of allotment and the increase of AGR would be changed after thirty years on the expiry date of license agreement. No export could be made on the plot of commercial units

measuring 4,104 Square Meter. The matter could needs to be elucidated.

Audit is of the view that the rent rate of commercial units should have been charged as per market value.

The matter was reported to the management on 03.08.2021. The management stated in its reply that as per EPZA Rules, licenses for opening of branches in a Zone to banks may be issued by the State Bank of Pakistan. EPZA made agreements of lease with Offshore Banking Units (OBUs) for thirty years under Rules. EPZA lease agreement was binding for thirty years lease period on same terms and conditions while during the stay of lease period EPZA could not allow imposition of any change to make any violation in the 'Agreements' made between Investors versus EPZA. The management's reply is not tenable as the management provided unnecessary facilities to the units, which were to be provided to the exporters. Besides, management fixed the rate for 30 years at the time of allotment and the increase of AGR was to come into effect after thirty years.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to justify the reasons for unnecessary incentive of rent provided to the insurance companies and offshore banking units.

4.5.7 Nominal increase in export despite huge amount of incentives provided to investors

According to its vision, EPZA has to create enabling environment for promotion/setting up of efficient and environment friendly industries to achieve overall objective of export led growth in line with EPZA's mandate

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management provided the following facilities to the investors of Export Processing Zone: -

1. Facilities like uninterrupted electricity, water, Gas, and telephone.
2. 24-hour emergency Medical services inside the Zone EPZ units allowed to supply goods to custom manufacturing bonds.
3. One window operation with simplified procedures.

4. Emergency Medical facilities for the factory employees.
5. Peaceful and environmentally protected and pollution-free work area.
6. Round the clock security.
7. Inter-unit transfer of goods among units established in EPZ allowed through internal sale.
8. Availability of skilled and educated workforce on cheaper rates
9. Sub-contracting is allowed outside the zone as well as within the zone
10. Reverse sub-contracting is also allowed.

In addition to above, the following facilities were also provided to the investors: -

1. Developed land on competitive rates for 30 years
2. Duty-free import of machinery, equipment and materials
3. Freedom from national import regulations
4. Exchange control regulations of Pakistan not applicable
5. Repatriation of capital and profits
6. No sales tax on input goods including electricity/gas bills
7. Duty-free vehicles allowed under certain conditions
8. Domestic market available to the extent of 20%. Exceptions may be available
9. Presumptive tax @ 1%
10. Only EPZA is authorized to collect Presumptive Tax at the time of export of goods which would be final tax liability
11. Obsolete/old machines can be sold in domestic market of Pakistan after payment of applicable duties & taxes
12. Defective goods/waste can be sold in domestic market after payment of applicable duties, maximum up-to 3% of total value
13. EPZ units allowed to supply goods to Custom manufacturing bonds

In addition to above, nominal rate of rent is being charged from the investors. Despite the aforesaid facilities provided by EPZA, the export position exceeded only 39.49% from the import. Detail is at **Annex-P**.

Audit is of the view that the difference between export and import is very nominal after providing the aforesaid facilities in Export Processing Zone. The management failed to maintain check and balance on the units. Moreover, no efforts were shown in this matter i.e. issuance of letters and reminders to the investors / units.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the Audit submitted correct figures since 1983 to 2020. The figures show 'fruitful results'. The export figures from EPZA are continuously increasing. The last Export from all EPZs for the year 2020-21 is around \$908 million. The management accepted the audit's viewpoint that there was nominal increase in exports despite significant incentives to the investors.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that further hectic efforts should be made to enhance the exports of EPZ.

4.5.8 Loss of Annual Ground Rent due to non-utilization of land of KEPZ Phase-III -US\$5.175 million equivalent to Rs. 776.250 million

EPZA is mandated to: 'plan', 'develop', 'manage' and 'operate' Export Processing Zones in Pakistan.

- a) Export Processing Zones Authority Ordinance, 1980, section 10 stipulates that the Authority may, pursuant to the master plan, prepare schemes in respect of: -
- b) land use, zoning and land reservation;
- c) public buildings;
- d) industrial warehousing and buildings;
- e) transportation and communications; roads, streets, railways, jetties, walls, workshops, sheds, godowns, navigation channels;
- f) telecommunication, including wireless, telex and telephones;
- g) community facilities, including water supply, sewerage disposal, electricity supply, gas supply and other public utilities; and environmental control and prevention of pollution.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that EPZA had received 53 applications from the investors for allotment of 257 plots during the year 2015-16. As per master plan total No. of plots in KEPZ phase-III was 193. EPZA had planned to charge Rs. 8.50 million per 1000 sq. meter plot from the investors in four installments and it was expected that EPZA would arrange the development funds from the investors. Detail of available plots in Phase-III is at **Annex-Q**.

The KEPZ phase-III was not developed till now due to some avoidable reasons. However, the management sustained loss of income in shape of annual ground rent US\$ 5.175 million equivalent to Pak Rs. 776.250 million since 2012 and others in the head of service charges and presumptive tax.

Audit is of the view that the management could not achieve its goals in an efficient and effective manner.

The matter was reported to the management on 03.08.2021. The management stated in its reply that it failed in development of KEPZ Phase-III which resulted into loss of Annual ground rent of \$ 5.175 million. The management further stated that the loss was based on the master plan and PC-I prepared in 2017-18 which was scrapped in 122nd Board meeting presided over by a chairman holding additional charge with no interest in development of Zones.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends that strenuous efforts should be made to develop the KEPZ Phase-III.

4.5.9 Loss due to non-renting out of KEPZ warehouses – Rs. 70.961 million

The main objective of audit is to evaluate whether funds and resources were utilized economically, efficiently and effectively.

EPZA is mandated to: ‘plan’, ‘develop’, ‘manage’ and ‘operate’ Export Processing Zones in Pakistan. Export Processing Zones Authority Ordinance, 1980, section 10, the Authority may, pursuant to the master plan, prepare schemes in respect of: -

- a. Land use, zoning and land reservation;
- b. public buildings;
- c. industrial warehousing and buildings;
- d. transportation and communications; roads, streets, railways, jetties, walls, workshops, sheds, godowns, navigation channels;
- e. telecommunication, including wireless, telex and telephones;
- f. community facilities, including water supply, sewerage disposal, electricity supply, gas supply and other public utilities; and

g. environmental control and prevention of pollution.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that six warehouses of the Authority were lying non-utilized since long due to which Authority sustained a loss of Rs.70.961 million. The KEPZ warehouses built on plot Nos. 1, 2 & 3, Sector B-X. Detail of loss calculated is at **Annex-R**.

Audit is of the view that the Authority has failed to rent out KEPZ warehouses since long due to inefficient management. Hence, the Authority suffered a loss of Rs.70.961 million due to non-renting of warehouses.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the goods of cancelled units were kept in the warehouses and a request was made to Pakistan Custom Authorities for auction of the same. EPZA had written a letter to DC Customs vide No.Eng-TOC-EPZA-20/17 dated 02-03-2020 to that effect, which had not been responded positively despite significant time of 12 years. Thus, EPZA had to bear a loss of Rs 71.00 million due to occupation of space by Pakistan Customs. EPZA took a legal opinion about the confiscated goods. The legal consul advised that as the matter had been pending with FBR, no escape was left with EPZA to delay or evade from the action of FBR. The management's reply is not tenable as the KEPZ warehouses should have been vacated to avoid the loss of rental income.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to investigate the reasons for non-vacation and non-renting out of warehouses so far.

4.5.10 Zero export to other countries and 100% export in tariff area US\$ 19.653 million

According to rule 228(5) of Custom rules 2001, the units established in the Export processing Zone shall export only up to twenty percent of their total production to tariff area in Pakistan while eighty percent shall be exported to other countries.

During Performance Audit of Export Processing Zones Authority, Karachi for

the years 2017-18 to 2019-20, it was observed that units of Karachi Export Processing Zone (KEPZ) made 100% export in tariff area and zero export abroad. These exports in tariff area amounting to US\$ 19.653 million are a clear violation of aforementioned rules. Detail of such export cases is at **Annex-S**.

Further, the management did not impose any penalty nor took any legal action against the investors having zero export. This resulted into loss of revenue on account of presumptive tax, service charges and penalty as well.

Audit is of the view that units importing goods against zero export needed thorough investigation regarding probable smuggling of goods in tariff area or to other sister units of EPZA. Hence, the investors of the zone could not export more than 20% in the tariff area, which is a violation of custom rules.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the export of listed units were made their exports under SRO 492 which was allowed for re-export facility vide SRO 461 which allowed the investors to export 80% of total production to abroad and 20% for home consumption for export to tariff area to those units for consumption and for export to abroad, reverse sub-contracting permissible by the Pakistan Customs on the basis of relevant activity and concerned SRO EPZA issue NOCs for exports. The Custom Authority maintained export record as per above mentioned SROs. The management's reply is not tenable as the documents i.e. Goods Declarations & NoCs were not attached with the reply.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends producing the relevant documents / information to audit.

4.5.11 Violation of custom rules by exporting in tariff area US\$ 25.716 million

According to rule 228(5) of Custom rules 2001, the units established in the Export processing Zone shall export only up to twenty percent of their total production to tariff area in Pakistan while eighty percent shall be exported to other countries.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that more than 20% of export was made

in tariff area by the investors in violation of above rules. Detail of such export cases is at **Annex-T**.

It is evident from the above position that an amount of US\$ 25.716 million was exported in tariff area i.e. 46.49% of the total export instead of prescribed limit of 20%.

Audit is of the view that the management had failed to maintain check and balance on the trading units as the units of the zone could not export more than 20% in the tariff area, according to custom rules.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the export of listed units in para made their exports under SRO 492 which allowed re-export facility, SRO 461 for export 80:20, permissible by the Pakistan Customs. On the basis of relevant activity and concerned SRO EPZA issue NOCs for exports. The Custom Authority maintained export record as per above mentioned SROs. The management's reply is not tenable as the documents i.e. Goods Declarations & NoCs were not attached with the reply.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends producing the relevant documents / information to audit.

4.5.12 Non-achievement of EPZA objective of providing local employment opportunities

The main objective of EPZA is to provide local employment opportunities and to upgrade their managerial and technical skills;

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management did not achieve the objective to provide local employment opportunities and to upgrade their managerial and technical skills. As per proposal form for setting up an industrial / trading unit an investor is required to mention envisaged employment (in person), which must be maintained. As per proposal, total 394 investors of different zones committed for deploying 30,196 employments in the zones. Out of which, there were

only 1,807 employees. It meant that deployment was only 6%. Detail of employment is at **Annex-U**.

