Abstract

Business Register (BR) is a prerequisite for the modern world economy. Keeping in view the usefulness, reliability, coverage and availability of the statistics produced within the Official Statistics System, it is imperative to have Business Register in Pakistan. PBS has been working on development of Business Register since 2010. The primary purpose of BR is to provide frames for different business activities. Once BR is activated, the industry statistics can be produced on the basis of surveys instead of more costly censuses. From inside out, it provides business frames, data collection support, monitoring response burden and from outside in, it serves as linking tool with administrative sources. It serves as a base for national accounts development and provides information on the structure of the economy and monitoring targets. It ensures fully updated and classified business frames concurrent to international standard. PBS has to ensure, that these establishments which are part of the sample frame are active and functional.

BR is being developed mainly from different administrative sources. The development of Business Register is cumbersome due to the volatile changing of the enterprises' set-up and due to the increasing habit of outsourcing entrepreneurial functions in form of segregating or creating different legal entities of their own for these functions. In Pakistan, the BR depends upon censored data sources, where different sources have weak linkages of sharing and coordination.

Administrative data is not maintained appropriately by respective departments in Pakistan. As such the main data sources are reluctant to share administrative data with PBS. The main problems are weak implementation of law, non-response of the establishments, inconsistency in the establishment's activities and regular changes in their location of registration. Furthermore, the working capacity of the administrative departments is very weak and usually not fully equipped with modern tools of processing information and data management.

Introduction
The economic statistics program requires a survey frame. This frame must: (i) be kept current (ii) ensure comprehensive and non-duplicative coverage of the population under observation (i.e. business entities) and (iii) provide means for data integration.

The requirement of the frame to have comprehensive and unduplicated coverage of production is, therefore, dependent on comprehensive and unduplicated list of operating entities. Accordingly, the frame must contain a full description of business entities in terms of their operating structures.

The Business Register is a structured list of businesses engaged in the production of goods and services. The main purpose of the Business Register is to manage a database containing basic information about economic units (Name, address, activity, turnover, employment...). A business survey frame is a list or register of businesses which forms the basis of selections for statistical inquiries and for the calculation of estimates of attributes for the business population.

Statement of the Problem

Previously, in Pakistan, survey frames were constructed from Economic Census and directories developed by Federal & Provincial Governments; Chambers of Commerce & Industries; Business Associations, etc. Census / Surveys like CMI\(^1\), SHMI\(^2\) and several other special industrial surveys relied on these directories. These directories were overlapping, incomplete, outdated and obsolete. They did not include new entries and didn’t bother about units dying out. They were not homogenous in variables as well as classification. Hence, these frames were not reliable in coverage of surveys and quality results. As a consequence, the economic surveys of businesses suffered from poor coverage, underreporting and misreporting. Keeping in view the usefulness, reliability, coverage and availability of the statistics produced within the Official Statistics System, it is imperative to have Business Register in Pakistan.

Development of Business Register

The main purpose of the establishment of Business Register in Pakistan is to develop a sustainable central repository of information on businesses in Pakistan, having a computer based database system of different business enterprises and establishments together with their contacts and classification information received from other administrative departments like FBR\(^3\), SECP\(^4\), WAPDA\(^5\), KESC\(^6\), SNGPL\(^7\), SSGC\(^8\), Provincial Welfare and Industrial Departments.

Features

The Business Register is playing a vital role in Pakistan’s economic statistics programmes by providing latest updated frames for different surveys and censuses and

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1 Census of Manufacturing Industries  
2 Survey on Small Household Manufacturing Industries  
3 Federal Board of Revenue  
4 Securities and Exchange Commission of Pakistan  
5 Water and Power Development Authority  
6 Karachi Electric Supply Company  
7 Sui Northern Gas Pipeline Limited  
8 Sui Southern Gas Company
processing of data and product of reliable estimates with enhanced credibility and enlarged coverage. On one hand the register is supplying frames for censuses and sample surveys while on other hand censuses / surveys is also feeding the information back into the register. The business register is maintained centrally by PBS.

The Business Register (BR) helping in building reliable, comprehensive and regularly updated central database for quick sample selection for conduct of Censuses / Surveys to meet data needs for policy making, planning and monitoring, particularly, in the context of the country’s growing economy. As such, the business register provide a main framework for all kind of surveys done by PBS. It has improved coding / classification of different activities in economic surveys i.e. CMI\(^1\), SHMI\(^2\) etc. by providing correct classification information regarding activity classification. This allows us to check not only for the administrative burden companies have to deal with caused by surveys, but also to identify systematically non-respondent companies.

The register will produce reliable enterprise / establishment statistics, demographic and regional data on enterprises / establishments and further report cross tabulation all variables in the frame. e.g. it will be ready-made data source for custom tabulations and other special statistical projects. Counts / lists of Businesses - Summary Tables, Counts / lists of Businesses - Industry by Province / district/ tehsil by Employment Size Ranges. List according to date of incorporation, Type of Legal Organization, Type of Business Entity etc.

PBS will be able to prepare quality lists of respondents for statistical surveys, annual survey frames and increased usability of the register in all statistical domains where the business population is the subject of observation.

