

PAK LAW PUBLICATION

NEWS

UPDATES

Thursday,
September
25, 2014

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Top Stories

Government responds to vote rigging allegations

September 25, 2014

WAQAR LILLAHA & ZAHEER ABBASI

Rejecting the vote rigging allegations during the 2013 general elections, the ruling Pakistan Muslim League-Nawaz on Wednesday alleged that the Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) are playing into the hands of international forces that want to disintegrate Pakistan in 2014.

- issues 'fact-sheet', accuses PTI, PAT of playing into the hands of global forces that seek to disintegrate Pakistan this year

While releasing a comprehensive 'fact-sheet' titled 'Truth Behind PTI's Rigging Allegations', the PML-N senior leadership maintained that both the protesting parties have "fallen in the wrong hands" and became part of an international conspiracy against Pakistan.

The 'fact-sheet' was released at a joint press conference addressed by Federal Minister for Information and Broadcasting, Pervaiz Rashid, Minister for Finance Ishaq Dar and Minister of State for Information Technology Anusha Rehman. The PML-N said that PTI chairman Imran Khan's vote rigging allegations are no more than an attempt aimed at hoodwinking the nation.

The 'fact-sheet' alleged that Imran Khan's allegations of '35 punctures' refer to constituencies where the difference of votes between the winning and runner-up candidates was less than the number of rejected votes. Rejecting the PTI's chairman allegations that ballot papers were printed at Urdu Bazaar of Lahore, the PML-N said that Khan is just maligning the institutions, but there is no reality behind the campaign.

The 'fact-sheet' said that national and international organisations and polling agencies predicted an outright victory of PML-N before the general elections 2013 and they had placed the PTI at third position. Pursuant to Supreme Court order, the electoral rolls were prepared after removing around 37 million unverifiable votes from the previous electoral rolls used in general elections 2002 and 2008. For the first time elaborate and effective measures were taken in elections 2013 to ensure their transparency and fairness. These included publication of a photographic voter list; a neutral caretaker set-up and composition of the Election Commission in a transparent manner, the PML-N stated in its 'fact-sheet'.

Pervaiz Rasheed challenged Imran Khan for a parliamentary debate over the Election Commission report on election 2013. Rasheed said that Imran lied by terming an observer's report as Election Commission's report, adding that none of the allegations levelled by Khan is part of the observer's report. "Imran Khan is lying to the nation by saying that ECP report about general elections 2013 incorporated all the allegations which PTI levelling, however the fact is

that the report has not discussed any allegation levelled by Khan such as printing of fake ballot papers, 35 punctures and delays in announcing elections result in some constituencies," Rashid said.

He accused the PTI and PAT leadership of delivering false speeches in their sit-ins. He said that parliament is the best platform insofar as democratic traditions are concerned, but those who are lying to the masses avoid parliament. Finance Minister Ishaq Dar alleged that sit-ins of PTI and PAT have delayed three major \$2.4 billion transactions, which include \$1 billion Sukuk bonds, \$850 million through sell-off of OGDCL shares and \$500 million fifth instalment of International Monetary Fund's Extended Fund Facility (EFF) as the review remained inconclusive.

The Minister said that as of now the country's reserves stand at \$13.3 billion and government has decided that \$2.4 billion transaction cannot be delayed anymore. "We have decided to move ahead on the planned transactions," he said adding that the PTI demands for electoral reforms have been accepted. While not ruling the isolated incidents of rigging the minister however stated that the government has serious reservation on the PTI's allegation of a systematic rigging. He urged the PTI chief to end sit-in as the country's economy is facing a serious loss due to the prevailing political impasse.

The minister said that all the political parties have agreed on electoral reforms. He said that Free and Fair Election Network (FAFEN), which had the largest set up to monitor the election, has also stated that their results match with those of Election Commission of Pakistan in 246 constituencies out of total 272.

