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NEWS UPDATES

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NEWS OF THE DAY

NEWS HEADLINES

Top Stories

Southern Punjab on tenterhooks

September 08, 2014

M RAFIQUE GORAYA

After wreaking widespread destruction across vast swathes of central Punjab and claiming over 180 lives the flash flood wave of one million cusecs of water is entering districts of Multan, Muzaffargarh and Rajanpur in Southern Punjab today.

-- Floods wreak havoc across central Punjab

-- Pakistan Army battling to rescue a large number of people trapped by flooding

-- Rain-swollen Jhelum has also flooded large parts of Srinagar in Indian-held Kashmir

The Punjab government has declared flood emergency in the province as the unexpected floods have left a trail of destruction in Hafizabad, Sialkot, Gujranwala, Gujrat, Faizabad and Wazirabad districts inundating hundreds of thousands of acres of agriculture land and leaving several areas cut off from the rest of the country. Train service between Lahore, Narowal, Sialkot and Wazirabad has been suspended.

According to an ISPR press release, troops and other emergency personnel have been deployed on a rescue operation. Boats and helicopters are being used to reach stranded people.

The operation of Pakistan Army is underway and 3,000 people have been rescued in Jhelum, Sarai Alamghir, and Sialkot so far. The operation is being carried out with the help of five helicopters and 300 boats, ISPR said.

Nearly 200 villages in Hafizabad and over 80 villages in Chiniot have been inundated as floodwater entered Jhang city. "A red alert" has been issued in four districts-Jhelum, Sialkot, Nankana Sahib and Narowal-where the situation was still precarious.

The death toll has soared past 180 while the number of injured has crossed the 500 mark. Several localities of Wazirabad city were inundated as Nullah Palkhu swelled due to intermittent rains. Those localities were inundated, include Jinnah Colony, Model Colony, Haji Pura and Gondalpur. The floodwater has accumulated four to five feet in the localities forcing the people to take shelter at rooftops of their houses. The floodwater is also hitting Skindarpur locality and Dhonkal road.

According to reports, floodwater of Chenab River has entered at least 80 villages in Chinot, compelling thousands of people to leave their houses for safe places. In Jhelum, Shahnti Nagari locality of the district has completely devastated by rains as helpless affected people have taken shelter under an open sky.

The Federal Flood Commission (FFC) has said that presently River Chenab is flowing in very high flood at Marala, Khanki and Qadirabad bridges. Over 0.9 million cusecs of water passed through Khanki and Qadirabad barrages submerging hundreds of villages on both sides of the river.

River Chenab at Khanki and Qadirabad is in 'Exceptionally High Flood Level'. River Chenab at Marala is in 'Very High Flood Level', but falling. River Ravi at Balloki is in 'Medium Flood Level'. River Jhelum at Mangla, River Ravi at Jassar and Shahdara are in 'Low Flood Level'.

FFC flood warning for Sindh:

FFC said on Sunday that according to latest hydrological condition, River Indus at Guddu is likely to attain high to very high flood level on 13th September to 14th September 2014.

River Indus at Sukkur is likely to attain 'High to Very High Flood Level' on 14th September to 15th September 2014. All authorities concerned have been advised to take all necessary measures.

Weather forecast for today:

Mainly hot and humid weather is expected in most parts of the country. However, fairly widespread thundershowers with gusty winds and isolated heavy falls would occur over upper catchment of rivers Jhelum, Chenab, Ravi and Sutlej. Further, scattered thundershowers with gusty winds and isolated heavy falls would occur over Upper Punjab including Islamabad, Fata, Khyber Pakhtunkhwa, Gilgit-Baltistan and Kashmir. Also, isolated thundershowers with gusty winds may hit Mirpurkhas, Hyderabad, Karachi, Kalat, Naseerabad, Sibbi, Quetta, Zhob divisions, central and lower Punjab.

AFP adds: Soldiers were battling Sunday to rescue thousands of people trapped by Indian held Kashmir's worst flooding for half a century which has killed at least 150 people and left the main city of occupied Srinagar under water.

Some 350 villages have also been submerged since torrential monsoon rains triggered flooding and landslides across the picturesque Himalayan region of occupied Jammu and Kashmir, officials said.

The rain-swollen Jhelum river flooded large parts of occupied Srinagar on Sunday and forced frantic residents onto rooftops, with reports the first floors of a children's hospital and of another hospital were underwater.

Thousands of troops, police and other emergency personnel, backed by helicopters and boats, have been deployed across the state to reach those stranded, with at least 11,000 people rescued.

"Thousands of people are still stranded and we have rescued several thousands," police Inspector General of Jammu region, Rajesh Kumar, told AFP.

"More than 150 bodies have (also) been recovered so far. The exact number is hard to assess as we are still searching for bodies."

Prime Minister Narendra Modi toured the region and met top relief officials. He described the situation as "a national-level disaster".

"We stand shoulder to shoulder with the people of occupied J&K in this hour of crisis," Modi said in a tweet.

Photos showed residents wading through thigh-deep waters clutching their belongings, stranded on rooftops or crammed into army boats with blankets, while others showed bridges and roads destroyed.

The state's chief minister, Omar Abdullah, said the floods were "unprecedented" but urged residents not to panic, saying rescuers would eventually reach them.

A police official in occupied Srinagar, a city of 900,000, said he feared the true extent of the devastation was not yet known because phone networks were down and areas cut off.

"We are in a catastrophic situation," he told AFP on condition of anonymity, adding that Srinagar's police headquarters was under water.

"Many people may have died and houses collapsed but we are not getting to know much (information)," he said.

Trapped in homes

In occupied Srinagar, an army headquarters was under water along with some government buildings, according to local reports and TV footage.

An AFP reporter in the city was forced to the third floor of his house after water flooded the second, with no sign of emergency officials to evacuate him.

"We will have to move to the roof but we are also worried about the building collapsing," he said adding that water has risen about 12 feet (3.6 metres).

Another resident, Aakifa Javaid, said her local mosque announced on loudspeakers that "it would be a difficult night, no one should sleep" as the river overflowed.

Like hundreds of others in her neighbourhood in the city's north, she fled in the middle of the night when the water reached her home.

Thousands of soldiers, backed by 22 helicopters and four aircraft, have fanned out across the Kashmir Valley and the rest of the state to deliver aid and restore communications, said national cabinet secretary Ajit Seth.

"About 70 boats have (also) been airlifted, 20 have already left from Palam (in Delhi) a short while ago," he told the NDTV network.

Several thousand villages in the region, which has long been in the grip of a deadly separatist insurgency, have been hit and 350 of them are submerged, the home ministry said late Saturday.

Prime Minister visits flood-hit areas, seeks to foment disaffection against sit-ins

September 08, 2014

Prime Minister Muhammad Nawaz Sharif on Sunday asked the nation to take notice of those elements who are staging sit-ins and creating hurdles in the path of national progress and prosperity.

Talking to people gathered during his visit to flood-affected areas of Sialkot, the Prime Minister said that the Chinese President's visit was significant one for the progress of the country. The Chinese President was bringing with him a mega project of prosperity for the people of Pakistan, including programmes to end power loadshedding within next three to four years and construction of roads, he said and regretted that unfortunately, the visit was postponed which also affected such project.

However, he resolved that they would do whatever they could for the nation's progress and prosperity. "It is your duty and the duty of nation to take notice of such elements who cannot tolerate their progress and they should not allow anyone to stage sit-ins," he added.

About the flood situation, the Prime Minister noted that River Chenab was at its peak flood level while there was similar situation in other rivers which caused enormous loss to crops and areas.

He said the government was making all out efforts in the relief activities and termed the situation 'unexpected' as the recent rainfall spell had broken the past 20-30 years record.

He said that at various flood-hit areas, the populace was successfully relocated as the government and armed forces were carrying out relief and rescue operations. He said the government should be assisted in such efforts which were most important one than staging sit-ins.

Earlier, the Prime Minister accompanied by Minister for Defence Khawaja Muhammad Asif took an aerial view of the damages triggered by heavy rains and flood in the district.

The Prime Minister along with elected representatives and officials of the district administration visited the most affected areas of the city including Khawaja Safdar Road, Shahabpura Sublime Chowk, Pasrur Road and Commissioner Road etc. During his visit to Shahabpura area, he inquired the dwellers of the area about relief work. On the occasion, Defence Minister Khawaja Muhammad Asif apprised the Prime Minister about the damages caused by the seasonal nullahs passing through Sialkot and its adjoining areas. He told that a vast area of agriculture land was submerged by floodwater in the district.

Modi offers help to Pakistan over floods in AJ&K

September 08, 2014

Indian Prime Minister Narendra Modi took an aerial survey of the flood-affected areas in the Indian-held Jammu and Kashmir on Sunday and termed the situation as "national disaster". "The floods in the state are national disaster and not just a disaster for the people of Jammu and Kashmir. I have taken the aerial survey of the affected areas. The condition of occupied Srinagar is worse. Army, air force and NDRF are working together to tackle the situation," he said.

The Indian premier also extended support to the Pakistan government which is also facing devastation due to the floods. He said the Indian government is ready to extend its support to Pakistani government in the wake of devastation due to floods in AJ&K.

As the IHK government battles worst flood in the last 50 years, Modi said that central government has announced special assistance of Rs10 billion to the state government for relief work.

He also announced a compensation of Rs200,000 for the families of those killed in flood-related incidents and Rs50,000 to the injured.

The Indian PM said that relief operation is now the priority of the government and boats and medical facilities will be provided to people soon.

Speaking about the dozens of bridges that have been damaged due to heavy rains in IHK, Modi said that army is working to restore them.

Nawaz owes Rs 6 billion to banks, claims Imran

September 08, 2014

ZULFIQAR AHMAD, WAQAR LILLAH & TAHIR AMIN

The staggering catalogue of corruption scandals was exposed by Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan when he claimed Prime Minister Nawaz Sharif has to pay Rs 6 billion loans taken from national banks.

Addressing the anti-government sit-in protesters on 24th day at D-Chowk on Sunday evening, he claimed the 'prime minister had not paid a single penny out of Rs6 billion loans obtained during the last 15 years from different national banks'.

He further said that Nawaz Sharif borrowed Rs60 million from Al-Taufeeq company in 1995, but did not pay back the amount, adding when a British court gave a verdict against him in 1999, he had to pay back the Rs 80m which he claimed was gifted to him by a Saudi friend.

The PTI chief also attacked Asif Ali Zardari, Co-chairman Pakistan People's Party (PPP), who usually skips him in his fiery anti-government speeches, saying the PPP 'big man' kept lying that he did not own the Surrey Palace.

But, it was Zardari who then sold it out at a hefty amount of £5.6 billion and stashed the money into Swiss banks, adding that no one, except PTI Kaptan along with the support of masses, will bring back the estimated amount of $200 billion stashed in Swiss banks.

Imran also made sterling revelations about the property owned by Chief Minister of Punjab Shehbaz Sharif, saying he owned two luxury houses worth billions of pound sterling in England, while the 'little Mian' claims of having nothing abroad.

He laughed off the offer of deputy prime minister-ship made by the government to end the current political stalemate, saying how easily they wanted to buy him to hide their corruption through wheeling-dealing like PPP and PML-N have been doing 'noora kushti' or fake fight about each others corruption.

He said that he could have become the prime minister like Moeen Qureshi or Shaukat Aziz, but the people of Pakistan always held him in great esteem which a prime minister could not even dream of.

Imran asked all the segments of the society to join him at the sit-in in Islamabad, saying he was fighting their war as the almighty Allah has blessed him with everything when he was a young cricketer.

He said that 'Azadi March' has given employment opportunity to several cart-drivers as they were selling their goods to the protesters. "The representative of labourer would be a labour; same would be in the case of farmers. The honest will have an honest leader, while a dishonest leader will not be imposed on hardworking people and a patriot will not have leader who is a traitor", he added.

Imran said that PTI member Ishaq Khakwani has filed a case before the court against Prime Minister Nawaz Sharif for lying, but the court is yet to fix it for hearing despite passage of over a week.

He said that massive rigging took place in Balochistan in connivance with the then chief justice of Pakistan Iftikhar Muhammad Chaudhary through returning officers.

Quiting some irregularities that took place in last year's general elections in Balochistan, Imran said: "Abdul Malik, chief minister of Balochistan got 4,150 votes while BNP's candidate got 4,500 votes, but the returning officer wrote a letter that he did not count 600 votes, hence declaring Malik as winner".

He said that Abdul Malik Baloch had become Chief Minister Balochistan because of fake votes. Mir Zafarullah Jamali, a former prime minister, he added, contested against Mir Khoso. Jamali got 40,000 votes while Khoso got 35,000 votes, but the match was fixed and 24,000 votes were rejected, he added.

He said that General Abdul Qadir Baloch (retd) also got elected through rigging. He said that as long as these people will keep getting elected through fake mandate, nobody will work for the well-being of the people of Pakistan.

Gas at concessional price to TSML: Dar directs Masood-led body to formulate recommendations

September 08, 2014

MUSHTAQ GHUMMAN

Finance Minister Senator Ishaq Dar has directed a committee headed by Finance Secretary, Dr. Waqar Masood to formulate recommendations immediately with regard to provision of natural gas at concessional price to M/s Tuwairqi Steel Mills Limited (TSML), well-informed sources told *Business Recorder.*

TSML's management was running from pillar to post for implementation of a commitment made by the then government of Shaukat Aziz. The sponsors would be forced to shut down the mills and more than 1,000 employees will lose their jobs if the government does not supply natural gas at concessional rates, sources told this correspondent.

Ministry of Industries and Production recently submitted a summary for provision of natural gas to TSML at concessional rates but the Finance Minister constituted a committee under the chairmanship of Finance Secretary to look into the proposal.

"A committee was constituted on July 17, 2014 to deliberate upon the issue and finalise its recommendations for provision of natural gas as feed stock in the Direct Reduced Iron (DRI) to Tuwairqi Steel Mills Limited (TSML) on concessional rates under the convenor ship of Secretary Finance," the sources added.

The ECC also decided that Chairman Board of Investment (BoI) may also be included in the said committee. The committee has been asked to prepare a final report for the ECC in its next meeting.

The ECC was informed that since June 6 2013, 32 meetings of the ECC have been held wherein a total number of 158 decisions were taken. 125 decisions have so far been implemented whereas 33 decisions are at various stages of implementation and a number of decisions have been partially implemented. The details of the un-implemented decisions were also placed before the ECC.

The meeting considered the progress reports of the decisions being implemented by the relevant Ministries/Divisions and expressed satisfaction over the progress achieved. The meeting, however, observed that there was a need for the concerned Ministries and Divisions to accelerate the process of implementation of the decisions pertaining to them.

After detailed discussion the ECC took the following decisions: (i) all pending ECC decisions should be followed up vigorously for implementation. All concerned Secretaries should be reminded of early implementation of ECC decisions and submission of implementation reports which may be furnished in the next meeting of the ECC of the Cabinet; (ii) draft bill for amendments in OGRA Ordinance to Monitor/Establish Prices of Oil Refine Products may be submitted in the next meeting of the ECC of the Cabinet; (iii) Finance Division has made an allocation of upto Rs. 2 billion subsidy for the Relief Package for Ramzan-2014. It was revealed that Rs.1 billion has already been released to the Utility Store Corporation and balance amount will soon be released subject to final adjustment based upon reconciled claim; (iv) It was directed that adequate gas supply should be made available to the domestic fertilizer companies for utilising the maximum production capacities of the Nation Fertilizer Manufacturers. It would not only save the much needed foreign exchange and the amount given in subsidies but would also support and strengthen our domestic industry; (v) The Auto Industry Policy Draft should be submitted in the next meeting of ECC for approval; and (vii) the draft bill on policy framework for Regulation of Organisation Receiving Foreign Contribution should be submitted for consideration of the ECC of the Cabinet.

CMOs told to send free flood SMS alerts to public

September 08, 2014

Pakistan Telecommunications Authority (PTA) has directed all its licensed Cellular Mobile Operators (CMOs) to send free SMS flood alerts to the public in the affected districts of the Punjab. In the wake of heavy floods in various districts of the Punjab, the Federal government as well as the Punjab Government approached PTA to run SMS broadcast messages for the timely awareness of residents in the flood-hit areas.

PTA directed all mobile operators to carry out SMS based campaign to enable the people of affected areas to timely vacate their places and take refuge at safe locations.

Disaster Management Authorities would provide relevant information for the SMSs to mobile operators keeping in view the changing situation of each and every flood-hit area. The area-specific SMS would help public in getting accurate and in time information and warnings about the flood in the area of their residence. Today, messages about flood warnings were sent in districts Sialkot, Narowal, Sheikhupura, Gujranwala, Gujrat, Hafizabad, Mandi Bahauddin, Chiniot, Faisalabad, Jhang, Jehlum, Multan, Muzaffargarh, Bahawalpur and Khanewal.-PR

'Postponement' of Xi's visit not to affect ties: Chinese official

September 08, 2014

A senior official of Chinese embassy has brushed aside the widely-held impression that the postponement of Chinese President's visit to Pakistan could affect historical Pak-China ties in any manner whatsoever.

In an informal chat with media persons here on Sunday, he categorically stated that all those projects agreed between the two countries will be implemented in letter and spirit. The visit will cause no adverse impact on their deep-rooted and time-tested relationship, he added.

"How can the postponement of a single visit between the two countries affect their decades' old historical strategic partnership?" he asked, adding the number of top-level visits took place between the two countries in the recent years is unprecedented.

The official said they are actively engaged in finding a way out to carry on all those projects which are to be signed during President Xi Jinping scheduled visit to Pakistan.

He said let foil all those attempts that are aimed at harming our relationship, by taking excuse of the postponed visit.

The diplomatic channels and officials of the two countries had done a lot of preparations for a positive and concrete outcome of Xi's visit. However, the expected fruits and outcome will be achieved despite its postponement.

The official expressed his confidence that the new date of President Xi will be decided as soon as political situation in Pakistan comes to normal. Both sides are consulting with each other so that the visit could take place at an early date. The new date of the President's visit will not be too far, he remarked.

"We are sure the Pakistani people have the capacity to resolve their political issues amicably". Politics is an internal matter of Pakistan and no foreign country is entitled to interfere in it.

To a question, the official further said China's relations with Pakistan cannot be compared in any manner with any other country. It is unique in its nature, in term of warmness at the people-to-people level.

Answering another question, he said Pak-China co-operation is broad-based; it cannot be defined in term of loan or investment. It is not the question of short-term interest or one country benefit. We are working for a mutually beneficial co-operative partnership.

He said: "We want to help Pakistan, its economic interests are most dearest to us, so we will keep maintaining the momentum of relationship, through all possible means. Both countries are working to take up some huge economic projects, like construction of Lahore-Karachi motorway and two power plants at Port Qasim." According to him, Pakistan is China's largest investment destination and will remain so in the years to come. A stable and prosperous Pakistan is in the interest of China, he added.

London offers Scots new powers after independence poll shock

September 08, 2014

The British government on Sunday pledged greater fiscal autonomy for Scotland, after a poll put the pro-independence camp ahead for the first time - just 11 days before the referendum on separation. British finance minister George Osborne said greater tax and spending powers would be announced in the coming days and would be implemented if Scotland votes on September 18 to retain the 300-year-old union with England.

The offer came after a YouGov poll in The Sunday Times newspaper gave the pro-independence "Yes" camp 51 percent support compared to the "No" camp's 49 percent, excluding undecided voters. Six percent said they had not made up their minds.

Although the two-point lead is within the margin of error, the findings dramatically up the stakes ahead of the vote.

Scottish First Minister Alex Salmond, of the separatist Scottish National Party (SNP), dismissed Osborne's move as a "panic measure", saying it was "ridiculous" to announce it now, with many people having already voted by post.

Reacting to the poll, Osborne told BBC television: "If people were in any doubt that they can stay at home, that they don't need to go out to the polls and vote 'No' to avoid separation, they won't be in that doubt today.

"They should also be in no doubt about the consequences of this decision," the chancellor of the exchequer added.

"No ifs, no buts: we will not share the pound if Scotland separates from the rest of the UK."