It is providing a user friendly environment through which PBS employees may easily browse and update business structures on a real time basis.

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1 Census of Manufacturing Industries
2 Survey on Small Scale Household Manufacturing Industries
### BUSINESS REGISTER MODEL

**Sources and identifiers:**

- **Sources:** FBR, SECP, EOBI, other
- **“foreign” keys:** Key 1, Key 2, Key 3, Key 4

- **Data sets containing Key PBS** along with Key 1, Key 2, Key 3, Key 4

- **Sub-register files containing relevant variables of source**

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**Administrative Sources in Pakistan**

Business registration is diverse in Pakistan. PBS collects information from the administrative data sources used for statistical Business Register. The data in
administrative sources have generally been collected for a specific administrative purpose, and the needs and priorities relating to that purpose are likely to be different to those of the statistical system. Different sources have different aims and objectives for registration of enterprises and establishments. E.g. SECP is company registration authority in Pakistan, FBR is tax collection authority, Employees Old Age Benefit Institution (EOBI) registered employer and employees for insurance purposes. Labour department register factories for labour welfare purposes. Engineering Council maintain database for constructor and operators, SSGC, SNGPL provides gas and DISCO distribute electricity industrial, commercial and household customers. Data integration in BR of all business directories maintained by these different administrative sources are not so easy. The critical analysis as per studying the databases of BR sources as follows

**Securities and Exchange Commission of Pakistan (SECP)** is a good administrative source for BR and have more than 65000 records. The good aspect of the SECP’s database is that it has unique registration number, name, legal registered office of the company and a column made upto. SECP updates the column made upto after receiving a specified Form supposed to be sent by a company to SECP every year. PBS uses the column made upto as activeness variable in BR database. Unfortunately not all companies send this forms regularly to SECP, consequently the database is not updated up to the mark. In addition, some enterprises don’t follow proper channel to close or alter businesses as per Company Act 1984. Frequent changes take place in various companies, which are usually not reported by companies especially small companies. Some companies change their addresses which are updated in SECP and some remain un-updated in the database. It was evident in CMI 2010-11 that enumerators observed different companies with same addresses. More than 5000 questioners out of 20000 of manufacturing sector were not delivered due to wrong addresses in Punjab province. Moreover, it has also been observed that the enterprises/companies that have been removed from SECP’s database due to non-response, are still functional. It means that administrative records often do not reflect the real situations.

**Employees Old Age Benefit Institution (EOBI)**

The main aim of Employees Old Age Benefit Institution (EOBI) is to provide medical care and cash benefit to employees working in industries or commercial establishments and their dependents. The employers may be company or individual employer. The data set of EOBI is good source of BR. More than 65000 establishment are part of the EOBI database. The establishments are link with common key to an enterprise. The EOBI has also stratification variables including classification, employment and city. Not all companies/enterprises, functional in Pakistan’s economy, are registered with EOBI.

**Federal Board of Revenue (FBR)**

Federal Board of Revenue (FBR) is government body for the purposes of collecting of revenue/ taxes. FBR maintains an authentic database of Sales Tax Registration No
(STRN) and National Tax Number (NTN) holders, including companies, associations of persons (AOPs) and individuals.

FBR is a comprehensive source at enterprise level for BR with some limitation. As the main purpose of FBR is revenue collection through STRN or NTN. These are unique identifiers and filling of tax return is traced out from these identifier. Reporting a change in establishment name, address, activity or all are not bound by law nor voluntarily reported by the establishments. Therefore, change in address, activity or contact information of an enterprise or establishment hardly updated in FBR database. All these things create problems in conducting PBS’s censuses or surveys. FBR shows some reluctance to share information with PBS.

FBR is an excellent and comprehensive source for updating BR but it still require appropriate attention for proper updating in respect of address, activity and contact information.

**Provincial Labour department:** The main objective of the provincial Labour departments is the maintenance of industrial peace and ensuring the welfare of industrial/commercial workforce. One of the main functions is registration & de-registration of factories, shop, commercial establishments and registration & de-registration of Trade Unions/Federations.¹

A firm/factory once registered with labour departments don’t updated properly. These and other directories contain information which is outdated, partly overlapping and incomplete. There is lack of professionals/skilled persons in these departments to work for updating their directories. They lack proper database and IT environment. They don’t have unique identifier, which may be referred from time to time.

**Provincial Directorate of Industries (DOI):** The main objective of Provincial Directorate of Industries is to promote and facilitate Industries and promote Investment in different province².

Provincial DOI usually uses lists maintained by Provincial labour departments. There is lack of coordination among provincial labour and industrial departments regarding updating of these directories. Both departments don’t give due importance to updating their directories.

**Sui Southern Gas Company (SSGC) and SNGPL** SSGC is Pakistan’s leading integrated gas Company and engaged in the business of transmission and distribution of natural gas besides construction of high pressure transmission and low pressure distribution systems³. The distribution activities covering over 1200 towns in the Sindh and Balochistan and providing gas to 2.5 million industrial, commercial and domestic consumers in these regions. Sui Northern Gas Pipelines Limited (SNGPL) is the largest integrated gas company serving more than 4.9 million consumers in North Central

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² [https://www.punjab.gov.pk/directorate_industries](https://www.punjab.gov.pk/directorate_industries)
Pakistan through an extensive network in Punjab, Khyber Pakhtunkhwa and Azad Jammu & Kashmir.