Dar said that his party filed majority of the complaints on irregularities in 2013 election. He said that international surveys including, those by IRI and Gallup, had forecast that PML-N would emerge as a leading party in the election. The minister added that PTI filed only 30 petitions against winning candidates of National Assembly seats while its remaining 28 complaints were against provincial assemblies' seats.

According to Dar, the PTI would not have been able to form the government even if its claim of irregularities in relation to 30 seats had proven true. He added that as per initial results, PML-N candidates won on 129 seats and the number of PML-N seats would have increased to 148 in the next three days following joining of independent candidates.

Minister of State for Information Technology Anusha Rehman said a number of international observers have declared the 2013 general elections most credible in the history of the country. She said all the polls and surveys that were conducted in 2012 and their assessment reports published in 2013, had described PML-N, PPP and PTI as first, second and third, respectively, in terms of each party's popularity in the country.

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No MNA to appear alone before Speaker: PTI

September 25, 2014

Pakistan Tehreek-e-Insaf (PTI) on Wednesday decided that none of its National Assembly members will appear alone before the Speaker for verification of his or her resignations alone. This was decided by a PTI's parliamentary party meeting in which it was also decided that the party members were ready to meet the Speaker if called in together.

Later, talking to media persons, PTI vice-chairman Shah Mehmood Qureshi said: "We fail to understand why the Speaker has summoned our members individually... It is against democratic norms," he said, adding that the party members, including the chairman Imran Khan, were ready to assemble before the Speaker as a whole. About the dialogue process with the government to resolve the ongoing political impasse, he said the party was ready to continue the dialogue process in a democratic way, adding that PTI's protest was not aimed at derailing democracy as it respected democracy and the Constitution.

However, he accused the government of backing out from the talk process, adding that the government was "finding excuses to run away from the dialogue process". He also maintained that the government did not consider any proposal extended by the 'political jirga' for finding a suitable resolution to the present political crisis. "The government itself is confused with regard to the talk process and it did not give any importance to the suggestions of the political jirga," he further maintained.

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29 PTI MPAs: Punjab Assembly Speaker receives resignations

September 25, 2014

Rana Muhammad Iqbal, Speaker Punjab Assembly, here on Wednesday told media that he has received resignations of 29 legislators of PTI through Secretary of Punjab Assembly. He averred that under the Article 64(1) of Constitution any member of assembly can tender resignation after writing it in person to the Speaker. Rana Iqbal stated that the Speaker has to make sure that no resignation is put forth under duress.

He dilated that resignations have to be given to him under section 35(2-B) of Rules & Regulations 1997 of Punjab Assembly. He added that he has asked Waheed Asghar Dogar, Nabeela Hakim Ali, Raja Arshad Hafeez and Malik Taimoor Masud to be present before him on September 29. Speaker stated that other PTI members of assembly would be called in later.

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'London Plan' aimed at breaking PPP-PML(N) nexus: Imran

September 25, 2014

AAMIR SAEED & FAZAL SHER

Chairman Pakistan Tehreek-e-Insaf Imran Khan on Wednesday said that 'London plan' was aimed at breaking the nexus between Pakistan Muslim League-Nawaz (PML-N) and Pakistan People's Party (PPP) with the help of the people so that Pakistan could progress in every sphere of life. Addressing his workers from atop his container in front of the Parliament House, he said that he had been hearing a lot these days about the 'London Plan' and wanted to make it clear that the plan was to empower the people of Pakistan by bringing true democracy in the country.

"We will break all the records for the longest sit-in in the history of the world? Do you think anyone could make this plan? A foolish would make this plan. The plan is to defeat power-wielding elite with the power of masses," he said. Taking a jibe on the alleged nexus between the PML-N and the PPP, he said the 'London Plan' was signed between the two parties (PPP and PML-N) in 2007 wherein it was decided to take turns to rule Pakistan. "The muk muka (nexus) was named as 'Charter of Democracy,' he said.

Khan said that both the parties decided not to pursue cases of corruption against each other as per the London Plan rather they have been struggling to protect the interests of each other to consolidate their grip on power. Under the 'London Plan' both the parties agreed to appoint people of their choice as members of Election Commission of Pakistan.

