News Alerts

Daily News

Saturday, July 28, 2012

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Taxation: *Pakistan*

No WHT on Rs 50,000 withdrawal from banks

July 28, 2012

SOHAIL SARFRAZ

There would be no withholding tax on cash withdrawal from banks up to the limit of Rs 50,000. Sources told *Business Recorder* here on Friday that the FBR"s explanatory circular to be issued on Monday (July 30) would clarify applicability of the withholding tax on cash withdrawals from banks.

Through Finance Act 2012, aggregated daily cash withdrawal limit without subjecting it to withholding tax has been enhanced to Rs 50,000 from Rs 25,000. The rate of withholding tax remains at 0.2 percent, sources added. When contacted, a tax expert said that if the cash withdrawal from banks exceeds Rs 50,000, then the entire amount shall be subject to withholding of 0.2 percent. From example, if Rs 51,000 is being withdrawn, the tax withheld would be Rs 102.

Clarification

July 28, 2012

Apropos a news item "Another scam by used car importers" carried by *Business Recorder* on July, 12, 2012, it has been clarified that:

"The Ministry receives a number of applications whereby overseas Pakistanis seek condonation of one or more restrictions imposed by the Appendix-B of the IPO 2009. To alleviate the genuine grievances, in exercise of para 19 of IPO 2009, it has been decided to authorise concerned Customs Collectors to release the vehicles that are more than five (05) years old against surcharge as per following schedule.

---- Surcharges in each slab are to be calculated on the basis of each month in excess of prescribed age limit eg a ten month overage 1500 cc car shall be charged a surcharge of 130% of C&F value. "Vehicles older than one year over the prescribed age limit shall not be allowed to be released. In no case, apparent willful default shall be condoned. "Delay of shipment shall be condoned to a maximum of 30 days against a surcharge at 5% per fortnight rounded off to the higher side."

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Sr. No Engine Capacity Surcharge in Excess of Stipulated Period(5 years) Percentage of C&F Value atmonthly compound rate*Up to 3 months Up to 6 months Up to 1 year

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Sr. No / Engine Capacity	Up to 3 months	Up to 6 months	Up to 1 year
1. Up to 1300 cc	5% per month	8% per month	10% per month
2. 1301 cc to 1800 cc	6% per month	9% per month	13% per month
3. 1801 cc to 2000 cc	7% per month	10% per month	15% per month
4. Over 2000 cc	10% per month	13% per month	18% per month

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Output tax payable on taxable services: ST paid on purchases admissible for adjustment: PRA

July 28, 2012

The sales tax paid on purchase of goods under the Sales Tax Act, 1990 administered by the Federal Board of Revenue would be admissible for adjustment against the amounts of output tax payable on taxable services under the Punjab Sales Tax on Services Act.

According to the information released by the PRA here on Friday, the sales tax paid on purchase of goods under the Sales Tax Act, 1990 (VII of 1990) administered by the Federal Board of Revenue shall be admissible for adjustment against the amounts of output tax payable on taxable services under the Punjab Sales Tax on Services Act, subject to the conditions and limitations specified in the Punjab Sales Tax on Services (Adjustment of Tax) Rules, 2012.

The PRA will charge sales tax on 14 services including hotels, clubs, caterers, advertisements on T.V & radio including cable TV, insurance, banking companies and stock brokers. So far only 14 services have been bought under tax net in the Punjab Sales Tax on Services Act, 2012. They include services relating to hotels, clubs, caterers, advertisements on TV & radio including cable TV, customs agents, ship chandlers, stevedores, telecommunication services, insurance and re-insurance, banking companies, non-banking financial institutions, stock brokers, shipping agents and courier services. The Second Schedule of the said Act gives full description of taxable services.

The PRA said that the standard rate of sales tax is 16 percent of the value of a service or services. However, telecommunication services are liable to sales tax @ 19.5 percent. However, there is no change in tax rate as yet. The sales tax return can be filed either electronically or manually. A complete procedure for filing of a return is prescribed under the Punjab Sales Tax on Services (Filing of Returns) Rules, 2012.

Sales tax registration number may be obtained from the Punjab Revenue Authority either through electronic or manual request. There is no fee or any charge on obtaining sales tax registration from PRA. A complete procedure for obtaining sales tax registration along with relevant forms is available in the Punjab Sales Tax on Services (Registration & Deregistration) Rules, 2012.

In case a service provider is already registered with the FBR, the person need not to obtain a separate or additional registration for PRA. The system will automatically prefix the letter "P" with person's previous registration number and include the name in the registration data base (population of registered persons) of PRA. The person will get intimation about such change, whereupon the person will be entitled to refer such registration number in all your references, documents, returns, declarations and statements filed with or sent to PRA.

World Bank's revenue mobilisation programme: reasons behind low tax-to-GDP ratio to be ascertained

July 28, 2012

The new World Bank (WB) funded revenue mobilisation program of the Federal Board of Revenue (FBR) would identify reasons for persistent decline in tax-to-GDP ratio for last many years despite reforms in the tax administration. Sources told *Business Recorder* here on Friday that the WB has finalised key activities under the new revenue mobilisation program to ascertain reasons for low tax-to-GDP ratio of Pakistan along with reforms to broaden the tax base.

In this regard latest report has been prepared by the WB on fresh reforms package under the revenue mobilisation program being launched in August 2012. According to the WB report on the revenue mobilisation program, it is essential to diagnose what went right or wrong in the past 2001/02 strategy: and this includes a thorough evaluation of the reasons why the tax to GDP ratio declined over the decade. Secondly, an inventory of tax measures (and legislation) has been passed but not fully implemented and actions taken to resolve these issues still needs to he taken. Thirdly, the full roll-out of the functional organisation approved for FBR cannot be achieved under current circumstances, as many functions are still performed manually, alongside partially implemented IT systems, which leads to inefficiencies in every area of FBR and preserve the potential for corruption.

Fourthly, the staff turnover and arbitrary and unpredictable rotation for staff needs to addressed. Currently the Human Resource Management (HRM) function is being bypassed and ad hoc personnel and training decisions are being made without regard to existing HR and training policies.

This leads to a dysfunctional organisation, directly contributes to informality at all levels of the organisation and impedes systematic implementation of any reform agenda. The key HRM policy reforms critically affecting FBR employees need to be approved by decision-makers concerning performance evaluation methodologies, bonus and incentive pay schemes to improve performance including career path and promotion criteria. Such initiatives, pending official approval, should he made a priority of FBR and resolved within a specified time frame.

Fifthly, FBR Members should identify and deal with organisational mechanisms such as strategic planning and related annual review of FBR priorities, not only focusing in achieving revenue targets. The PPF should help develop the strategic vision and plan for FBR aimed to address this challenge, WB said

The WB report said first workshop was held for FBR Board Members and key management stall' to review core elements to consider toward developing a new FBR strategy. The Presentation identified key challenges remaining from the previous Tax Administration Reform Program (TARP) and reviewed lessons learned under its execution. The workshop also Proposed a new approach to strategic planning, based on best-practices and discussed a possible participatory methodology for change management based on a leadership paradigm that encourages team-building, close co-ordination, and effective co-operation across FBR departments and units to achieve an explicitly stated vision, mission and institutional objectives in the Inland Revenue Service (IRS), Customs, all RTOs and LTUs and each of their respective functional units. The outcome of the workshop brought to light a number of interesting issues, some of which will he addressed by the PPF and others of which will need to be tackled before a larger reform effort can be undertaken.