Thus, the Authority could not generate employment opportunities in accordance with its objectives of Zone. Employment record of KEPZ was not provided by the management.

Audit is of the view that efforts should have been made to fulfill the envisaged employment and detail record of employment in KEPZ may be provided to audit.

The matter was reported to the management on 03.08.2021. The management stated in its reply that Sialkot, Risalpur & Gujranwala EPZs are joint venture between EPZA and Punjab Small Industries Corporation (PSIC) & Sarhad Development Authority (SDA) in Khyber Pukhtoonkhwa (KP). Sialkot EPZ was issued Notice/circular regarding fulfillment of envisaged employment mentioned in the project proposal by each unit has already been rotated among the suspended operation/completed construction/under construction unit, or they may not be allowed to make export in future. Hence, all hectic efforts are being made to ensure the fulfillment of increased / envisaged employment and enhance the local employment opportunities at all levels. The management's reply is not acceptable.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends taking hectic efforts to improve the position.

4.5.13 Allotment of Land to non-manufacturing / industrial units 271,915 square meter

Rule 5 Export Processing Zones Authority Rules, 1981 dated 23rd September 1981, Type of industries to be set-up etc.- (l) Export oriented industries requiring sophisticated technology, advanced marketing arrangement, using local raw materials and labour shall be preferred.

Rule 9 (A) if in the opinion of the Authority an investor has failed to carry out the purpose for which, or has not fulfilled the conditions of, the sanction accorded to him under sub-section (1) of section 11 of the Ordinance, it may, after giving him notice to show cause, cancel, revoke or withdraw the sanction.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management allotted total 271,915 square meter land to the used cloths units. It was also observed that the execution of license agreement and allotment of 40% land to the used cloths units is a violation of Export Processing Zones Rules 1981 as mentioned above. It is worth mentioning here that these units were not manufacturing and no value addition was made in these used cloths. Detail of allotment of lands to used cloth units is at **Annex-V**.

There were several processing units in the export processing zone that import used and worn clothing. These clothes were then sorted, washed, packed and re-exported to African countries primarily.

It was also observed that BoD has already imposed ban on used clothing industries in sale / transferring in its meeting 121st dated January 11, 2019.

Audit is of the view that the used cloth units should have been replaced with the industries to achieve potential export receipts for the country.

The matter was reported to the management on 03.08.2021. The management stated in its reply that the goods under observation i.e. UTC are imported under recycling and processing categories which are not in the negative list under EPZA Rules. Further, the process of UTC observed by the Government Auditor is also improper; as there is no washing activity of UTC being undertaken or carried out in the zone. This is very important that these activities are generating huge employment opportunities to local people covering around more than 25,000 employments by this activity alone having a true vision of the Government to create job opportunities in the country. The observation referred 121st EPZA BoD meeting imposing ban on UTC industries in sale/transfer, which were based to restrict UTC units to make sale/transfer to other investor to control increasing of unrealistic real estate business, which actually tarnishing the promotion of other businesses in the zone. It is pertinent to mention here that after the 121stBoD dated 11-01-2019, no fresh license of UTC was allowed. Only sanctioned units earlier to the aforementioned BoD, are continuing their activities and participating exports around 47% share of total exports with maximum employment opportunities of 25,000 employments out of total of 40,000 i.e. 71% alone. The management's reply is not satisfactory as the used cloth units should have been replaced with the industries to achieve potential export receipts for the country.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

4.5.14 Non-provision of clause for periodic enhancement of AGR in lease / license agreement

Rule 4(3) Public Sector Companies (Corporate Governance) Rules, 2013, the chief executive is responsible for the management and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance and these rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During Performance Audit of Export Processing Zones Authority, Karachi for the years 2017-18 to 2019-20, it was observed that the management charged annual ground rent from the zone investors on land allotted to them for establishment of industrial units at revised rate annually. Detail is given under: -

Category	AGR rate per square meter (US\$)
Industrial units	2.5
Used Textile clothing units	4.0
Trading units	3.5

However, some industrial units were still being charged at old AGR rate @ US\$.1.5 e.g;

- | | |
|-----------------------------------|---|
| (i) IBL chemicals Limited | (v) Laiba Industries (Pvt) Limited |
| (ii) Pak British Safety Glass Co. | (vi) Japan Packages-II |
| (iii) Takeeba | (vii) Advance Electronics International |
| (iv) Sungravure | (viii) Zaf Polymers |

Audit is of the view that the management should have charged AGR from investors at revised rate of AGR instead of old rates, and the same clause of revision of AGR rate should have been included in agreement. Non-inclusion of enhancement clause for AGR rate in agreement shows that the management has not secured the interest of the organization for future.

The matter was reported to the management on 03.08.2021. The management

stated in its reply that in accordance with the EPZA lease agreement binding investors for thirty years lease period on same terms and condition while during the stay of lease period their already submitted feasibility of projects at the time of registration of projects in EPZA are prepared and EPZA could not allow imposition of any change to make any violation in the 'Agreements' made between Investors versus EPZA. The management's reply is not tenable as the clause for revision of AGR rate should have been included in agreement.

DAC meeting was not convened despite requests by Audit on 25-08-2021, 17-11-2021 and 16-09-2022.

Audit recommends to include the clause in agreement for revision of AGR.

4.6 Overall Assessment

Overall assessment of EPZA with reference to economy, efficiency and effectiveness is as under:

- i. **Efficiency:** Overall performance of EPZA was unsatisfactory because EPZA failed to achieve its objectives, which were highlighted in the various paras. Moreover, KEPZ project of phase-III has not been executed. On 15.02.2019 the BoD scraped the PC-I of phase-III and issued instructions to prepare a fresh PC-I, because the decision of the minutes of DWP meeting dated 25.08.2016 were violated. Nevertheless, fresh PC-I was not prepared and submitted till now. Composition of BoD is not formed since August 2019. However, No BoD meeting was held since March 2019. Resultantly, work of KEPZ project of phase-III is badly delayed.
- ii. **Economy:** The management of EPZA has failed to initiate the development work of project KEPZ phase-III since 2006. The land for project of KEPZ phase-III measuring 200 acres was acquired in December 2005. The land was disputed and included in the package of 1,200 acre of land already pledged to M/s. Sindh Alkalis and was therefore under litigation. EPZA had not been given possession of land despite payment of complete amount. Due to delay of project phase-III, the cost of project was increased from Rs. 640.00 million in December 2015 to Rs. 1,629/-million in February, 2019.
- iii. **Effectiveness:** The management did not achieve the committed export US\$ 244.463 million per annum. Out of which only US\$ 71.181 million export was made

during the year, which was only 29.12%. Moreover, EPZA did not achieve the local employment opportunities and to upgrade their managerial and technical skills. As per proposal, total 394 investors of different zones committed for deploying 30,196 employments in the zones. Out of which, there are only 1,807 employees. It means deployment was only 6%.

Moreover, 95 investors committed that proposed export should be US\$ 244.463 million per annum. Out of which only US\$ 71.181 million export was made during the year, which was only 29.12%.

iv. **Compliance with Rules:** The management allotted 40% land of KEPZ to the used cloths units. These units are not manufacturing and no value addition was made in these used cloths.

v. **Performance rating of the project:** Unsatisfactory

vi. **Risk rating of KEPZ project phase-III:** High

5. CONCLUSION

As a result of Performance Audit, it was concluded that management failed to develop the KEPZ Phase-III since 2015. The project cost of phase-III was approved at Rs. 640.00 million in December, 2015, but the PC-I of the project was revised several times and cost was increased by Rs. 1,629.00 million. Later on, BoD scraped the PC-I and recommended some revision in the PC-I. However, despite decision of the Board the revised PC-I was not submitted to BoD for approval, which indicated poor performance of the management in respect of execution of the project.

It was also concluded that on the completion of project of KEPZ phase-III, it is likely to create around eight to ten thousand jobs and accelerate industrial development.

As observed, total 95 units of KEPZ achieved only 29.12% of the targeted exports fixed by the investors at the time of license agreement. Moreover, the imports and exports of 81 units showed imports higher than the exports of US \$ 95.402 million, which is against the objectives of EPZA. The management may accordingly sort out these issues to boost up exports at EPZA.

5.1 Key issues for the future

The project KEPZ Phase-III should started after proper feasibility study, so that preparation of fresh PC-I is based on correct data. Keeping in view the ground realities, project should be completed within stipulated time and estimated cost. The contract of KEPZ Phase-III should be made in accordance with PP Rules in order to get maximum value for money. The objectives may be laid down in quantifiable terms so that their achievement could be ensured. Canons of financial propriety be observed in true spirit.

5.2 Lessons Identified

The project should be started with proper planning after ascertaining the ground realities. The financial management should also be exercised in an efficient and economical manner. Management should also avoid modifications after approval of PC-1. The preparation of PC-I on vague facts and figures may lead to substantial change in the scope of work which may also hamper achieving the progress and expected benefits of the project.

ACKNOWLEDGEMENT

We wish to express our appreciation to the Management and Staff of Export Processing Zones Authority for the assistance and cooperation extended to the auditors during this assignment.