Best of both worlds

Osborne said it was "clear" that Scots wanted greater autonomy and the three main United Kingdom-wide parties - the Conservatives, their Liberal Democrat junior partners in government and the Labour opposition - had agreed to "deliver" on that.

"You will see in the next few days a plan of action to give more powers to Scotland. More tax powers, more spending powers, more plans for powers over the welfare state," he said.

"Then Scotland will have the best of both worlds.

"They will both avoid the risks of separation but have more control over their own destiny, which is where I think many Scots want to be." Any vote for Scotland to leave the UK would raise questions about Britain's standing in the international community.

Scotland represents one-third of Britain's landmass and is home to Britain's submarine-based Trident nuclear deterrent, which the SNP says must be out of an independent Scotland by 2020.

Salmond claimed the momentum was now "decisively with the 'Yes' campaign".

"The Westminster elite are losing this campaign... we've got them on the run," he told BBC television. He said there was "clear panic in the 'No' campaign. They've failed to scare the Scots; now they're trying to bribe us". The Better Together campaign, which backs Scotland staying in the United Kingdom, has been ahead in opinion polls for months but its lead has narrowed in recent weeks.

The "No" camp had a 22-point lead in YouGov polling just one month ago. Another YouGov survey for The Times newspaper on Tuesday showed a marked narrowing of the gap to six points.

Osborne's Labour predecessor Alistair Darling, the Better Together leader, said the latest poll showed the referendum "will go right to the wire".

"Every voter in Scotland can now tip the balance in this referendum," he said.

"It's not a protest vote, it is about the future of our country. If we decide to leave, there is no going back."

A second survey commissioned by the "Yes" camp and released on Sunday puts the "No" camp four points ahead. The Panelbase poll gives "No" 52 percent and "Yes" 48 percent, excluding undecideds.

Gordon Brown, Cameron's Labour predecessor as prime minister, blamed Conservative policies for hindering support for the union.

But the Scot said whatever government was "temporarily" in power - a UK-wide general election is due in May - that should not be a basis for an "irreversible decision".

"The underlying mood of the electorate voting in this referendum is they want change," he told Sky News television, but stressed the best way to get it was through greater autonomy rather than breaking "every single link" with the rest of the UK.

Palestinians face boycott threats over Hamas wages: Prime Minister

September 08, 2014

The international community has threatened to boycott the Palestinian leadership if it pays the salaries of former Hamas employees in Gaza, prime minister Rami Hamdallah told AFP on Sunday.

In an exclusive interview, Hamdallah said he had been warned he would face problems if he visited the Gaza Strip without first regulating the problem of the salaries. Hamdallah, who heads the Palestinian government of national consensus which took office on June 2, said the problem of the wages had turned into the main stumbling block to an intra-Palestinian reconciliation deal.

Since signing the agreement in April, Hamas has demanded the new government take responsibility for paying its 45,000 employees, some 27,000 of which are civil servants, he said. The rest are understood to be members of the Hamas police and security forces.

Before the Hamas government stepped down in June, it had been unable to pay their wages for months due to a biting economic crisis. But Hamdallah said his government had been warned against channelling any money to anyone employed by Hamas, which is blacklisted by the US and Europe as a terror organisation. "The government and the banks operating in the Palestinian territories were warned that if they make these payments to former Hamas government employees in Gaza then the government and the people will be boycotted," he said. "If this happens, the Palestinian banking system will face a huge problem that will threaten the Palestinian situation in general," he told AFP.

The Palestinians are heavily dependent on international aid with a boycott likely to have a devastating financial impact on its financial viability.

At the end of August, a senior Palestinian official told AFP the government wanted to pay the wages in question, but was looking for "guarantees" that in doing so, it would not jeopardise international aid. But he said an unidentified "third party" was working to solve the crisis by delivering the payments, with "positive indications" it would be resolved soon.

Hamas's insistence on including the employees on the payroll of the new administration was "the main problem preventing the government from working in the Gaza Strip," Hamdallah said. His remarks came a day after president Mahmud Abbas lashed out at Hamas for effectively running a parallel administration and preventing the consensus government from operating in Gaza. In June, Qatar said it would contribute a total of $60 million (44 million euros) towards the payment of the Gaza salaries, although so far, no money has been transferred.

THE RUPEE: modest recovery

September 08, 2014

The rupee, somehow, managed to recover modestly against the dollar on the money market during the week, ended on September 6, 2014. In the interbank market, the national currency picked up 35 paisa in relation to the dollar for buying and selling at Rs 102.15 and Rs 102.10. In the open market, the rupee rose by 10 paisa versus the dollar for buying and selling at Rs 101.90 and Rs 102.10, the rupee also gained Rs 1.25 in terms of the euro for buying and selling at Rs 132.00 and Rs 132.25.

Commenting on the trend in the market, some analysts observed that in the beginning sessions of the week, volatility dominated the market as a result of political instability in the country.

Prolonged protests and confrontations between the government and opposition parties causing huge losses to the country, they said.

Hopefully, issues and other matters will settle down in time to come, they added.

INTER-BANK MARKET RATES: On Monday, the rupee could not hold its firmness against the dollar, losing 75 paisa for buying at Rs 102.50 and it also lost 65 for selling at Rs 102.55. On Tuesday, the rupee managed to resist sharp fall in relation to the dollar, shedding 18 paisa for buying at Rs 102.68 and it also lost 15 paisa for selling at Rs 102.70, they said.

On Wednesday, the rupee picked up 18-paisa in relation to the dollar for buying at Rs 102.50 and it also rose by 15-paisa for selling at Rs 102.55. On Thursday, the rupee picked up 30 paisa versus the dollar for buying and selling at Rs 102.20 and Rs 102.35. On Friday, the rupee gained five paisa versus the dollar for buying at Rs 102.15 and it also rose by 17 paisa for selling at Rs 102.18.

OPEN MARKET RATES: On September 1, the rupee also fell by 50 paisa in relation to the dollar for buying and selling at Rs 102.00 and Rs 102.20. The rupee also depreciated by 75 paisa against the euro for buying and selling at Rs 133.50 and Rs 133.75.

On September 2, the rupee, however, gained 35 paisa versus the dollar for buying and selling at Rs 101.65 and Rs 101.85. The rupee sustained it's overnight levels in terms of the euro for buying and selling at Rs 133.50 and Rs 133.75.

On September 3, the rupee, however, shed five-paisa versus the dollar for buying and selling at Rs 101.70 and Rs 101.90. The rupee fell in terms of the euro, losing 50-paisa for buying and selling at Rs 134.50 and Rs 134.25.

On September 4, the rupee also gained 10 paisa in terms of the dollar for buying and selling at Rs 101.60 and Rs 101.80. The rupee appreciated sharply in relation to the euro, rising Rs 2.25 for buying and selling at Rs 132.25 and Rs 132.50.

On September five, the rupee held its overnight levels in terms of the dollar for buying and selling at Rs 101.60 and Rs 101.80. The rupee extended its gains in relation to the euro, picking up further 25 paisa for buying and selling at Rs 132.00 and Rs 132.25.

On September 6, the rupee drifted lower versus the dollar, shedding 30 paisa for buying and selling at Rs 101.90 and Rs 102.10. The rupee managed to hold last levels in relation to the euro for buying and selling at Rs 132.00 and Rs 132.25.

OVERSEAS OUTLOOK FOR DOLLAR: In the first Asian trade, the euro hit a fresh one-year low, as heightened worries about the crisis in Ukraine kept the currency on the defensive ahead of a European Central Bank policy meeting later this week. The euro fell as far as $1.3119, reaching lows not seen since early September 2013. It last traded at $1.3125, down 0.1 percent on the day.

The dollar was trading against the Indian rupee at Rs 60.49, the greenback was at 3.1500 in terms of the Malaysian ringgit and the US currency was available at 6.1405 versus the Chinese yuan.

Inter bank buy-sell rates for the taka against the dollar on Sunday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.40-06.75 percent).

In the second Asian trade, the dollar took advantage of thin conditions to overcome an options barrier and ascend to its highest level since January against the yen on Tuesday, while the languishing euro plumbed one-year lows against the greenback on expectations of easier euro zone policy ahead. The moves followed a mostly aimless session overnight with market activity subdued due to the Labour Day holiday in the United States.

The dollar was trading against the Indian rupee at Rs 60.61, the greenback was at 3.1680 in terms of the Malaysian ringgit and the US currency was at 6.1455 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Tuesday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.45-06.75 percent).

In the third Asian trade, the dollar hovered at 14-month highs against a basket of major currencies on Wednesday, underpinned by stronger-than-expected US data and a resulting rise in Treasury yields. The greenback received further support from a sell-off in the yen, which neared a six-year low against its US counterpart, and in sterling, pummelled by opinion polls suggesting growing support for Scottish independence in a referendum later this month.

The dollar was trading against the Indian rupee at Rs 60.59, the greenback was at 3.1870 in relation to the Malaysian ringgit and the US currency was available at 6.1451 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday. 77.40-77.41 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.50-06.75 percent.

In the fourth Asian trade, the euro held steady versus the dollar on Thursday, having recovered from one-year lows set earlier this week as investors repositioned ahead of the European Central Bank policy review. News of a cease-fire plan in eastern Ukraine further shored up the common currency, although this is now in doubt after Ukraine's prime minister dismissed the proposal outlined by President Vladimir Putin.

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Pharmaceutical raw material: Customs department detects misdeclaration of import value

September 08, 2014

The Customs Department has detected over 700 percent miss-declaration in the import value of pharmaceutical raw material - Bromazepam, a substance used in the medicine to relieve anxiety, nervousness and tension, it is learnt here.

According to sources, a consignment of pharmaceutical raw material - Bromazepam, weighted 25 kilograms, which was imported from Switzerland, arrived at Karachi airport in August.

They said that the invoice submitted along with Goods Declaration (GD) was showing the value of said goods as $688 per kg.

However, the department during the course of processing the consignment, found that the said pharmaceutical substance was also imported at the rate of $5,555 per kg from the same source ie Switzerland by other company.

Keeping the said facts in view, it is evident that unscrupulous elements deliberately miss-declared the value of imported goods on GD, which resulted in short realisation of legitimate revenue to the tune of Rs1.38 million including Rs0.613 million Customs Duty and Rs0.773 million income tax.

They said that difference between the declaration made in GD by the importer and value ascertained by the Customs authorities was 707 percent.

Moreover, sources said the factual position was enough to confirm that said importer has committed an offence. Therefore, action is going to be taken against the importer under subsection (1) (2) of Section 32, Section 156(1) of the Customs Act 1969, Section 11 (3) of Sales Tax Act 1990 and Section 148 of the Income Tax Ordinance, 2001.

'Tax Policy Formulation Cell' in IR Wing proposed

September 08, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has proposed creation of a 'Tax Policy Formulation Cell' in Inland Revenue (IR) Wing to assist the budget makers in tax policy matters during preparation of Federal Budget every year.

Sources told *Business Recorder* here on Sunday that the FBR IR Wing has proposed creation of Tax Policy Formulation Cell under the supervision of Member (Tax Policy/Fiscal Research) in IR Wing. The main purpose for establishment of cell is to extend full support to the budget making team during preparation of Federal Budget. At present each FBR Wing has tax policy/budget sections to deal with the issues of tax policy of sales tax, income tax, customs duty and federal excise duty. However, there is no 'Tax Policy Formulation Cell' in the FBR House to exclusively facilitate the budget makers in finalisation of tax policy at the time of preparation of federal budget.

The establishment of 'Tax Policy Formulation Cell' in IR Wing would be instrumental in giving feedback on budgetary proposals of sales tax, income tax and federal excise duty.

In this connection, the FBR is expected to propose hiring of an individual consultant for carrying out a study on the issue with the financial assistance of a donor agency.

The establishment of 'Tax Policy Formulation Cell' is a part of the overall work plan and list of activities/studies to be carried out through funding of a donor agency. The study on the said cell would be supported by the donor agency.

When contacted, a tax expert was of the view that there is a need to create a Tax Policy Formulation Cell to take major tax-related decisions pertaining to sales tax and income tax through a well-organized and institutionalised tax policy unit within Inland Revenue Wing of the Board. Such Cell can propose long-term, medium-term and short-term tax policy strategy throughout the year. Beside senior tax officials, the Cell may comprise Tax Policy Advisor; Tax

Policy Expert; Sector/Trade specialists; Fiscal Economist; Fiscal statistician and Legal expert etc.

Pakistani sailor missing during Australian military exercise

September 08, 2014

The Royal Australian Navy said Sunday it had launched a search for a Pakistani sailor believed to have disappeared overboard during a multinational military exercise in the north of the country.

The navy said the sailor, who was not named, went missing early Sunday while the Pakistan Navy ship PNS Nasr was anchored at Darwin Harbour in the Northern Territory during the biennial KAKADU military exercises.

A Northern Territory police spokesman told the Australian Broadcasting Corporation the sailor might have deliberately jumped into the crocodile-infested waters to swim to the mainland.

"A backpack was found in the water which would indicate that the person leaving the ship did know what he was doing at the time and didn't simply fall off the ship," Superintendent Rob Burgoyne said.

"He was described as skulking in the bushes (on the mainland), so one can work out from that, probably he didn't want to be found."

Model Town incident: legal opinion sought on setting up new JIT: Mashhood

September 08, 2014

Punjab Law Minister Rana Mashhood said on Sunday that legal opinion has been sought for establishing a new Joint Inspection Team (JIT) on the Model Town incident. He said the investigation of Model Town incident would be done on merit and people responsible for the incident would be punished.

The Law Minister said that the new FIR was lodged on the demand of the people who were sitting in 'dharna' at Islamabad. He said that on their demand sections of the Anti-Terrorism Act were added in the FIR. He said now the new JIT would be established for which "we are working as per law requirements".

The Punjab Law Minister said that those whose names were mentioned in the FIR of Model Town incident have a right to defend themselves according to requirements of law and there was no justification in asking for their resignations at this stage.

Rana Mashhood averred that recent floods have made huge devastation and in addition of personal visits of the Punjab chief minister, 17 Punjab ministers of his cabinet were present in the affected areas.

He disclosed that they would observe September 10 this year as day for youth and minorities.

Government defaming army to hide its failures: Musharraf

September 08, 2014

All Pakistan Muslim League (APML) chief and former president General Pervez Musharraf (retd), senior vice president Major-General Rashid Qureshi (retd) and secretary general Dr Amjid said on Sunday that involving the Army in the ongoing political tussle in the country was unfortunate. In their joint statement, they said the current government was bent upon defaming the Army to hide its own failures. They said all the parties in the Parliament have been failed to resolve the issues amicably.

The APML leaders condemned the killing of son of Ghulam Abbas Kamili and termed it a nefarious effort to spread sectarian hatred in the country at a time when operation Zarb-e-Azb by the Pakistan Army is continuing in North Waziristan. They urged people from all schools of thought to maintain their unity and foil the plan of the enemy to create chaos in the country and damage the operation against terrorists.

The statement said the government was destroying the country's economy through its inefficiency at a time when the country is confronted with the calamity of floods. It said for the first time in the country's history two political parties are staging sit-ins in Islamabad while the government has failed to resolve the issue politically.

The APML leaders said no concrete measures have been taken in Parliament to resolve the issue of sit-ins. They asked the government to send back the Punjab and Azad Kashmir Police to their respective areas so that they could play their role in mitigating the miseries of people in the flood situation.

Pervez Musharraf directed all the party activists to help the flood-affected people.

Three militants killed, 3 troops hurt in Noushki

September 08, 2014

Three militants were killed and three security personnel injured in an armed clash here on Sunday. An explosive laden vehicle was destroyed in the firing. The clash took place in Ahmedwal area of Noushki in Balochistan where security forces traded fire with militants during a crackdown.

Text of letter from Modi

September 08, 2014

JANARDAN SINGH

According to the First Secretary (Information),

High Commission of India,

Islamabad: The following is the text of letter from Prime Minister of India Narendra Modi, dated September 7th, 2014

Excellency,

It is a matter of great distress that the retreating monsoon rains have played havoc in many parts of our two countries.

I visited some of the areas affected by unprecedented rainfall in Jammu and Kashmir today. The devastation caused by the record rains and the consequent flooding is unprecedented. There have been many deaths and heavy damage to property and infrastructure.

While reviewing the situation in Jammu and Kashmir, I was informed that the damage to life and property is equally, if not more severe in areas across the Line of Control as well. My heart goes out to the affected people and my deepest sympathies are with them and their families.

In this hour of need, I offer any assistance that you may need in the relief efforts that will be undertaken by the Government of Pakistan.

Our resources are at your disposal wherever you need them.

Please accept, Excellency, the assurances of my highest consideration.

(Narendra Modi)

His Excellency Mr. Muhammad Nawaz Sharif

Prime Minister of the Islamic Republic of Pakistan Islamabad

Abbas may end unity with Hamas over Gaza governance

September 08, 2014

Palestinian president Mahmud Abbas has threatened to break off a unity agreement with Hamas if the Islamist movement does not allow the government to operate properly in the Gaza Strip.

And prime minister Rami Hamdallah told AFP a dispute with Hamas over the payment of salaries to thousands of its employees had become the main issue from preventing his government of national unity from operating inside Gaza. Abbas's accusation that Hamas was effectively running a parallel administration in Gaza drew an angry reaction from the Islamist movement, which denounced his allegations as "baseless."

But it raised fresh questions over the future of a fragile intra-Palestinian unity deal aimed at ending seven years of rival administrations in the West Bank and Gaza. "We will not accept the situation with Hamas continuing as it is at the moment," Abbas said in remarks published by official Palestinian news agency WAFA. "We won't accept a partnership with them if the situation continues like this in Gaza, where there is a shadow government... running the territory," he said. "The national consensus government cannot do anything on the ground," he charged.

Arabs agree to 'confront' IS jihadists

September 08, 2014

Arab League foreign ministers agreed on Sunday to take all necessary measures to confront Islamic State and cooperate with international, regional and national efforts to combat militants who have overrun swathes of Iraq and Syria. The Arab League also endorsed in the closing statement of its meeting in Cairo a UN Security Council resolution passed last month calling on member states to "act to suppress the flow of foreign fighters, financing and other support to Islamist extremist groups in Iraq and Syria".

Baghdad had earlier submitted a draft resolution endorsing its own efforts to confront militants who have seized large areas for a cross-border caliphate and to condemn Islamic State's actions as war crimes and crimes against humanity.

Diplomatic sources said before the meeting that Arab foreign ministers were set to endorse a US aerial campaign against the group and Egypt's official Mena news agency said the ministers would agree to co-ordinate with the United States.

The final text did not directly endorse either the Iraqi or US campaign against Islamic State, but diplomatic sources said the wording clearly offered Arab co-operation to US and Iraqi efforts and could be read as a tacit agreement to back Washington's campaign against the group.

At the opening session, several foreign ministers spoke of the gravity of the challenge posed by Islamic State in Iraq as well as the violence that has engulfed Libya and other regions.

Arab League chief Nabil al-Arabi told the session that the rise of the group in Iraq challenged not merely the authority of the state but "its very existence and the existence of other states" and called for a decisive resolution to confront terrorism militarily, politically, economically and culturally.

Arabi suggested that military action could take place under the umbrella of an Arab League joint defence pact.

It was not clear whether the Arab commitment to take all necessary action against Islamic State and other militant groups would include direct military involvement in Iraq or Syria.

President Barack Obama declared last week that the United States was ready to "take out" leaders of Islamic State, and said Nato allies were prepared to join military action against a movement that he labelled a major threat to the West.

US warplanes carried out four strikes against Islamic State militants threatening western Iraq's Haditha Dam early on Sunday, witnesses and senior officials said, broadening Washington's campaign against the fighters. Obama would like Gulf Arab states to consider military action, but also to support Sunni Muslim moderates in Iraq and Syria who could undermine the appeal of Islamic State.

Afghan rape gang sentenced to death

September 08, 2014

An Afghan judge on Sunday sentenced seven men to death for the gang-rape of four women in a case that sparked nation-wide outrage and highlighted the violence women face despite reforms since the Taliban era. The seven men, who stood in the dock dressed in brown traditional clothing, were found guilty of kidnapping and attacking the female members of a group that was driving home to Kabul from a wedding.