The WB said that the Project Preparation Facility (PPF) is an advance loan (US $3 million) to design and settle the ground of a larger proposed project on Revenue Mobilisation. The project aims to build a modern tax system and a transparent, effective and results-oriented tax administration so as to facilitate and improve taxpayers compliance with tax laws.

In this way, it should consolidate progress achieved in the previous Tax Administration Reform project (TARP) through the introduction of a performance management framework and the support of customised Disbursement-Linked Indicators (DLIs) in FBR. The project is expected to help raise tax revenues by improving tax policy and revenue forecasting capacity and effectiveness accountability, and transparency of tax administration through institutional changes that favour a results-based management (RBM) approach.

Preliminary components of the reform program included in the PPF are four as follows: Improving tax policy formulation and revenue forecasting; Consolidating FBR tax administration reform by strengthening functions supporting results-oriented management; Enhancing accountability and transparency of tax administration and Strengthening FBR automation for a modern and performance-based administration.

The PPF also includes selected activities for the Federal Tax Ombudsman (FTO) office. The PPF was countersigned by EAD but a few important steps are still needed to complete its start-up (see below). The PPF execution cannot go beyond two years and FBR have Authorities have expressed their intention to execute it in less than a year, so that the larger operation gets approved in the near term, sources added.

ITMS not properly understood: World Bank

July 28, 2012

The World Bank has said that the Integrated Tax Management System (ITMS) of the Federal Board of Revenue (FBR) has not been properly understood by the Inland Revenue officers, which resulted in minimum use of the most crucial tax administration reforms system.

It is learnt here on Friday that the WB has drafted a detailed report on the new revenue mobilisation program for the FBR with specific focus on the improvement of the IT systems of the Board. According to the WB, there are contrasting views on FBR IT systems. On the positive side, the taxpayer using modules of both customs and other taxes systems are doing well as there is very high rate of utilisation of electronic filing and transaction among active tax payers.

The FBR facing functions of the Web-based Customs Clearance System (WeBOC) system are also working well and customs officers using it are generally satisfied. On the negative side, however, the FBR-facing functionality of the ITMS system is being minimally used and is not well understood by IR tax officers for lack of customised and intensive training.

The mission did not collect evidence on the possible resistance to change by the field formations. However, it heard complaints about the lack of users and taxpayers' friendliness when using the system, which is a common problem and call for intensive permanent consultation and customisation. Unfortunately, and as a result the ITMS adequacy and functionality appears inadequate to many (but not all) tax officials, often without the benefit of hands-on examination of the system. This unfortunate situation has remained largely static during the last two years and amounts to an opportunity loss of strategic proportions. The WB said that fundamentally, the problem stems from lack of adequate functioning of institutional mechanisms (IT governance) to perform the business-side processes necessary for successful automation of FBR. The Core Business Domain Team (CBDT) formed in June 2010 to this purpose produced two diagnostics and work planning reports in July and September 2011, but was otherwise unable to fulfil any of its own Terms of Reference. Instead, it put in place major obstacles to the successful deployment of the ITMS in field offices, notably the delivery of organised training to users.

In addition, the CBDT was to co-ordinate the re-engineering of business processes (BPR) and the development of a matching standard operating procedures (SOP) manual. As a result, to a great extent, business processes at LTUs and RTOs remain largely manual and have little use of the ITMS system. Addressing the governance of IT systems is the single most important challenge to face in the near term by FBR. In this regard, the mission is of the view that any rational arrangement that is consistently pursued, with clear leadership and endorsement by top management will work well for the ITMS function under PRAL and for WeBOC, including those suggested by the IBM study, a set of possible alternative arrangements, including strengthened management and control of PRAL as well a better alignment of its annual work plan with FBR priorities, is offered for FBR consideration, WB said.

The mission also strongly suggests several priority actions. The most important ones are rapid and massive action to address a repressed agenda of unresolved business issues needed to fill functional gaps of ITMS in close consultation with FBR members. LTUs and RTOs; urgent management decision to develop a Business Reengineering Process study and Standard Operating Procedures for field offices for the IR function; a number of other institutional mechanisms for strengthening management of the IT function, articulation of business requirements from automation, and well co-ordinated management of automation projects and as a result, a restructured set of PPF activities, including intensive hands-on training for FBR Board and field office managers of LTUs and RTOs on the capabilities and customisation of the ITMS.

The WB said that mission examined the status of the IT support function and found that on the whole FBR already has comprehensive. Integrated, technically sound tax administration (ITMS) and Customs clearance systems (WeBOC) similar in functionality to those available in the international marketplace for tax administrations. The ITMS has similar functionality to that of well known commercial software and of bespoke software developed by other tax administrations world-wide, like Sogema, Gentax and CA-TRIPS. The WeBOC has also similar functionality than commercial Customs clearance and trade facilitation software well known internationally like Crown Agent's CA-TRIPS. Furthermore, in PRAL, FBR has a strategic resource available to few similar organisations in the world: a professional IT organisation, structured as a wholly owned private company for reasons of efficiency and sustainability.

Furthermore, the status of the IT infrastructure is adequate and barring the limitations of telecommunications and power service in Pakistan this infrastructure is an adequate platform for expanded use of IT systems in pursuit of revenue mobilisation. Unfortunately, much of PRAL potential is not fully utilised. The WB report added that the IT-related activities for the PPF aim to develop the designs, models and institutional structures necessary for a major accelerated expansion in the use of IT that effectively enhances revenue mobilisation. These activities would contribute directly to major objectives of FBR and the eventual completion of sonic of them might be tied to future proposed DLIs. The TORs for these activities will need to he precisely drafted by FBR on or before August 15, 2012 and then discussed and agreed upon with the Bank, the report added.

mendments to IT Rules: FBR seeks views, suggestions

July 28, 2012

The Federal Board of Revenue (FBR) has published amendments in the Income Tax Rules, 2002 in relation to Capital Gains Tax (CGT). In this regard a notification is available on the

FBR website seeking views/suggestions within a period of 15 days from its publication.

The National Clearing Company of Pakistan Limited (NCCPL) has asked all members to review the draft rules and provide their feedback/ comments by Monday, July 30, 2012, so that the same may be taken up with the FBR within the deadline. In this respect, NCCPL has scheduled a detailed presentation on the computation, determination and collection of CGT on Monday, July 30, 2012 at 02:00pm, at the auditorium of Karachi Stock Exchange. The NCCPL has requested all clearing members to participate in the presentation.

NCCPL clearance mandatory for investors' account closures

July 28, 2012

MUHAMMAD ALI

The Federal Board of Revenue (FBR) has made acquisition of a clearance certificate from the National Clearing Company of Pakistan Limited (NCCPL) mandatory for closing brokerage accounts of investors, sources told *Business Recorder* on Friday.

According to sources, the board change was made through draft amendments made in the rules relating to Capital Gains Tax (CGT). They said that the FBR had authorised shareholders to lodge refund claims if they were not satisfied with the CGT deduction.

"Any person, if not satisfied with the computation of capital gain or tax thereon or both made by NCCPL for the purpose of the said Eighth Schedule, such person may re-compute the capital gain and lodge claim of refund, if any, with the Commissioner after filing of return of income and the Commissioner shall refund the amount of tax in accordance with provisions of Part VI of Chapter X of the Ordinance."