Annex-A		
Para No. 4.1.3: Non-production of detailed record of losses / FIR cases against investors		
S#	Subject	Particulars
1.	SIU of Customs Intelligence investigating KEPZ in a multi-billion rupees scam 17-Dec-2019 Karachi:	<p>Special Investigation Unit (SIU) of Directorate of Customs Intelligence & Investigation Karachi has detected a mega scam running in billions of rupees. One Muhammad Abdullah, owner of M/s Cosmos Trading Development, has also been identified as mastermind of the detected mega scam. Audit required following details which were not provided:</p> <ol style="list-style-type: none"> 1. Complete details and documentary evidence of the cargo illegally removed by the culprits from KEPZ without due process of law. 2. Detailed report containing outcome of the inquiry made by Model Customs Collectorate (MCC)-Exports (PMBQ) into the under-reference matter, if conducted. 3. Reasons of failure of KEPZA's staff in safeguarding the cargo. <p>KEPZ staff was protecting the culprits and creating hurdles in the investigations. It seemed the KEPZ staff was equally involved in the scam, as the CCTV footage provided was blurred despite the fact that the entire zone is fitted with high quality cameras.</p>
2.	FIR lodged for smuggling out cigarette paper of KEPZ 18-Apr-2016	<p>MCC Export Port Qasim has lodged an FIR against M/s Sun Graver for smuggling out dutiable goods by violating KEPZ procedures.</p> <p>The goods loaded on the said truck were examined and found that cigarette paper rolls (5620 Kg gross weight) were loaded on the truck.</p>
3.	Gang involved in illegally removing goods from KEPZ busted 19-Apr-2016	<p>The importers gave vague declaration in the Goods Declaration (GD) on the pretext of vague description of goods in the sales invoice issued by the investor M/s United International Industries. GD was filed by declaring that consignment was consisting of 30 MT of "Assorted Paper / Paper Board all sorts in Sheets / Rolls / Cartons /Pallets of assorted sizes / Prints / Coated / Color recovered from imported reject material / waste material.</p>
4.	Importer, clearing agent booked for fraudulent clearance of restricted goods 08-Feb-2018	<p>Appraisal East has booked M/s Insiya Packages and M/s Getco Agencies in three separate FIRs for fraudulent clearance of restricted imported goods including betel nuts and fireworks in the garb of raw material for processing at Karachi Export Processing Zone (KEPZ). It was known that a gang of culprits was engaged since long in illegal removal of the imported goods en-route to KEPZ in an organized manner with the connivance of some black sheep in the department. Role of tracking company is also very much suspicious in this case.</p> <p>The value of the seized fireworks is estimated at Rs1.776 million and the incident of duty and taxes comes to Rs0.95 million. The value of betel nuts is estimated at Rs6.76 million involving duty and taxes of Rs8.38 million. FIRs have been lodged and investigations are underway.</p>
5.	MCC Exports Port Qasim blocks four vehicles of plastic granules 24-Nov-2018	<p>According to details reaching Customnews.pk, four trailer vehicles were moving from the premises of M/s Modern Plastic in EPZ, which were stopped on the directives of Collector MCC Exports Saifuddin Junejo, who has ordered examination of these vehicles loaded with plastic granules (Plastic dana).</p>
6.	FIR lodged for	MCC Export Port Qasim has lodged an FIR against M/s Sun Graver for

	smuggling out cigarette paper of KEPZ 18-Apr-2016	smuggling out dutiable goods by violating KEPZ procedures.
7.	Ring involved in smuggling from KEPZ to tariff area busted 05-Oct-2018	Subsequent investigation found that Ismail Zakarya Godil of M/s IAS Trading and M/s Maha Traders was the owner of goods at the warehouse; Muhammad Atique of M/s Ateeq Traders and M/s Euro Pack Industries was the owner of warehouses; M/s United International Industries KEPZ, Mohammad Ismail of M/s Shan corporation and other associates in crime were smuggling the goods from KEPZ to tariff area in the garb of imports through mis-declaration of actual description and dumping the non-duty paid goods at a warehouse.
8.	SHC bars Custom Intelligence & Investigation from arresting steel importers 25-Oct-2019	Customs Intelligence and Investigation Karachi has lodged 5 FIRs against several persons for smuggling of the impugned goods to KEPZ, evasion of government revenue through mis-declaration, submission of tampered and fabricated documents and money laundering. The FIRs have been lodged against M/s Hassan Steels, M/s Steel Vision (Pvt) Limited, M/s Zubair Steel, M/s Steel Vision (Pvt) Ltd, M/s Cosmos Trading Development, M/s Baluchistan Engineering Works and M/s Integra Trading Company, M/s Muhammad Rizwan and Brothers and M/s Royal Impex.
9.	FIR lodged against M/s Union Enterprise for smuggling goods from KEPZ to tariff area 27-Jan-2021	MCC Exports Port Qasim has lodged an FIR against several persons for smuggling imported goods from Karachi Export Processing Zone (KEPZ) into tariff area without payment of duties and taxes.
10.	Notices served on Balochistan Engineering, while impugned goods disappear from EPZ 03-Feb-2021	Notices were issued to Balochistan Engineering for Feb 15 by Customs Appellate bench of High Court of Sindh on Monday in a case pertaining to a consignment, which reportedly has started disappearing from KEPZ.
11.	Intelligence and Investigation (I&I) Karachi unearths massive duty/tax evasion by Export Processing Zone units 19-Jun-2021	The investigation conducted so far shows that several units located in the KEPZ, import duty-free items for processing at the zone for subsequent export, but instead of exporting, the documents revealed that they consumed these items in the local market. This activity done by the different units led to huge revenue losses to the exchequer in terms of duty and taxes. The directorate retrieved the record of the past five years (July 2016 to March 2021) of KEPZ units regarding fabric, steel, aluminum, and used clothing from PRAL (Pakistan Revenue Automation Limited) and reconciliation of the exports vis-à-vis imports pertaining to both from abroad and tariff area conducted. “About 20 units were identified, which had zero exports vis-à-vis their imports. The quantity of the goods imported is 8,059 metric tons attracting

		<p>duty and taxes, amounting to Rs529 million. The official documents of custom data showed nil export by these units.</p> <p>A few of these units were also found non-existence at the KEPZ during subsequent physical visits by the Customs officials. Further investigation revealed that around 34 units were identified, which had imported raw material for one sector and no export pertaining to that particular sector is affected.</p>
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S#	Name of Units	FIR No.
1	M/s. SM Traders	No. 01/2018 dated 12.04.2018
2(i)	Insiya Packaging	No. 01/2018 dated 06.02.2018
2(ii)	Insiya Packaging	No. 02/2018 dated 06.02.2018
2(iii)	Insiya Packaging	No. 03/2018 dated 06.02.2018
3(i)	Sun Gravure	FIR case No. ASO-305/2018(HQ) dated 09.10.2018
3(ii)	Sun Gravure	FIR No. SI/Misc/02-2016-Checkpost /KEPZ dated 13.04.2016
3(iii)	Sun Gravure	FIR case No. ASO-346/2018(HQ) dated 08.11.2018
4	Kareem Quality	Letter No. Sec/111/1/023 dated 26.01.2018.
5	Modern Plastic	FIR No. SI/Misc/09-2011 dated 06.08.2011
6	United International and Modern Plastic	FIR No. C.No./M-2510/DCI/FIR/2-018 dated 03.10.2018
7	Hands Industries, GB Global and Pioneer Tobacco	FIR No. 18/2018 R&D (East) dated 20.01.2018
8	AAA Packages	No. SI/Misc/12/2017/CUS/EPZ dated 06.08.2011
9	Azeem Tex	No. SI/Misc/12/2017/CUS/EPZ dated 18.01.2017

Annex-B				
4.1.9: Un-satisfactory performance of Gujranwala Export Processing Zone				
(Rs. in million)				
Year	Export US\$ in million	Import US\$ in million	(Export – Import) US\$	Day to day Operational expenses excluding salaries of staff in Rs.
2012-13	-	-	-	0.154
2013-14	0.037	0.114	-0.077	0.291
2014-15	0.055	0.168	-0.113	0.277
2015-16	0.398	0.226	0.172	0.237
2016-17	0.414	0.223	0.191	0.245
2017-18	0.711	0.665	0.046	0.27
2018-19	1.248	0.757	0.491	0.27
2019-20	1.281	1.077	0.204	0.27
Total	4.144	3.23	0.914 million	2.014

Zone	No. of Employees	Minimum wages (27 x 30,000)	Wages per annum in Rs. Approx.
Gujranwala EPZ	25	750,000	9,000,000

(Amount in US\$)						
Annex-C						
Para No. 4.2.1: Poor performance of exports in various sectors of KEPZ						
S #	Sector	Units	Export	Import	Difference (exports- imports)	Diff. in %
1	Electrical & Electronics	2	950,156	10,254,472	-9,304,316	(979.24)
2	Food Processing	7	4,039,094	23,277,191	-19,238,097	(476.30)
3	Garments	20	118,223,889	23,630,490	94,593,399	19.99
4	P.P /Pvc/ Plastic Product & Paper/ Print & Packaging	31	8,174,335	43,326,318	-35,151,983	(530.03)
5	Specialized Fabrics/ Yarn Procs. / Stuff Toys / Tobacco	7	947,023	8,855,200	-7,908,177	(835.06)
6	Trading Unit	14	9,607,746	14,169,593	-4,561,847	(47.48)
	Total	81	27,757,448	123,159,965	-95,402,517	(343.70)

Annex-D			
Para No.4.2.2: Zero export against huge imports - US\$ 28.448 million			
(Amount in US\$)			
S#	Unit Name	Exports (in Abroad)	Value of Import
1	Steel Vision (Pvt.) Ltd. (T/U)	-	4,622,197
2	Raja Shakeel Traders (Pvt.) Ltd. (T/U)	-	229,265
3	Royal Impex (Pvt.) Ltd. (T/U)	-	2,515,773
4	Allied Trading (T/U)	-	12,653
5	Global Rags (Pvt.) Ltd.	-	384,401
6	Universal Rags (Pvt.) Limited	-	220,204
7	Pextrade Inc.	-	695,165
8	Delta Star Industries	-	702,547
9	AFUSO Packaging & Printing Industry	-	4,208,091
10	Asian Source Pakistan (Pvt.) Ltd.	-	2,301,235
11	Farhan Industries	-	121,428
12	Ghia Industries (Pvt.) Ltd.	-	2,365,464
13	Home Furnishing Ltd.	-	7,403
14	Insiya Packaging	-	744,767
15	Japan Packages	-	46,525
16	Space Multipurpose Industries	-	2,332,283
17	Zaf Polymers	-	924,101
18	Hiba Tex	-	3,204,704
19	Philip Morris Pakistan Ltd (Lakson Tobacco)	-	156,061
20	H.Y. International Trading Co. (T/U)	-	2,540,428
21	Royal Impex (Pvt.) Ltd. (T/U)	-	112,981
	Total		28,447,676