One dead as renewed fighting rattles Ukraine truce

September 08, 2014

Fighting around two flashpoint cities in eastern Ukraine on Sunday rattled a tenuous truce between government troops and pro-Russian rebels less than 48 hours after it came into force. Insurgent militias bombarded a government-held checkpoint on the eastern edge of the port city of Mariupol overnight, local officials said, killing one woman and triggering panic among residents.

Artillery fire was also heard near the main rebel stronghold of Donetsk, AFP correspondents said, with the Ukrainian government accusing separatist gunmen of trying to attack the city's airport.

The violence erupted just hours after a phone call between Ukraine's President Petro Poroshenko and his Russian counterpart Vladimir Putin, who agreed that the cease-fire was "generally being observed". Mariupol city hall said one woman had died in the shelling, the first reported death since the cease-fire.

The 12-point pact signed in Minsk Friday was the first to win the backing of both Kiev and Moscow after five months of warfare that set off the deepest crisis in East-West relations for a generation. "The Ukrainian army has met the truce conditions fully, and has ceased fire. At the same time, our checkpoints came under attack from the terrorist side," said National Security and Defence Council official Volodymyr Poloviy.

The peace plan was drawn up after the rebels - reportedly backed by Russian troops and firepower - launched a lightning counter-offensive in late August that dramatically reversed recent gains by the Ukrainian army and set alarm bells ringing over Moscow's territorial ambitions.

Equities bounce back

September 08, 2014

The Karachi share market rebounded, during the last week, on optimism regarding the solution to the political impasse and the benchmark KSE-100 index gained some 946 points Weak on Weak (WoW) to reach at 29,514 points at the end of the week compared to 28,568 points a week earlier.

Analysts said that although political uncertainty is prevailing since the beginning of the PAT and PTI sit-ins in Islamabad, however now it is being felt that these sit-ins are not a major threat for the N-league government and ongoing dialogues among the parties will be fruitful. Therefore, the market bounced back in the last week, rising the KSE-100 index 3.3 per cent WoW to close at 29,514.

During the last week, an average traded volume rose 48 per cent WoW to 176.21 million per day as against 119 million per day during the previous week. Foreigners were major buyers during the week as Foreign Portfolio Investment rose by a staggering 121 per cent WoW to $18.65 million.

WoW basis, the market capitalisation posted an increase of Rs 215 billion to reach Rs 6.942 trillion as on September 5, 2014 compared to Rs 6.727 trillion a week earlier. With an increase of 48 per cent average daily value during surged to Rs 9.38 billion up end of the week.

"Pressure on the ruling party appears to have subsided for now and the market sentiments turned positive this week, triggered by the army's statement denying claims that they were backing the protests," said an analyst at KASB.

Imran Khan's party PTI was badly affected by Javed Hashmi's resignation and the subsequent reduction in the number of protestors. Furthermore, a joint session of the parliament also helped in strengthening the support for the ruling party, he added.

Cement sector was upbeat after a strong result and payout from Lucky Cement. Pak rupee volatility (down 3.5 per cent QoQ against the dollar) kept investors tilted towards the IPPs and textile stocks. The PSO posted less than expected result as their earnings was eroded by hefty inventory losses, the analyst said.

On Friday, however, rumours of cancellation of Chinese Premier's visit to Pakistan and Moody's comment on Pakistan's current political turmoil further pressurised the market, he pointed out.

On the economic front, inflation fell to a 14 month low of 6.99 per cent vs 7.88 per cent YoY last month, led by benign food inflation (4.7 per cent YoY).

Talking about the market outlook, he said that politics would continue to dominate the market with ongoing talks between the government and the PAT/PTI leadership assuming added importance.

With result season almost drawing to an end, the settlement of political deadlock remains a key visible trigger in near term, he added.

"Pressure on the two parties for an early resolution of an issue has increased after three weeks of political deadlock, slowdown in economic activities and human and economic losses due to heavy rain in several cities of Pakistan," the analyst said.

According to Raheel Ashraf of the JS Global, during the last week the market bounced back as investors hinged their hopes on a peaceful breakthrough in the current political impasse.

Moreover, lower-than-expected CPI inflation reading of 7.0 per cent YoY for August 2014 raised hopes for a potential cut in the Discount Rate in the Monetary Policy Statement due in mid-September 2014, he added.

He said that strong corporate announcements also kept investor interest intact with average daily volumes rising by 48 per cent. The major chunk of the interest was witnessed in cement, textile, and telecom sectors.

Petroleum product prices being cut by 0.1- 1.3 per cent, budget deficit clocking in at 5.5 per cent for FY14, investment in National Savings dropping by 34 per cent YoY to Rs21 billion in July 2014 and cotton arrivals reaching 1.76 million bales in YTD FY15 up by 2.11 per cent YoY, were other key highlights of the week, he informed.

Futures spread down by 335 basis points

September 08, 2014

The futures spread declined by 335 basis points (bps) to 4.45 per cent during the outgoing week ended September 5, 2014. Trading activities on the futures counter witnessed a downward trend and average daily volumes fell by 28.8 per cent to 22.67 million shares. The average daily trading value stood at Rs 2.308 billion, down by 19.3 per cent.

Business and Economy: *Pakistan*

'Bilateral trade best means for promoting good relations'

September 08, 2014

Newly appointed Peshawar-based Iranian Consul General, Saeed Zeenati has said that both Islamic brethren neighbouring states are tied in the unbreakable bonds of friendship and brotherhood. He was talking to a delegation comprising of the heads of different chambers of the Khyber Pakhtunkhwa and traders, which called on him under the leadership of Vice President, Federation of Pakistan Chamber of Commerce and Industry (FPCCI) Adnan Adeel here in Iranian Cultural Centre on Sunday.

The Consul General of Iran said that closed relations between both countries are help promoting Islamic traditions in the region and bilateral trade is the only mean for bringing both brotherly states closer.

Welcoming the newly appointed Consul General, the delegation paid rich tributes to the outgoing Consul General Hassan Darwaishwind for his better services.

Speaking on the occasion, Vice President, FPCCI Adnan Adeel said that Iran is our brotherly Islamic state, which has stood by Pakistan in very critical time. He said that the close and historic relations between Pakistan and Iran are the ample proof of closer relations of both countries.

He termed the exchange of trade delegations between both countries inevitable, saying trade relations and contacts can bring the people more closely to each other.

He invited Iranian traders to visit Peshawar, saying in this connection a formal meeting with Iranian Consul General will be held soon. During the meeting, he said a comprehensive programme for the promotion of trade relations will also be evolved.

Adnan Adeel proposed to the Iranian Consul General for starting of flights from Peshawar to Tehran and Mashad to bring the people of both more close to each other.

The Iranian Consul General while agreeing with the proposal said that the government of Iran will soon prepare a comprehensive programme for the exchange of trade delegations with Pakistan.

He said that the promotion of bilateral trade and exchange of trade delegations between both countries is essential for economic development of the region.

He expressed the hope that they will continue friendly contacts with the trading community of Khyber Pakhtunkhwa to bring the people of both countries more close to each other.

18 trade bodies to support UBG's panel in FPCCI elections

September 08, 2014

Eighteen trade organisations and associations of South Punjab have announced to join United Businessmen Group (UBG) and support S M Muneer and Iftikhar Ali Malik in the forthcoming elections of the Federation of Pakistan Chambers of Commerce & Industries (FPCCI).

These associations include: Multan, Khanewal, Dera Ghazi Khan, Bahawalpur chambers; All Pakistan Bedsheet & Upholstry Manufacturers Association (APBUMA); Pakistan Oil Mills Association (POMA); All Pakistan Solvent Extractors Association (PASEA); Pakistan Cotton Ginners Association (PCGA); Small Traders Chamber and Pakistan Handlooms Association.

They reposed their confidence in the leadership of United Businessmen Group with the call that all steps should be taken with the consent of the executive committee and other members.

The South Punjab's traders demanded opening of a liaison office of the federation in Multan and allocation of permanent seat of vice-president for South Punjab considering that its population had swelled to 40 million and it was the fourth highest revenue generating zone after Karachi, Islamabad and Lahore.

In his vote of thanks to the traders of Southern Punjab, SAARC Chamber's Vice-President Iftikhar Ali Malik said that the leading businessmen of the country had formed a new group called 'United Business Panel' for the promotion of democracy in the country.

The members of the panel are SM Muneer, Senator Haji Ghulam Ali, Senator Abdul Haseeb Khan, Mian Zahid Husain, Haji Ghulam Qadir Sherani, Zubair F Tufail, SM Naseer, Jamil Mehboob Magon, Mirza Ikhtiar Baig, Tanweer Ahmed Shaikh, Mian Idrees, Engineer Dawood Khan, Riazuddin Shaikh, Aijaz Khokhar, Mumtaz Shaikh, Shaikh Riaz, Shaikh Younus, Hameed Akhtar, Haroon Rashid, Hina Mansab Khan, Salma Ahmed and Rizwana Shahid.

Malik said that efforts would be made to bring 'true' democracy in FPCCI through ballot. He also announced that regular elections would be held in United Businessmen Panel after every two years.

Pharmaceutical raw material: Customs department detects misdeclaration of import value

September 08, 2014

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Company News: *Pakistan*

"Take the big move, do away with SROs," Dr Hafiz Pasha

September 08, 2014

Ever since the ongoing political crisis began, day to day economic decision making by the government seems to have taken a backseat. So has all the talk of reform. Yet the need for taxation reforms remains an uber-important agenda that should be on the government's things-to-do list as soon as it comes of the current crisis, whenever that is.

Below are the edited transcripts of a recent sit down with Dr Hafiz Pasha, former finance minister and a renowned economist. In this interview with BR Research, Pasha sheds light on taxation, putting SROs, presumptive tax regime under a close lens.

BR Research: You were one of the brains behind the presumptive tax regime. Tell how and why you originally conceived it.

Hafiz Pasha: It was a part of the reform process that began in the first tenure of Nawaz Sharif. It was run through a commission called Resource Mobilization and Tax Reform Commission, and then in Sharif's second tenure, we carried it a bit further.

The basic idea was to achieve two results. One, to reduce the transaction cost of taxpayers in terms of filing returns and so forth, and that is why some of the reform was oriented towards presumptive taxes which are fixed and final. Secondly, and most importantly, the idea was to capture the unearned income ie capital income, which had essentially been escaping the tax net

Under the original plan, this was seen as a transitional arrangement, the idea was that through the various sources that we were able to tap through WHT, we were hoping to build up a database which would then act as collateral evidence at the time of assessment, so that we would know who has earned how much from which source.

Therefore, we set up an organisation called the Pakistan Revenue Automation Ltd, which was a kind of a subsidiary of the FBR, charged with a mandate of building the database. The idea was that we would gradually move from a WHT regime to a documentation-based, return-based regime. Meanwhile we would collect all the evidence and know who is getting unearned income and all.

The second stage came in the second tenure of Nawaz Sharif, where it was decided that we tax the 'proxies for income' not necessarily streams of income, so that we would get further evidence about it. The first major move that was made was the WHT on electricity only on large industrial and commercial consumers, because electricity is a good indicator of volume of production.

BRR: How and why it has morphed into present shape then?

HP: What has happened is that we have carried this too far beyond taxation of unearned income and income proxies. We have carried it to the point where every transaction is now being subjected to WHT. We have the largest WHT regime in the world, in terms of number of points of taxation. This year they have gone further and complicated it by creating a differentiation between so called compliant tax payers and non- compliant tax payers. This is had made life difficult for WHT agents.

I am in favour of transiting now to move to a more sophisticated WHT regime so that we get more documentation. Instead what they have done this year is a 180 degree turn from last year's strategy.

The last year's strategy's was that we had identified about 3 million taxpayers, from collateral evidence from NADRA and other sources, who should be filing returns but are not. Many of these actually also had NTNs. Later, however, a campaign was launched that was an abysmal failure. The end result is that they have completely abandoned that strategy and shifted to this new strategy of using the WHT regime with higher rates, penal rates to induce to induce non-filers to compliance.

BRR: How exactly is it hurting the economy?

HP: We are at a point where the WHT regime has become regressive. The old first generation part of the WHT regime remains extremely progressive. So for instance, taxation of unearned capital income is not regressive, because the poor man is not getting any dividends or profits etc because he doesn't have the wealth to generate unearned income.

It's the subsequent developments where we started using proxies to get a handle on income. For example, one very regressive part of the WHT regime is the 15 percent WHT on telephones. That is completely unacceptable because today in Pakistan, we have over 130 million phones. Even the common man has it, so charging 15 percent on it is absurd.

The regime is also becoming regressive, because of very high rates. When we first brought this on electricity, it was rupee amounts with different slabs, it was not at ad valorem, it was just like 30, 40, 50 rupees etc. Now they have made it ad valorem and on industry particularly it is regressive because it gets shifted from them.

BRR: Let's talk about the SROs. How bad are these SROs?

HP: The real problem is not so much in the SROs as in the law. In particular, the Income Tax Ordinance is replete with hidden exemptions and concessionary treatments; the entire second schedule is devoted to giving concessionary exemptions.

For example, and it's a sensational example, take the case of capital gains on shares at the time of General Musharraf, when we exempted capital gains on shares when in fact the market was booming. And guess what happened, we created a new class of capitalists.

Historically the capitalists in Pakistan in the 60s came from trade and industry. We have now created a new class of capitalists which comes from the stock market from various sectors because they made a killing. According to my estimates, exemption on capital gains cost us Rs100 billion, and that is a very conservative estimate.

Then there is issue of big breaks in direct taxes. In mid-90s, when the IPPs were being attracted, they gave a lifetime income tax exemptions to the entire IPPs set. Have you ever heard of this? There could be a tax holiday for 5 years, 10 years but here we gave them an indefinite holiday. Do you know how much that are costing us: Rs60 billion!

Or take the case of the second schedule where allowances of corps commanders are exempted! Why are the army chiefs, and the corps commanders, and the Supreme Court/High Court judges and the President of Pakistan, the PM, the federal ministers are all getting special tax treatments! This is a violation of equality of citizens in law. They should be the first ones to pay.

BRR: How much do these exemptions cost? The government's last economic survey puts the number at Rs477 billion. What's your assessment?

HP: The number they have mentioned is grossly underreported. The composition of that is incorrect. Eighty percent of those tax expenditures that they have reported are indirect taxes and only 20 percent are direct taxes. The actual position, based on research by my students, is that the total tax expenditure in Pakistan is at least Rs600 billion and out of that Rs600 billion, about Rs325 billion, or about more than 50 percent, is direct taxes. I have already explained how they are understated and how they have missed out on the direct tax benefits which benefit the rich and the powerful.

BRR: Coming back to SROs. When did the culture become institutionalised and where does it hurt the most?

HP: The loss of revenue due to SROs is less in customs duty due to zero duty items, ie the non-dutiable component of imports is larger than dutiable component.

The peak in SROs came during the period of PM Shaukat Aziz. In 2006, three or four concessionaries were introduced in which there were up to 600-800 items. In each SRO, there were hundreds of concessionary items. And what did they proudly call this: 'umbrella SROs', implying we are institutionalising SROs.

We have carried SROs to the point that the law has become redundant. Sales tax act has so many holes. The sales tax act of 1990 has become a piece of paper, while the SROs dominate. The largest number of SROs is in import sales tax.

BRR: These umbrella SROs that Shaukat Aziz introduced, can you please give some examples of these?

HP: Basically, there was one SRO 655 which dealt with the automobile sector, and then there was another with the number 756, which dealt with a very wide assortment; there were about 38 industries in that.

BRR: Which sectors enjoy the most benefit in terms of SROs?

HP: Textile, pharmaceutical and automobile sector. The latter is the single most pampered sector in Pakistan in SROs.

First of all, the government has set their statutory duty very high and then concessionary duty on sub components, assembly, raw material, parts and so on so forth. The difference between the statutory duty and the concessionary duty is the largest in the automobile sector. And what we see in Pakistan is the quasi-licensing regime. Who licenses the imports of the automobile sector? An organisation, which I created and I've regretted ever since then, an organisation called the Engineering Development Board. They have to certify these imports.

BRR: Which type of SROs should go away first and what should be the next logical step?

HP: First, the essential foods, ie chapters 1-23 of the Harmonised Codes should not be touched. For the rest, we have to take the big move and remove all of them and bring down the tariffs.

BRR: How are these exemptions in the second schedule and SROs distributed across sectors, services, agriculture, and manufacturing?

HP: There are two things which have gone wrong. One is that under law you don't give exemptions by name; you give exemptions to a class of persons or to a category of persons. For instance, you do not give an exemption to XYZ Hospital or ABC firm; you give exemptions to a category so everybody who qualifies that criterion heeds it. The defect with the second schedule is that at many times it has given exemptions to specific firms with names. So the law has to be changed; instead of names we need to have classes.

Second, in the SROs and sometimes in the income tax law, changes have been made arbitrarily by the executive. That is a violation of parliamentary approval. Any exemption, if so granted, ought to go through the parliament.

And then in the law, there is a provision that even if you don't take it to the parliament, then at the end of the year all SROs promulgated have to be put together and placed before the legislature. But they have never done that before either, except for this last year.

So in order to make the process more transparent and accountable, the single most important job of the parliament is the money business, which relates to taxation matters and expenditure. This function cannot be taken away by the executive.

BRR: What kind of implication the withdrawal of SROs might have? Would it lead to capital flight?

HP: Well you have to look at the phenomenon of FDI in this country. Unlike most other countries, Pakistan has had FDI almost entirely in import substituting activities. Pharmaceutical, telecom, and so on. So the bottom line is that because of our import duty structure and the fact that to attract FDI we gave too high a protection wall either by raising the taxes on domestic production or by reducing the import duty on inputs, we made FDI profitable in import substituting activities. How much FDI has come in our export sectors, particularly textiles? Virtually nothing.

Cotton and Textiles: *Pakistan*

Cotton market: Strong demand pushes up prices amid tight supplies

September 07, 2014

Seed cotton arrivals curtained by fresh rains in the country, pushed prices modestly up on the cotton market on Saturday, dealers said. The official spot rate managed to hold overnight level at Rs 5,600, they added. In the session, some 10,000 bales of cotton changed hands between Rs 5600 and 5750, they said. In Sindh, rates of seed cotton moved up by Rs 50 to Rs 2550 and Rs 2650, however, in Punjab prices came down sharply at Rs 2300 and Rs 2650, they said.

Some analysts were of the opinion that prices of fine variety, which are very little in quantity, may go up sharply in times to come. If rains prolonged in the cotton belt, it is feared that prices of cotton to rise sharply, floods may cause to the standing crop, they said. On the other hand, unforeseen uncertainties increasing with the passage of time, creating fears among traders because cost of doing business under the circumstances is very difficult, they said. Cotton analyst, Naseem Usman said that country is already facing a lot of challenges, so it expected that authorities will try to control the situation, caused by rains and floods in the country.

Reuters adds: Cotton futures sank in heavy volumes on Friday under pressure from a disappointing weekly US government export report. The most-active December cotton contract on ICE Futures US closed down 1.14 cents, or 1.7 percent, at 64.31 cents a lb. Fiber extended losses after a US jobs report disappointed and after weekly US Agriculture Department (USDA) data showed a sharper drop in sales booked against the 2014-15 than many traders expected. Foreign buyers bought just 82,900 bales in the week ended August 28, the data showed, underscoring merchants' concerns about a slowdown in business in China as Beijing scraps stockpiling program in favour of crop subsidies.

The following deals reported: 600 bales of cotton from Hyderabad at Rs 5600, 1400 bales from Sanghar at Rs 5600, 400 bales from Kotri at Rs 5600, 400 bales from Shahpur Chakar at Rs 5600, 1200 bales from Tando Adam at Rs 5600-5650, 1400 bales from Mirpurkhas at Rs 5600-5625, 1800 bales from Shahdadpur at Rs 5625, 200 bales from Kazi Ahmed at Rs 5625, 600 bales from Nawabshah at Rs 5625, 200 bales from Jhang at Rs 5725, 400 bales from Burewala at Rs 5750, 400 bales from Chichawatni at Rs 5750, 200 bales from Lodhran at Rs 5750, 200 bales from Duniyapur at Rs 5800, 200 bales from Chinute at Rs 5800 and 200 bales from Mianwali at Rs 5800, they said.