The PTI chief said that both the parties, PML-N and PPP, appointed chairman National Accountability Bureau of their choice to get their corruption cases cleared. "Shahbaz Sharif used to say he would rip the money out of Zardari, would drag him on roads. But Nawaz Sharif has driven Zardari from airport to Raiwind," he said. Strangely Zardari didn't make such claims, he said, adding that Zardari knew how they (Sharifs) could bring money back from abroad when their own was stashed there.

Khan also questioned the deployment of 750 Punjab police personnel for security of the Bilawal Bhutto Zardari during his visit to Multan. "Bilawal didn't have any official position to enjoy the protocol," he said. "People ask me how long I am going to stay at the Azadi Square. All of you know the answer ... I won't go without his (the prime minister) resignation. And this is not because I want to be the prime minister, rather I want to liberate the people from an oppressor," he said.

Khan also vowed to make Pakistan a welfare state like the state of Madina established by the holy Prophet Muhammad (PBUH). "A man cannot be defeated unless he accepts defeat himself. So, don't worry my people ... I'm not going home without taking resignation of Nawaz Sharif," he said. He urged the people of Lahore to show up in large number at Minar-e-Pakistan on Sunday to register a protest demonstration against the government. "Lahore, be ready for the tsunami at Minar-e-Pakistan. All those who are trampled by the injustices should not sit at home and join us on Friday," he urged.

Floods inflict Rs 240 billion loss on frail agriculture economy: Country likely to miss Kharif targets

September 25, 2014

ABDUL RASHEED AZAD

The country is likely to miss main Kharif crops production targets, including paddy, sugarcane and cotton, due to devastating floods, which have affected an estimated 2.5 million of cropped area, a senior official of the Ministry of National Food Security and Research said.

The official revealed the floods have affected standing paddy crops on 300,000 acres, cotton on 320,000 acres, sugarcane on 70,000 acres, fodders on 30,000 acres, vegetables on 25,000 acres and other crops on 100,000 acres of land. "An estimated 15,000 cattle-heads perished and 250 poultry farms were destroyed. If we are translating these damages into monetary terms the flooding caused an estimated Rs 240 billion loss to agriculture economy," he added.

The official said the country was likely to produce 6.2 million tons of paddy against the set target of 6.5 million tons, cotton production will remain at 13 million bales against a set target of 15 million bales and sugarcane production will likely to remain at 65 million tons.

The official said in past Kharif season the country produced 6.5 million tons of rice in all varieties, of which 3.4 million tons was exported. He added that exports of rice would not be affected as a result of flooding but Pakistani rice exporters were facing other challenges in the international market and the government needed to facilitate exporters as well as the farmers.

"Our government has never worked to access African rice market, which has great potential for Pakistani rice. If the government promotes Pakistani rice in Africa we can export up to \$500 million rice to African market," he stated. Pakistan in the fiscal year 2013-14 earned \$1.9 billion against \$1.84 billion in the preceding year from the export of basmati and non-basmati rice varieties.

Out of the total rice exports of \$1.9 billion in FY14, the share of non-basmati variety was over \$1 billion. The country exported 3.37 million tons of rice in FY14, including 2.6 million tons of non-basmati and 750,000 tons of basmati rice. The 3.37 million tons of exports fell from the 3.5 million tons in FY13. According to an official of Rice Exporters Association of Pakistan, in terms of quantity, there was an increase of 16 percent in basmati rice, while there was a 35 percent value increase in comparison to FY13. He said that the non-basmati rice decreased by 8 percent in quantity. He said that last year "the price of non-basmati rice in the international market is \$450 to \$500 per ton. There is great scope in enhancing exports of the variety, which could take our rice exports to \$2.5 billion".