Annex-E						
Para No.4.2.3: Non-achievement of targets fixed at the time of investment - US\$.173.281 million						
(Amount in USD)						
S#	Units	Date of Allotment	Committed Export	Total export	Difference	Export in %
1	Japan Packages	30-07-1996	2,000,000	1,800	1,998,200	0.09
2	Munawwar International	13-05-2003	5,000,000	4,620	4,995,380	0.09
3	Paradise Industrial	30-08-1993	3,000,000	3,882	2,996,118	0.13
4	AFUSO Packaging	27-04-2006	1,000,000	2,310	997,690	0.23
5	ABM Industries G3	5/1/2017	4,000,000	23,837	3,976,163	0.60
6	Union Enterprises	10/4/1986	1,000,000	6,046	993,954	0.60
7	Insiya Packaging	6/6/2011	1,000,000	6,165	993,835	0.62
8	Amar & Sons Industries	18-03-2014	6,000,000	38,071	5,961,929	0.63
9	Dehlawi Optical	6/5/2005	5,000,000	44,353	4,955,647	0.89
10	Unipack Industry	3/9/2002	2,000,000	18,586	1,981,414	0.93
11	Space Multipurpose	23-06-1990	1,000,000	12,830	987,170	1.28
12	Asian Source Pakistan	13-05-2003	2,000,000	28,000	1,972,000	1.40
13	Laiqam Services (Pvt.)	4/4/2018	400,000	5,705	394,295	1.43
14	Hiba Tex	13-03-2014	1,000,000	14,526	985,474	1.45
15	Napco International (T/U)	7/7/1994	521,300	9,030	512,270	1.73
16	General Merchandise	18-03-2019	460,000	9,870	450,130	2.15
17	R&D Precision Exports	3/3/2011	2,000,000	45,000	1,955,000	2.25
18	Galaxy Garments	2/8/1989	2,000,000	51,261	1,948,739	2.56
19	Vision Hub	5/5/2014	565,500	17,993	547,508	3.18
20	Cedar /Conifer	3/3/2017	2,000,000	65,636	1,934,364	3.28
21	Sardar Enterprises (T/U)	25-08-1993	400,000	14,822	385,178	3.71
22	Perfect Packaging (Pvt.)	25-05-2017	1,000,000	38,108	961,892	3.81
23	Fong Heng (Pvt.) Ltd.	6/3/2018	4,000,000	157,377	3,842,623	3.93
24	Rehbros Embroidery Yarn	4/11/2002	2,000,000	81,229	1,918,771	4.06
25	G.B. Global	26-11-1999	2,000,000	97,320	1,902,680	4.87
26	So Safe International	21-01-2011	2,000,000	102,309	1,897,691	5.12
27	Monaco Industries	21-05-1998	1,000,000	54,605	945,395	5.46
28	Delta Star Industries	21-04-2016	1,587,000	102,000	1,485,000	6.43
29	Marvel Metal Products	9/4/2009	5,000,000	333,259	4,666,741	6.67
30	Friends Services (Pvt.)	1/9/2015	3,000,000	203,123	2,796,877	6.77
31	Shahzad Apparels (Pvt.)	7/11/2002	5,000,000	343,836	4,656,164	6.88
32	Mast Qalandar Industries	4/4/2011	1,000,000	71,750	928,250	7.18
33	Diamond Classic (Pvt.)	28-11-2019	2,000,000	156,076	1,843,925	7.80
34	Polytek International	3/1/1989	3,000,000	242,697	2,757,303	8.09
35	Packages International	16-01-2003	1,000,000	83,500	916,500	8.35
36	Jubilee Foundation Garments	29-05-1989	1,000,000	94,296	905,704	9.43
37	International Industrial	25-01-1994	1,000,000	103,867	896,133	10.39
38	Swano Textiles	23-10-1990	2,000,000	211,094	1,788,906	10.55
39	Imperial General Trading	29-06-2011	655,000	77,185	577,815	11.78
40	Ziqi Enterprises	7/12/1995	2,000,000	246,723	1,753,277	12.34
41	Mersi Food Industries	28-05-1995	2,000,000	251,800	1,748,200	12.59
42	Anam Safety First Traders	19-05-2015	545,000	68,694	476,306	12.60
43	Farhan Industries	14-10-1991	1,000,000	127,561	872,439	12.76

44	Ansa Industries	1/6/1995	3,000,000	412,127	2,587,873	13.74
45	H.Y. International Trading	17-10-2006	1,000,000	147,540	852,460	14.75
46	N.S. Enterprises (Pvt.)	18-02-2016	2,000,000	301,359	1,698,641	15.07
47	Dynamic Plastic Industry	14-07-2020	2,000,000	308,057	1,691,943	15.40
48	Euro Clothing (Pvt.) Ltd.	4/12/2017	1,000,000	160,039	839,961	16.00
49	Plas-Met International	22-08-2017	1,000,000	163,927	836,073	16.39
50	Kareem Quality Rags	3/6/2013	2,000,000	347,644	1,652,356	17.38
51	New Techno Plastic Ind	21-11-2012	1,000,000	181,336	818,664	18.13
52	General Tobacco	22-08-2011	2,000,000	363,375	1,636,625	18.17
53	BTI International (Pvt.)	20-01-2011	1,000,000	182,292	817,708	18.23
54	Eurotex	31-12-1995	1,000,000	182,984	817,016	18.30
55	United International Industries	16-08-1992	3,000,000	632,640	2,367,360	21.09
56	Metro Packages (SMC	22-02-2013	1,000,000	211,303	788,697	21.13
57	A.R. Plastic (Pvt.) Ltd.	25-04-2014	1,000,000	215,690	784,310	21.57
58	S.A.S. Pakistan (Pvt.) Ltd	14-06-2006	2,000,000	441,055	1,558,945	22.05
59	International Fragrance	18-05-2016	8,000,000	1,879,127	6,120,873	23.49
60	W.V. Rags	17-07-2014	1,000,000	263,592	736,408	26.36
61	Opulent Industries (Pvt.)	29-11-2016	1,315,200	347,178	968,022	26.4
62	Jubilee Knitwear Industries	1/7/2019	1,000,000	268,597	731,403	26.86
63	SSJD BIO Processing	12/5/2011	12,000,000	3,285,939	8,714,061	27.38
64	Polygal AG	9/3/2020	8,000,000	2,206,488	5,793,512	27.58
65	Maraya International	13-03-2019	1,000,000	284,319	715,681	28.43
66	Mahnor Food Industries.	11/5/2011	2,000,000	569,029	1,430,971	28.45
67	Home Furnishing Ltd	3/3/1994	4,000,000	1,293,381	2,706,619	32.33
68	Azeem Tex.	22-11-1988	1,000,000	331,260	668,740	33.13
69	Nashmia Industries	27-02-2014	7,814,000	2,635,916	5,178,084	33.73
70	Oxy Traders.	6/9/2013	1,000,000	340,906	659,094	34.09
71	Ahmed Import & Export	15-12-1991	400,000	138,198	261,802	34.55
72	G.K. Rags	6/5/2015	2,500,000	928,245	1,571,755	37.13
73	AMAFHH Enterprise	25-01-2016	1,000,000	427,447	572,554	42.74
74	Developed Technologies	13-05-1997	2,000,000	858,626	1,141,374	42.93
75	Faith Minerals (Pvt.) Ltd.	20-02-2014	4,000,000	1,723,389	2,276,611	43.08
76	Zahabiy Chemical	1/8/1994	1,000,000	459,428	540,572	45.94
77	Moon Rags (Pvt.) Ltd	22-03-2016	3,200,000	1,568,699	1,631,301	49.02
78	Pioneer Tobacco	26-11-2014	1,000,000	492,004	507,996	49.20
79	Al-Wadaq Industry	16-01-2014	4,700,000	2,424,698	2,275,302	51.59
80	Bennatex Exports	6/6/2006	3,000,000	1,569,893	1,430,107	52.33
81	M. Mawji& Sons In'l Ltd	27-04-2006	11,000,000	5,857,987	5,142,013	53.25
82	Moto speed	18-09-1994	1,000,000	533,881	466,119	53.39
83	Muhammad Saeed & Muhammad Hussain	26-04-2006	1,000,000	543,777	456,223	54.38
84	ABC Rag Company	10/6/2004	4,000,000	2,233,405	1,766,595	55.84
85	Jackson Rags (Pvt.) Ltd.	29-05-2017	5,000,000	2,831,338	2,168,663	56.63
86	Karima Textile Recycler	21-02-2014	6,000,000	3,546,803	2,453,197	59.11
87	Dynamic Plastic Industries	3/6/2015	1,000,000	633,861	366,139	63.39
88	Liberty Gold Rags.	1/7/2014	3,000,000	1,927,698	1,072,302	64.26

89	J.& K. Textile International.	27-04-2006	13,000,000	8,396,944	4,603,056	64.59
90	Hand Industries (Pvt.) Ltd.	24-06-2011	4,000,000	2,598,170	1,401,830	64.95
91	American Rags (Pvt.) Ltd	27-04-2006	6,000,000	4,006,816	1,993,184	66.78
92	A.Q & Company	31-05-2004	1,400,000	963,731	436,270	68.84
93	Global Recycler (Pvt.)	14-02-2018	2,000,000	1,378,592	621,408	68.93
94	Prime Rags (Pvt.) Ltd.	8/6/2006	2,000,000	1,385,851	614,149	69.29
95	Crystal Holding Limited	28-06-2005	3,000,000	2,122,141	877,859	70.74
	Total		244,463,000	71,181,474	173,281,531	29.12

Annex-F			
Para No.4.2.4: Huge import and nominal export in Zone Al-Tuwairqi Steel Mill			
US\$ in million			
Year	Export	Import	Difference
2005-2006	0	1.764	-1.764
2006-2007	0	11.124	-11.124
2007-2008	0.008	79.381	-79.373
2008-2009	0.046	50.288	-50.242
2009-2010	0.444	3.879	-3.435
2010-2011	0.448	1.763	-1.315
2011-2012	0.571	3.972	-3.401
2012-2013	10.427	28.157	-17.73
2013-2014	13.911	2.334	11.577
2014-2015	3.092	0.137	2.955
2015-2016	0.318	0	0.318
2016-2017	0.023	0	0.023
2017-2018	0	0	0
2018-2019	0	0	0
2019-2020	0	0	0
Grand Total	29.288	182.799	-153.51

EPZ Notified on	: October 15,2005
Zone area	: 220 acres of land leased by Pakistan Steel Mills, Bin Qasim, Karachi.
Leased to	: M/s Tuwairqi Steel, single entity zone
Total Investment	: US\$ 340(M)
Targeted Export	:
Product	: Direct Reduced Iron (DRI) Pellet
Project Capacity (Annual)	: 1.28 million ton
Employment	: 100
Current Status	: Dormant

Annex-G		
Para No.4.2.5:Non-recovery of receivables from the investors - US \$ 1.317 million Electricity charges		
S#	Name of Units	Outstanding amount in US \$
Litigation / Sick Units		
1	Rainbow Enterprises	2,000.45
2	Pak British Safety Glass Co.	3,084.01
3	Saletax pvt. Limited	1,281.51
4	Uzair Exports	386.06
5	Steel Vision	144.03
6	Diamond Trading	34.78
	Total	6,930.85
Taken over / Cancelled Units		
7	Takeeba Industrial	1,111.95
8	Alpha Industries	324.17
	Total	1,436.12
Others		
9	Royal Impex	700.38
10	Japan Packages II	466.09
11	Japan Packages	2,160.80
12	Syed Hassan Engineers	314.79
13	YG Textile	428.35
	Total	4,070.41
	Grand Total	12,437.37