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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 05.09.2014

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37.324 Kgs 5,600 150 5,750 5,750 Nil

Equivalent

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40 Kgs 6,002 160 6,162 6,162 Nil

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Taxation: *Pakistan*

''Tax Policy Formulation Cell'' in IR Wing proposed

September 08, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has proposed creation of a "Tax Policy Formulation Cell" in Inland Revenue (IR) Wing to assist the budget makers in tax policy matters during preparation of Federal Budget every year.

Sources told *Business Recorder* here on Sunday that the FBR IR Wing has proposed creation of Tax Policy Formulation Cell under the supervision of Member (Tax Policy/Fiscal Research) in IR Wing. The main purpose for establishment of cell is to extend full support to the budget making team during preparation of Federal Budget. At present each FBR Wing has tax policy/budget sections to deal with the issues of tax policy of sales tax, income tax, customs duty and federal excise duty. However, there is no "Tax Policy Formulation Cell" in the FBR House to exclusively facilitate the budget makers in finalisation of tax policy at the time of preparation of federal budget.

The establishment of "Tax Policy Formulation Cell" in IR Wing would be instrumental in giving feedback on budgetary proposals of sales tax, income tax and federal excise duty.

In this connection, the FBR is expected to propose hiring of an individual consultant for carrying out a study on the issue with the financial assistance of a donor agency.

The establishment of "Tax Policy Formulation Cell" is a part of the overall work plan and list of activities/studies to be carried out through funding of a donor agency. The study on the said cell would be supported by the donor agency.

When contacted, a tax expert was of the view that there is a need to create a Tax Policy Formulation Cell to take major tax-related decisions pertaining to sales tax and income tax through a well-organized and institutionalised tax policy unit within Inland Revenue Wing of the Board. Such Cell can propose long-term, medium-term and short-term tax policy strategy throughout the year. Beside senior tax officials, the Cell may comprise Tax Policy Advisor; Tax Policy Expert; Sector/Trade specialists; Fiscal Economist; Fiscal statistician and Legal expert etc.

In lieu of Rs 35.743 billion refunds: FBR asked to issue bonds to banks

September 07, 2014

SOHAIL SARFRAZ

Large Taxpayer Unit (LTU), Karachi, has proposed to the Federal Board of Revenue (FBR) to immediately issue bonds worth Rs 35.473 billion in lieu of outstanding refunds in cases of three banks, falling within its jurisdiction. Sources told *Business Recorder* here on Saturday that the FBR has received a fresh request from the LTU, Karachi, regarding issuance of bonds following approval of the Ministry of Finance.

A letter dated September 3, 2014 has been received by the FBR here on Saturday. LTU, Karachi, has also submitted break-up of refund of each bank. According to the LTU''s communication to the FBR, refunds amounting to Rs 35.473 billion are outstanding in few banks at LTU, Karachi. Substantial compensation was being paid by the government to these banks which is a constant drain on the revenue collection of LTU, Karachi. It is, therefore, requested that the matter being of urgent nature may kindly be taken up with the Ministry of Finance for issuance of bonds to these banks in lieu of refunds.

As the aforementioned refunds are available to the taxpayers for adjustment against any tax liability, including monthly advance tax payments, it has been proposed that before issuance of the bonds, the year-wise quantum of available refunds on that date may be re-verified from LTU, Karachi, the letter added. In the past, the FBR had proposed to the Ministry of Finance to issue investment bonds to banks worth Rs 58 billion for settlement of the outstanding amount of huge refund payments during 2013-14. The FBR had drafted the proposal for consideration by Finance Ministry, but so far no decision has been taken by the ministry.

The earlier proposal was to purchase bonds in the name of banks on the face value of pending refunds of the banking sector. So far, proposal did not materialise and requires further deliberations at the policy-level for issuance of bonds in lieu of refund. The FBR had introduced the concept of investment bonds in 2002 and issued Pakistan Investment Bonds (PIBs) to pay off its tax refund liability. When contacted, an expert opined that the non-settlement of refunds, not only attract compensation payable to the banks, but also forces the field formations to create unnecessary tax demands against the banks so as to reduce/eliminate the refunds payable.

Reviewing trade facilitation work: US political officer visits Wagha

September 07, 2014

US Political Officer Preston Savarese accompanied by the LCCI Senior Vice President Mian Tariq Misbah on Saturday visited Wagha Border to review trade facilitation arrangements. They had meetings with Customs, rangers, border officials and listened to their point of view on trade situation and arrangements for the business between the two countries. They also visited NCL terminal.

Speaking on the occasion, LCCI Senior Vice President Mian Tariq Misbah said that there was a need to equip the Wagha Border with most modern equipment to facilitate the businessmen of the two countries. He said that in the coming years, the volume of two-way trade is bound to look ahead, therefore, we would have to make necessary arrangements to cope with that situation.

The LCCI Senior Vice President said that the low volume of trade between India and Pakistan needs to be tackled with concerted efforts from both the sides. He said that India and Pakistan should promote regional trade on the pattern of ASEAN, EU, NAFTA, etc to boost bilateral trade. He said that the promotion of trade is the only way to minimise the political tension in the region.

Experts highlight changes and amendments to I-T Return Form

September 07, 2014

A former member of Federal Board of Revenue (FBR) Habib Fakharuddin on Saturday elaborated about the legal changes and amendments made in the income-tax returns forms-2014 for different categories of taxpayers. The tax lawyer gave a detailed presentation on the return forms at a seminar on Income-Tax Returns 2014 held at the Rawalpindi/ Islamabad Tax Bar Association (RITBA) building, here on Saturday.

The seminar organised by Rawalpindi/Islamabad Tax Bar Association's acting Secretary General Faraz Fazal Sheikh was attended by tax experts and lawyers from twin cities of Islamabad and Rawalpindi. Advocate Supreme Court Hafiz Muhammad Idress presided over the seminar and it was followed by a question-answers session.

The participants were interested in raising queries regarding new Income-Tax Return/Wealth Statement Forms for Individual/AOPs for Tax Year 2014. Under the new form, the Board has decided to declare income-tax returns for Tax Year 2014 as 'invalid' on which National Tax

Number (NTN) or computerised national identity card numbers (CNICs) are missing or incorrect and penalty would also be imposed in case of 'invalid' returns.

It was elaborated in the seminar that under the new return form, five kinds of errors/omissions shall render a `return' invalid & make the taxpayer a non-filer & liable to penalty under Section 182(1) of the Income-Tax Ordinance, 2001. The invalid return forms include those on which NTN or CNIC is missing, incorrect or invalid; return on which mandatory fields marked by '*' are empty; return which is not signed by the tax-payer or representative (as defined in Section 172 of the Income-Tax Ordinance, 2001) of the tax-payer; return that is not filed on the prescribed Form and return which is not filed in the prescribed mode.

Later, Shaukat Baloch (FCMA) and a former president of RITBA thanked the organising committee, the chief guests, the speakers and the participants as well. The executive body requested Faraz Fazal Sheikh, the acting Secretary General of RITBA, to continue with the series of such seminars of return forms and changes in tax returns to facilitate tax practitioners. Overall, the seminar was highly informative. Meanwhile, the RITBA announced that Habib Ullah Khan (FCMA) and Jahangir Advocate have been elected Finance Secretary and Joint Secretary, respectively, of the Tax Bar Association.

Taxation: *World*

Malaysia exempts crude palm oil from tax to boost export demand

September 07, 2014

Malaysia will exempt crude palm oil from export taxes in September and October to reduce stockpiles of the tropical oil after prices fell to five-year lows. The exemption from duties, which had been set at 4.5 percent for September, is expected to increase palm oil exports by 600,000 tonnes over the two months and reduce stock levels to 1.6 million tonnes by the end of the year, the commodities ministry said in a statement.

"The industry requested we extend this to December. We'll assess this as we go along," Douglas Uggah Embas, Malaysia's commodities minister, told a news conference. He also said the cabinet would decide this month whether to bring forward to December 1 plans to impose a requirement for biodiesel to use 7 percent palm oil, from 5 percent now. Its previous commitment had been to introduce the new blend by the first quarter of 2015.

Malaysian palm prices, which set the tone for global prices, plunged 14.5 percent in August, the biggest monthly fall since September 2012, hurt by expectations of bumper crops of competing oilseeds as well as a pick-up in Southeast Asian palm output. Stockpiles in Malaysia, the world's No 2 producer of the tropical oil, stood at 1.68 million tonnes at the end of July, and are expected to hit a seven-month high at end-August as production outstrips global demand from key consumers.

"If there is no action to address this trend, we are expecting further declining prices until the end of the year with average prices between 2,200-2,280 ringgit ($692.5-$717.7) per tonne," the ministry said in the statement. Both Malaysia and neighbour Indonesia, the world's biggest palm oil producer, set export taxes on a monthly basis. Malaysian palm oil rose for a third consecutive session on Thursday to a one-week high of 2,033 ringgit.

Greek Prime Minister announces cuts to crisis-era taxes

September 07, 2014

Greek Prime Minister Antonis Samaras on Saturday announced cuts to unpopular taxes introduced at the height of the country's debt crisis, in a bid to show the nation that over four years of austerity are finally nearing an end. The Greek premier, whose conservative party is trailing in opinion polls behind the anti-austerity, radical leftist Syriza party, said a heating oil consumption tax would be cut by 30 percent and a "solidarity tax" would also be reduced.

"This is the year that Greece has started to stand on its feet. It is still wounded, yes, but standing," Samaras said in his annual state of the economy speech marking the end of the traditional summer break. "It is still wounded, yes. But its wounds are healing and it is looking to the future." Buoyed by improved investor confidence and signs of economic stabilisation, Samaras has pushed the country's EU and IMF lenders to start rolling back austerity to kickstart growth and preserve the fragile political stability in Greece.

Greek officials brought up the issue of tax relief at talks in Paris this week with the lenders as part of the country's latest bailout review, but there has been no confirmation yet they have agreed to the package. Samaras said details of the tax cuts would be presented in the country's draft budget to be announced in October. He also said a new taxation "roadmap" would be unveiled in the future, with the maximum income tax cut to 32 percent from 42 percent and the corporate tax rate reduced to 15 percent from 26 percent. A deeply unpopular property tax would also be cut, he said without providing any details.

The government on Saturday also confirmed that Greece will show growth in the third quarter, its first quarterly expansion since the start in 2008 of a crippling recession that has wiped out nearly a quarter of the country's economy. Greece is expected to return to marginal growth this year after the six-year recession that has left more than one in four jobless and reduced household incomes by nearly a third.

"The country has stabilised and is entering the path of growth," Samaras said. Greece has staged an abrupt turnaround since nearly going bankrupt in 2012 and almost bringing down the euro with it. The country remains the euro zone's most indebted nation with debt forecast to top 177 percent of the economy this year, but it has largely managed to bring its finances back on track and posted a budget surplus before interest payments last year. In a sign of improved investor sentiment, Athens also returned to bond markets successfully this year with two bond sales that raised a total of 4.5 billion euros. That is expected to be followed by another bond sale before the end of the year.

Despite the reversal in fortunes, Athens still faces several outstanding issues before it can fund itself unaided. The country is expected to need more debt relief, talks on which are expected to start after the country's latest bailout review and European bank stress tests in the autumn.

Samaras said the country's lenders would soon certify that the country's debt is viable. Athens also faces the risk of a fresh bout of political instability ahead of presidential elections early next year. Samaras's government must secure the support of at least 180 lawmakers in the 300-seat parliament to push through the appointment of a new president, failing which parliament must be dissolved and new elections called. The radical leftist Syriza party has vowed to block the nomination of a president, and Samaras has only the support of 154 lawmakers in his coalition of Socialists and conservatives.

Still, Samaras played down the prospect of early elections saying there was growing support for his coalition and warned that Greece would be tipped back into crisis with elections. "The time is approaching for the country to exit the bailout era once and for all and if an early pre-election campaign starts right now, we will risk losing everything that we have achieved," he said. "It would be political suicide for Greece."

Agriculture and Allied: *Pakistan*

Standing crops washed away: rains cut Sialkot industrial production by 50 percent

September 07, 2014

ANWAR KHAN

The current calamitous monsoon rains have folded industrial production at least by 50 percent and washed away largely standing agriculture crops in Sialkot, exporters said on Saturday. The city of Sialkot bordering with India in east suffered dual impact from the current monsoon weather - the torrential rains and flood from Jammu and Indian-held Kashmir - that inundated many other cities in Punjab, they said.

Pakistan confronts three big setbacks at present, they pointed out that "the political turmoil, uncertain economic condition and now natural calamity". The continuing uncertainties inflicted on the country a huge loss in exports and local businesses, they said. "Torrential rains and then floods surge from Indian side caused the Sialkot city huge loss as crops and industrial production badly ruined," the Chief Co-ordinator, Pakistan Readymade Garments and Manufactures Exporters Association (Prgmea), Ijaz Khokhar, told *Business Recorder* from Sialkot on phone.

Rain drains from India spilled over into Sialkot as torrential rains wrecked havoc on the bordering city, leaving nearly 30 percent its daily wage industrial workers jobless, razing mud-made houses and washed away standing crops, he said. He said the urban infrastructure succumbed to the huge flash flooding, ceasing trade, agriculture and social activities altogether. "Rice and sugarcane crops suffered utmost from the natural calamity just in two days," he added.

Infrastructure of other cities, especially the provincial capital Lahore, failed to response to rains despite earlier weather warnings, he lamented, saying the local administration is working around the clock with largely late reaction against the calamity.

"There should be a proper plan in place to monitor the weather and make arrangements for early response to avert destruction that every year rains caused in the country," he suggested, saying the government's reactive approach caused the nation huge losses. Upper Punjab is the most affected part of the province, he pointed out, saying the Indian flown small rivers - AeK and Deek overflowed in the urban centres through Sialkot. "Roads are inundated from the drain overflows making the city's activities unmoveable," he said.

"The country is in multiple crises," he said and urged the opposition in parliament, protesting parties on the roads of the federal capital city, Islamabad, and the government to settle their issues without further delays to end the economic turmoil. "Economy cannot afford more disaster whether they are political, law and order or natural calamities," he said, adding the government has to seek an amicable solution to all crises, which the country continues to confront for several reasons.

Diamer-Bhasha Dam project: Dar discusses issues related to financing

September 07, 2014

Finance Minister Ishaq Dar chaired a meeting to discuss issues related to financing of the Diamer-Bhasha Dam project on Saturday. WAPDA Chairman Zafar Mahmood briefed the Finance Minister on a draft of hydel power policy which is being prepared and it would include all issues in relation to efforts aimed at attracting private sector investment in hydel power generation in Pakistan. The policy will provide for an upfront tariff to the international investors.

According to him, the policy will also address environmental aspects in addition to technical and financial aspects. He further said the draft policy is essential for attracting private sector investment in hydel power generation. He briefed the Finance Minister on the work done so far in connection with Diamer-Bhasha Dam.

The Finance Minister was informed that during the last 24 hours, the Mangla Dam has absorbed two million acre feet of water from its catchment areas. He said the Mangla Dam Raising Project has yielded immense benefits not only in term of conservation of water but also flood control. The Finance Minister observed that Indus River Cascade has an over 90,000 mega watts power generation capacity and had there been focus on hydel power generation, the country would not have shortage of energy or water. He directed the Wapda Chairman to expedite formulation of a comprehensive hydel power policy in order to attract private sector investment in this huge potential. He emphasised that hydel-led energy mix can provide cheaper electricity to the people of Pakistan. He mentioned that with the construction of three gorges dam, China has placed a check on floods and built a reservoir on which the whole country is benefiting.

The Finance Minister underlined that the government will go ahead with both Dasu and Diamer projects at the same time and eventually phase out costly thermal power generation which has resulted in large import bill. He directed the officials of the Ministry of Water and Power and WAPDA to plan for the international investors meeting to be held in Washington DC to attract donor agencies and US investors for construction of mega dams in Pakistan with special emphasis on opportunities available in the Diamer-Bhasha Dam project.

Miftah Ismail, Chairman of BOI, Dr Waqar Masood, Finance Secretary, Saleem Sethi, Secretary Economic Affairs Division, Rana Assad Amin, Advisor to Finance Ministry and senior officials of the ministries of Finance and Water and Power also attended the meeting.-PR

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Fake pesticides worth Rs three million seized

September 07, 2014

Punjab Agriculture Department (PAD) following a raid on a leather factory recovered huge quantity of fake pesticides worth Rs 3 million near Sheikhupura on Friday. According to a spokesman of the department, officials of the department along with the police raided a leather factory near Qila Sattar Shah on a tipoff and recovered 25,000 kilograms of fake pesticides worth Rs 3 million.

Two people involved in this heinous business Muhammad Idrees and Irfan Ali were arrested from the spot while two others namely Taimur Ali and Iftikhar have also been nominated in the FIR registered after the raid. The spokesman said the Punjab Agriculture Minister Dr Farrukh Javed is leading a vigorous campaign against fake pesticides on the special directives of the Chief Minister Punjab Muhammad Shahbaz Sharif. Stern action is being taken against those involved in fake pesticides business under this campaign, the spokesman added. PAD spokesman said that fake pesticide results in failure in controlling enemy pests or diseases thus decreasing per acre yield and inflicting financial loss to the grower and the national economy.

NFML corruption case: NAB Rawalpindi arrests accused contractor

September 07, 2014

The National Accountability Bureau (NAB) Rawalpindi has arrested Umar Farooq, a contractor allegedly involved in Rs 880 million urea supply and storage corruption case of National Fertiliser Marketing Limited (NFML). The accused in connivance with officials of NFML and Trading Corporation of Pakistan (TCP) allegedly caused huge loss to the national exchequer.

Arrest warrants of the accused contractor were issued by the Director General (DG), NAB Rawalpindi and accused contractor is in the custody of NAB Rawalpindi. He was presented before the Accountability Court Islamabad for obtaining his physical remand. The court has granted five days physical remand to NAB Rawalpindi.

The bureau had previously arrested two individuals including Zulfiqar Ali, store incharge and Abdul Ali in this case from Kharotabad godown, Quetta. The store incharge alone caused a loss of Rs 16 million approximately to the public exchequer by misappropriation of more than ten thousand imported urea fertiliser bags from NFML godown, Quetta. It is pertinent to mention here that the NAB investigation teams made several raids in Kasur, Karachi and Quetta on TCP warehouses/godowns and discovered that urea bags were under-weight. Godowns and warehouses were sealed. NAB Rawalpindi has so far recovered Rs 100 million in this case.-PR

Sit-ins affect supply, demand position: significant increase registered in prices of food items

September 07, 2014

TAHIR AMIN

Prices of perishable and non-perishable food items registered significant increase during last month as compared to the preceding month, revealed a survey conducted by *Business Recorder* here on Saturday. The survey observed increase in entire range of perishable and non-perishable food items during the period under review, including milk, yogurt, sugar, ghee/cocking oil, flour, meat, eggs, soap, vegetables and fruits prices.

Traders and wholesalers in different markets of the twin cities of Rawalpindi-Islamabad said that some kitchen items registered an increase of up to 20-30 percent during the period under review, which is mainly attributed to the short supply and the on-going anti-government 'Azadi' and 'Inqilab' marches of Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT), respectively, as protesters thronged to the federal capital, creating a huge gap between supply and demand.

According to traders and wholesalers, the government blocked some roads to counter the anti-government marches during this period and supply remained suspended. Taking full advantage of the situations, hoarders and profiteers created artificial shortage and increased kitchen items prices manifolds making it more difficult for common man to buy them, while there was no check and balance as the government was busy in handling PTI and PAT marches and Dharnas, they added.