They said that the NCCPL had been directed to compute capital gain or loss only on the basis of FIFO (First-in, First Out) inventory accounting method on market-based transactions of listed securities. They further said that if FIFO method was not applicable on the sale of shares purchased on the same trading day, capital gain or loss should be computed on average method.

Business & Economy

TCP awards tender for 50,000 MT urea

Friday, 27 July 2012 20:02

Written by Asad Naeem

KARACHI: Trading Corporation of Pakistan (TCP) has awarded contract for import of 50,000 metric tons (MT) of urea at $ 419.39 per metric ton C&F, to the lowest bidder M/s. Key Trade AG, Switzerland.

According to TCP here Friday, the tender was floated on 13-07-2012. In all nine (9) bids were received. The prices quoted in the tender ranged from $ 419.39 to $ 447.39 PMT (C&F).

All bids were found responsive in terms of prescribed evaluation criteria. M/s. Key Trade offered the lowest price of $ 419.39 per metric ton C&F for 50,000 MT, conforming to technical specifications and terms & conditions of the tender.

Keeping in view the competitiveness and consonance of the price vis-a-vis the international prices of urea, the offer was accepted and the contract was awarded to the lowest bidder, accordingly.

With award of this tender, TCP has completed procurement of total targeted quantity of 300,000 MT urea assigned to it by the government for current Kharif-2012.

TCP said that out of the earlier contracted quantity of 250,000 MT, around 110,000 MT urea has arrived and delivered to National Fertilizer Marketing Ltd (NFML) whereas shipment of balance imported urea is in pipeline.

Weekly inflation goes down

Friday, 27 July 2012 14:45

Written by Muhammad Iqbal

ISLAMABAD: The Sensitive Price Indicator (SPI) for the week ended on July 26, for the lowest income group up to Rs.8,000, registered decrease of 0.83 per cent as compared to the previous week.

The SPI for the week under review in the above mentioned group was recorded at 177.50 points against 178.99 points registered in the previous week, according to provisional figures of Pakistan Bureau of Statistics (FBS).

The weekly SPI has been computed with base 2007-2008=100, covering 17 urban centers and 53 essential items for all income groups and combined.

The SPI for the combined group decreased by 0.79 per cent as it went down from 184.99 points in the previous week to 183.53 points in the week under review.

As compared to the corresponding week of last year, the SPI for the combined group in the week under review witnessed increase of 6.71 percent.

As compared to the last week, the SPI for the income groups from Rs.8001-12,000, 12,001-18,000, 18001-35,000 and above Rs.35,000 decreased by 0.82, 0.83, 0.82 and 0.73 respectively.

During the week under review average prices of 12 items registered decrease, while that of 18 items increase with the remaining 23 items' prices unchanged.

The items which recorded decrease in their average prices during the week under review included chicken live (farm), wheat flour (bag), tea (packet), tomatoes, mash pulse (washed), moong pulse (washed), masoor pulse (washed), vegetable ghee (tin), cooking oil (tin), vegetable ghee (loose), gram pulse (washed) and sugar.

The items which registered increase in their prices included bananas, garlic, LPG (11 kg cylender), potatoes, wheat, milk (powdered), washing soap, onions, gur, egg hen (farm), mustard oil, milk (fresh), red chillies (powder), rice basmati (broken), shirting, curd, long cloth (coarse latha) and rice (irri- 6).

The items with no change in their average prices during the week under review included bread (plain), beef, mutton, salt powdered (loose), cooked beef, cooked dal, tea (prepared), cigarettes, lawn, georgette, sandal (gents), chappal (gents), sandal (ladies), electric charges, gas charges (upto 100m3), kerosene oil, firewood, energy savor, match box, petrol, diesel, telephone local call and bath soap.

Industries & Sectors

IT ministry to hire 3G licence consultant

Friday, 27 July 2012 17:10

Written by Fakir Syed Iqtidaruddin

ISLAMABAD: It was decided in a briefing on 3G licence by the Ministry of Information Technology, chaired by Prime Minister Raja Pervez Ashraf, to immediately give advertisement in the media for hiring of a consultant to expedite the process of 3G licence auction which had already got delayed considerably due to the unnecessary official procedures.

The PTA was directed to seek list of experts from Ministry of Information Technology to evaluate Expression of Interest (EOI) from the consultant.

PTA assured that the letter would be written to the Ministry for seeking the list of participants to be the part of the EOI/RFP committee in order to meet the imperative of transparency in absolute terms.

PTA Member Technical assured that after receiving the list from Ministry of Information Technology PTA would accord approval as per the provision of section 5 (2) (R) of Pakistan Telecommunication Re-Organization Act 1996.

It was also reiterated in the meeting that it is the PTA's responsibility to carry out the auction of 3G license in a transparent manner.

The meeting was attended by Qamar Zaman Kaira, Minister for Information and Broadcasting, Dr. Abdul Hafeez Sheikh, Minister for Finance, Chaudhry Ahmad Mukhtar, Minister for Water and Power, Asim Hussain, Advisor on Petroleum, Secretaries for IT, Finance, Law & Justice and other government officials.

Cotton and Textiles: *Pakistan*

Cotton market: rise in phutti arrivals may cause further decline in rates

July 28, 2012

Prices showed slight fall on the cotton market on Friday amid extended arrivals of phutti and it is also expected that the rates may continue to fall further in the coming days, dealers said. The official spot rate was unchanged at Rs 5600, they said.

In the ready business over 12,000 bales of cotton changed hands between Rs 5475-5700, they said. The price of seedcotton in Sindh low type was at Rs 2600 and best quality was at Rs 2625, in the Punjab rates were at Rs 2100 2400, they added. Market sources said that phutti arrivals are on peak as weather is favourable and crop condition is good, cotton growers were expecting monsoon rain may not damage cotton crop. In Punjab, quantity is better-than-expected but best quality cotton from Sindh is short in supply, they said.

Exporters are enquiring about the rates but not finalising any deal, probably they are waiting further decline in the rates. According to the Reuters, the NY cotton futures closed higher on Thursday, snapping three days of losses after approaching one-month lows a day earlier as India's government warned of the possibility of a drought in one of the world's largest fiber producers. The benchmark December cotton contract on ICE Futures US rose 1.88 cents or 2.7 percent to settle at 71.39 cents per lb, trading between 69.51 cents and 72.08 cents. Wednesday's settlement was the lowest in almost a month, Thomson Reuters data showed.

The following deals were reported: 600 bales of cotton from Sanghar sold at Rs 5600-5700, 1200 bales of cotton from Shahdad Pur at Rs 5650/5700, 200 bales of cotton from Tando Mohammad Khan at Rs 5650, 200 bales of cotton from Khipro at Rs 5650, 600 bales of cotton from Tando Adam at Rs 5650-5700, 400 bales of cotton from Matyari at Rs 5625-5650, 400 bales of cotton from Nooriabad at Rs 5650-5700, 600 bales of cotton from Mir Pur Khas at Rs 5600-5700, 200 bales of cotton from Hasil Pur at Rs 5550, 1000 bales of cotton from Gajjo Mandi at Rs 5550, 1200 bales of cotton from Burewala at Rs 5550, 600 bales of cotton from Arifwala at Rs 5550, 600 bales of cotton from Sahiwal at Rs 5475-5550, 600 bales of cotton from Bahawal Nagar at Rs 5500-5550, 200 bales of cotton from Jhanian at Rs 5500, 400 bales of cotton from Khanewal at Rs 5550, 200 bales of cotton from Shujabad at Rs 5500, 200 bales of cotton from Garh Maharaja at Rs 5600, 200 bales of cotton from Jhang at Rs 5600, 200 bales of cotton from Sadiqabad at Rs 5600.