Government to collect budgeted Rs 145 billion for fiscal year 2015: President signs GIDC Ordinance

September 25, 2014

President Mamnoon Hussain, on the advice of the Prime Minister, has signed the Gas Infrastructure Development Cess Ordinance, 2014 for promulgation to collect the budgeted Rs 145 billion for current fiscal year. On 22 August 2014 a three-judge bench of Chief Justice Nasirul Mulk declared GIDC as a fee and not a tax.

"The cess could not have been introduced through a money bill under Article 73 of the Constitution - the same was, therefore, not validly levied in accordance with the Constitution," the verdict concluded. The apex court termed GIDC illegal and reportedly ordered the federal government to refund the amount collected on account of the cess to consumers fully or through adjustment in their gas bills.

The ordinance was also promulgated to provide a legal cover to the recovery of the amount, which has already been collected by federal government through gas development infrastructure cess from consumers. It has been reported that the government intends to collect Rs 145 billion through GIDC in Budget 2014-15. In the fiscal 2012-13, the government collected Rs 121 billion from this surcharge.

Sources said the IMF had expressed concerns over the government's ability to achieve revenue collection target subsequent to suspension of GIDC collection by the apex court. Failure to collect GIDC was one of the factors that led to inconclusive mandatory 4th Review of the Pakistan economy under \$6.64 billion Extended Fund Facility (EFF) by the IMF staff level mission. The IMF during a press briefing dated August 28, 2014 uploaded on its website said, "the mission has had fourth review discussions under the EFF that will continue via videoconference from Washington and we would expect to update you at the conclusion of these discussions."

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Cabinet shuffle on the cards?

September 25, 2014

ZAHEER ABBASI & ALI HUSSAIN

There is intense speculation in the federal capital that Prime Minister Nawaz Sharif will be shuffling his cabinet upon his return from New York due to poor performance of certain ministries. Reliable sources told *Business Recorder* that the inclusion of two federal ministers and five ministers of state is on the cards while the Prime Minister is also considering changing certain portfolios of cabinet members.

They said the Prime Minister is seriously considering changes in Ministry of Water and Power in the wake of sustained poor performance as well as recent over-billing that has invited severe public criticism and anger against the government. The Prime Minister has decided to evaluate the performance of all his cabinet members with the objective of improving the public image of his government given that Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) are not missing any opportunity to expose the shortcomings of the incumbent government.

There is a growing realisation in the Prime Minister's House that improvement in performance and delivery can muster public support to the visibly sinking boat of Prime Minister Sharif following the fresh momentum injected into "Go Nawaz Go" drive visible after the recent successful PTI Karachi jalsa. The recently concluded two-week long special session of the two houses of Parliament did not extend specific support to the Prime Minister and instead passed a generic resolution in favour of the Constitution and democracy.

The most criticised ministry for sustained poor performance remains the Water and Power Ministry that has shown a negligible 0.5 percent improvement in reducing system losses but receivables have risen dramatically in comparison to 2008-2013. Minister of Water and Power Khawaja Asif with an additional charge of Defence Ministry, Minister of State Abid Sher Ali as well as Adviser to Prime Minister on Energy Dr Mussadik Malik have reportedly blamed the Minister of Finance for agreeing to a politically unsustainable power tariff with the International Monetary Fund (IMF). The three power sector key players also privately criticise the Prime Minister's decision to give Dar, the federal finance minister, the chairmanship of the committee on energy rationalisation.

Power sector players also privately concede that the roles of the minister, minister of state and advisor have been insignificant in terms of power sector reforms and tariff implementation, as major decision-making is taking place in Finance Ministry under the chairmanship of Dar.

The Prime Minister must appoint one full time Minister and allow him/her the flexibility to take appropriate policy and appointment decisions in key sub-sectors. However, officials in the ministry pointed out that PML-N manifesto promised a consolidated energy ministry and instead the party has opted for a minister, a minister of state and an advisor and a minister for petroleum and natural resources as well as a minister of state.