It was observed that packed milk which was at Rs 99 per liter in July increased to Rs 110 registering an increase of Rs 11 per liter, while loose milk price also increased by Rs 5-10 per kg in different markets during the month of August. Tea prices increased by Rs 2-3 per pack, while Rs 10-20 per kg, flour price increased by Rs 2-3 per kg, while Roti/Naan (bread) prices increased by Rs 1-2 during the period under review. Sugar prices increased by Rs 5 per kg, ghee/cocking oil by Rs 3-5 per kg/liter, eggs prices by Rs 8-10 per dozen, while meat by Rs 20-30 per kg during last one month.

According to traders, vegetables and fruits prices normally declined during this time of the year, however during last one month substantial increase was observed in vegetables prices. The survey observed that tomato price increased from Rs 50-60 per kg to Rs 100 per kg, potato from Rs 60 per kg to Rs 80-90 per kg, onion from Rs 50-60 per kg to Rs 70-80 per kg, cucumber from Rs 50 per kg to Rs 100 per kg, Shimla Mirch from Rs 70-80 per kg to Rs 120-130 per kg, while carrot from Rs 60 per kg to Rs 80 per kg during the period under review.

Meat was being sold at different rates in the twin cities, as mutton was being sold at Rs 640-660 per kg against Rs 620-640 per kg, while beef was available at Rs 370-420 per kg against Rs 360-400 per kg. Rice prices remained firm as super colonel was available at Rs 140-155 while basmati at Rs 80-120 per kg during this period. Pulses prices also remained stable during this period as no significant changes were observed in prices during this period.

During the month past fruits prices also increased substantially as banana (Pakistani banana) was available at Rs 80-120 per dozen against Rs 60-100 per dozen while banana (Indian banana) at Rs 200-220 per dozen against Rs 160-180 per dozen, mango was available at Rs 80-120 per kg against Rs 60-100 per kg, guava at Rs 80-100 per kg and apple at Rs 100-200 per kg against Rs 80-180 per kg depending on quality.

Asia's biggest cattle market inaugurated in Karachi

September 07, 2014

Sacrificial animals coming to the Karachi cattle market (Maweshi Mandi) are exempted from tax till Eid ul Azha and no tax on entry of these animals to Karachi through the National Highway and the Super Highway is being charged, said Commissioner of Karachi Shoaib Ahmed Siddiqui while inaugurating Asia's biggest cattle market on the Super Highway near Sohrab Goth here on Saturday.

The Commissioner of Karachi said the city administration was taking all possible measures to facilitate the Karachiites in purchase of sacrificial animals. He praised the KMC and the Malir Cantonment Board for providing excellent arrangements at the Cattle Market to facilitate merchants, customers and visitors and vowed to extend his support to them for smooth running of the Cattle Market.

"We have made arrangements for lifting of litter and animal waste from the Cattle Market while the KMC has been instructed to deploy machineries and tractors with staff to ensure measures taken for sanitation and cleanliness. We have also provided other facilities, including ambulance services and fire services. Moreover, imposition of Section 144 will strengthen peace in the area and people with peace of mind will visit the Cattle Market. In addition to this, a team of veterinary doctors and paramedical staff will look after health issues of sacrificial animals," the Commissioner of Karachi said.

He said measures for security and safety of citizens of Karachi coming to the Cattle Market on the Super Highway, near Sohrab Goth, were being ensured and "we have requested the Sindh Police and Rangers to make special arrangements for patrolling in nearby areas of the Cattle Market".

Speaking on the occasion, Malir Cantonment Board Chief Executive Officer (CEO) Muhammad Farooque said the Sohrab Goth Cattle Market has been set up on 650 acres of land with total 21 blocks in it while foolproof arrangements have been made to ensure animals undergo medical procedures like vaccination etc before entering the market to wipe out slightest chance of disease.

"Block one, two, three and six are VIP blocks in the Cattle Market. Two separate blocks for goats and camels have also been set up near the Cattle Market. Except for the VIP blocks and a few roadside plots, no additional fee is being charged for space provided to cattle sellers. The cattle merchants will be given space as per the availability on first come first served basis," added Farooque.

Only charges cattle merchants have to pay are: Rs 1,000 for cow/camel and Rs 600 for goat in addition to entry fees for vehicles carrying animals which are Rs 2,000/- for 22 wheelers and Rs 1,000/- for 10-12 wheelers. "Against this nominal fee they are being provided with a lot of facilities, including free space with security arrangements, drinking water for cattle, free medical check-up and medicines for animals, lighting, etc," he added.

To facilitate the people, the CEO added, Habib Metro and Tameer Bank will have their branches at the Cattle Market while a number of banks will provide their ATM services. "A complaint center to instantly resolve issues will be there to help people," he added. Administrator Rana Imran also spoke on the occasion.

Fuel and Energy: *Pakistan*

Gas at concessional price to TSML: Dar directs Masood-led body to formulate recommendations

September 08, 2014

MUSHTAQ GHUMMAN

Finance Minister Senator Ishaq Dar has directed a committee headed by Finance Secretary, Dr. Waqar Masood to formulate recommendations immediately with regard to provision of natural gas at concessional price to M/s Tuwairqi Steel Mills Limited (TSML), well-informed sources told *Business Recorder.*

TSML"s management was running from pillar to post for implementation of a commitment made by the then government of Shaukat Aziz. The sponsors would be forced to shut down the mills and more than 1,000 employees will lose their jobs if the government does not supply natural gas at concessional rates, sources told this correspondent.

Ministry of Industries and Production recently submitted a summary for provision of natural gas to TSML at concessional rates but the Finance Minister constituted a committee under the chairmanship of Finance Secretary to look into the proposal.

"A committee was constituted on July 17, 2014 to deliberate upon the issue and finalise its recommendations for provision of natural gas as feed stock in the Direct Reduced Iron (DRI) to Tuwairqi Steel Mills Limited (TSML) on concessional rates under the convenor ship of Secretary Finance," the sources added.

The ECC also decided that Chairman Board of Investment (BoI) may also be included in the said committee. The committee has been asked to prepare a final report for the ECC in its next meeting.

The ECC was informed that since June 6 2013, 32 meetings of the ECC have been held wherein a total number of 158 decisions were taken. 125 decisions have so far been implemented whereas 33 decisions are at various stages of implementation and a number of decisions have been partially implemented. The details of the un-implemented decisions were also placed before the ECC.

The meeting considered the progress reports of the decisions being implemented by the relevant Ministries/Divisions and expressed satisfaction over the progress achieved. The meeting, however, observed that there was a need for the concerned Ministries and Divisions to accelerate the process of implementation of the decisions pertaining to them.

After detailed discussion the ECC took the following decisions: (i) all pending ECC decisions should be followed up vigorously for implementation. All concerned Secretaries should be reminded of early implementation of ECC decisions and submission of implementation reports which may be furnished in the next meeting of the ECC of the Cabinet; (ii) draft bill for amendments in OGRA Ordinance to Monitor/Establish Prices of Oil Refine Products may be submitted in the next meeting of the ECC of the Cabinet; (iii) Finance Division has made an allocation of upto Rs. 2 billion subsidy for the Relief Package for Ramzan-2014. It was revealed that Rs.1 billion has already been released to the Utility Store Corporation and balance amount will soon be released subject to final adjustment based upon reconciled claim; (iv) It was directed that adequate gas supply should be made available to the domestic fertilizer companies for utilising the maximum production capacities of the Nation Fertilizer Manufacturers. It would not only save the much needed foreign exchange and the amount given in subsidies but would also support and strengthen our domestic industry; (v) The Auto Industry Policy Draft should be submitted in the next meeting of ECC for approval; and (vii) the draft bill on policy framework for Regulation of Organisation Receiving Foreign Contribution should be submitted for consideration of the ECC of the Cabinet.

Diamer-Bhasha Dam project: Dar discusses issues related to financing

September 07, 2014

Finance Minister Ishaq Dar chaired a meeting to discuss issues related to financing of the Diamer-Bhasha Dam project on Saturday. WAPDA Chairman Zafar Mahmood briefed the Finance Minister on a draft of hydel power policy which is being prepared and it would include all issues in relation to efforts aimed at attracting private sector investment in hydel power generation in Pakistan. The policy will provide for an upfront tariff to the international investors.

According to him, the policy will also address environmental aspects in addition to technical and financial aspects. He further said the draft policy is essential for attracting private sector investment in hydel power generation. He briefed the Finance Minister on the work done so far in connection with Diamer-Bhasha Dam.

The Finance Minister was informed that during the last 24 hours, the Mangla Dam has absorbed two million acre feet of water from its catchment areas. He said the Mangla Dam Raising Project has yielded immense benefits not only in term of conservation of water but also flood control. The Finance Minister observed that Indus River Cascade has an over 90,000 mega watts power generation capacity and had there been focus on hydel power generation, the country would not have shortage of energy or water. He directed the Wapda Chairman to expedite formulation of a comprehensive hydel power policy in order to attract private sector investment in this huge potential. He emphasised that hydel-led energy mix can provide cheaper electricity to the people of Pakistan. He mentioned that with the construction of three gorges dam, China has placed a check on floods and built a reservoir on which the whole country is benefiting.

The Finance Minister underlined that the government will go ahead with both Dasu and Diamer projects at the same time and eventually phase out costly thermal power generation which has resulted in large import bill. He directed the officials of the Ministry of Water and Power and WAPDA to plan for the international investors meeting to be held in Washington DC to attract donor agencies and US investors for construction of mega dams in Pakistan with special emphasis on opportunities available in the Diamer-Bhasha Dam project.

Miftah Ismail, Chairman of BOI, Dr Waqar Masood, Finance Secretary, Saleem Sethi, Secretary Economic Affairs Division, Rana Assad Amin, Advisor to Finance Ministry and senior officials of the ministries of Finance and Water and Power also attended the meeting.-PR

Reviewing trade facilitation work: US political officer visits Wagha

September 07, 2014

US Political Officer Preston Savarese accompanied by the LCCI Senior Vice President Mian Tariq Misbah on Saturday visited Wagha Border to review trade facilitation arrangements. They had meetings with Customs, rangers, border officials and listened to their point of view on trade situation and arrangements for the business between the two countries. They also visited NCL terminal.

Speaking on the occasion, LCCI Senior Vice President Mian Tariq Misbah said that there was a need to equip the Wagha Border with most modern equipment to facilitate the businessmen of the two countries. He said that in the coming years, the volume of two-way trade is bound to look ahead, therefore, we would have to make necessary arrangements to cope with that situation.

The LCCI Senior Vice President said that the low volume of trade between India and Pakistan needs to be tackled with concerted efforts from both the sides. He said that India and Pakistan should promote regional trade on the pattern of ASEAN, EU, NAFTA, etc to boost bilateral trade. He said that the promotion of trade is the only way to minimise the political tension in the region.

Fuel and Energy: *World*

BP, CNPC raise shares in Iraq's Rumaila oilfield

September 08, 2014

A revised contract signed last week by British oil major BP and China's CNPC for Iraq's Rumaila oilfield has raised both companies' stakes in a joint venture formed to develop the field, a senior Iraqi oil official said on Sunday. Under the revised contract, BP has cut the planned output target for the supergiant field to 2.1 million barrels per day from 2.85 million bpd and extended the life of the deal, BP and Iraqi officials said on Thursday.

The original contract had BP holding a 38 percent stake in the Rumaila venture, while CNPC had a 37 percent share and Iraq's State Oil Marketing Organisation controlled the rest.

According to the revised deal signed on Thursday, BP's share rose to 47.6 percent and CNPC's to 46.4 percent, while Iraq's stake was reduced to 6 percent, Thamer Ghadhban, top energy adviser to outgoing Prime Minister Nuri al-Maliki, told Reuters. He did not elaborate.

BP and CNPC could not immediately be reached for comment. After signing a series of service agreements with foreign companies in 2009-2010 to develop its giant southern oilfields,

Iraq set an overall production capacity target of 12 million bpd by 2020, which would rival the output capacity of top oil exporter Saudi Arabia at 12.5 million bpd.

Kuwait Petroleum eyes stake in Indian refinery

September 08, 2014

Kuwait Petroleum Corp (KPC) aims to pick up a significant stake in Indian Oil Corp's Paradip refinery and supply about 60 percent of the oil needs of the plant, set to start up later this year, three sources with knowledge of the matter said. Gulf oil producers want to lock in customers in Asia, which is experiencing a wave of refinery expansion, as the U.S. shale boom has hit demand for their oil in Western economies.

India, the world's fourth largest oil consumer, imports about 80 percent of its oil needs and plays a growing role as a regional refining hub.

The South Asian nation imports around 16 million tonnes of crude a month - more than it consumes - and exports about a third of that as refined products.

State-run IOC, the country's biggest refiner, aims to start crude processing at its 300,000 barrels per day (bpd) coastal refinery in the eastern state of Orissa by the end of this year.

"Kuwait has sought a 50-percent stake in the refinery and the proposed petrochemical plant, along with marketing rights for fuels," said one of the sources, adding that IOC might settle for a smaller stake and keep control of the refinery.

This source said KPC wanted to reserve the right to later sell a part of its stake in the Indian project to any international oil company. The sources who spoke to Reuters declined to be identified because of the sensitivity of the topic. IOC Chairman B. Ashok did not respond to telephone calls from Reuters seeking comment, while a KPC spokesman could not immediately be reached for comment.

Kuwait wants to strengthen its role in India's oil gas sector and wants to lease a part of its strategic storage, being built to hedge against energy security risks. Kuwait was India's fourth biggest oil supplier in fiscal 2013/14, supplying about 409,000 bpd.

"KPC has several interests and opportunities in India and this is one of the main ones," said a second source. "India is always on the radar. KPC is interested in Paradip but both sides haven't agreed on the details yet."

IOC, along with subsidiary Chennai Petroleum, controls about a third of India's oil refining capacity of 4.3 million bpd.

KPC and IOC officials had a meeting in India during the last week of August to discuss KPC's participation, two of the sources said. KPC will acquire a stake through its overseas downstream subsidiary, Kuwait Petroleum International.

Kuwait wants a potential joint venture with IOC to sign a deal for long-term crude supply with KPC, they said.

Saving money on lighting using presence, motion detectors

September 08, 2014

Motion and presence detectors linked to a home's lighting system can save up to 25 per cent of the cost of lighting energy, but which to use depends on the location, experts say. Presence detectors are made to be more sensitive than the devices sold as motion detectors and can therefore be more effective, according to the Initiative Elektro+, a trade organisation in Berlin.

The sensors inside presence detectors can record minimal movements such as the turning of pages in a book. Such models are best suited for rooms like an office, the bathroom or the kitchen, where they switch on the light as soon as someone comes in. When there's sufficient daylight in the area, the light will stay off.

Motion detectors, which usually have passive infrared sensors, are suited for picking up distinct movements, for example somebody walking in passage areas such as hallways and stairs.

Dubai's shortlists 8 firms for clean coal plant

September 08, 2014

Dubai has short-listed eight companies to build a 1200 megawatt (MW) clean coal power plant, UAE officials said on Sunday, part of a $20 billion investment that aims to help to diversify the Gulf Arab emirate's energy mix by 2030.

Dubai, one of the seven emirates of the United Arab Emirates (UAE), produces very little oil and relies on costly imports of gas to satisfy its growing energy consumption.

State utility Dubai Electricity and Water Authority (DEWA) has also put out a tender for the construction of a 100-megawatt independent solar power project (IPP), part of the emirate's 2030 energy strategy.

DEWA also plans to expand its existing power production and desalination plant, known as the M-Station, to add about 600 MW of extra capacity, DEWA CEO Saeed Mohammed al-Tayer told Reuters.

"We expect the total investments in those three projects at more than $20 billion," said Tayer, who is also vice chairman of Dubai's Supreme Council of Energy.

Tayer said DEWA has no plans to issue bonds this year to raise money for the projects. Another DEWA executive said he expected the cost of the clean coal project, known as the Hassyan power plant, which is expected to come online by 2021, to be more than $2 billion. A more accurate cost estimate will be known by the end of November, when bids from the short-listed companies are expected.

No quick fix for India's coal supply crisis: minister

September 08, 2014

The Indian government on Sunday blamed cost overruns at coal projects and $50 billion in losses at state electricity distributors for a power crisis that has become the first test of Prime Minister

Narendra Modi's management of the economy.

Power and Coal Minister Piyush Goyal warned that it would take years to alleviate coal supply shortages, which have reduced stocks at thermal power stations to their lowest since a huge blackout in 2012 cut off 620 million people.

Any strategic decisions would have to wait until a final decision by the Supreme Court on whether to revoke licences for more than 200 coal blocks awarded since 1993, Goyal told a news conference.

The court has already ruled that these 'captive' blocks for industrial use were handed out illegally. It will reconvene on Tuesday to consider whether they should be reallocated, or whether the operators should be fined.

"We will ensure quick action after the Supreme Court decision to get the process rolling and enhance coal output to 1 billion tonnes (a year) by 2019," Goyal told a news conference.

The "Coalgate" scandal, estimated in a 2012 audit report to have cost the taxpayer up to $33 billion, entrenched the dependence of Indian industry on supplies from lumbering state producer Coal India.

Coal stocks on hand at thermal generators, which produce three-fifths of the nation's power, have fallen to six days' forward cover - down nearly half since Modi's national election victory in May.

Modi's landslide came at least in part thanks to his reputation for CEO-style competence as chief minister of Gujarat, where he tackled a similar power crisis in 2005 and ensured round-the-clock electricity supplies.

Even though India has the world's fifth-largest reserves of coal, at 61 billion tonnes, supply bottlenecks force many generators to import coal from abroad. While private sector players are sourcing fuel from their own mines in countries like Australia, many state players can't afford to import.

Goyal said he was "open to all options" on fixing the coal supply situation but said the government would not consider opening up coal production to private competition immediately.

"At the moment we don't have a Plan B, but for every scenario we are keeping ourselves ready. Whatever the Supreme Court decides on coal block de-allocation, we will ensure that action from our side is implemented immediately," said Goyal.

Coal India, which accounts for around 80 percent of national production, has warned that it will fall around 30 million tonnes short of its commitment to supply 408 million tonnes to power generators in the year to March 31, 2015.

Mining unions plan a three-day 'work to rule' protest later this month to oppose any moves to privatise or break up Coal India, which employs 350,000 workers.

Goyal, a senior figure in Modi's nationalist party and former investment banker, blamed the crisis on cost overruns at power projects and 3 trillion rupees ($50 billion) at state power distributors.

These losses have piled up in the system because in many Indian states the price paid by consumers of electricity is 20-30 percent below cost - often the result of political favours given by local leaders.

On the supply side, Goyal said it would be vital to build three railway lines in the mining states of Chhattisgarh, Jharkhand and Odisha, that could deliver an extra 60 million tonnes of coal a year by 2017-18 and up to 200 million tons by 2021-22.

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US natural gas futures fall seven percent

September 07, 2014

US natural gas futures fell for a fourth day in a row on Friday, losing about 7 percent for the week, on forecasts for moderating weather and expectations for continued bigger-than-normal storage builds. The weekly loss was the biggest since February. Front-month gas futures on the New York Mercantile Exchange closed down 2.6 cents, or down 0.7 percent, at $3.793 per million British thermal units on Friday.

The October front-month traded between $3.78, the lowest since mid August, and $3.85. The front-month also ended down 7 percent for the month and 10 percent for the year. Shares in the United States Gas Fund, an exchange traded fund that tracks Henry Hub gas prices, fell to $20.62

on Friday, the lowest since July and close to an eight-month low. Analysts estimated utilities added about 78 billion cubic feet of gas into storage this week, near last week's 79-bcf injection, but well over the 64 bcf build in the same week a year ago and the 60 bcf five-year average build.

MDA Weather Services forecast above-normal temperatures on the East Coast over the next five days before much cooler air blankets the mid-continent for the subsequent six to 15 days. US weather models predicted a return to near normal temperatures over the next two weeks with just 128 cooling degree days, down from 140 on Thursday, versus a normal of 126 for this time of year, according to Thomson Reuters Analytics.

On the NYMEX, spot Appalachian coal prices dropped over 40 cents to $56.50 per ton, the lowest in seven months. The premium of the front-month gas contract over spot Appalachian coal eased to $1.44 from $1.46 per mmBtu on Thursday. A gas premium over $1.50 makes it cost-effective for some utilities to burn coal.