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The KCA Official Spot Rate for Local Dealings in Pak Rupees

FOR BASE GRADE 3 STAPLE LENGTH 1-1/32"

--MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

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Rate Ex-Gin Upcountry Spot Rate Spot Rate DifferenceFor Price Ex-Karachi Ex. KHI. As Ex-Karachion 26.07.2012

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37.324 Kgs 5,600 130 5,730 5,730 NIL

Equivalent

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40 Kgs 6,002 130 6,132 6,132 NIL

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Cotton growers advised to take measures to protect crop

July 28, 2012

Cotton crop keeps a very important place in the national agriculture as its good production not only improves the financial situation of the growers but also strengthens the national economy. These views were expressed by the Minister Agriculture Malik Ahmad Ali Aulakh while talking to a group of growers in his office here on Friday. Minister Agriculture said that attack of leaf curl virus has been seen in some areas.

He advised the growers to pay special attention on irrigation and application of nutrients to the affected fields for proper growth of the crop. He also stressed the need to keep the field clean of weeds. He said white fly causes spread of leaf curl virus and the farmers should regularly conduct pest scouting and where they found attack of white fly above the allowed threshold should use appropriate pesticide with the consultation of experts of the agriculture department. Growers on this occasion apprised the minister about their issues and he issued on the spot orders on these complaints for their early solution.

Agriculture and Allied: *Pakistan*

Kabul, Swat rivers run in low, medium flood

July 28, 2012

The Federal Flood Commission (FFC) on Friday said that Kabul and Swat rivers are flowing in low and medium flood. According to daily FFC report, all main rivers Indus, Jhelum, Chenab, Ravi and Sutlej are flowing normal while Kabul river is in low flood at Warsak and medium flood at Nowshera. Swat river is also flowing in low flood with rising trend at Charsadda Road Bridge.

The actual river flows and reservoir elevations indicates that Tarbela and Mangla dams are at elevations of 1461.73 feet and 1152.50 feet respectively, which are 88.27 feet and 89.50 feet below their respective Maximum Conservation Levels of 1550.00 feet and 1242.00 feet. The combined live storage position of Tarbela, Chashma and Mangla reservoirs is 4.384 MAF as compared to last year's 6.808 MAF.

According to Flood Forecasting Division (FFD), Lahore, yesterday's trough of Westerly Wave over north-eastern Afghanistan now lies over north of Kashmir. Seasonal Low lies over North-western Balochistan. The Flood Forecasting Division (FFD) predicted mainly humid weather over most parts of the country during the next 24 hours. However, isolated thundershowers are expected over Khyber Pakhtunkhwa, Punjab, Gilgit-Baltistan and Kashmir including Rawalpindi, Sargodha, Gujranwala, Lahore and Bahawalpur Divisions, besides upper catchments of Rivers Indus, Jhelum, Chenab, Ravi and Sutlej during the same period.

TCP awards tender to import 50,000 tons of urea

July 28, 2012

Trading Corporation of Pakistan (TCP) on Friday awarded tender for the import of 50,000 ton of urea at 419.39 dollars per ton. TCP is importing urea on the directives of Economic Co-ordination Committee of the cabinet to avoid any shortage during Kharif season.

A task to import 300,000 tons of urea was given to state ruin grain trader in April this year, out of which deals for the import of 250,000 tons have already singed with different parties and on Friday remaining quantity has also awarded to lowest bidder.

TCP"s urea import tender, floated on 13th of this month, opened on Thursday at head office and some nine international suppliers participated in the tender. The prices quoted in the tender ranged from 419.39 dollars to 447.39 dollars per tons (Cost and Freight). All bids, submitted by pre-qualified suppliers, were found responsive in terms of prescribed evaluation criteria in the tender.

Key Trader Switzerland offered the lowest price of 419.39 dollars per ton (C&F) for supply of 50,000 tons and deposited a bid amount of 990,000 dollars. In additions, its bid was as per conforming to technical specifications and terms & conditions of the tender, issued by TCP. Accordingly TCP has accepted bid and contract was awarded to Key Trader being the lowest bidder.

Other bidders namely Transammonia A G Switzerland offered to supply 50,000 tons urea at 419.57 dollars per ton, Samsung C&T Corporation 426 dollars, Liven Agrichem Ltd 428 dollars per ton, Qountum 431.99 dollars per ton, Transfert FZ Corporation 432.95 dollars, Dreymoor Fertiliser Overseas PTE Ltd 437 dollars per ton, Teopfer International 439 dollars per ton and CHS Europe submitted bid for supply of 50,000 tons at 447.39 dollars per ton.

With award of this tender, TCP has completed procurement of total targeted quantity of 300,000 tons urea assigned by ECC for current Kharif-2012. Some delay was occurred in the urea import as Public Procurement Regulatory Authority (PPRA) did not allowed price matching in current urea import tender. Overall TCP has issued three tenders to finalise deals for import of 300,000 tons of urea. Similarly, out of the earlier contracted quantity of 250,000 tons, around 110,000 tons urea has already reached Pakistan and delivered to National Fertiliser Marketing Limited (NFML), which is responsible for transportation and supply across the country.

Pulses import hits $433.436 million mark in fiscal year 2012

July 28, 2012

ANWAR KHAN

Pakistan''s import of pulses hit $433.436 million in fiscal year 2011-12 which is higher by 8 percent or $30.317 million because the weather effects shortened the crops yield nearly 65 percent, importers said Friday. "Severe weather hit the country''s pulses crops and only 35 percent production could hardly be managed," a leading pulses importer, Haji Majeed told *Business Recorder*.

He said drought spell kept the pulses crops undersized, adding that chana crops were the most affected mainly because of lack of irrigation in March-April period. The country imported pulses worth $433.436 million in 2011-12 as compared to the commodity''s import of $403.119 million in fiscal year 2010-11, showing an increase of 7.52 percent or $30.317 million, according to Pakistan Bureau of Statistics.

In terms of quantity, pulses import surged 5 percent or 298,640 metric tons in fiscal year 2011-12 to 667,231 metric tons as compared to the commodity"s import of 637,367 metric tons in fiscal year 2010-11, the statistics indicated. Haji Majeed said the country"s import of pulses dependence is mainly on Australia, Canada, Burma, Tanzania and Ethiopia.

Importers earlier had estimated that the country will have to import 80 percent of pulses after the winter frost hit crops in the country, followed by a dry spell of drought, leaving the yield nearly ravaged. They said the nation consumes 0.6 million metric tonnes of pulses every year while this year the country will have to import the commodity as around 80 percent of the local crop failed to yield.