However, sources revealed that there is a likelihood that Shahid Khaqan Abbasi will be given the portfolio of Commerce Minister. Commerce Minister Khurram Dastagir may be assigned as Minister of State for Foreign Affairs to represent the ministry in the absence of the Adviser to the Prime Minister on Foreign Affairs and National Security Sartaj Aziz. The sources further said there is a possibility that Prime Minister may also change Minister of State for Privatisation Mohammad Zubair, as the Privatisation Commission has been unable to fully comply with the privatisation transaction agreed with the IMF under Extended Fund Facility (EFF).

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Controversial project: Nepra unlikely to approve tariff

September 25, 2014

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) is unlikely to approve tariff of Rs 12 to 14 per unit for the controversial 425 MW combined cycle Nandipur Power Project. The Authority on Wednesday reserved its judgement on a tariff petition filed by Northern Generation Company and expressed serious concern at the project cost of \$847 million. Acting Chairman Nepra, Habib Ullah Khilji, presided over the hearing.

During the hearing, MD Nandipur Power Project Muhammad Mehmood pleaded that the cost of Nandipur project increased due to massive corruption and delay. He added that Nandipur plant machinery was badly affected at Port Qasim, which negatively impacted on its efficiency, pleading that Nandipur Power tariff should be approved as per the following: Rs 41 on diesel as fuel, Rs 26 for furnace oil and Rs 12.47 per unit on gas.

Nepra voiced its concern at the \$847 million cost of the power plant cited in the document whereas the MD of the project has stated that its cost was Rs 57 billion. MD Mehmood confirmed that the project's estimated cost is \$847 million; however, he added that when PC-1 was reviewed, the dollar rate was determined at Rs 67 which accounted for the total cost of Rs 57 billion. He confessed that some companies were paid at Rs 102 to a dollar. Nepra's case officer said that rupees and dollars should not be compared otherwise the cost would be around Rs 90 billion.

Nepra members maintained that the Authority could not pass the increase in cost onto the consumers as the government was responsible for the delay and not the consumers. MD Nandipur Power Project argued that if the project is not completed it would further inflict a financial loss of Rs 38 billion on the national exchequer. He said the project would be a model project despite a manifold increase in its cost.

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Discos' tariff slashed by 29 paisa

September 25, 2014

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) on Wednesday slashed tariff of power Distribution Companies (Discos) by 29 paisa per unit for August 2014 under monthly fuel adjustment mechanism. This decision was taken at a public hearing convened to consider tariff petition filed by the Central Power Purchasing Agency (CPPA). Public hearing was presided over by the vice chairman of the authority.

Nepra is headless for long time. However, a committee headed by Finance Minister Ishaq Dar recently interviewed six short listed candidates for slot of Chairman. Discos' lifeline consumers who use only 50 units in a month and K-Electric (former KESC) are exempted from this increase. In August 2014, hydel generation was 4,282.93 GWh which constituted 43 per cent of total generation whereas generation from coal was 4.70 GWh, HSD, 303.58 GWh, RFO 3236.65 GWh (31.30 per cent of total generation), gas 1889.98 GWh(18.28 per cent of total generation), nuclear 435.93 GWh(4.22 per cent) , import from Iran 43.26 GWh, mixed 106.48 GWh and wind 37.21 GWh. The total cost of electricity generated was Rs 68.335 billion. By adding Rs 1.111.9 billion as supplemental charges and sale of electricity to IPPs of Rs 43.08 million, total cost of electricity net delivered to Discos has been calculated at Rs 69.404,46 billion.

According to Nepra Act, the Authority has to review and revise the approved tariff on account of any variation in the fuel charges on monthly basis. Based on the information provided by the CPPA, the actual fuel charges for the ex-Wapda Discos for the August 2014 are as follows: hydel - Rs 1.10 per unit, coal- Rs 4.4998 per unit, HSD - Rs 20.6018 per unit, RFO - Rs 15.7363 per unit, gas - Rs 4.8855 per unit, nuclear- Rs 1.1807 per unit, import from Iran- Rs 9.8 per unit.