On the IntercontinentalExchange, next-day gas at the Henry Hub, the benchmark supply point in Louisiana, lost six cents to average $3.84, while New York dropped about 66 cents to $2.10. Next-day gas at the Chicago citygates lost six cents to average $3.86, while the Southern California Border lost eight cents to $4.01. In power markets, the Mid Columbia hub in the Pacific Northwest lost $1 to average $38 per megawatt hour, while PJM West in the Mid-Atlantic lost $13 to $37. The US National Hurricane Center said a low pressure system near the Cape Verde Islands had a 30 percent chance of strengthening into a tropical depression over the next five days.

China General Nuclear plans $2 billion Hong Kong IPO

September 07, 2014

China General Nuclear Power, the country's largest nuclear power producer, has filed for an initial public offering in Hong Kong reportedly worth $2 billion. Bank of America Merrill Lynch, China International Capital Corp and ABC International - the investment arm of Agricultural Bank of China - are all joint sponsors of the listing which still needs approval. The Shenzhen-based company filed the documents on Wednesday with no indication when the IPO - worth $2 billion according to the Dow Jones Newswires - might take place.

CGN currently generates around 9.4 gigawatts - around half of China's nuclear energy output, the documents state. A further eleven power units at three nuclear power stations are in the construction phase. The power provider recorded a 5 billion yuan (US $810 million) profit in 2013, a two percent rise from the previous year, according to the preliminary prospectus. It also has a string of partnerships with international energy companies, including France's EDF and Areva. The world's second largest economy is desperate to wean itself of its dependency on pollution causing coal and regards nuclear as a key area for energy expansion.

There are currently 21 operational nuclear reactors in China, which has ambitious plans to expand its nuclear industry, with 27 reactors under construction near coastal areas, according to the World Nuclear Association. Beijing is also keen to export its own nuclear expertise abroad. In the last two months alone, Chinese nuclear companies have announced partnership deals to build new reactors in Argentina and Romania. Earlier this year China also won the right to own and operate new nuclear power stations in Britain.

European coal prices rise on Ukraine's demand

September 07, 2014

European coal prices for delivery this November rose on Thursday on expectations of increased demand from Ukraine after fighting in the east of the country damaged several mines. Cargoes for delivery in November to Amsterdam, Rotterdam and Antwerp (ARA) traded at $76.55 a tonne on the globalCOAL trading platform by 1547 GMT, up $0.30 from Wednesday's settlement.

Traders said prices rose on the news that Ukraine, which is usually an exporter of thermal coal, has turned buyer due to the war which has caused a collapse in production at the damaged mines. Interfax reported late on Wednesday that Ukraine had ordered 1 million tonnes for import from South Africa for delivery before the end of the year.

"That's a considerable amount of coal and I believe they will need more," a coal trader said, adding that Ukraine-based buyers could have been behind Thursday's ARA coal purchases. Meanwhile prices in Australia, the coal benchmark for Asia/Pacific, were down with prices for October delivery from its Newcastle terminal 50 cents cheaper at $66 a tonne, and prices for December delivery down 30 cents at $67.60 per tonne.

Analysts at Bank of America Merril Lynch (BAML) revised down their forecast for Newcastle coal for the second half of the year to $71 per tonne from $74 per tonne and introduced a forecast for 2015 of $73 per tonne. "Looking past 2015, we see a more balanced seaborne coal market. Seaborne prices should then recover to $82 and $89/t in 2016 and 2017 respectively," the analyst said in a research note on Thursday.

BR Research: *All*

Pakistans competitiveness-any better?

September 08, 2014

BR Research

When it comes to competitiveness, Pakistan is a consistent performer; consistent in being bad that is. In other words, the countrys economic managers must have heaved a sigh of relief on discovering that Pakistans ranking has not deteriorated further, at least. Once again, the country is ranked as the lowest amongst its SAARC folks on the Global Competitiveness Index (2014-2015).

It shouldn come as a surprise that Pakistan stands at a feeble position in two most strategic areas of competitiveness; public institutions and security situation, according to Global Competitiveness Report 2014-2015 of World Economic Forum. Red tapism, corruption, patronage, and lack of property rights have been attributed as the key culprits behind distressing the countrys public institutions.

To add to the woes, with no signs of relief in the law-and-order state of affairs coupled with growing political restlessness, being ranked as poor performer in security situation shouldn come as a surprise! Thanks to the fragile positioning, Pakistan has been regarded as the third least safe of all the countries covered; standing ahead of Yemen and Libya only. By looking at whats currently happening in the capital city, Pakistans positioning is bound to inch down further next year.

On the macroeconomic front, sliding inflation numbers and tapering budget deficit, the countrys positioning in this area took a slight breather, though it continues to remain disfavoured. That said the score took a turn for the better, improving from 2.9 to 3.2 this year.

Taking the infrastructural capacities into account, particularly the energy ones, country still lags behind. Businesses have also faced tough times owing to fuelling energy crisis. PML-N governments strong focus on infrastructural developments and resolving the energy crisis are crucial steps in taking the country out of the distressed mode. But, much more needs to be done, and with the right sequencing.

As for the health and primary education, again Pakistan is placed amongst the lowest. Thanks to poor infant mortality rates, one of the lowest enrollment rates along with a list of vulnerabilities in labour market, countrys efficiency indicators are falling apart.

Pakistans weak standing in relation of its peers is not startling; it is an outcome of years of status quo and terrible governance. To get the system on the right track, knuckling down to fixing the loopholes in existing mechanism is a crucial step. Only then, one can count on Pakistan in the list of top performing countries in the world.

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GLOBAL COMPETITIVENESS INDEX

South Asia	GCI	GCI	Change2014-2015	2013-2014
India	71	60	11	
Sri Lanka	73	65	8	
Nepal	102	117	-15	
Bhutan	103	109	-6	
Bangladesh	109	110	-1	
Pakistan	129	133	-4	

Source:
The Global Competitiveness Report 2014-2015 by World
Economic Forum

Provisioning costs FABL

September 08, 2014

BR Research

Much improved gross spreads and double-digit growth in top line would generally mean little to nothing if you have to provide for NPLs as much as Faysal Bank (FABL) had to. The recently-released 1H CY14 results show the banks after tax profits dipped slightly, as provisioning expenses trebled year on year. The loose end of administrative expenses further added to the trouble.

Faysal Bank boasts of one of the highest ADR in the mid-sized category. With higher advances comes the risk of NPLs, no matter how prudent the procedures are. The ADR was nearly 67 percent by the end of 1Q CY14, and the infection ratio was at a considerably high 15 percent. FABLs coverage ratio has lagged behind the peer average; but, it may well have improved by the end of 1H CY14.

FABL has been on a drive to rationalise its deposit mix and has had considerable success in reducing cost of deposits. The CASA had improved to 66 percent, but there is still a lot of catching up to do, especially when the asset side is exposed to high risk advances.

Most banks fall upon non-core income when things at the top are not rosy. Unfortunately for FABL, the non-mark-up income failed to live up to expectations, barely meeting the previous years number, let alone surpassing it. To make matters worse, administrative expenses swelled massively. A few one-off events such as payments to outgoing CEO did not help either.

Whether the managers are contemplating a change in strategy towards having more investments in the asset pie is anyones guess. But, high NPLs and likely reversal in interest rates may well dictate terms in the near future. The hard work on cost efficiency needs to continue, if FABL is to show growth in bottom line.

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FAYSAL BANK LIMITED (UNCONSOLIDATED P&L)

Rs (mn)	1HCY14	1HCY13	chg
Markup Earned	15,680	13,391	17%
Markup Expensed	9,000	8,913	1%
Net Markup Income	6,680	4,478	49%
Provisioning/(Reversal)	1,472	478	208%
Net Markup Income after provisions	5,208	4,000	30%
Non Mark-up / Interest Income	2,205	2,240	-2%
Operating Revenues	7,412	6,240	19%
Non Mark-up / Interest Expenses	6,544	5,316	23%
Profit Before Taxation	869	935	-7%
Taxation	129	173	-25%
Profit After Taxation	740	762	-3%
EPS (Rs)	0.71	0.73	

Source: KSE Notice

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National Foods: steady growth

September 08, 2014

BR Research

National Foods Limited (KSE: NATF) couldn surpass its FY13 performance, but its FY14 financials may still be spicy enough for its shareholders. The firm recorded a solid top line growth of nearly 14 percent in FY14 and announced final cash dividend of Rs8 per share in its board meeting last Thursday. If it weren for the relatively higher operating expenditures, bottom line growth would have also been impressive.

National Foods is an established name in the convenience food segment. Now a quadragenarian, the company has now successfully expanded its famous recipe masalas range by introducing several variants for rice, meat, BBQ, vegetarians, Chinese and snack dishes. It is a major player in the "Spices" segment as well, and is among top-recall brands for products like ketchups and sauces, jams and jellies, desserts and pickles. The firm also markets basmati rice.

A diversified product-base essentially puts NATF in front of a number of direct and indirect competitors, which include MNCs like Unilever Foods and local fellows like Shan Foods. But, as an increasing number of households turn towards instant recipes and flavours for both convenience and taste, the pie is getting bigger. So the market participants should be able to go in and stack up volumetric growth every year.

In that context, and given that NATF also exports its products--export sales accounted for nine percent of the firms gross sales in FY13--the FY14 top line growth could have done a little better. Recall that NATF had recorded a top line growth of over 19 percent in FY13, which translated into a 15 percent bottom line expansion.

However, the company could still have leveraged the healthy sales growth to improve its profit margins. Thanks to a less-than-proportional hike in cost of sales, the gross margin improved by 45 basis points (bps) to reach 35.05 percent in FY14. Its the highest gross margin National has recorded in recent years.

But, the subsequent financials show that NATFs operating expenditures could use some efficiency. There were out-of-step yearly increases in distribution costs (perhaps due to higher spend on advertising, sales promotion and outward freight) and administrative expenses (likely due to overseas expansion plans). That led to these two heads exhausting 23.42 percent of sales in FY14, about 133bps more than the previous year.

The deterioration midway through the income statement ate away the expected improvement in operating margin and, subsequently, the net margin also dipped a tad over FY13 level. Profit margins, however, still look good when compared to the firms recent history. Nationals manufacturing lines seem efficient enough, but the same cannot be said of its distribution and administrative arms. Management will do well to rein in operating expenditures, but thats a challenging task for a company expanding overseas.

National Foods wants to become Rs50 billion turnover firm by 2020: its gross sales were presumably a little over quarter of that target as in FY14. But the management seems to be moving aggressively now. After forming one in Dubai, NATF will set up two more subsidiaries in United Kingdom and Canada soon. The company announcement also mentioned the BODs proposal to structure NFL as a holding company for subsidiaries made out of both existing and outside business components. Sounds like a plan!

NATIONAL FOODS: KEY FINANCIALS

Rs (mn)	FY14	FY13	Chg
Sales	9,725	8,546	13.8%
Cost of sales	(6,316)	(5,589)	13.0%
Distribution costs	(1,922)	(1,624)	18.3%
Administrative expenses	(356)	(263)	35.0%
Operating profit	1,120	1,054	6.3%
Finance costs	(88)	(75)	16.9%
Profit after tax	708	674	5.1%
EPS - Rs	13.68	13.01	5.15%
Gross margin	35.05%	34.61%	-
Operating margin	11.51%	12.33%	-
Net margin	7.29%	7.88%	-

Source: KSE announcement

Kohat Cement

September 08, 2014

BR Research

As the year closed for the Kohat Company Cement Limited (KSE: KOHC), there was more than just volume sales to have gained from. Net earnings increased by an impressive 20 percent, largely driven by an overwhelming rise in other income.

Higher retention due to increase in cement prices during the year had an impact culminating in the increase in sales. While volumes have increased locally, the companys exports may have had a hitting from neighbouring Afghanistan. Under such a scenario, other investments seem to have paid off. Gains from the companys investments in mutual funds and equities have been substantial. By the third quarter of the year, income from sale of scrap had also risen considerably.

Moreover, finance costs declined by almost 38 percent during the year, giving strength to the bottom line.

Going forward, the company will see a rise in financing costs as it invests in a Waste Heat Recovery plant to curtail energy dependency on the national grid. The plant, which is to be imported from China, will be able to meet 30 percent of KOHCs energy requirements and is projected to come online by the second quarter of FY16. The project will cost KOHC Rs2 billion with 80 percent of the amount to be raised through debt.

Infrastructure damages in the North region from the recent rains may increase cement sales over the coming months as the government undertakes reconstruction activities. All the same, robust local demand will also be crucial for KOHC as it undertakes a major investment this year.

KOHC - KEY FINANCIALS

Rs (mn)	2014	2013	Chg
Net sales	12765.7	11297.2	13%
Cost of goods sold	-7959.0	-6936.3	15%
Gross margin	37.7%	38.6%	-
Other income	265.3	36.2	632%
Operating margin	35.5%	35.6%	-
Finance cost	-154.7	-249.0	-38%
Net margin	24.7%	23.3%	-
EPS-basic & diluted (Rs)	20.4	17.0	20%

Source: KSE notice

Miscellaneous News

Sit-ins paralyse Islamabad, slow down progress

By Shahbaz Rana

Published: September 8, 2014

ISLAMABAD:

There is not a shred of doubt that the recent developments in Islamabad have affected the country's economic progress, causing direct and indirect, measurable and immeasurable losses.

The sit-ins, organised by Imran Khan's PTI and Tahirul Qadri-led PAT, have forced the cancellation of a visit by Sri Lankan president before casting doubt on the planned arrival of the Chinese head of state.

The nature of the Chinese president's visit is as high-profile as it gets and the slightest of reshuffling in plans would strengthen hands of those international forces that do not want to see close ties between Pakistan and China. Furthermore, Chinese president is set to visit India, which could be interpreted as further isolation for Pakistan.

During the visit, the Chinese head of state was expected to sign several defence and economic pacts.

Pakistan has been negotiating a deal to acquire four submarines besides purchasing two squadrons of JF-17 Thunder multi-role aircraft, which is the joint production of Pakistan and China. Additionally, agreements were expected to be signed for 14 power sector projects that would have the potential to generate 10,400 megawatts of electricity with active Chinese assistance.

At a time of a severe power crisis, the deals are priceless.

"The international image of Pakistan has considerably been shattered," the federal government responded in the Supreme Court of Pakistan. The fallout has also shattered confidence of investors, it added.

The government has so far estimated overall losses to the economy at Rs547 billion. Out of the total, Rs228 billion have been estimated on account of 4.3% depreciation in the value of Pakistani rupee against the US dollar. Another Rs319 billion was estimated due to decline witnessed in the stock market. However, the Karachi Stock Exchange has now entered the recovery mode on the back of reports suggesting that the contesting parties have agreed to resolve the issue through dialogue.

The government has also claimed that political uncertainty has also adversely affected financial markets and foreign currency reserves have declined to $13.52 billion from the $13.926 billion in the week that ended on August 15.

It comes as no surprise that protesters have rendered the government machinery dysfunctional. The Pak-Secretariat – the seat of civilian bureaucracy – remained almost closed for about two weeks. Important matters remain unattended and barring emergency nature no other files are being entertained.

Since August 16, less than half of the Federal Board of Revenue's workforce has been able to attend office that is also located at the Constitution Avenue. However, it would not affect revenue collection as the work in field formations is going on smoothly.

The additional cost of security has been estimated at Rs357.6 million. An amount of Rs226.8 million has already been released, while ministry of interior has requested Rs130.6 million additional funds as of August 29.

The damage to public property has been estimated at Rs5 million by the Capital Development Authority. The equipment of state-owned Pakistan Television was also damaged while protestors burnt a police vehicle besides damaging 17 others. So far, 717 persons have been injured including 202 police personnel and three protesters also lost their lives, according to official estimates.

The Trader Association of Islamabad has claimed Rs10 billion losses – a figure that seems highly exaggerated. However, the government machinery has come to a standstill.

Schools have remained shut with children losing valuable learning time. Police forces from Punjab and AJK have been temporarily using the schools' premises.

The fear is that the government will try to hide behind the political turmoil to hide its inefficiency on the economic front. The government has set ambitious economic targets for the current financial year and many of these cannot be achieved.

However, protestors seem to have given an excuse to the government.

International financial institutions that were somehow ready to deal with the government have, for the time being, taken a back seat and are waiting for a resolution of the dispute.

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Long-term financing to take a hit

By Kazim Alam

Published: September 8, 2014

KARACHI:

Riots and sit-ins have many short-term economic fallouts, like the breakdown of law and order and disruption of transportation.

But of far more importance is the medium- and long-term infrastructure project financing that may dry up amid the unrelenting protests against the government.

After all, doubts about the government's future increase the level of risk in the economy, which bodes ill for future infrastructure project financing by private-sector banks and development financial institutions (DFIs).

"Macro-economic instability affects every business. Political uncertainty disturbs business activities and leads to an increase in the cost of funds," economist Kaiser Bengali told *The Express Tribune* while commenting on the impact of the ongoing sit-ins in Islamabad on the future infrastructure project financing.

Infrastructure project financing had started to gather some pace after the last general election. According to the latest Infrastructure Finance Review prepared by the State Bank of Pakistan (SBP), infrastructure disbursements in the first quarter of 2014 amounted to Rs18.3 billion, up a massive 216% from the preceding quarter.

In the January-March period, nine new projects came online. One of these new projects was in the telecom sector while power generation and petroleum sectors added four new projects each in the first three months of 2014.

Almost two-thirds of the 360 infrastructure projects are currently being financed by private-sector banks followed by DFIs (59), public-sector banks (57), foreign banks (four) and Islamic banks (six), data compiled by the SBP shows.

At the end of March, the total amount outstanding against infrastructure finance was Rs254.6 billion, 0.2% down from the end of December 2013. The share of private-sector banks in the total outstanding infrastructure finance was as high as 74% at the end of the first quarter of 2014.

As for the amount sanctioned for infrastructure projects, it reached Rs505.9 billion at the end of March after increasing 0.6% on a quarter-on-quarter basis. The private sector's share in the amount sanctioned for infrastructure projects was 78% at the end of the first quarter of 2014.

Non-performing loans (NPLs) within infrastructure financing amounted to Rs20 billion after undergoing a healthy decline of 7.3% on a quarter-on-quarter basis during the January-March period.

The share of private-sector banks in total NPLs was 60% followed by public-sector banks (25%) and DFIs (15%). Foreign banks and Islamic banks did not report any NPLs.

According to Bengali, tax revenues are expected to take a dip in the short term at least because of the political unrest in Islamabad.

"The Lahore-Peshawar corridor is most important after Karachi, but business activities there have seen disturbance of late," he said, noting that a drop in tax revenues will have direct consequences on the economy and future infrastructure development.

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Alarm bells go off as investors rethink

By Saad Hasan

Published: September 8, 2014

KARACHI:

It was the single largest foreign direct investment in Pakistan. At $6 billion, the 250,000-barrel per day (bpd) Khalifa Point Refinery would have helped save millions of dollars the country spends to import petroleum products including diesel.

But it never moved out of the drawing board.

"They were serious about it," said a senior industry official, referring to Abu Dhabi's International Petroleum Investment Company (IPIC) – the main sponsors.

"UAE wanted a channel other than the Strait of Hormuz for the refined petroleum products to reach world markets."

Contradictory to popular belief, the project that was approved by the Pakistani government in 2007 was not put on the backburner due to economic slowdown — it was in fact a casualty of political turmoil.

"Fast-changing political climate, which always creates fear of change in official policy, was damaging for such a large investment," said the official who manages a crude oil refinery in Pakistan.

"IPIC kept on waiting for some sort of certainty in the policy and state of affairs."

The recent showdown in Islamabad has simply reinforced investors' fears about the economy.

"Everything has been put on hold," said an executive of a company, which is vying for pre-privatisation consultancy for various state-owned organisations. "Privatisation Commission Chairman Mohammad Zubair wasn't able to go to his office for two weeks, what do you expect would happen?"