Annual Ground Rent

S#	Name of Units	Outstanding amount in US \$
Litigation / Sick Units		
1	Achak Enterprises	52,380.00
2	Saletaxpvt. Limited	118,751.68
3	Uzair Exports	138,508.16
4	Zaf Polymer	23,615.57
5	IBL Chemical	20,160.00
6	Pak British Safety Glass Co.	2,520.00
7	Diamond Trading	4,845.12
8	Fellini International	147,843.00
9	Bahrain Recycling	94,559.57
10	Macks Electronics	656,777.00
	Total	1,259,960.10
Taken over / Cancelled Units		
7	Jubilee Inter trade	9,020.00
	Takeeba Industrial	5,580.00
8	Sun Graavure	6,720.00
9	Steel Vision	11,760.00
10	Laiba Industries	3,360.00
11	Converpak International	3,362.00
12	Japan Packages II	2,520.00
13	Yaqiq Industries	2,800.00
	Total	45,122.00
	Grand Total	1,305,082.10
Grand total of Electricity and AGR = 12,437.37 + 1,305,082.10 = 1,317,519.49/-		

Annex-H		
Karachi Export Processing Zone		
4.2.6: Non-achievement of exports target due to sick / closed units of EPZA US\$ 92.699 million		
US\$ in million		
S#	Name of Unit	Committed Export
1.	Arsei Paper Converting	1.00
2.	A.K Lubricant	1.00
3.	American Gold	3.00
4.	Premier Stitching	4.00
5.	Alpha Industries	1.00
6.	Pearl Lubricants	1.00
7.	Sun Gravure	1.00
8.	Arsei Trading Corporation	1.00
9.	World Wide Traders	0.5
10.	Conver Pak International	0.5
11.	Indus Traders Group	0.5
12.	Zaf Polymers (Trading Unit)	0.5
Total		15.00

Sialkot Export Processing Zone

S#	Name Of Units	Committed Export
1	Bajwa Group	
2	Felicity Sports	
3	High Scope Enterprise	
4	Intergames	
5	K.K Metal Industries	
6	K.M Ashraf Protective	
7	K.M. Ashraf Sports	
8	Lloyds & Sons	
9	Mir Khalid Leatherwear	
10	SMR Engineering	
11	Spinneys Corporation	
12	Tradewell International	
Total		20.507

Risalpur Export Processing Zone

S. No.	Name Of Units	Committed Export
1	Del Mac United (Pvt) Ltd	
2	Ittefaqe Plastic Industry	
3	Pak Al-mashriq Glass Processor	
4	Rush Industries	
5	SKP Food & Trading	
6	SKP Food Industry	
Total		57.192

Annex-I**4.2.10: Unauthorized investment in Bank - Rs. 1,580 million and US\$ 13.50 million****(Rs. in million)**

S#	Bank/AMCs/DFIs	Investment Amount	@ (%)	Approval of investment committee
1	Pak Libya Holding Co	200.00	14.50	3 rd Banking & Investment Committee meeting held on 29 th August, 2019.
2	HBL	200.00	13.85	-DO-
3	Faysal Funds (Faysal Bank)	150.00	13.00	4 th Banking & Investment Committee meeting held on 15 th October, 2019.
4	Dubai Islamic Bank	100.00	14.00	5 th Banking & Investment Committee meeting held on 29 th October, 2019.
5	Bank Islami Pakistan	100.00	13.00	6 th Banking & Investment Committee meeting held on 10 th December, 2019.
6	Silk Bank Limited	150.00	13.30	7 th Banking & Investment Committee meeting held on 7 th February, 2020.
7	Bank Islami	100.00	13.00	-DO-
8	Faysal Funds (Faysal Bank)	300.00	12.75	8 th Banking & Investment Committee meeting held on 1 st April, 2020.
9	JS Bank Limited	130.00	8.00	9 th Banking & Investment Committee meeting held on 15 th June, 2020.
10	Silk Bank Limited	150.00	7.00	10 th Banking & Investment Committee meeting held on 22 nd July, 2020.
Total PKR		1,580.00		

(US \$ in million)

S#	Bank/AMCs/DFIs	Investment Amount	@ (%)	Approval of investment committee
1	ABL– (OBU) KEPZ Branch	2.00	3.05	3 rd Banking & Investment Committee meeting held on 29 th August, 2019.
2	UBL– (OBU) KEPZ Branch	3.00	3.00	4 th Banking & Investment Committee meeting held on 15 th October, 2019.
3	ABL (OBU) – KEPZ Branch	1.50	3.05	6 th Banking & Investment Committee meeting held on 10 th December, 2019.
4	NBP (OBU) – KEPZ	7.00	4.00	7 th Banking & Investment Committee meeting held on 7 th February, 2020.
Total US\$		13.50		

Annex-J						
Para No.4.3.1: Non-imposition of penalty for non-completion of construction work within stipulated time						
US\$ 27.335 million						
(Amount in US\$)						
S#	Name of Unit	Date of Sanctioned	Acquire d land (in meter)	Delay In month	Progress in %	Construction penalty @ US\$ 5 per sq. meter per month
1	Saltex (Pvt.) Ltd.	04-11-2015	6,000	68	70	2,040,000
2	Uzair Exports	27-04-2010	6,000	110	47	3,300,000
3	American Safety	28-02-2012	4,000	76	85	1,520,000
4	ABC Rag Company	10-06-2004	4,000	180	75	3,600,000
5	M/s. ChalChal Rags	07-04-2016	6,000	38	43	1,140,000
6	Al-Wadaq Industry	16-01-2014	4,700	66	75	1,551,000
7	Uzair Exports	04-11-2015	6,000	43	43	1,290,000
8	Nashmia Industries	27-02-2014	7,814	65	41	2,539,550
9	Noble Impex (Industrial unit)	18-08-2017	2000	22	91	220,000
10	Space Multipurpose	23-06-1990	1,000	342	25	1,710,000
11	Modern Plastic	12-12-1990	1,000	342	35	1,710,000
12	Galaxy Rags	11-02-2014	1,000	65	35	325,000
13	M.F. Lakhani & Sons	09-05-2013	3,000	72	60	1,080,000
14	ZA Enterprises	11-03-2014	1,000	64	100	320,000
15	Friends Services	01-09-2015	3,000	46	35	690,000
16	Amar & Sons Industries	18-03-2014	6,000	64	35	1,920,000
17	Marvel Metal Products	09-04-2009	5,000	108	15	2,700,000
Total			66,514			27,335,550

Annex-K				
Para No.4.3.3: Unauthorized regularization of illegal construction on payment of meager penalties				
US\$ 67,078.97				
S#	Name Of Unit	Un-Authorized Construction (Sft)	Date	Amount Of Penalty (US\$)
1	M/S Universal Rags (Ex- Show Corp)	548.00	9/6/1998	1,644.00
2	M/S Universal Rags (Ex- Nihon	548.00	9/6/1998	1,644.00
3	M/S Home Furnishing	283.80	27-07-1998	2,838.00
4	M/S Golden Cigerate	122.00	14-04-2000	366.00
5	M/S Liberty Rags (Ex- Amfield)	214.26	7/6/2000	642.78
6	M/S Oxy Traders (Ex-Asaco)	245.00	4/5/2001	735.00
7	M/S J & M Ii	620.00	25-07-2001	1,550.00
8	M/S Rija Fashion-Iv (Ex-Ncpc)	115.00	19-02-2002	345.00
9	M/S Rija Fashion-Iii	441.00	31-10-2002	2,205.00
10	M/S Conver Pak	48.20	3/4/2003	144.60
11	M/S Modren Plastic	281.37	6/2/2003	1,406.80
12	M/S Noble Impex (Ex-Laser Line)	210.57	19-03-2003	631.78
13	M/S Rija Fashion(Ii) Ex-Gorey Int'l	195.83	26-01-2004	587.49
14	M/S Sun Rise Rags(Pvt)Ltd	2,456.75	16-03-2021	24,544.40
15	M/S Global Rags(Pvt)Ltd	1,219.46	16-03-2021	12,182.97
16	M/S Bushra International	1,562.59	26-03-2021	15,611.15
Total		9,111.83		67,078.97

Chemicals & Allied Products 2019-20
Annex-L

4.5.2: Poor performance by different sectors of KEPZ				
(Amount in US \$)				
Unit	Exports Abroad 2019-20	Import Value 2019-20	Difference (export & Import)	Difference in %
ELFY Chemical Industries	132,815	4,701,954	-4,569,139	-3,440.23
A.Q. & Company International	961,801	1,912,206	-950,405	-98.82
Paradise Industrial Corporation	3,882	667,989	-664,107	-17,107.34
	1,098,498	7,282,149	-6,183,651	-562.92
Electrical & Electronics				
Shaan Technologies (Pvt.)	884,520	7,596,837	-6,712,317	-758.87
Cedar /Conifer	65,636	2,657,636	-2,592,000	-3,949.05
	950,156	10,254,473	-9,304,317	-979.24
Food Processing				
BTI International (Pvt.) Ltd.	154,138	17,721,199	-17,567,061	-11,396.97
Mast Qalandar Industries	60,000	2,824,477	-2,764,477	-4,607.46
Mahnoor Food Industries (Pvt.) Ltd.	306,366	578,881	-272,515	-88.95
Mersi Food Industries	251,800	297,880	-46,080	-18.30
	772,304	21,422,437	-20,650,133	-2,673.83
Garments				
Motospeed	533,881	7,468,013	-6,934,132	-1,298.82
ITD Textile (Pvt.) Ltd.	910,427	4,511,162	-3,600,735	-395.50
Opulent Industries (Pvt.) Ltd.	346,178	2,858,280	-2,512,102	-725.67
Jubilee Foundation Garments	93,696	1,787,281	-1,693,585	-1,807.53
Swano Textiles	210,344	1,464,763	-1,254,419	-596.37
ABM Industries G3	23,837	543,761	-519,924	-2,181.16
TexPak Industries	801,207	1,266,072	-464,865	-58.02
Jubilee Knitwear Industries	15,792	194,977	-179,185	-1,134.66
	2,935,362	20,094,309	-17,158,947	-584.56
Garments Accessories and Machinery & Engineering				
I.F. Zipper Pakistan (Pvt.)	784,106	1,491,918	-707,812	-90.27
So Safe International	88,491	584,767	-496,276	-560.82
Marvel Metal Products (Pvt.)	333,259	390,182	-56,923	-17.08
R&D Precision Exports (Pvt.)	45,000	94,361	-49,361	-109.69
	1,250,856	2,561,228	-1,310,372	-104.76
Marble & Stone Products / Metals / Optical				
Vision Tech Export International	2,283,356	3,596,066	-1,312,710	-57.49
Fong Heng (Pvt.) Ltd.	153,609	738,757	-585,148	-380.93
	2,436,965	4,334,823	-1,897,858	-77.88
P.P/Pvc/Plastic Product & Paper /Print & Packaging				
Metro Packages (Pvt.) Ltd.	187,301	5,808,994	-5,621,693	-3,001.42
Munawwar International	4,620	5,192,679	-5,188,059	-
Vision Hub	17,993	3,823,057	-3,805,064	-21,147.47
Pak Hua Industrial Co. (Pvt.) Ltd.	1,360,906	3,687,127	-2,326,221	-170.93