The country"s import of pulses remained 72.48 percent or $23.406 million higher during June 2011-12 to $55.698 million as compared to the commodity"s import of $32.292 million in June 2011, the statistics show. Haji Majeed said, "now there is no further need to import the commodity to satisfy the local demand because the product has been imported in a sufficient volume." The country"s import of pulses in terms of volume remained also higher by 69 percent or 2,302 metric tons in June 2011-12 to 83,615 metric tons as compared to the commodity"s import of 81,313 metric tons in June 2011, statistics said.

Dispute between tobacco growers, MNCs persists over prices

July 28, 2012

AMJAD ALI SHAH

Tobacco is a cash crop of Khyber-Pakhtunkhwa, mostly being cultivated in Buner, Swabi, Mardan, Charssada and Manshera areas with a large variety of Virginia tobacco. The Khyber Pakhtunkhwa government earns a hefty Rs 50-60billion in federal excise duty, while nearly Rs 250million is generated from the tobacco sector in the province.

Similarly, the Pakistan Tobacco Board receives Rs 180 million in taxes on tobacco. Despite huge income generation from this sector, exploitation of poor tobacco farmers continues with impunity. Statistics compiled by Pakistan Tobacco Company (PTC), Khyber-Pakhtunkhwa's total tobacco production is nearly 14 percent higher than the global average, while 22 percent higher than the national level. About six percent tobacco is produced in Buner, 38 percent in Swabi, five percent in Manshera, 25 percent in Mardan, in Charsadda 15 percent, data showed.

Similarly, data also showed that an area of 36,016 hectares were under tobacco cultivation in the aforementioned districts of Khyber-Pakhtunkhwa. Total tobacco volume is about 93,080 tons, with a production value of about Rs 10.09billion, while its share in national cropped areas is about 64 percent. Pakistan Tobacco Company generated an income of Rs 3.9billion in 2011 from the tobacco farming sector in KPK.

The sector provides direct employment to 19,375 persons while 7,556 persons are indirectly supported by PTC activities. Likewise, employment generation in tobacco farming is about 26,931, in manufacturing it is about 7,041, while in distribution and retailing nearly 3,391, with total employment generation of around 37, 363 in KPK. Statistics compiled by PTC in 2012 said that the company invested Rs 5 billion, while making an annual contribution of Rs 6 billion to income generation from the tobacco sector in the province. The sector provides full-time employment to about 37,000 persons; the total number of direct and indirect affiliated persons number around 175,000.

Growers always blamed tobacco manufacturing companies for allegedly manipulating crop prices. However, Pakistan Tobacco Board's role in settling crop prices appears to be redundant. Farmers complained that the board usually sides with " a few influential farming community leaders".

This season, the controversy again developed between growers and companies over the fixing of support prices, as the price set by the board was rejected by farmers. Despite a decline in the cost of production, multi-national companies (MNCs) involved in producing tobacco and manufacturing tobacco products, refused to accept farmers' demands. A 10-member committee, constituted by the Ministry of Food and Agriculture, had carried out a survey in tobacco producing areas of Khyber-Pakhtunkhwa a month ago.

According to the survey's findings, the committee recommended to fix tobacco prices at a minimum price of Rs 169.49 per/Kg with a profit of Rs 12. The committee report submitted to Ministry of Commerce, called for increasing tobacco prices, but the recommended prices were yet to be implemented.

After the survey, growers rejected prices fixed at Rs 117/Kg by Pakistan Tobacco Board. Farmers accused the board of favouring multi-national companies. Elected representatives of the ruling ANP also expressed displeasure over tobacco companies' manipulations against poor farmers also called for immediate intervention of the federal government for an amicable resolution of the issue.

Growing exploitation of poor farmers has created widespread anger and frustration. Most poor farmers have no other source of income; they are totally dependent on tobacco crop. "Our production cost has increased and fixing prices at Rs 127 per Kg is unjust," said Mohammad Azam Khan, the president Kashtkaar Co-ordination Committee.

He said that tobacco prices should be fixed at Rs 183.4 per Kg to benefit growers. The government, he said, should also bind multi-national companies to purchase tobacco at a rate to offset production costs. "We will not tolerate unjustified policies of these companies," he warned, adding that the PTB had failed to convince the companies to fix tobacco prices in accordance with recommendations of the committee.

"A price fixing mechanism was adopted before the purchasing of tobacco by multi-national companies," said Zahoor Khalil, the chairman of Pakistan Tobacco Board. He said prices were fixed in a balanced manner and in consultation with growers' representatives. "Once announced by tobacco companies, prices could not be revised or increased."

The PTB, he said, had increased for the first time tobacco prices, raising them from Rs 117 per/Kg to Rs 122 per/Kg. "We tried our level best to provide maximum relief to poor farmers, but it was not possible to increase prices after a formal announcement by companies," he argued.

He claimed that the tobacco purchase was in full swing in Khyber-Pakhtunkhwa. He said that tobacco was being purchased at Rs 137 per/Kg in Swabi and Mardan, while it was being bought at Rs 170 per/Kg in Buner. In Mansehra, it was being bought between RS165 and Rs 170 per/Kg.

Fuel and Energy: *Pakistan*

Rising power dues: energy sector''s collapse feared

July 28, 2012

MUSHTAQ GHUMMAN

Top policymakers fear that Pakistan''s energy sector may collapse within a week due to rising power sector dues which have touched Rs 210 billion unless sufficient resources are promptly made available to forestall the collapse. "I fear that the entire energy sector will choke up within a week time as neither Finance Ministry nor Water and Power Ministry are extending funds according to the agreed timeframe," said one of the top government functionaries on condition of anonymity.

Asked whether he thinks that circular debt will be tackled by the economic managers, the reply was in the negative. The Federal Cabinet recently decided that Pakistan State Oil (PSO) would supply 28,000 tons of oil daily to add 1,200MW to the national grid which was implemented for awhile however with PSO not getting agreed funds to open LCs for further import the cabinet decision is simply not implement able.

Petroleum Ministry was also directed to provide 15mmcfd gas immediately to Faisalabad Power Plant for generation of 65MW which, according to official documents, is being implemented. Cabinet had also decided that Petroleum Ministry would divert 207mmcfd gas to the power sector on the request of Water and Power Ministry, but this decision has not been implemented in letter and spirit, said another official. PSO''s receivables from power sector have surged to Rs 220 billion. The Hub Power Company (Hubco) is the leading defaulter of PSO with Rs 108.044 billion outstanding followed by Water and Power Development Authority (Wapda) with Rs 62.064 billion, Kot Adu Power Company (Kapco) with Rs 34.733 billion, Karachi Electricity Supply Company (KESC) with Rs 11.138 billion and Independent Power Plants (IPPs) with Rs 6.19 billion.

The national fuel supplying company has to pay Rs 176.418 billion to local and international fuel suppliers and Rs 30.459 billion to Pak-Arab Refinery (Parco), Rs 17.45 billion to Pakistan Refinery Limited (PRL), Rs 9.7 billion to National Refinery Limited (NRL), Rs 32.96 billion to Atock Oil Refinery Limited (ARL), Rs 2.6 billion to Bosicor and Rs 82.5 billion to Kuwait Petroleum Company Limited.

USAID organises painting competition on energy conservation

July 28, 2012

Homes and schools are among the largest consumers of electricity in Pakistan, and if children are engaged and involved in nation-wide energy conservation, it would result in the reduction of load shedding and uninterrupted electricity to consumers. Energy consumption in everyday life results in environmental degradation and load shedding since energy is produced from fuel, which is culled from coal, oil and natural gas.