In the past two weeks, the government was due to hire advisory consultants to prepare for privatisation of power distributions companies, which have been beset by losses due to rickety distribution systems and rampant theft.

Industry officials say that the delay in taking decisions, paper work and requisite approvals are not the biggest of problems.

“The whole drama in Islamabad has actually sent out a signal that the government is toothless,” said the executive of the consultancy. “What would they do when thousands of Wapda employees come out on the roads (against privatisation)?”

Handing distribution companies to private investors would be particularly challenging for politicians who come from areas with high level of theft. The long battle K-Electric fought on all the fronts to convince people to pay their bills is an example before everyone.

Political stability and steadfastness on part of the government would be imperative for many of the projects to materialise, officials say.

But what many people were not prepared was the reported postponement of Chinese President’s official visit in wake of the protests.

Local companies behind the coal-fired plants have made it clear that only China’s banks have the financial muscle and commitment to fund the much-needed projects.

“International financial institutions like the World Bank are not ready to fund coal power plants. We are talking about $600 million of debt for a 660MW project. Chinese state-owned banks are our only option,” said CEO of a power company.

The importance of the projects cannot be overstated. As the reliance of the country increases on furnace oil to generate electricity, the power tariff has increased. And so have costs – from households to factories.

“Having our power generation switch to coal is the only way we could counter the challenges.”

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Investors play safe, want quick settlement

By Farhan Zaheer

Published: September 8, 2014

KARACHI:

When the PML-N took the reins of the country in June last year, few businesspersons would have thought that the government, which is perceived to be pro-business, will face such a strong protest movement within 15 months.

The situation took a sharp turn in mid-August when long marches and sit-ins by two political forces forced investors to play safe while considering their short and long-term investment plans.

According to some investor accounts, persistent protests in Islamabad have not only hurt the economy, but more importantly, have dented the confidence of local and international investors in the country's economic progress.

"The on-going protests and sit-ins have put a question mark over political stability, which no business, whether small or big, can afford," said Asad S Jafar, President of Overseas Investors Chamber of Commerce and Industry (OICCI), an association of over 195 multinational firms operating in Pakistan.

OICCI, whose members come from 35 different countries, conducts surveys regularly to determine the mood of investors.

It released on Friday a quick survey on the on-going agitation against alleged election rigging. About a third of the respondents expect a fresh review of their investment plans for the next three years, indicating that the investors are perturbed about the prospects of future capital injections.

Earlier in an interview with *The Express Tribune* in May this year, Jafar had, however, said despite unfavourable conditions OICCI members were planning to invest around $3 billion over the next five years. In the survey, over 50% of respondents said recent events had caused the postponement or cancellation of scheduled business meetings in Pakistan with overseas shareholders and regional management.

Apart from long-term repercussions, there was some immediate ripple effect on business operations and product distribution. About 40% of respondents expect a decline in sales and profitability with a possible drop in tax payments.

Similarly, a majority of them (62%) foresee serious damage to the 2014-15 fiscal targets of the government.

"Pakistan is a country that offers a lot of business opportunities and that's why many of our long-term investors look at it positively. But yes, the protests are detrimental to the investment plans, especially for the short term," Jafar added.

Bearing the brunt

Talking to *The Express Tribune*, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Zakaria Usman said investor confidence had borne the brunt of the political standoff as it had been shaken to the core.

"The current crisis will continue to haunt the country at least for months, if not for years," remarked Usman, who represents the apex trade and commerce body of the country.

Endorsing the OICCI survey, he said multinational companies must have been disturbed by the political impasse. "Nobody will invest when your country and the government are stuck in such a crisis."

He was of the view that the politicians could not even estimate the loss businesses had suffered in the past few weeks, adding many of the business people were just looking at factors that were tangible and could be calculated like the loss of factory output, decline in exports and imports, etc.

"But what about the impact on future investment that may get late or probably will never come. The decline in confidence of investors, especially foreign investors, is intangible and irreversible," he said.

Taking a cautious stance, Pakistan Business Council Chief Executive Kamran Y Mirza stressed that it was too early to say that investor's trust in the economy had been badly hit and investments would drop in coming days.

PBC, a business policy advocacy body that represents 44 leading conglomerates of Pakistan, enjoys a considerable influence in the policymaking circles.

"It is good that the situation is still in control of the authorities. But we wish to see it (political crisis) settled as early as possible," Mirza remarked.

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Lights dim in the housing, construction industry

By Our Correspondent / Farhan Zaheer

Published: September 8, 2014

KARACHI:

Among the many businesses that have taken a hit during the current political deadlock that has persisted for over three weeks, the housing and construction industry is easily noticeable where activities are at a virtual standstill.

The dynamics of this industry are quite different from others. Perhaps more than any other industry, construction is highly interlinked with the political situation and economic growth of the country.

When Pakistan Peoples Party led-coalition government completed its five-year term in 2013 and for the first time power was transferred from one democratically-elected government to another, the construction industry experienced a strong rebound after a gap of over five years.

Though confidence grew across all sectors of the economy after the general elections of 2013, the surge in confidence of the construction industry was one of the most prominent.

This industry started enjoying a boom following improvement in the confidence of Pakistanis in the democratic process. In the past one year, many residential and commercial building projects emerged on the landscape and portals and property dealers reported a considerable jump in real estate prices in all big cities of the country.

Investors were expecting a further increase in interest in the real estate market, but the on-going political impasse put a big question mark over the future of the government what to talk of political stability.

“The construction industry reacts too fast. It can react positively or negatively. In the current political standoff, it acted very negatively,” said Engineer Akbar Sheikh, a builder in Lahore.

Sales and marketing of almost all housing projects in Lahore have virtually ground to a halt, said Sheikh, who is also the northern region chairman of the Association of Builders and Developers (ABAD) – a body of over 700 builders and developers.

Builders and developers say work on all projects in Punjab including those of Lahore Development Authority (LDA) has stopped with the government busy in breaking the political deadlock. The provincial government is not pushing ahead with the schemes and bidders are also hesitant to make offers.

“Who will come up with bids for state projects when nobody knows the future of the government,” Sheikh asked.

The situation is not different in Karachi and Islamabad, in fact, the capital has been hit the most.

“The protests and sit-ins in Islamabad have badly disturbed my housing project. I have encountered difficulties in purchasing cement and steel as roads are blocked and suppliers are also unable to run their businesses,” said Arif Jeewa, proprietor of Capital Residencia in Islamabad.

He was of the view that the political crisis had weakened the government and that could affect its decision-making powers, which were necessary to address grave economic challenges.

“I fear for the country’s economic growth and I think this government will become just like the previous one, which was politically weak,” he said. “The political instability will not allow the construction industry to grow much in the next four years.”

ABAD Senior Vice Chairman Salim Kassim Patel commented that many of the foreign companies had postponed or cancelled their visits in the last one month just because of the uncertainty.

“Investors are shying away, it’s difficult for them to take decisions in the present uncertain situation. Recoveries from customers have also slowed down, causing cash flow problems for those who are in the midst of their projects,” he added.

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Domestic debt: Government's short-term obligations down to Rs4.6t

By Shahbaz Rana / Creative: Jamal Khurshid

Published: September 7, 2014

ISLAMABAD:

The government's short-term domestic debt obligations, with a maturity period of less than a year, significantly came down to Rs4.6 trillion or 42% of the total debt burden by the end of June, reducing rollover and re-financing risks.

The latest data of the central government's debt released by the State Bank of Pakistan shows that the government has managed to increase the maturity period of its total debt. When the PML-N government took office in June last year, the country's short-term debt was Rs5.2 trillion or 54.6% of the total debt.

The short-term domestic debt came down to Rs4.6 trillion or 42.1% of the total debt by the end of fiscal year 2013-14, according to the SBP. There was also 11.5% or Rs596 billion reduction in the short-term domestic debt stock.

However, this has come at a price, as the long-term debt was primarily raised by issuing Pakistan Investment Bonds (PIBs), which is an expensive source of borrowing. The cost of short-term debt was around 9.5% to 10% while the average cost of PIBs is in the range of 12.5% to 12.8%, increasing the country's debt servicing cost by about 3%.

During the Pakistan Peoples Party government, the composition of domestic debt portfolio has undergone a transformation from a high dominance of unfunded debt to an increasing dependence on short-term floating debt — a source of vulnerability as it entails high rollover and refinancing risks.

The country's long-term debt, with a maturity period of over one year to 10 years, increased from Rs4.35 trillion to Rs6.3 trillion, showing an increase of Rs1.98 trillion or 45.8% by the end of June. The share of long-term debt was 45.5% in the total domestic debt at the end of June last year. It has increased to 57.8% of the total domestic debt by June this year.

Almost the entire increase was on account of permanent debt that grew Rs1.8 trillion or 84% within a year. Permanent debt, mainly comprises of PIBs, government Ijara Sukuk bond and prize bonds. The permanent debt was Rs2.2 trillion in June last year that increased to almost Rs4 trillion by June this year.

Within the permanent debt, the share of PIBs increased from Rs1.32 trillion to Rs3.22 trillion – an increase of Rs1.9 trillion or 144% within a single year. Contrary to this, the share of Ijara Sukuk of three years maturity came down to Rs326.4 billion –from Rs459 billion of June last year.

The Ijara Sukuk instrument is issued to raise money from Islamic banking which has grown substantially in Pakistan in past few years.

The improvements in the debt portfolio appears surprising as the Debt Management Office remains dysfunctional since the last year due to the government's inability to hire a full-time director general and other directors to strengthen the office.

In the face of unsatisfactory debt management, the IMF has imposed a condition under its $6.7 billion Extended Fund Facility. According to the structural benchmark, the government will have to issue an administrative order to consolidate the responsibilities of public debt management in the Debt Management Office.

In April this year, Pakistan approved the IMF-devised new Medium-term Debt Strategy, but it had not been practically implemented due to administrative and governance weaknesses.

The Economic Survey of Pakistan for the fiscal year 2013-14 offers a glimpse of the new debt strategy. It states that the focus of new Medium Term Debt Management Strategy is on lengthening the maturity profile to reduce the refinancing risk. It also emphasizes upon sufficient provision of external inflows in the medium term to reduce pressure on domestic resources keeping in view cost-risk tradeoffs.

The share of external and domestic debt in the total public debt remained almost the same in the last fiscal year. The external debt of the federal government excluding the IMF liabilities remained at 31% of the total debt –one percentage points down from the June last year's position.

The federal government's external debt stood at Rs4.9 trillion, higher by Rs403 billion or 9% over previous year's Rs4.5 trillion. By the end of June this year, the total domestic debt stood at Rs10.9 trillion – up by 14.6% or Rs1.38 trillion over June last year.

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Cheaper gas supply: Ministry seeks 5% equity stake in Tuwairqi Steel

By Zafar Bhutta

Published: September 7, 2014

ISLAMABAD:

The Ministry of Petroleum and Natural Resources has suggested that Tuwairqi Steel should give up 5% equity in the mill in favour of Sui Southern Gas Company (SSGC) for gas supply at a concessionary rate.

"The petroleum ministry, in a meeting of a sub-committee of the Economic Coordination Committee (ECC), proposed that Tuwairqi Steel Mills should give 5% equity stake to SSGC against supply of cheaper gas," an official said. "Talks are still going on and nothing has been finalised yet."

The petroleum ministry said the financial impact on SSGC of the lower tariff, estimated at Rs123 per million British thermal units (mmbtu), would be about Rs5 billion, requiring a 3.3% increase in gas prices for all consumers, excluding domestic and fertiliser sectors.

Earlier, the ECC, in a meeting held on July 17, had put off a decision on provision of feedstock gas to Tuwairqi Steel at a discount, a plan, if approved, could cause a revenue loss of billions of rupees to the national coffers and lead to an increase in consumer gas prices.

The committee called for constituting a body to discuss all issues and submit recommendations for its consideration. The sub-committee would come up with the proposals by August 15, it said.

Talking to *The Express Tribune,* Tuwairqi Steel country head Zaigham Adil Rizvi remarked, "we are ready to do everything for the sake of the country."

Tuwairqi Steel is a joint venture between Saudi Arabia's Al-Tuwairqi Group of Companies and South Korea's Pohang Steel (Posco). They have planned to set up Pakistan's largest steel complex with a capacity of 1.28 million tons per annum.

The mill's management has clearly conveyed to the government that they will pull out of Pakistan if they are not offered gas at a cheaper price. They are seeking incentives for the next five years in an effort to pay back their loans.

The management stresses that the government is bound to provide gas at a lower price according to an agreement. The mill has already suffered losses of millions of dollars because of the closure of Direct Reduction of Iron (DRI) plant for the last 10 months.

However, the Finance Division and Ministry of Petroleum countered that the government had no legal obligation to provide gas at a reduced tariff, which would cause an annual revenue loss of about Rs5 billion.

The Ministry of Industries, on the other hand, was backing the steel mill in its demand for cheaper gas supplies for running the DRI plant.

Though the mill was seeking a support of Rs4 to Rs5 billion per annum, the DRI plant would contribute to the country an estimated Rs12 billion annually, the ministry said. Apart from this, foreign investment worth Rs89 billion would be made in forward and backward linkages of the DRI plant.

After establishing the linkages, the ministry said, the mill would contribute Rs100 billion annually to the economy in import substitution.

The project is being developed in three phases including a DRI plant, melting shop for flat and long steel products and mechanised mining of iron ore in Pakistan as forward and backward integration.

The mill was set up at Bin Qasim Karachi over an area of 220 acres after signing of a memorandum of understanding (MoU) with Pakistan on May 28, 2004.

Phase-I of the DRI plant has been completed with an investment of $340 million while capital injection in phase-II and III is estimated to be in the range of $850 to $900 million. This, however, has been linked with commercial success of the DRI plant.

In the MoU, the government gave an undertaking that 40 million cubic feet of gas per day (mmcfd) will be provided as feedstock and 30 mmcfd as fuel. Tariffs would be the same as applied to other industrial consumers.

The mill claimed that gas utilisation in the DRI phase was one of the most efficient at about 85%, meaning a loss of only 15%. The efficiency was better than that achieved by fertiliser and other sectors where natural gas was widely used.

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Cement dispatches increase 23.2%

By Our Correspondent

Published: September 7, 2014

KARACHI:

Total cement dispatches have shown an increase of 23.2% during August 2014, compared to the same month of the previous year, according to data released by the All Pakistan Cement Manufacturers Association (APCMA).

Cement dispatches (local sales and exports) in August 2014 increased to 2.778 million tons as compared to 2.254 million in August 2013. Exports during August 2014 were 828,000 tons against 677,000 during the same period of the previous year.

Local cement sales to domestic markets during August 2014 were 1.95 million tons, compared to 1.57 million tons, showing an increase of 23.6%. A healthy growth was witnessed both in exports and domestic consumption despite the prevailing political turmoil in the country. The growth was registered in both northern and southern parts of the country. Exports from north increased from 437,917 tons last August to 502,845 this year, while cement exports in the southern region increased from 261,938 tons in August 2013 to 300,271 in the corresponding period this year.

An APCMA spokesman said that the negative domestic consumption in July 2014 was compensated with the rise in August, resulting in higher overall consumption. He added that exports suffered a decline of 32% in July 2014 and despite an increase of over 22% in exports during August, the overall exports in the first two months of this fiscal year declined by 6.7% to 1,331 million tons from 1,426 million tons during the same period of the previous fiscal year.

"Issues impacting the cement sector have still not been addressed by the government," said the spokesman.

"The Federal Bureau of Revenue has not mitigated the tax burden put on the industry through previous year's federal budget."

The 1% import duty on coal in the recent federal budget (2014-15) has put further stress on the cost of fuel, as the cement industry consumes almost 95% of the 4.5 million tons of annual coal import.

"The industry has spent millions of dollars to convert furnace oil into coal to reduce the cost of production," he said. "This can result in a loss of international market, which causes the foreign exchange earned by the cement exports to be at risk."

He further added that the cement sector of the country is already facing grave issues including massive load-shedding, shortage of labour, slowdown of construction activities and less exports; therefore, this duty is just to add to the woes of the sector.

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Branchless banking: Competition intensifies with new entrant

By Shahram Haq

Published: September 7, 2014

LAHORE:

An intense competition among telecom companies is forcing them to come up with innovative ideas to attract and keep subscribers hooked to their networks.

Their top-most priority is to provide quality coverage in distant areas. This goal has recently been achieved via strengthening of their network base with the third and fourth generation technology.

Money transaction via mobile is the emerging trend all telecom companies are focusing on. The latest entrant in this market is Warid Telecom, which gave second thoughts about quitting the market and decided to invest $400 million to strengthen and upgrade its network. For the company, Mobile Paisa is an important inclusion to the business plan.

"We always struggled to maintain a high level of customer expectation through our best services that are personalised around customer's desires," said Faisal Khan Sadozai, Director of Mobile Financial Services, Warid Telecom, in an interview with *The Express Tribune.*

"Mobile Paisa is a convenient cash management service available on mobile phone. It is mainly about facilitating money transfer for both the unbanked and banked customers. The service can be used for reloading airtime units and for payment of utility bills, and in future, also for goods and services," he said.

At present, Warid has some 10,000 agents in 500 towns delivering services that they are aiming to triple in a couple of months. The company has aggressive plans to cover areas, which are still unexplored by other operators and have potential markets.

The management claims that they have a strong edge on the technology front, human resource and most prominently have entered into a partnership with Bank Alfalah, its sister concern.

"This is a perfect combination for Mobile Paisa to boost services and become a game changer," Sadozai said.

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Alibaba envisions raising up to $24.3 billion

By AFP

Published: September 7, 2014

NEW YORK:

Chinese online marketplace Alibaba unveiled plans to raise up to $24.3 billion in what could be the biggest stock flotation in history. The Initial public offering (IPO) is part of the company's effort to expand globally.

The company would offer 320 million shares in a range of $60 to $66 per share with an option available for 48 million additional shares. The plan would raise a minimum of $19.2 billion even if the option for additional shares is not exercised by the underwriters.

Based on the price range, Alibaba would have a market value between $148 billion and $162.7 billion, in line with that of US online giant Amazon ($160 billion) and more than twice the value of eBay ($66 billion).

Alibaba, set up by Jack Ma in 1999, operates China's most popular e-shopping platform, Taobao, which has more than 90 percent of the online market,800 million product listings and over 500 million users. The China-based group's consumer services are similar to US Internet titans eBay, PayPal and Amazon.com.

The Company, however, does not sell products directly, instead hosts online venues such as Taobao where buyers and sellers can do business. This strategy has given the company an enviable profit margin as an online middleman of sorts. The Group made a profit of nearly $2 billion on revenue of $2.5 billion in the quarter ending June 30.

Alibaba earlier this year announced plans for a US marketplace called 11 Main, currently in a test phase. US Internet giant Yahoo bought 40 percent of Alibaba in 2005 for $1 billion and now stands to reap a handsome profit from that.

Yahoo sold part of its stake in 2012, getting a gain of $7.6 billion. Under the IPO plan, Yahoo will reduce its stake from the current level of 22.4 percent to 16.3 percent.The largest current shareholder is Japanese telecom group SoftBank, and its stake will fall from 34.1 percent to 32.4 percent.

A US government panel warned earlier this year that Alibaba's complex corporate structure posed risks to investors.

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Goverment's short-term domestic debt obligations shrink

By Shahbaz Rana

Published: September 6, 2014

ISLAMABAD: The government's short-term domestic debt obligations, having maturity period of less than one year, significantly came down to Rs4.6 trillion or 42% of the total debt burden by the end of June, reducing rollover and re-financing risks.

The latest data of the central government's debt released by State Bank of Pakistan (SBP) shows that the government has managed to increase the maturity period of its total debt. When the PML-N government took office in June last year, the country's short-term debt was Rs5.2 trillion or 54.6% of the total debt.

The short-term domestic debt came down to Rs4.6 trillion or 42.1% of the total debt by end of fiscal year 2013-14, according to the SBP. There was also 11.5% or Rs596 billion reduction in the short-term domestic debt stock.

However, this has come at a price, as the long-term debt was primarily raised by issuing Pakistan Investment Bonds (PIBs), which is an expensive source of borrowing. The cost of short-term debt was around 9.5% to 10% while the average cost of PIBs is in the range of 12.5% to 12.8%, increasing the country's debt servicing cost by about 3%.