Dynamic Plastic Industry	209,841	1,791,690	-1,581,849	-753.83
New Techno Plastic Ind.	120,300	1,312,786	-1,192,486	-991.26
Union Enterprises	6,046	908,603	-902,557	-14,928.17
Modern Plastic Industries	325,530	1,133,421	-807,891	-248.18
Yaqiq Industries (Pvt.) Ltd.	160,348	848,865	-688,517	-429.39
Perfect Packaging (Pvt.) Ltd.	26,108	657,512	-631,404	-2,418.43
S.H. Packages (Pvt.) Ltd.	17,712	524,821	-507,109	-2,863.08
International Industrial Services	87,557	485,334	-397,777	-454.31
Converpak Packaging Industries	2,122,965	2,481,028	-358,063	-16.87
Plas-Met International (Pvt.) Ltd.	160,677	496,711	-336,034	-209.14
Unipack Industry	2,169	64,120	-61,951	-2,856.20
	4,810,073	29,216,748	-24,406,675	-507.41
Specialized Fabrics/ Yarn Procs./ Stuff Toys / Tobacco				
Ziqi Enterprises	231,227	2,518,320	-2,287,093	-989.11
Polytek International	178,922	1,529,205	-1,350,283	-754.68
Rehbros Embroidery Yarn	76,179	1,132,589	-1,056,410	-1,386.75
	486,328	5,180,114	-4,693,786	-965.15
Trading Unit				
General Merchandise Trading	9,870	6,258,054	-6,248,184	-63,304.80
Laiqam Services (Pvt.) Ltd.	5,705	1,234,768	-1,229,063	-21,543.61
Sonraj International (Pvt.)	280,983	1,358,196	-1,077,213	-383.37
Napco International (T/U)	9,030	691,181	-682,151	-7,554.27
Hemani Trading International	297,617	783,261	-485,644	-163.18
Maraya International (Pvt.)	284,319	543,459	-259,140	-91.14
Prime Safety Ltd. (T/U)	86,736	227,010	-140,274	-161.73
	974,260	11,095,929	-10,121,669	-1,038.91
Worn Clothing				
M. Mawji & Sons Int'l (Pvt.)	4,708,294	26,873,259	-22,164,965	-470.76
Amar & Sons Industries	38,071	11,659,786	-11,621,715	-30,526.42
Global Recycler (Pvt.) Ltd.	1,166,056	10,617,529	-9,451,473	-810.55
Usman Global Trading	3,055,939	10,637,458	-7,581,519	-248.09
Hadi International (Pvt.) Ltd.	436,132	5,270,608	-4,834,476	-1,108.49
ABC Rag Company	1,887,609	6,430,159	-4,542,550	-240.65
Kareem Quality Rags	322,426	4,302,592	-3,980,166	-1,234.44
Prime Rags (Pvt.) Ltd.	1,127,125	2,937,429	-1,810,304	-160.61
Qadri & Qureshi General	418,785	1,998,972	-1,580,187	-377.33
S.M. Traders (Pvt.) Ltd.	1,244,454	2,577,110	-1,332,656	-107.09
Oxy Traders	322,761	1,629,235	-1,306,474	-404.78
Hands Industries (Pvt.) Ltd.	2,136,759	3,306,572	-1,169,813	-54.75
Moon Rags (Pvt.) Ltd.	1,325,911	2,322,866	-996,955	-75.19
Greens International	4,275,806	5,001,009	-725,203	-16.96
Naba International Exports	1,815,245	2,454,527	-639,282	-35.22
Usman Global Trading II	538,310	1,121,567	-583,257	-108.35
S.A.S. Pakistan (Pvt.) Limited	357,027	813,950	-456,923	-127.98
Hamza Rags (Pvt.) Ltd.	1,415,272	1,657,481	-242,209	-17.11
Crystal Holdings Limited	1,772,135	1,923,256	-151,121	-8.53
H & M Textile Recycling	24,538	87,543	-63,005	-256.77
Total	28,388,655	103,622,908	-75,234,253	265.02
Grand Total	44,103,457	215,065,118	-170,961,661	(387.64)

REPZ Units Close

					Annex-M
4.5.4: Poor performance in exports by various sectors of REPZ					
					US\$ in million
S#	Name of Unit	Export in Abroad	Import in Abroad	Difference	Increase/ (Decrease) in %
1	Del Mac United (Pvt) Ltd	0.089	0.115	(0.026)	(28.86)
2	Ittefaque Plastic Industry	0.124	0.041	0.082	66.57
3	Pak Al-mashriq Glass Processor	1.083	1.054	0.029	2.69
4	Rush Industries	0.165	0.136	0.028	17.22
5	SKP Food & Trading	0.162	1.220	(1.057)	(650.64)
6	SKP Food Industry	0.124	0.132	(0.007)	(6.01)
Total		1.747	2.697	(0.951)	(54.42)

REPZ Units Cancelled / Withdrawn

S#	Name of Unit	Export in Abroad	Import in Abroad	Difference	Increase / (Decrease) in %
1	Accurate Fabrication	0.008	0.016	(0.008)	(106.98)
2	Alf Oil & Allied Inds.	-	0.318	(0.318)	-
3	Amin Engineering	0.008	0.385	(0.377)	(4,715.00)
4	Burki Engineering	0.030	0.602	(0.572)	(1,913.38)
5	Sky Stone Craft	-	0.016	(0.016)	-
Total		0.046	1.338	(1.292)	(2,822.44)
Grand Total		1.792	4.035	(2.243)	(125.11)

Sialkot EPZ

Annex-N					
4.5.5: Non-achievement of envisaged exports target valuing US\$ 898.516 million					
(US \$ in million)					
S#	Sector / Units	No. of Units	Envisaged Investment	Envisaged Exports per annum	Export 2019-20
1	Units in production	16	29.994	51.934	22.688
2	Units completed construction	04	19.556	44.043	-
3	Units under construction	05	5.964	6.860	-
4	Units cancelled / withdrawn	01	0.080	0.060	-
5	Units paid for land only	218	146.393	238.514	-
6	Units not yet paid for land	12	13.612	100.872	-
Total		256	215.599	442.283	22.688

Risalpur EPZ

S#	Sector	No. of Units	Envisaged Investment	Envisaged Exports	Export 2019-20
1	Units in Production	6	15.948	58.980	3.043
2	Units Completed Construction	2	0.795	8.500	-
3	Units Under Construction	8	8.378	21.124	-
4	Units Closed	6	3.809	18.314	-
5	Units Cancelled / Withdrawn	61	50.034	188.671	-
6	Units Paid for Land Only	2	1.137	6.457	-
7	Units not Yet Paid for Land	9	12.716	49.786	-
Total		94	92.817	351.832	3.043

Gujranwala EPZ

S#	Sector	No. of Units	Envisaged Investment	Envisaged Exports	Export 2019-20
1	Units in Production	7	2.019	11.392	1.281
2	Units Suspended Operation	1	0.942	6.600	-
3	Units Completed Construction	6	7.000	11.074	-
4	Units Under Construction	1	0.000	8.689	-
5	Units Closed	1	2.472	4.619	-
6	Units Paid for Land Only	2	0.630	3.434	-
7	Units not Yet Paid for Land	1	1.763	7.906	-
TOTAL		19	14.826	53.714	1.281
Grand Total		369	323.242	847.829	27.012
Presumptive tax 1% of export= (847.829 – 27.012) = 820.817 x 1/100= 8.21					
Service charges 0.5% of export = 898.516 x 0.5/100= 4.10					
Total in US \$ = 12.31 million					

Insurance Companies

				Annex-O
4.5.6: Unnecessary incentive of rent provided to insurance companies and offshore banking units				
(Amount in US\$)				
S#	Name Of Unit	Plot	Area in Sq. Meter	AGR @ US\$ 3.5
Sector B-II				
1	Messrs EFU Insurance Company	1	96	336
2	Messrs H Habib	2 & 3	192	672
3	Messrs Progressive	4	96	336
4	Messrs Adamjee	6	96	336
5	Messrs New Jubilee Insurance	9	96	336
6	Messrs Al Asher	10	96	336
7	M/s Khurram Brothers.	5	96	336
8	TPL Direct Insurance	N-4	216	336
9	M/s United Insurance Co.	8	96	336
Total			1080	3,780

Offshore banking units

Sector B-III				
1	Messrs Habib Bank Ltd.	W5, W6	432	1,512
2	Messrs United Bank Ltd.	W3, W4	432	1,512
3	Messrs Bank Al-Habib	W1, W2	432	1,512
4	Messrs City Bank	S1	216	756
5	Faisal Islamic Bank		432	1,512
6	Messrs Muslim Commercial Bank	E5, E6	432	1,512
7	Messrs Allied Bank Ltd.	S4, S5	432	1,512
8	M/s Habib Metro	N-5	216	756
Total			3024	10,584
Grand Total			4,104	14,364
AGR Equivalent to Rs. (14,364 x 150) = 2,154,600 /- per annum				
As its per month income from commercial units is Rs. 179,550/-				

4.5.7: Nominal increase in export despite huge amount of incentives provided to investors