These non-renewable sources of energy millions of years in the making will eventually dry up if not conserved. Pakistan has been passing through a grave electricity load-shedding crisis for the last several years which has resulted not only in frustration among the general public but has also affected the economy with a decrease in employment and investment opportunities.

The USAID in June 2012 initiated a nation-wide painting competition for students to help begin a dialog on how energy can be conserved. Aimed at participants between the ages of 8 and 17 years, the competition embraced a variety of themes and styles from watercolors to oil paints and color pencils. Both English and Urdu medium schools were targeted to engage the maximum number of students in energy conservation. Additional information, including the competition's themes, is available at the Programme's website: www.pdip.pk/painting.

The program received more than 5,000 paintings from all over Pakistan while more than 700,000 students visited the Programme's Facebook page which constantly engaged students regarding energy conservation. The Programme has decided to shortlist the top 50 paintings and reward students for their excellent work. "Students being creative and energetic may play an active role in saving energy for the nation and in saving money for their parents. We are setting a trend for power companies to maximise the involvement of students in energy conservation campaigns", said Zia ur Rehman, Director of Communications at the USAID Power Distribution Programme.

Energy sector: chief minister urges American Business Forum to make investment

July 28, 2012

Punjab Chief Minister Muhammad Shahbaz Sharif according to the news of DGPR received here on Friday said that a unanimous national agenda is needed for bringing the country out of the vortex of problems. He asked all political parties, business community, religious scholars, industrialists and stake-holders to evolve a unanimous national agenda.

Similarly, there is a need of evolving national energy and industrial policy, he added. Muhammad Shahbaz Sharif asked American Business Forum to make investment in energy, information technology and other sectors and added that joint ventures can also be launched for this purpose. He expressed these views during a meeting with President American Business Forum Saleem Ghauri and other office-bearers. The Chief Minister said that there are vast opportunities of investment in energy sector in Punjab. He asked American Business Forum to invest in information technology and energy sectors and said that joint ventures can also be started in these sectors. Muhammad Shahbaz Sharif said that Punjab government is launching a programme of provision of solar panels and solar lamps to the people of far-flung areas and American Business Forum can extend co-operation in this regard.

He said that country can be put on the road to progress through hard work, untiring efforts, honesty, sincerity and vibrant policies and this is the vision of Pakistan Muslim League-N. Muhammad Shahbaz Sharif said that the future of Pakistan is linked with information technology and Punjab government is pursuing a comprehensive programme for promotion of information technology. He said that Punjab government is working with Microsoft and other international companies for promotion of IT.

He said that the use of information technology has been promoted in various departments for setting up e-government in the province. Muhammad Shahbaz Sharif said that the work on land record computerisation project is going on speedily. He said that hundreds of thousands of male and female students are getting modern knowledge and awareness about the changing trends in the world through IT labs established in 4,286 high schools of the province at a cost of five billion rupees. He said that IT labs are also being set up in 26 colleges of the province. The Chief Minister said that laptops have been distributed among the talented students of Punjab and other provinces. Muhammad Shahbaz Sharif disclosed that a technology university is also being set up in the provincial metropolis and its first campus will start functioning in Arfa Kareem Software Technology Park in September.

Muhammad Shahbaz Sharif said that a favourable atmosphere has been created for investment in the province and Punjab Investment Board is providing all out facilities to investors under one roof. He directed Vice-Chairman Investment Board, Inspector General Police and Home Secretary to evolve a security plan with consultation of the office-bearers of American Business Forum which should be implemented strictly so that investors could continue their business activities without any fear. The Chief Minister assured that Punjab government will provide all possible co-operation and protection to the investors.

Earlier, office-bearers of American Business Forum while appreciating the initiatives taken by the Punjab government for creating an atmosphere conducive for investment in the Punjab said that they will make further investment in the province while American companies will also come here for investment.

Punjab government unfolds Rs 10 billion energy action plan

July 28, 2012

M RAFIQ GORAYA

The Punjab government has launched energy development action plan at a cost of Rs 10 billion for execution of power projects based on renewable resources such as hydropower, solar and wind coupled with electricity generation based on other indigenous fuel resources such as oil, coal and gas during this year.

Planning and Development sources told *Business Recorder* that the provincial government is aiming to utilize all available sources in the province to provide affordable energy to all segments of economy through increase in generation and conservation of energy with participation of both public and private sectors.

They said that the government is accelerating implementation of public sector projects under the ADB-credited 'Renewable Energy Development Sector Investment Programme (REDSIP)' and introducing appropriate technologies that promise quick indigenization of cheaper sources including solar, coal, biomass and biogas.

The government energy developers said that under its pioneering public sector program envisaging fast-track development of renewable energy resources action plan in the province, Punjab has actively embarked upon implementation of the ADB-assisted "Renewable energy Development Sector Investment Program (REDSIP)" for construction of five (5) hydropower projects at Marala (Sialkot), Chianwali (Gujranwala), Deg Out Fall (Sheikhupura), Pakpattan (Pakpattan), Okara (Okara) with cumulative installed potential of 25 MW and annual generation of 140 GWh.

'Out of these execution contracts under International Contract Bidding (ICB) for Marala (7.64 MW) and Pakpattan (2.82 MW) have been awarded and the contracting Joint Ventures have started detailed designing to undertake these turnkey projects", they added .They further said that bids on Deg outfall (4.04 MW), Chianwali (5.38 MW) and Okara (4.16 MW) are presently under evaluation for award. Further, feasibility appraisals are in progress for development of five (5) additional hydropower sites at barrages and canal systems (Khanki and Qadirabad barrages and LCC, UCC and QB Link Canals) to have total installed capacity of 55 MW with annual energy generation potential of 206 GWh. Under a separate initiative, a detailed technical feasibility study has also been launched to investigate 120 MW power generation potential at the Taunsa Barrage, they added.

Energy sector experts say that that Pakistan has been experiencing the worst energy crisis in its history since 2007. Total installed electricity generation capacity of Pakistan is 22,668 MW with demand growing at 8 percent annually. Power shortage in the industrial, agricultural and domestic sectors cumulatively compounded to critical proportions during the year 2011 when gap between peak demand and supply exceeded 7000 MW. Punjab consumes

68 percent of the total electricity generated in the country and is coping with severe energy shortfalls that have very adversely hit its targets for annual GDP growth rates of 6 percent for the past many years.

Since revision of the Punjab Power Policy in year 2009, the province has accelerated activities toward envisaged action plans for renewable energy development in the province. After establishment of the Punjab Power Development Company Limited (PPDCL) to implement the ADB-assisted five low-head hydel power projects in public se ctor and the Punjab Power Development Board (PPDB) to facilitate power sector investments in private sector. An independent Energy Department has also been established by government of Punjab in 2011 to plan, oversee and administer the development, growth and regulation of energy sector in Punjab.

OGDC spent Rs 700 million on social sector in Sindh since 2005: Parliamentary committee told

July 28, 2012

ABDUL RASHEED AZAD

A parliamentary committee on Friday was informed that the Oil and Gas Development Company Limited (OGDCL) had spent over Rs 700 million on the development of social sector in Sindh since 2005. The panel met here on Friday with Nawab Ali Wassan, the convenor of the National Assembly's Sub-Committee on Petroleum and Natural Resources, to review development and welfare schemes carried out by the OGDCL and other exploration and production companies in the province.