A commercial or industrial units who use gas in their business operation have to register itself in these departments. The records maintained by these departments also have similar problems like others sources e.g. name identification, address and classification etc. These department are rather interested in payment of the respective bill of a unit through reference No. but least interested in other database variables.

**NEPRA/DISCOs** NEPRA is regulator of the electric power sector to promote a competitive structure for the industry and to ensure the coordinated, reliable and adequate supply of electric power, based on transparent commercial principals. One of the main responsibilities of NEPRA is to issue licenses for generation, transmission and distribution of electric power. There are more than 8 distribution companies operating in different regions of different province. There are more than 5.0 million connection of commercial, agriculture and industrial units from these distribution companies. It is very comprehensive source for BR but contains incomplete addresses and missing names of commercial or industrial units. DISCO lacks expertise of updating records on regular basis. DISCOs has adopted its own classification system for agriculture, commercial and industrial units and most records are misclassified and require proper review.

The DISCOs staff have good knowledge about the whereabouts and other activities performed by establishments and finding no difficulty in delivering the consumer bill and can be helpful in conducting Economic Census

**Pakistan Engineering Council (PEC)**

Its main statutory functions include registration of engineers, consulting engineers, constructors/operators and accreditation of engineering programmes run by universities/institutions, ensuring and managing of continuing professional development, assisting the Federal Government as think tank, establishing standards for engineering products and services besides safeguarding the interest of its members.

PEC register contractors and operators of construction industry by issuing various licenses of different nature. There are more than 30000 records in PEC database. The records of constructors and operators, who approaches PEC to renew their licenses, are updated in PEC database. But the records of constructors or operators, who leave the industry or don't renew their licenses, are not updated in PEC database. This was evident in construction survey 2015, where many establishments were either closes or ceased to exist. The other problem with PEC is sharing its database information. PEC has always shown reluctance to share information with PBS.
Manufacturing and non-manufacturing Associations

There are different manufacturing and non-manufacturing associations operative in Pakistan with different aims and objectives. All important associations are a part of BR and good source for BR database.

Yellow pages

Yellow pages (Pakistan) is also a source of BR. Thousands of records have been incorporated in BR database from different yellow pages. Although it is a good source but also lacks manpower to update their directories in respect of activeness, classification etc.

BR complications

- There is conceptual differences in the administrative record collection and statistical concepts adopted by PBS. Units used in administrative sources do not correspond directly to the definition of the required statistical units. Almost all BR sources have different variables or output with different aims and objectives. All sources lack proper birth and death registration system of businesses.
- The administrative sources usually works independently and have different mechanism and procedure for their data database record maintenance. Almost all sources have different database systems and applications and there is no common identifiers/unique ID or key across among administrative sources. Matching data from these different sources in absence identifiers is very difficult task. E.g. FBR don’t have common key which may available in SECP or other sources or vice versa.
- The classification systems used within administrative sources are different to those used in the BR. The administrative sources usually assign their own defined classification which are different from statistical classification such as UN-ISIC\(^1\). Further, industry coding require experienced staff which these administrative sources lacks. So, the activity code assigned to the establishment from administrative sources may different from the actual activity done by enterprises or establishments.
- The birth or newly registered enterprises or establishments in administrative sources don’t means birth or new enterprise or establishment in statistical sense. It may happen that an enterprise or establishment was operative long before and could not registered itself due to many reasons. It is also possible that an enterprise or establishment registered itself for starting the business but starting the operation may take significant time e.g. three to four years.
- Administrative sources usually delete records in batches after the enterprises and establishments don’t respond to respective sources within significant duration/time lag. They don't bother or having capacity to verify whether an enterprise or establishment is actually ceased to exist or still working, temporarily closed. So it means that not all enterprises or establishments that have been deleted by administrative sources have stopped the operations.
- Large Volumes of Data with insufficient staff at administrative sources make their databases/list erroneous and not up-to-date in term of name, address and activity etc.

\(^1\) UN-International Standard Industrial Classification
Another common problem encountered when using data from administrative sources relates to timeliness. To get data from BR sources require patience and data usually not readily available in time to meet statistical needs of PBS. Usually the administrative data reaches PBS after more than six months and this add to time lag between real event and the data deposited in BR.

Recommendation

PBS is continuously updating and verifying BR records from different available sources. To make BR comprehensive and up-to-date in Pakistan, the following recommendations are submitted.

1. Economic Census may be conducted on more than 5.0 Million records of electricity consuming establishments of DISCOs etc. and the resultant information can be utilized to update BR database. This will make BR database more authentic, reliable and comprehensive.

2. There is dire need of cooperation among different departments/sources to make the registration process easy by installing one-window operation.

3. The capacity building of different organization needs to be enhanced. The staff deputed on maintenance of these databases may be trained about their work and output to handle large databases efficiently.