(Amount in US\$)				
Year	Total Export	Total Import	Difference In Exports & Imports	Export V/S Import In %
1983-2000	673.735	535.391	138.344	20.53
2000-2001	95.516	68.246	27.270	28.55
2001-2002	100.248	68.809	31.439	31.36
2002-2003	129.007	87.514	41.493	32.16
2003-2004	214.431	140.765	73.666	34.35
2004-2005	231.699	162.591	69.108	29.83
2005-2006	290.449	174.771	115.678	39.83
2006-2007	350.587	209.423	141.164	40.27
2007-2008	407.920	318.326	89.594	21.96
2008-2009	348.170	270.523	77.647	22.30
2009-2010	411.030	221.432	189.598	46.13
2010-2011	584.392	296.112	288.280	49.33
2011-2012	537.974	291.823	246.151	45.76
2012-2013	484.577	292.532	192.045	39.63
2013-2014	534.780	304.831	229.949	43.00
2014-2015	508.895	297.014	211.881	41.64
2015-2016	525.433	283.876	241.557	45.97
2016-2017	610.623	299.359	311.264	50.97
2017-2018	683.170	384.530	298.640	43.71
2018-2019	700.040	398.842	301.198	43.03
2019-2020	614.077	361.842	252.235	41.08
Grand Total	9,036.753	5,468.552	3,568.201	39.49
Nominal increase in export despite huge amount of incentives provided to investors (Difference in exports & Imports/ Total Exports x 100)				

Annex-Q				
4.5.8: Loss of Annual Ground Rent due to non-utilization of land of KEPZ Phase-III -US\$5.175 million equivalent to Rs. 776.250 million				
Total available Land	Available No. of Plots	Size of Plot	Reserved for EPZA	Valuation of Land Phase-III
80 Acres	193	1000 Sq. Meter	13 Plots	Rs. 529,000,000/-

Description	Industrial Plots 70%	Trading plots 15%	Processing Plots 15%	Total
No. of Plots	126	27	27	180
Plot's area	126,000	27,000	27,000	180,000
Rate of Annual Ground Rent (AGR)	\$2.50	\$3.50	\$4.00	
Amount of AGR	\$315,000	\$94,500	\$108,000	\$517,500
Non utilization of KEPZ Phase-III since 2012 till - date i.e. 10 years Loss of US\$ 517,500 x 10 = 5,175,000/- equivalent to Pak Rs. 776.250 million				

Annex-R						
4.5.9: Loss due to non-renting out of KEPZ warehouses – Rs. 70.961 million						
S#	Date of Dollar Conversion	Dollar Conversion rate	Rent rate per sq. ft. US\$	Amount (3x4)x12	Area in Sq. Ft. (1416 sq. Meter convert in sq. ft.)	Amount in PKR
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	30-Jun-05	59.68	0.22	157.56	15,236	2,400,536
2	30-Jun-06	60.15	0.22	158.80	15,236	2,419,441
3	30-Jun-07	60.90	0.25	182.70	15,236	2,783,646
4	31-Dec-08	78.70	0.25	236.10	15,236	3,597,257
5	31-Jul-09	83.00	0.25	249.00	15,236	3,793,804
6	30-Jun-10	85.47	0.25	256.41	15,236	3,906,704
7	30-Jun-11	86.21	0.25	258.63	15,236	3,940,528
8	30-Jun-12	94.60	0.25	283.80	15,236	4,324,022
9	30-Jun-13	99.61	0.28	334.69	15,236	5,099,384
10	30-Jun-14	98.79	0.28	331.93	15,236	5,057,406
11	30-Jun-15	102.15	0.35	429.03	15,236	6,536,770
12	30-Jun-16	104.54	0.35	439.07	15,236	6,689,710
13	30-Jun-17	104.65	0.35	439.53	15,236	6,696,749
14	30-Jun-18	121.73	0.35	511.27	15,236	7,789,731
15	28-Feb-19	138.90	0.35	388.92	15,236	5,925,647
Total				4,657.43	228,542	70,961,336

During the Year 2017-18

Annex-S				
4.5.10: Zero export to other countries and 100% export in tariff area US\$ 19.653 million				
(Amount in US \$)				
S#	Unit	Sector	Export	
			Tariff Area	Abroad
1	Ahmed Food International	Food Processing	3,100	-
2	A.M. Garments Inc.	Garments	66,022	-
3	Al-Munaf Denim Inc.	Garments	7,300	-
4	Jubilee Knitwear Industries	Garments	22,704	-
5	Resale International (Pvt.)	Garments	2,550	-
6	Uncia Group Textile	Garments	15,430	-
7	Zaf Polymers	Garments	12,224	-
8	Dehlawi Optical Industries	Optical	3,300	-
9	AFUSO Packaging & Printing Industry (P II)	P.P/Pvc/Plastic Product & Paper/ Print & Packaging	10,074	-
10	Arsei Paper Converting	-do-	2,200	-
11	Farhan Industries	-do-	111,709	-
12	Laiba Industries (Pvt.) Ltd.	-do-	75,210	-
13	S.H. Packages (Pvt.) Ltd.	-do-	2,460,334	-
14	Vision Hub	-do-	227,902	-
15	Shahnawaz Packages	-do-	59,259	-
16	ABM Industries G3 (T/U)	Trading Unit	7,500	-
17	Allied Trading (T/U)	Trading Unit	3,127	-
18	Raja Shakeel Traders	Trading Unit	948,548	-
19	Royal Impex (Pvt.) Ltd.	Trading Unit	892,230	-
20	Steel Vision (Pvt.) Ltd.	Trading Unit	5,236,251	-
21	Global Rags (Pvt.) Ltd.	Worn Clothing	7,700	-
Total			10,174,674	

During the Year 2018-19

S#	Unit	Sector	Export	
			Tariff Area	Abroad
1	ELFY Chemical Industries (Pvt.)	Chemicals & Allied Products	\$2,800	-
2	Repro KRC Pvt. Ltd.	-DO-	\$7,888	-
3	Star Poly Industry	-DO-	\$172,467	-
4	A.M. Garments Inc.	Garments	\$24,200	-
5	Fujiwara Pakistan	Garments	\$1,325	-
6	Jubilee Knitwear Industries	Garments	\$90,937	-
7	Farhan Industries	P.P/Pvc/Plastic Product & Paper/Print & Packaging	\$124,351	-
8	Shahnawaz Packages	-DO-	\$2,600	-
9	Swiss Packaging	-DO-	\$46,195	-
10	Zaf Polymers	-DO-	\$131,621	-
11	Home Furnishing Ltd.	-DO-	\$1,252,103	-
12	Allied Trading (T/U)	Trading Unit	\$27,355	-
13	Royal Impex (Pvt.) Ltd.	Trading Unit	\$1,988,467	-
14	Steel Vision (Pvt.) Ltd.	Trading Unit	\$3,102,824	-
15	Danish Textiles Recycling Fzc	Worn Clothing	\$2,355	-
16	Resale International (Pvt.) Ltd.	Worn Clothing	\$5,350	-
Total			6,982,838	

During the Year 2019-20

S#	Unit	Sector	Export	
			Tariff Area	Abroad
1	Pextrade Inc.	Machinery & Engineering	\$45,800	-
2	Delta Star Industries	Marble & Stone Products	\$102,000	-
3	AFUSO Packaging & Printing Industry (P II)	P.P/Pvc/Plastic Product & Paper/Print& Packaging	\$2,310	-
4	Asian Source Pakistan	-do-	\$28,000	-
5	Farhan Industries	-do-	\$127,560	-
6	Ghia Industries (Pvt.)	-do-	\$3,958	-
7	Home Furnishing Ltd.	-do-	\$1,293,380	-
8	Insiya Packaging	-do-	\$6,165	-
9	Japan Packages	-do-	\$1,800	-
10	Space Multipurpose	-do-	\$12,830	-
11	Zaf Polymers	-do-	\$272,211	-
12	Hiba Tex	Specialized Fabrics/ Yarn Procs.	\$14,526	-
13	Philip Morris (Pakistan) Ltd (LaksonTobaco)	Tobacco	\$232,248	-
14	H.Y. International Trading Co.	Trading Unit	\$147,539	-
15	Royal Impex (Pvt.) Ltd.	Trading Unit	\$188,434	-
16	Universal Rags (Pvt.)	Worn Clothing	\$17,360	-
		Total	2,496,121	
		Grand Total	19,653,633	

During the Year 2017-18

Annex-T					
4.5.11: Violation of custom rules by exporting in tariff area US\$ 25.716 million					
(Amount in US \$)					
S#	Units	Export		Total Export	% of Tariff Area
		Tariff Area	Abroad		
1	Home Furnishing Ltd.	1,161,088	59,356	1,220,444	95.14
2	Jackson Rags (Pvt.) Ltd.	431,800	46,624	478,424	90.25
3	Union Enterprises	218,792	45,800	264,592	82.69
4	Insiya Packaging	111,905	40,800	152,705	73.28
5	Swiss Packaging	58,229	24,855	83,084	70.08
6	Bin Ahmed Engineering Industry	54,775	32,125	86,900	63.03
7	Mahanoor Food Industries (Pvt.)	266,668	204,023	470,691	56.65
8	Munawwar Trading (T/U)	66,442	51,579	118,021	56.3
9	Pak Hua Industrial Co. (Pvt.) Ltd.	1,330,559	1,102,181	2,432,740	54.69
10	Modern Plastic Industries	2,952,668	3,181,735	6,134,403	48.13
11	Packages International	198,724	286,200	484,924	40.98
12	Rehbros Embroidery Yarn Mfg.	149,533	232,878	382,411	39.1
13	Polytek International	155,325	247,104	402,429	38.6
14	United International Industries	365,620	596,852	962,472	37.99
15	New Techno Plastic Ind. (Pvt.)	165,660	272,618	438,278	37.8
16	Dynamic Plastic Industry (Pvt.)	355,532	589,932	945,464	37.6
17	N.Y Enterprises (Pvt.) Ltd.	95,056	160,700	255,756	37.17
18	Metro Packages (Pvt.) Ltd.	287,663	596,850	884,513	32.52
19	Mast Qalandar Industries	205,200	590,475	795,675	25.79
20	Jubilee Apparel	1,387,131	4,738,101	6,125,232	22.65
21	BTI International (Pvt.) Ltd.	19,191	68,507	87,698	21.88
	Total	10,037,561	13,169,295	23,206,856	43.25

During the Year 2018-19

S#	Units	Export		Total Export	% of Tariff Area
		Tariff Area	Abroad		
	YKK Pakistan (Pvt.) Ltd.	42,599,240	1,183,040	43,782,281	97.3
1	Union Enterprises	39,939	5,000	44,939	88.87
2	S.H. Packages (Pvt.) Ltd.	2,428,830	622,742	3,051,572	79.59
3	Mahanoor Food Industries (Pvt.)	554,356	314,359	868,715	63.81
4	Modern Plastic Industries	407,557	398,400	805,957	50.57
5	Pak Hua Industrial Co. (Pvt.) Ltd.	1,264,766	1,403,206	2,667,971	47.41
6	Packages International	105,345	151,000	256,345	41.1
7	United International Industries	276,754	417,693	694,448	39.85
8	New Techno Plastic Ind. (Pvt.)	175,795	286,200	461,995	38.05
9	Metro Packages (Pvt.) Ltd.	60,015	104,170	164,185	36.55