In August energy generated from different sources was 10,340.71 GWh at the rate of Rs 6.7811 per unit, the total cost of which has been calculated at Rs 68.335,64 billion. However, net delivered electricity to Discos was 10, 234.94 GWh as 104 GWh was lost in transmission - cost of which was however not made public. The rate of net delivered electricity in August 2014 has been calculated at Rs 6.7811 per unit against reference price of Rs 7.0755 per unit as CPPA, in its petition, requested Nepra to slash 29.44 paisa per unit.

The government is being severely criticised for over charging consumers. Ministry of Water and Power has directed the National Transmission and Dispatch Company (NTDC) to hire the services of three audit firms to conduct audit of electricity bills of August which are being set on fire publicly.

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India's top court cancels 214 coalfield permits

September 25, 2014

India's top court Wednesday cancelled more than 200 government permits for coal mines and handed down fines worth hundreds of millions of dollars to companies after the licensing process was deemed illegal. The ruling triggered a sharp slide on the stock market, deepening the crisis in the mining sector which has been in turmoil since the government-run procedure for awarding the coal blocks between 1993 and 2009 had been declared illegal.

After the Supreme Court's illegality ruling last month, the coal industry had been fearing the worst from Wednesday's hearing, which analysts say could lead to a coal shortage. Energy-hungry India relies on coal to produce two thirds of its electricity, with blackouts common. Power stations warned even before the verdict that they were facing low supplies. In the end,

only four out of the 218 contracts - which were mainly handed out by the previous left-leaning Congress government - were allowed to stand.

The court cancelled 168 of the other 214 allocations with immediate effect and gave the other 46 six months' grace to continue operating. "All the coal blocks must be cancelled, there is no reason to save them as they are illegal," Chief Justice R.M. Lodha said in the ruling. "Breathing time needs to be given to 46 allottees, who have been given respite till 31st March, 2015," he added. All of these are blocks where mining activity has been underway. The ruling that the blocks were allocated illegally stems from 2012 allegations by the national auditor that the government underpriced coal mines and gave away around \$30 billion in windfall gains to companies.

The auditor had concluded in a scathing report that the blocks should have been auctioned instead. Four coalfields which were initially declared illegal have been spared a shutdown because of their massive power generation capacity, the court said. Two of them are government-run ultra-megapower projects in the central state of Madhya Pradesh and the remainder belong to the state-owned National Thermal Power Corporation and Steel Authority of India.

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MoI&P to submit auto policy to ECC

September 25, 2014

MUSHTAQ GHUMMAN

Ministry of Industries and Production (MoI&P) is all set to submit the much-awaited new auto policy to the Economic Co-ordination Committee (ECC) of the Cabinet in its forthcoming meeting, well informed sources told *Business Recorder*. Minister for Industries and Production, Ghulam Murtaza Khan Jatoi, who was kept in the dark on the new auto policy by the former Secretary Industries, Shafqat Naghmi, has now convened a meeting to update himself on this matter.

Khawaja Asif, Minister for Water and Power, is the chairman of the committee which has prepared a new auto development policy in consultation with Chairman Privatisation Commission, Muhammad Zubair. However, Pakistan Automotive Manufactures Association (PAMA) and Pakistan Association of Automotive Parts and Accessories Manufacturers (PAPAAM), which represent the vendors, have not been properly consulted.

Tariffs proposed in the auto policy and proposals relating to import of used cars are the main concerns for the local industry. Insiders in the Engineering Development Board (EDB), which is being directly controlled by the Ministry of Industries and Production, told *Business Recorder* that the policy is ready for submission to the ECC, after a go-ahead signal is received from the Chairman of the committee.

Chairman BoI, who was approached by the PAPAAM to convey their suggestions to the Chairman of the Committee, recently told *Business Recorder* that he had forwarded his recommendations to the Chairman. PAMA, sources said, has written a letter to Secretary

Industries, saying that the draft auto policy was held back at the time of the federal budget 2014-15 and during the period of its abeyance it was expected that the Ministry would hold much-needed consultations with the stakeholders before its finalisation.