The panel directed OGDCL's management to initiate independent development schemes in Sindh to avoid duplication of funds, saying that it was routine for administrations of the schools or hospitals to request organisations to contribute, while getting government.

Officials of OGDCL told members of the sub-committee that the company had disbursed more than Rs 320 million for infrastructure development in various areas of Sindh. Officials said that Rs 100 million had been spent to establish a disaster relief centre in Mirpur Mathelo while Rs 465 million were spent on setting up a technical training centre. They also said that for 2012-13, Rs 7 million had been earmarked to provide free medical facilities to people in Tando Adam, Bobi Kunar, Qadirpur and other areas, adding that Rs 880 million would be utilised on gas supply projects in different areas.

Officials said several projects of education and health had been initiated in collaboration with the government. The committee directed the OGDCL authorities to continue projects separately as it would be helpful in avoiding wastage of funds.

Expressing concern over the installation of air-conditioners in a medical complex in Tando Adam and directed officials concerned to provide generators in remote areas instead of providing air-conditioners.

Expressing concern over the slow pace of development work by OMV, the committee members directed the company to focus on quality of services. They said that medicines were not available in medical centers established by OMV and services being provided in these centers were also of poor quality. Earlier, OMV officials said that company was spending 70 percent more than their obligations and providing scholarships to students in different areas, besides providing them technical education. They said that their organisation was spending 74 percent of its budget on provision of education in the province.

Miscellaneous News

Caught in the act: Govt may constitute panel to revisit poverty calculations

By Shahbaz Rana

Published: July 28, 2012

FUDGED DATA?: 4.8% is the purported decline in the incidence of poverty in 2011, according to the HIES. ILLUSTRATION: JAMAL KHURSHID

ISLAMABAD:

The government will likely constitute a panel to review the existing methodology behind poverty calculations, after official figures anomalously depicted a decline in the incidence of poverty in 2011; despite sluggish growth in the economy and double-digit inflation over five consecutive years.

A summary to this effect has been moved to the Deputy Chairman of the Planning Commission for deliberation, sources in the Planning Commission told *The Express Tribune.*

The need to constitute the panel arose after the consumption-based methodology used in the calculation showed a 4.8% 'decline' in the incidence of poverty. According to the findings of the Household Integrated Economic Survey (HIES) 2011, the incidence of poverty purportedly decreased from 17.2% in 2008, to 12.4% in 2011. According to the HIES, average per capita monthly expenditures rose by 57.5%, while average per capita monthly income grew 55.5% between 2008 and 2011.

After these figures were officially announced, the government found itself in a tight spot when asked to explain how over seven million Pakistanis were suddenly transported above the poverty line. It has so far desisted from giving its own explanation for the misreporting of poverty figures.

The committee's proposed mandate is to review the methodology, which is currently based on consumption. According to the method used, if a person is able to consume 2,350 calories per day – which cost Rs1,745 per month – then the individual is assumed to be living above the poverty line.

This methodology had been introduced during Pervez Musharraf's regime, and had instantly led to a 'decline' in poverty figures by over 11 percentage points. During the same period, though, as poverty 'declined', inequality was calculated as having risen in the country. This meant that there were fewer poor persons in the country, but wealth was not distributed equally across income groups.

But according to the HIES, not only did poverty fall, but inequality also diminished in 2011. This effectively meant that there were lesser poor persons in the country, and that the nation's wealth was more equitably distributed. Even a cursory analysis of independent economic data reveals that this is certainly not the case.

The GM Arif Committee – constituted by the Planning Commission to crunch poverty-related numbers – has also recommended analysing this 'unique' trend, yielded by the current calculations, in greater detail.

Independent economists, including authorities on poverty, are of the view that the existing methodology was designed in a way that poverty figures would keep declining over the years, irrespective of ground realities. This would benefit electioneering and score brownie points for the government when its economic policies came under review.

Officials in the Planning Commission are also critical of the modern calculation method, and expressed a mock fear that "a day will come when officially there will be no poor in the country." Sarcasm aside, they complained that such practices are extremely damaging to the already hurt credibility of official statistics.

One of the alternatives to the existing methodology is shifting to a multi-dimensional poverty index; which covers health, sanitation and education indicators in the calculation of poverty. A similar index is currently in use by the United Nations. But the results of such a comprehensive methodology may not serve vested interests. According to the UN's Multi-Dimensional Poverty Index, half of Pakistan's population currently lives below the poverty line.

It remains to be seen whether the government will acknowledge the sufferings of this segment and reformulate policy to ameliorate the situation, or continue to find comfort in falsified numbers that allow it to make claims of non-existent betterment in the economic state of the country.

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Early pay-day: Pakistani sells web start-up for Rs9.5 million

By Farooq Baloch

Published: July 28, 2012

Gagism.com hosts comics, jokes and funny images; it earned $15,000 per month in ad revenues prior to acquisition. PHOTO: FILE

KARACHI:

In yet another example of a successful entrepreneurial spree, a Pakistani blogger – amid fears of losing his job – developed a humour website, attracted huge amount of traffic and sold it for Rs9.5 million ($100,000). All of this happened in just six months.

Melbourne-based firm Westendmoney acquired the Karachi-developed website Gagism.com – a community-driven blog that hosts comics, jokes and funny images – in May 2012. The Australian firm wanted to use Gagism as a humour brand for a much bigger web entity, said Gagism Founder Farrukh Zafar in an email.

Gagism serves as an entertainment portal for those who understand English, Zafar said, thus it caters to a global audience with the US being its largest traffic source followed by Australia, UK and Canada.

Before its acquisition, Gagism was making $15,000 per month in ad revenues while the site even hit one million daily page views in early April, Zafar said.

Zafar and his team members might not have sold the website site if its traffic had not dipped below 400,000 page views a day. That's when they decided to put the website for sale and posted on Flippa, an online listing site, known for selling and buying websites.

The story of Gagism is a good case study for young IT professionals, who are more interested in start-ups than doing a job. It was job insecurity that led Zafar to become an entrepreneur.

It all started back in October, 2011 when I began thinking about launching a humour website, Zafar said. "The fear of losing my job at LG where I was a Digital Marketing Specialist during the season of mass layoffs, made me work night and day to establish something substantial," he told *The Express Tribune*.

Given the financial crisis the company was going through, Zafar said, he was sure that he had to leave that job soon – the recession was getting big on his former employer and downsizing had started taking place, according to him.

"I temporarily started Gagism in October but the traffic was so huge that I had to shut it down, foreseeing the lack of funds to buy a bigger server that could handle the immense traffic that was pouring in," Zafar said.

Zafar partnered with Salman Saeed; the two re-founded Gagism on December 1, 2011 – after getting their funds together, he said.

"Our main sources of traffic were Facebook, StumbleUpon and Reddit; but in all this time, StumbleUpon was the craziest catalyst that worked at that time," Zafar said. "StumbleUpon alone, was sending around 80,000 to 90,000 unique visitors on a daily basis, in the very first month," he said, adding, "With firm support from Facebook and Reddit, we started growing as a community.

"When we reached the million view mark; it was all due to StumbleUpon's traffic floodgates," Zafar said.

Zafar finally left LG himself to set up Gagism, a move that paid off for Zafar. Even if he kept his job, he wouldn't earn Rs10 million in just six months with a monthly remuneration of Rs35,000.