10	Polytek International	101,382	221,313	322,695	31.42
11	I.F. Zipper Pakistan (Pvt.) Ltd.	345,223	880,326	1,225,549	28.17
12	BTI International (Pvt.) Ltd.	22,364	59,722	82,086	27.24
13	Denim Clothing Company (Pvt.)	852,720	2,395,255	3,247,975	26.25
14	Rehbros Embroidery Yarn Mfg.	54,360	161,981	216,341	25.13
15	Imperial Rags (Pvt.) Ltd.	926,237	2,793,689	3,719,926	24.9
16	Hiba Tex	41,012	146,100	187,112	21.92
17	S.I. Global Trading	154,200	570,179	724,379	21.29
	Total	7,810,855	10,931,335	18,742,190	41.68

During the Year 2019-20

S#	Units	Export		Total Export	% of Tariff Area
		Tariff Area	Abroad		
1	S.H. Packages (Pvt.) Ltd.	2,584,188	17,712	2,601,900	99.32
2	Jubilee Knitwear Industries	252,805	15,792	268,597	94.12
3	Unipack Industry	16,417	2,169	18,586	88.33
4	I.F. Zipper Pakistan (Pvt.) Ltd.	1,174,715	784,106	1,958,820	59.97
5	Modern Plastic Industries	456,897	325,530	782,427	58.39
6	Eurotex	94,644	88,340	182,984	51.72
7	Dynamic Expo Recycling (Pvt.)	322,155	311,706	633,861	50.82
8	Pak Hua Industrial Co. (Pvt.) Ltd.	1,261,353	1,360,906	2,622,259	48.1
9	United International Industries	293,240	339,400	632,640	46.35
10	Mahanoor Food Industries (Pvt.)	262,663	306,366	569,029	46.16
11	Denim Clothing Company (Pvt.)	787,460	1,006,440	1,793,900	43.9
12	New Techno Plastic Ind. (Pvt.)	61,036	120,300	181,336	33.66
13	Dynamic Plastic Industry (Pvt.)	98,216	209,841	308,057	31.88
14	Perfect Packaging (Pvt.) Ltd.	12,000	26,108	38,108	31.49
15	Galaxy Garments	15,045	36,216	51,261	29.35
16	Polytek International	63,775	178,922	242,697	26.28
17	Packages International	20,000	63,500	83,500	23.95
18	N.Y Enterprises (Pvt.) Ltd.	91,544	309,530	401,074	22.82
	Total	7,868,153	5,502,884	13,371,036	58.84
	Grand Total	25,716,569	29,603,514	55,320,082	46.49

Sialkot EPZ

						Annex-U
4.5.12: Non-achievement of EPZA objective of providing local employment opportunities						
S#	Sector	No. of Units	Envisaged Employment	Actual Employment	Difference	Achievement in %
1	Units in Production	21	2,289	1,176	1,113	51.38
2	Units Suspended Operation	12	953	12	941	01.26
3	Units Completed Construction	4	1,701	17	1,684	01.00
4	Units Under Construction	9	604	209	395	34.60
5	Units Cancelled / Withdrawn	1	10	0	10	-
6	Units Paid for Land Only	216	17,825	0	17,825	-
7	Units not Yet Paid for Land	11	1,177	0	1,177	-
Total		274	24,559	1,414	23,145	05.76

Risalpur EPZ

1	Units in Production	6	385	53	332	13.77
2	Units Suspended Operation	7	427	7	420	1.64
3	Units Completed Construction	2	119	5	114	4.20
4	Units Under Construction	8	241	46	195	19.09
5	Units Closed	6	383	2	381	0.52
6	Units Paid for Land Only	61	2,626	3	2,623	0.11
7	Units not Yet Paid for Land	2	10	0	10	-
8	Units in Production	9	395	0	395	-
Total		101	4,586	116	4,470	2.53

Gujranwala EPZ

1	Units in Production	7	272	87	185	31.99
2	Units Suspended Operation	1	45	20	25	44.44
3	Units Completed Construction	6	430	170	260	39.53
4	Units Under Construction	1	37	0	37	-
5	Units Closed	1	117	0	117	-
6	Units Paid for Land Only	2	88	0	88	-
7	Units not Yet Paid for Land	1	62	0	62	-
Total		19	1,051	277	774	26.36
Grand Total		394	30,196	1,807	28,389	5.98
Actual employment of 6% only of envisaged employment						

Annex-V			
4.5.13: Allotment of Land to non-manufacturing / industrial units 271,915 square meter			
S#	Units	Date of Sanction	Acquired land (in meter)
Used Textile Clothing			
1	ABC Rag Company	10/06/2004	4,000
2	Al-Wadaq Industry International	16/01/2014	4,700
3	Bennatex Exports	06/06/2006	3,000
4	Crystal Holding Limited	28/06/2005	3,000
5	Danish Textiles Recycling FZC	26/05/2006	1,000
6	Friends Services (Pvt.) Ltd.	10/04/2013	1,000
7	Galaxy Rags	11/02/2014	1,000
8	W.V. Rags	17/07/2014	1,000
9	Hand Industries (Pvt.) Ltd.	24/06/2011	4,000
10	Ideas Recycling (Pvt.) Ltd.	06/12/2012	2,000
11	Kareem Quality Rags	03/06/2013	2,000
12	Liberty Gold Rags.	01/07/2014	3,000
13	Tritex Clothing (Pvt.) Ltd.	13/08/2015	1,000
14	Nobel Impex	23/02/2010	6,000
15	Nobel Impex (Expansion unit)	15/10/2015	2,000
16	Oxy Traders.	06/09/2013	1,000
17	Pakistan Japan Petrochemical	24/03/1990	4,000
18	S.A.S. Pakistan (Pvt.) Ltd	14/06/2006	2,000
19	Sunrise Rags Co	13/12/2006	5,000
20	Universal Recyclers (Pvt.) Ltd	06/02/2020	4,000
21	Usman Global Trading	10/07/2009	4,000
22	Uzair Exports	27/04/2010	6,000
23	S.I. Global Trading (Expansion)	10/11/2015	1,000
24	Crystal Clothing (Pvt.) Ltd	27/04/2006	4,000
25	Prime Rags (Pvt.) Ltd.	08/06/2006	2,000
26	Retex Global (Pvt) Ltd	27/04/2006	15,000
27	J.& K. Textile International.	27/04/2006	13,000
28	Global Rags (Pvt.) Ltd.	29/12/2006	4,000
29	M. Mawji& Sons In'l Ltd	27/04/2006	11,000
30	Denim Clothing Company	14/02/2013	1,000
31	Rida Clothing (Pvt.) Ltd.	30/04/2013	3,000
32	G.K. Rags	06/05/2015	2,500
33	Indetex	31/01/2014	1,000
34	Greens International.	03/07/2014	2,000
35	Ghanchi Rags 72	16/10/2014	1,000
36	Bushra International	10/12/2014	2,000
37	ZA Enterprises	11/03/2014	1,000
38	S.I. Global Trading	11/08/2014	1,000
39	American Rags (Pvt.) Ltd	27/04/2006	6,000
40	Naba International Exports	30/01/2014	1,000
41	WTC-Textile (Pvt.) Ltd	31/03/2016	4,200
42	M.F. Lakhani & Sons (Pvt.)	09/05/2013	3,000
43	Pakistan Japan Petrochemical,	20/06/2014	2,000
44	Costex (Pvt.) Limited.	06/05/2014	1,000
45	Fabtex Clothing (Pvt.) Ltd.	31/05/2013	2,000

46	Amar & Sons Industries	18/03/2014	6,000
47	M.Y.U. Textile (Pvt.) Ltd.	16/08/2013	4,000
48	Nashmia Industries (Pvt.) Ltd.	27/02/2014	7,814
49	Silver Rags (Pvt.) Ltd.	20/01/2014 & 23/04/2015	6,000
50	Silver Denim (Pvt.) Ltd.	20/01/2014	4,000
51	Global Recycler (Pvt.) Ltd.	14/02/2018	2,000
52	Fortune Rags (Pvt.) Ltd.	16/02/2017	2,000
53	S.M. Traders (Pvt.) Ltd.	-2021	2,000
54	Karima Textile Recycler (Pvt.) Ltd.	21/02/2014	6,000
55	Friends Services (Pvt.) Ltd.	01/09/2015	3,000
56	Hamza Rags (Pvt.) Ltd.	05/08/2015	1,000
57	Saltex (Pvt.) Ltd.	04/11/2015	6,000
58	Uzair Exports (Pvt.) Ltd.	04/11/2015	6,000
59	M/s. Qadri Qureshi General	01/01/2016	1000
60	AMAFHH Enterprise	25/01/2016	1,000
61	MF Roomi International	28/01/2016	1,000
62	M/s. ChalChal Rags (Pvt.) Ltd.	07/04/2016	6,000
63	Moon Rags (Pvt.) Ltd	22-03-2016 &	1,200
		06/05/2016	2,000
64	Z.A. Enterprises (Expansion)	01/01/2016	1,023
65	Delta Star Industries (Pvt.) Ltd	21/04/2016	1,587
66	YDS Global (Pvt.) Ltd.	09/05/2016	2,160
67	Trade Rags (Pvt.) Ltd.	06/09/2016	5,000
Used Textile Clothing, along-with other worn articles, used shoes,			
68	Kareem Quality Rags (Pvt.) Ltd	28/11/2016	4,890
69	Resale International (Pvt.) Ltd.	17/11/2016	1,000
70	Galaxy Rags (Expansion)	26/12/2016	2000
71	Jackson Rags (Pvt.) Ltd.	29/05/2017	5000
72	Zeal Textile (Pvt.) Ltd.	29/05/2017	3000
73	Pacific Rags (Pvt.) Ltd.	11/01/2018	4,000
74	Atlantic Textile (Pvt.) Ltd.	11-12-2018	6,000
75	M/s. Universal Rags (Pvt.) Ltd.	28/02/2018	4,000
76	M/s. Sunrise Rags Co.,	03/08/2018	2,000
77	M/s. Saztex (Pvt.) Ltd.	21/03/2018	2,000
78	M/s. Imperial Rags (Pvt.) Ltd	22/03/2018	2,526
79	Resale International (Pvt.) Ltd.	06/08/2018	1,315
80	M/s. H & M Textile Recycling	15/08/2018	6,000
81	M/s. Bushra International	15/08/2018	1,000
82	M/s. Hadi International	16/08/2018	1,000
Total			271,915