"The reports about approval of the policy are disturbing particularly as no consultations have been held with the auto industry so far," said Director General PAMA in a communication with the concerned Ministry. PAMA, which normally exerts influence over the Government of Pakistan through Japanese embassy, maintains that the new auto policy should not be approved without meaningful consultations with the auto industry.

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US drones kill eight militants in North Waziristan

September 25, 2014

US drones Wednesday fired missiles at a compound and vehicle and killed at least eight militants in a restive tribal area bordering Afghanistan, officials said. The attack happened in the border village of Lawara Mandi, 60 kilometres (40 miles) west of Miranshah which is the main town in North Waziristan tribal district, where the military has been fighting to destroy longstanding bases of the Taliban and other militants.

"US drones fired two missiles each at a compound and a vehicle and at least eight militants were killed," a senior security official told AFP on condition of anonymity. "There are two Uzbeks among the dead militants identified so far," the official said, adding that the vehicle was near the compound when missiles hit it. Security officials in the neighbouring garrison town of Bannu and Miranshah confirmed the drone attack and casualties and said it happened at around 3.30 am Wednesday. Foreign ministry in a statement condemned Wednesday's drone attacks.

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Zarb-e-Azb: PAF in lead role: Air Chief

September 25, 2014

Pakistan Air Force (PAF) is not only defending the aerial frontiers of Pakistan against any external threats, but is also in the lead role in meting out a telling blow on the anti-state elements during Operation Zarb-e-Azb. Addressing the Graduation Ceremony at PAF Academy here Wednesday, Air Chief Marshal Tahir Rafique Butt said.

"Likewise, with the unflinching spirit of serving the nation, PAF has always been a part and parcel of all national efforts in mitigating the sufferings of our people, whether these were the relief or rescue efforts in earthquakes and floods or supporting our Internally Displaced Brethren."

Chief of the Air Staff was the Chief Guest at the graduation parade of 132 GD (P), 77 Engineering Course, 91 Air Defence Course and Commissioning Parade of 135 GD (P), 81 Engineering Course, 16 A&SD course and 03 Navigation Course. "History of PAF amply manifests that the valiant airmen have never shied away from any level of sacrifices for the country's defence," he said.

Tahir Rafique Butt said Pakistan Air Force has on its inventory state-of-the-art equipment and is well-equipped to defend its aerial frontiers. "With Air Power fast becoming the future Weapon of Choice, you must acquire the ability to be able to accept this role with all its manifestations. Hundred percent commitments would be the minimum requirement for continuous progress of the Pakistan Air Force as a modern Force of the 21st Century", he said.

"Make a note that, perseverance, diligence and unwavering determination would be the name of the game. I therefore, want you to keep in mind what the Quaid said while addressing the PAF personnel at Malir, on 21st February, 1948," he added. The Air Chief asked the graduated officers and cadets to be alert as the time for relaxation is not yet there. With faith, discipline and selfless devotion to duty, there is nothing worthwhile that they cannot achieve. He said in keeping with the tradition of cross-training among the Sister Services, the presence of cadets from Pakistan Army and Navy, undergoing training at the Academy, is a matter of satisfaction. Indeed, it will go a long way in further enhancing the already existing synergy among the Defence forces of Pakistan to jointly pursue the aim of impregnable National Defence, he added. Tahir said the presence of cadets and officers from the friendly countries of Jordan, Saudi Arabia, Nigeria, Kuwait, Iraq, Zimbabwe and Libya at the Academy is reflective of the understanding and trust that marks Pakistan's relations with these countries. Wishing them success and happy stay in Pakistan, he hoped that they would serve as Pakistan's ambassadors back home, they will be instrumental in further strengthening the long lasting bonds of friendship.

A total of 102 Under Training Officers and 13 cadets were graduated whereas 111 cadets were commissioned on the occasion. The Chief Guest awarded branch insignias to the graduating officers and Aviation Cadets and also gave away trophies among the distinction holders. The chief guest awarded Quaid-e-Azam Banner to No 3 Squadron, the Champion Squadron of the Academy.