The development will also encourage young IT professionals to launch a start-ups instead of working for someone else, especially when they can earn more than what Pakistani IT industry is offering in remuneration – the highest annual salary for IT professionals with three to five years of experience is Rs112,175, according to survey conducted by Pakistan Software Houses Association.

It may however, require some skills and knowledge – apparent in the case of Gagism.

An industry expert told *The Express Tribune* that acquiring websites with high traffic has become a common practice. The traffic is then diverted to one's own website –referred to as referral traffic in the IT world.

There are a bunch of young professionals, who share links of their websites on high traffic networking sites and attract millions of visitors to their own site, said an expert. It requires skills though, he added.

"In 2009 and 2010 when Facebook was growing its traffic, users made pages, linked them and ended up with a million users. They, however, couldn't monetise the traffic," he added.

Sites like Gagism, lolhappens.com and lulzz.com are a few examples working on this model, the expert said.

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Pakistan Railways unlikely to be revived soon

By Shahram Haq

Published: July 28, 2012

DEFICIT: Rs45b are the estimated expenses of the railways this year Rs15b are the estimated revenues this year. PHOTO: AFP

LAHORE:

The precarious condition of Pakistan Railways (PR) is not expected to get better in the next one and a half years as rehabilitated and modern locomotives, which are direly needed, will take at least a year to arrive, says a PR official.

"The corporation needs serious attention of the government because the biggest source of public transport is in danger. Not a single passenger or express train is running in profit and we are bearing losses only to facilitate the people," said PR Director Public Relations Imtiaz Rizwi while talking to *The Express Tribune.*

The railways has got a loan of Rs6.1 billion through its ancillary, PR Advisory and Consultancy Services (PRACS), which will be spent on the rehabilitation of 96 locomotives. Besides, tenders for purchase of 75 locomotives are also in process.

"If we start executing these two projects today, we will be able to see some locomotives after a year," he said.

For this one-year gap, the railways tried to take 50 locomotives on lease from China, but the deal could not go through as Beijing demanded an unbearable cost of $2,600 per locomotive per day, Rizwi said.

The state of cash-strapped PR has once again gone from bad to worse with the locomotives' strength dropping to around 100. For passenger and express trains, only 90 locomotives are on track and for freight operation only seven locomotives are available, which are nowhere near the demand from both areas, say railway officials.

The number of passenger and express trains, which were more than 400 before the crisis, has dropped below 200, which are being managed with only 90 locomotives. On the other hand, the number of locomotives for freight trains, which were originally around 90 for handling 60 freight trains, has fallen to only 7.

According to the officials, not a single locomotive has been fully revamped and is running with all six traction motors. Most of the locomotives have three or four traction motors, which is the main cause of engine failure during journey.

This has led to hours of delay in arrival and departure of trains and overcrowded platforms. These days, the express trains get late by more than 10 hours in many cases as locomotives, which push the trains, develop faults quite often with no alternative available.

Commenting on frequent delays, Rizwi pointed to the small freight operations. Previously, he said, some 50 to 60 freight trains were on their way on different tracks every time, and the management, in case of failure of any passenger train locomotive, brought the locomotive of a nearby freight train to be attached with the passenger train.

He ruled out any fuel shortage, saying the railway utilised only half of the credit line of Rs2 billion provided by Pakistan State Oil.

This year, expenses of the railways are estimated at Rs45 billion, which are three times the targeted earnings of Rs15 billion. During this financial crunch, the government provides salaries and pensions for railway employees every month.

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Nepra notifies increase in power tariff for Karachi

By Our Correspondent

Published: July 28, 2012

Nepra has allowed KESC to charge 1.04 per unit raise in power tariff on account of fuel adjustment for January, Rs0.04 per unit for February and Rs1.60 per unit for March.

ISLAMABAD:

The National Electric Power Regulatory Authority (Nepra) on Friday notified power tariff increase of Rs2.68 per unit for Karachiites on account of fuel adjustment charges during January to March 2012.

KESC will charge increase from all type of consumers except lifeline and shall be shown separately in the consumer bills of August and September 2012 on the basis of units billed for the months of January to March.

According to notifications issued on Friday, Nepra has allowed KESC to charge 1.04 per unit raise in power tariff on account of fuel adjustment for January, Rs0.04 per unit for February and Rs1.60 per unit for March.

According to the decision, for January, Nepra says that KESC had spent Rs289.84 million on power generation from its own resources and Rs682.233 million on power from external resources. KESC authorities said that it had sold 940.82 units to consumers and faced variation in fuel price by Rs1.03 per unit. KESC submitted that furnace oil cost increased to Rs64,758.91 per ton in January from Rs64,745.94 per ton in December 2011.

Gas price also increased to Rs507.86 per Million British Thermal Unit (MMBTU) against the preceding Rs447.14 per MMBTU. KESC further said that it had purchased around 80% of its total power purchases from National Transmission and Despatch Company (NTDC) which increased its rate to Rs9.19 per unit in January from Rs7.15 per unit.

For March, KESC said that cost of power from its own resources stood at Rs716.398 million, Rs1.069.5 million from external resources. KESC sold 1,121.602 units to consumers and faced variation in fuel price by Rs159.224 per unit.

It further said that furnace oil price hiked to Rs71,843.20 per ton in March from Rs64,745.94 in December 2011. KESC submitted that gas price also increased to Rs5076.86 per MMBTU from Rs447.14 MMBTU owing to application of Gas and Infrastructure Cess by Ministry of Petroleum and Natural Resources. It purchased 79% of its total power purchases from NTDC which increased its price to Rs9.552 per unit in March from Rs7.15 per unit.

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OPEN MARKET FOREX RATES

Updated at: 28/7/2012 7:22 AM (PST)

Currency	Buying	Selling
Australian Dollar	98	99
Bahrain Dinar	243	244.5
Canadian Dollar	93.3	94.3
China Yuan	13	13.5
Danish Krone	17.4	18.1
Euro	115.5	117
Hong Kong Dollar	11	11.7
Indian Rupee	1.65	1.75
Japanese Yen	1.202	1.280
Kuwaiti Dinar	326	327.5
Malaysian Ringgit	28.1	28.6
NewZealand $	73.7	74.7
Norwegians Krone	16.9	17.9
Omani Riyal	239	240.5
Qatari Riyal	25.7	25.8
Saudi Riyal	25.05	25.3
Singapore Dollar	75.1	76.1
Swedish Korona	13.1	13.6
Swiss Franc	97.1	98.6
Thai Bhat	2.65	2.75
U.A.E Dirham	25.6	26
UK Pound Sterling	147.5	148.7
US Dollar	94.55	94.9

INTER BANK RATES

Updated at: 28/7/2012 7:22 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	98.1	98.3
Canadian Dollar	93.41	93.61
Danish Krone	15.56	15.59
Euro	115.75	115.99
Hong Kong Dollar	12.14	12.17
Japanese Yen	1.2044	1.2069
Saudi Riyal	25.12	25.17
Singapore Dollar	75.29	75.45
Swedish Korona	13.73	13.75
Swiss Franc	96.38	96.58
U.A.E Dirham	25.65	25.7
UK Pound Sterling	147.69	148.01
US Dollar	94.2	94.4

Pak Law Publication
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