During the Pakistan Peoples Party (PPP) government, the composition of domestic debt portfolio underwent a transformation from a high dominance of unfunded debt to an increasing dependence on short term floating debt which is a source of vulnerability as it entails high rollover and refinancing risks.

The country's long –term debt, having maturity period of over one year to 10 years, increased from Rs4.35 trillion to Rs6.3 trillion, showing an increase of Rs1.98 trillion or 45.8% by end June. The share of long-term debt was 45.5% in the total domestic debt at the end of June last year. It has increased to 57.8% of the total domestic debt by June this year.

The entire increase was almost on account of permanent debt that grew Rs1.8 trillion or 84% within a year. The permanent debt mainly comprises of PIBs and government Ijara Sukuk bond and prize bonds. The permanent debt was Rs2.2 trillion in June last year that increased to almost Rs4 trillion by June this year.

Within the permanent debt, the share of PIBs increased from Rs1.32 trillion to Rs3.22 trillion – an increase of Rs1.9 trillion or 144% within a single year. Contrary to this, the share of Ijara Sukuk of three years maturity came down to Rs326.4 billion –from Rs459 billion of June last year.

The Ijara Sukuk instrument is issued to raise money from Islamic banking which has grown substantially in Pakistan in the past few years.

The improvements in the debt portfolio appears surprising as the Debt Management Office remains dysfunctional for last one year due to the government's inability to hire a full-time DG and directors to strengthen the office.

In the face of unsatisfactory debt management, the IMF has imposed a condition under its $6.7 billion Extended Fund Facility. According to the structural benchmark, the government will have to issue an administrative order to consolidate the responsibilities of public debt management in the Debt Management Office.

In April this year, Pakistan approved the IMF-devised new Medium-term Debt Strategy, but it had not been practically implemented due to administrative and governance weaknesses.

The Economic Survey of Pakistan for the fiscal year 2013-14 offers a glimpse of the new debt strategy. It states that the focus of new Medium Term Debt Management Strategy is on lengthening the maturity profile to reduce the refinancing risk. It also emphasizes upon sufficient provision of external inflows in the medium term to reduce pressure on domestic resources keeping in view cost-risk tradeoffs.

The share of external and domestic debt in the total public debt remained almost the same in the last fiscal year. The external debt of the federal government excluding the IMF liabilities remained at 31% of the total debt –one percentage points down from the June last year's position.

The federal government's external debt stood at Rs4.9 trillion, higher by Rs403 billion or 9% over previous year's Rs4.5 trillion. By end June this year, the total domestic debt stood at Rs10.9 trillion –up by 14.6% or Rs1.38 trillion over June last year.

Smuggled Iranian petrol: SHC summons FIA inspector

By Naeem Sahoutara

Published: September 7, 2014

KARACHI:

The Sindh High Court (SHC) has summoned the Federal Investigation Agency's (FIA) inspector on September 15 to explain the failure in taking action against the sale of smuggled Iranian petrol in Karachi.

Inspector Fazal Muhammad Suriho, who was acting as inquiry officer, has been summoned to furnish explanation against the smuggling that has been going on under the supervision of the law enforcers.

Petitioner Aslam Karimi had sought a direction from FIA's Crime Circle in-charge at Karachi to stop the sale of smuggled Iranian petrol and to retrieve his petrol pump from the encroachers. A complaint was also lodge at the Garden police station but no action was initiated.

Karimi entered into a business agreement with Pakistan State Oil (PSO) for selling petroleum products at his filling station in Ghas Mandi area.

"In 2012, my client was forced to leave the city due to continuous threats to his life from the land grabbers, who ultimately illegally occupied his filling station. Upon return, he found his station under illegal occupation of the land grabbers who were selling smuggled Iranian petrol," Karimi's lawyer Nehal Hashmi said.

According to the petition, land grabbers are smuggling petrol under the supervision of law enforcement officers, which explains why no action has been taken against the petition, pleading to order LEAs against those involved.

During Friday's hearing, the judges were informed that FIA's inspector had registered a complaint on the petitioner's request, but no further progress had been made by him. The petitioner has been facing continuous harassment. Lawyer Nehal Hashmi requested to the court to personally summon the FIA inspector along with the progress report.

The bench ordered Inspector Suriho to appear along with the progress report made pursuant to aforesaid inquiry. Judges would take up the matter on September 15.

Published in The Express Tribune, September 7th, 2014.

Mystery product: Apple recruits renowned Australian designer

By AFP

Published: September 7, 2014

NEW YORK:

Apple has recruited renowned Australian designer Marc Newson, whose creations have been featured by museums such as New York's famous MoMA.

"Marc is without question one of the most influential designers of this generation," Jonathan Ive, Apple's senior vice president of design, told Vanity Fair magazine's website. "He is extraordinarily talented. We are particularly excited to formalise our collaboration as we enjoy working together so much and have found our partnership so effective."

An Apple spokesperson confirmed the comments. Newson – deemed by Time magazine in 2005 to be among the planet's 100 most influential people–is especially well known for his furniture, in particular chairs with rounded forms.

Some have sold for hundreds of thousands of dollars at auction or been incorporated into collections of institutions such as New York's Museum of Modern Art or the Centre Pompidou in Paris.

Newson, based in London, has worked with Nike, Qantas Airways and Ford, among others.

His website, meanwhile, highlights a series of watches amid persistent rumours that Apple could be unveiling an "iWatch" at its mystery-shrouded product launch event Tuesday.

Published in The Express Tribune, September 7th, 2014.

Traffic complaints: CTP to have comprehensive site

By Our Correspodent

Published: September 8, 2014

RAWALPINDI: The Centre for Peace and Development Initiatives (CPDI) and the City Traffic Police (CTP) have signed an agreement for the development of a comprehensive website for the traffic police in order to facilitate people so they can lodge complaints. The CTP spokesman said on Sunday that the initiative has been taken as per the directives of senior police officials. The project, he said, will be completed in the shortest possible time to facilitate citizens.

Published in The Express Tribune, September 8th, 2014.

Security firms: Police to cancel licences

By Our Correspodent

Published: September 8, 2014

RAWALPINDI: City Police Officer Humayun Bashir Tarar has said licences of security companies that have failed to implement directions regarding security measures will be revoked. Tarar held a meeting with bank managers and security companies' representatives at the Police Lines on Sunday to review measures taken for the security of banks. SP Investigation informed participants of the meeting about measures and security arrangements that have been put in place across the city to curb robberies.

Published in The Express Tribune, September 8th, 2014.

Forgotten: Flood victims feel abandoned by govt

By Our Correspodent

Published: September 8, 2014

RAWALPINDI: Standing flood water in streets and houses, collapsed walls and roofs, scattered furniture and distressed faces welcome a visitor to Rawalpindi's Sharoon Colony.

Located on the bank of Soan River, the locality, with around 700 houses mostly inhabited by Christians, has been badly-affected by the recent rains.

Residents say there is 3-5 feet of standing water in their houses and there has been no power for two days. Most were busy draining flood water out of their living rooms.

Almost 10 houses have been washed away by the flood and another 300-400 have been damaged. There has been no casualty due to the rains and floods in the colony.

Eight families said they were preparing for marriage ceremonies of their daughters and the flood has swept away their dowries.

People, who are without food and clean drinking water, complained that the city district government is not doing enough for their rehabilitation. They said political workers who visited them have only criticised the government and did not do anything for the victims. They, however, said that Bahria Town had provided them medical care.

Aerak, a resident, said rainwater had completely destroyed his house and estimated his loss at Rs300,000.

David, another resident, estimated his loss between Rs2 to Rs3 million. His home has been washed away and the furniture, he said, was lying in a nearby pond.

Diglus Rehmat, who is a taxi driver and a father of four, said his taxi was swept away by the water. "It was the only source of income I had."

Pervaiz Gill said almost every household had suffered looses of at least Rs200,000. He said most residents live from hand to mouth and the rains have completely destroyed them, economically.

The victims demanded financial assistance from the government and philanthropists.

Sajid Nawaz, a local, said the government has distributed food among the residents. He said the authorities should help in rehabilitation of the colony.

Provincial Minister for Labour and Human Resource Raja Ashfaq Sarwar visited the colony on Saturday and promised to fulfill all the needs of the affected residents.

Residents say the civil defense department brought some tents on Saturday, took pictures and then took the tents back.

Deputy Director Civil Defense Sanjeeda Khanum, who visited the site on Saturday, told *The Express Tribune* that the department had set up a medical camp in a nearby school. “The DCO has now ordered to shift the camp to the colony.”

Published in The Express Tribune, September 8th, 2014.

RBISE: SSC supplementary exams postponed

By Our Correspondent

Published: September 8, 2014

RAWALPINDI:

The Rawalpindi Board of Intermediate and Secondary Education (RBISE) has postponed the Secondary School Certificate’s (SSC) supplementary examinations due to the torrential rains and subsequent floods in Punjab.

RBISE spokesperson Arsalan Cheema said the board has postponed the supplementary examinations which were going to be held on September 9. The decision was taken due to the floods in the province as per the decision of the Punjab government.

The same examinations will start from September 20, 2014, informed Cheema, adding that the revised roll number slips would be sent to candidates soon. Students can contact the controller

examination at 051-5450917 and 051-5450918 or visit the board’s website for further enquiries, he said further.

Meanwhile, RBISE will announce FA and FSc second year result on Friday, September 12 at 10am. The first year result will be announced on October 10.

Published in The Express Tribune, September 8th, 2014.

Dengue larvae: RCB fails to clean potential breeding sites

By Muzaffar Mukhtar

Published: September 8, 2014

RAWALPINDI:

The Rawalpindi Cantonment Board (RCB) authorities have failed to stem breeding of dengue larvae in the city despite warnings issued to them by the city district government prior to the rains.

So far, five dengue cases have surfaced in areas which fall within the purview of the cantonment board.

After the surfacing of the cases, the district administration has asked the cantonment administration to immediately identify the potential larvae breeding sites in its jurisdiction, source in the district government told *The Express Tribune*.

“Prior warnings and alerts were issued to the cantonment officials to destroy the potential breeding sites but they did not pay any heed to their caution,” the source said on the condition of anonymity because he was not authorised to speak to the media.

The sources said that there were reports about the presence of dengue larvae sites in the RCB jurisdiction.

In certain areas, where majority of civilians reside, the drainage system is almost non-existent and stagnant water could be found on roads and in streets.

While cantonment board authorities have awarded contracts to private companies for disposing of the waste but the companies hardly carry out the sanitation work.

The situation worsened after torrential rains lashed the city three days ago. Rainwater has accumulated in different areas, which could turn into the larvae breeding sites if cleanliness work was not carried out immediately.

Muhammad Shoukat, a resident of Saddar, said that despite lodging several complaints, the RCB authorities failed to entertain them. “This is alarming and they are playing with our lives,” he said.

After alerts were issued by the district government, only then the RCB started fumigation but it was too late, he said.

“The RCB failed to take swift action after the warnings were issued. The latest drive will be a futile exercise,” the sources said. The sources added that trained paramedic staff was available with the RCB but it failed to mobilise them.

District Coordination Officer (DCO) Sajid Zafar Daal said that the city district government has decided to start a joint venture with the RCB to completely eradicate dengue larvae from the garrison city.

He said that a proposal was under consideration to shift staff of the health department from low priority areas to the larvae-prone RCB areas. He said, however, that they could only move forward if the RCB cooperated with them.

On the other hand, RCB Additional Executive Officer Shakil Anwar Jappa claimed that nine teams had already been carrying out surveillance visits in different areas to destroy the larvae breeding sites besides raising awareness among the masses about the mosquito.

“But most people do not allow our teams to visit their houses.”

He said that 70 to 80 cases were reported last year but “we are determined to reduce the number this year”.

He said that complete eradication of the virus was only possible when the public extended cooperation.

Published in The Express Tribune, September 8th, 2014.

Honouring heroes: PAF observes Martyrs’ Day

By News Desk

Published: September 8, 2014

The Pakistan Air Force observed September 7 as Martyrs’ Day at all PAF Bases throughout the country.

A ceremony was held at the Air Headquarters in Islamabad in which PAF Air Chief Marshal Tahir Rafique Butt laid floral wreath and offered prayers at the Martyrs’ Monument. Principal staff officers and a high number of airmen attended the ceremony. The day started with special prayers and a Quran Khwani for the martyrs of 1965 and 1971 wars and those who laid down their lives in action since the creation of Pakistan.

A similar ceremony was held in Karachi, where a PAF contingent led by Air Vice Marshal Azhar Hasan Rizvi, and the Southern Air Command air officer commanding offered prayers and laid floral wreath at the grave of pilot officer Rashid Minhas Shaheed (Nishan-e-Haider) on behalf of the air chief. Floral wreaths were also laid on the graves of PAF Shuhada throughout the country.

Poignant play at RAC

A play, titled “Shaheed-e-Watan”, was presented at the Rawalpindi Arts Council (RAC) to celebrate the Defence Day of Pakistan in memory of those who laid down their lives in the 1965 war, informed a press release.

The play, written by Rana Kashif and directed by Amin Shahzad, is based on the story of a rural family whose sole son is recruited in the army. The son reaches the rank of a Major and is married to his cousin, whom he loves dearly.

At the day of their marriage, the war of 1965 starts and he is called back on duty and sent on the eastern border where he is martyred while fighting the enemy. His parents and wife are proud of his sacrifice.

The cast includes Rana Kashif, Naeem Buba, Azhar Feroz, Reha Yousaf, Naeem Tota, Shahid Kodo, Laiba Ali Arshad Khan and Shujaat Humayun.

Member National Assembly Tahira Aurangzeb, expressing her views on the occasion, said martyrdom is not bestowed to everybody as martyrs live forever. She said RAC has done a great deed in presenting such a wonderful and emotional play to show solidarity with Pakistan Army.

Member Punjab Assembly Tehseen Fawad said participants gained important knowledge of the 1965 war through the drama. RAC Resident Director Waqar Ahmed congratulated the actors and director of the play at the concluding ceremony.

Published in The Express Tribune, September 8th, 2014.

Behind bars: Police arrest 19 in two days

By APP

Published: September 8, 2014

RAWALPINDI: The Rawalpindi police have arrested 19 suspected criminals in different areas of the city on Saturday and Sunday. The police also recovered 2,750 grammes of hashish, four litres of liquor, eleven 30-bore pistols with 79 rounds, a dagger and a 32-bore pistol with three rounds from their possession. According to a Rawalpindi police spokesman, the Pirwadhai police held Asif for carrying 1,050 grammes of hashish while Arslan was sent behind the bars for possessing 1,110 grammes of hashish. Another man identified as Niazi was arrested with 550 grammes of hashish. Meanwhile, the Banni police rounded up Jahangir for carrying a 30-bore pistol with two rounds. The Saddar Bairuni police netted Zamir and recovered one pistol with five rounds from his possession. Similarly, Haroon, Imran, Yasir, Asad and Babar were booked for possessing illegal pistols and rounds. Other accused were nabbed for possessing illegal weapons, drugs and liquor.

Published in The Express Tribune, September 8th, 2014.

Murder: Woman, son slaughtered

By Our Correspondent

Published: September 8, 2014

ATTOCK:

In a grisly incident, a woman and her son were slaughtered by unidentified persons in the Saddar police jurisdiction of Hasanabadal.

Shahnaz Bibi, a resident of Noorabad, lodged a case with the police stating that five armed people barged into their house and tied Nasir and his mother, Sakina Bibi, with a rope before slaughtering them with a dagger.

The complainant told the police that the attackers, who had locked her in a room before committing the crime, told her that they suffered a heavy loss in drug business after Nasir conspired against them.

The police registered a case and further investigation is under way.

Published in The Express Tribune, September 8th, 2014.

Subtle art: Kamal Hyat's paintings - a whispering thought, feeling

By Our Correspodent

Published: September 8, 2014

ISLAMABAD:

An exhibition of paintings and drawings by Kamal Hyat will go on display at Nomad Gallery on Saturday, September 13. Australian High Commissioner Peter Heyward and his wife Susan Heyward will inaugurate the show at 5:30pm, said a press release by the curator.

Although Kamal has been painting over the last many years, it was not until 2006 that he had his first solo exhibition at the Nomad followed by one at the World Bank building in the capital city.

Since then he has not looked back and has had a further six exhibitions at leading art galleries in Islamabad, Karachi and Lahore.

His last exhibition which was held at the Alhamra Art Gallery Lahore in March this year included 44 of his works. The exhibition was well received both by professional artists and the public at large.

"Kamal Hyat's themes and sensitivity provide him a unique position in the art world," commented Quddus Mirza a leading art critic of the country.

"He prefers to understate his paintings and whisper his thoughts and feelings rather than declare them out loud," commented Mian Ijazul Hassan, President Punjab Artistes Association.

Hyat received his early training in painting under the guidance of Moyene Najmi, one of the pioneers of modern art movement in Pakistan. He has been active member of the Artists Association of Punjab since 1998 and has regularly displayed his works at the prestigious annual exhibition of the association held at the Alhamra Art Gallery, Lahore. In addition to group shows, he has had a number of solo shows in Islamabad and Karachi. Over the years he has been able to create a niche for his works both with private collections at home and abroad.

After an absence of two years since his last show in Islamabad, Kamal will be exhibiting his recent works at the Nomad.

The art works include both paintings and line drawings in the local environment, and a few of which were executed while travelling abroad to the United States and Canada.

His works differs from other artists and carries an imprint of its own.

“A painting is a visual experience to be seen rather than discussed,” the development expert-turned artist says. “A painting is either appealing to your senses or it is not”, he adds.

The exhibition will continue through September 21.

Published in The Express Tribune, September 8th, 2014.

OPEN MARKET FOREX RATES

Updated at: 8/9/2014 6:45 AM (PST)

Currency	Buying	Selling
Australian Dollar	95	95.25
Bahrain Dinar	269.5	269.75
Canadian Dollar	93.25	93.5
China Yuan	16.45	16.6
Danish Krone	17.85	18
Euro	133.6	133.85
Hong Kong Dollar	13.1	13.2
Indian Rupee	1.67	1.69
Japanese Yen	0.972	1
Kuwaiti Dinar	356.75	357
Malaysian Ringgit	31.9	32.15
NewZealand $	84.85	85.1
Norwegians Krone	16.35	16.5
Omani Riyal	263.75	264
Qatari Riyal	27.75	28
Saudi Riyal	27.1	27.35
Singapore Dollar	80.75	81
Swedish Korona	14.4	14.55
Swiss Franc	111	111.25
Thai Bhat	3.17	3.19
U.A.E Dirham	27.6	27.85
UK Pound Sterling	166	166.25
US Dollar	101.9	102.15

INTER BANK RATES

Updated at: 8/9/2014 6:45 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	94.82	95
Canadian Dollar	93.33	93.52
Danish Krone	17.64	17.67
Euro	131.3	131.56
Hong Kong Dollar	13.1	13.12
Japanese Yen	0.9636	0.9655
Saudi Riyal	27.06	27.12
Singapore Dollar	80.85	81.01
Swedish Korona	14.36	14.39
Swiss Franc	108.88	109.1
U.A.E Dirham	27.63	27.69
UK Pound Sterling	165.58	165.9
US Dollar	101.5	101.7

Bullion Rates (Gold Prices) in Pakistan Rupee (PKR)

As on Mon, Sep 08 2014, 03:30 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	41,625	48,499	129,469	
Palladium	XPD	29,265	34,099	91,027	
Platinum	XPT	46,313	53,962	144,051	
Silver	XAG	630	735	1,961	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
Australian Dollar	AUD	435	507	1,354	
Canadian Dollar	CAD	444	517	1,381	
Euro	EUR	315	367	979	
Japanese Yen	JPY	42,840	49,915	133,248	
U.A.E Dirham	AED	1,498	1,745	4,658	
UK Pound Sterling	GBP	251	293	782	
US Dollar	USD	408	475	1,268	

* These rates are taken from International Market so there may be some fluctuation from Local Market.