Pilot Officer Muhammad Sameed Ahsan of No 132 GD (P) course and Pilot Officer Ali Rashid of 77 Engineering course were awarded with the trophies for Best Performance in General Service Training. Chief of the Air Staff's Trophy for best performance in Flying Training and Engineering discipline were awarded to Pilot Officer Danial Abid and Pilot Officer Ali Hanif respectively. Trophy for the best performance in 91st Air Defence course was awarded to Aviation Cadet (Sgt) Asim Muhammad. Sword of Honour for Overall Best Performance in College of Flying Training was won by Pilot Officer Haris Salahuddin of 132 GD (P) course.

Whereas, Pilot Officer Rana Sufyan of 77 Engineering course received the Sword of Honour for Overall Best Performance in College of Aeronautical Engineering. The ceremony was followed by an exhilarating aerial display by the PAF Academy Aerobatics team "Sherdils". Earlier, on his arrival at the Academy, Air Chief Marshal Tahir Rafique Butt, Chief of the Air Staff, Pakistan Air Force was received by Air Vice Marshal Aasim Zaheer, Air Officer Commanding PAF Academy, Risalpur. The ceremony was witnessed by high-ranking Military & Civil Officials,

Diplomats, foreign dignitaries and a large number of guests of graduating/commissioning Under Training Officers and Aviation Cadets.

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UNSC passes resolution on foreign jihadists

September 25, 2014

US President Barack Obama on Wednesday led the UN Security Council in unanimously approving a binding resolution on stemming the flow of foreign jihadists to Iraq and Syria. The resolution requires all countries to adopt laws that would make it a serious crime for their nationals to join jihadist groups such as Islamic State and Al-Nusra Front.

Obama described the resolution as "historic" at the special session of the Council, only the sixth time in UN history that the council was convening at the level of heads of state. The US president opened the session by voicing solidarity with France after one of its citizens was kidnapped and beheaded by jihadists in Algeria linked to the Islamic State group. "We stand with you and the French people as you grieve this terrible loss and as you stand up against terror in defence of liberty," Obama said, turning his gaze towards French President Francois Hollande.

The resolution states that "nations must prevent the movement of terrorist or terrorist groups through their territory and ensure that domestic laws allow for prosecution of those who attempt to do so," he said. About 15,000 foreign fighters from 80 countries have joined the ranks of jihadists in Syria, according to US intelligence estimates. The call for action to stem the flow of foreign fighters is fuelled by fears that new terror networks will emerge from the Syria-Iraq front, much in the same way that the September 11, 2001 attacks were linked to the Taliban and al Qaeda in Afghanistan. The resolution falls under Chapter 7 of the UN charter, which means the measures could be enforced by economic sanctions or military force. Obama appealed to countries to join the US-led coalition against the Islamic State during an address a few hours earlier to the UN General Assembly.

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British Prime Minister, Iran president hold first talks since 1979

September 25, 2014

British Prime Minister David Cameron held talks with Iran's President Hassan Rouhani on Wednesday at the United Nations, the first meeting between the countries' leaders since the 1979 Islamic Revolution. The meeting took place at the British mission office at the United Nations as the General Assembly got underway. Rouhani posted a photograph of himself smiling as he shook hands with Cameron.

The British government says a key priority at the largest diplomatic gathering in the world is building broad-based support for the new government in Iraq and international action to confront jihadists in Iraq and Syria. Cameron is due to address the UN General Assembly later Wednesday. Western powers are seeking to build support for the fight against the Islamic State jihadist group, which holds a large tract of territory in Iraq and Syria and which has beheaded two US journalists and a British aid worker. The United States and Arab allies launched the first air and sea strikes against IS militants in Syria on Tuesday, expanding the action the US has been leading against the jihadists in Iraq since the start of August.

Iran, which usually rails against any US presence in the Middle East, has been unusually accepting of the US action in Iraq, where it is also tackling IS militants. Rouhani has criticised the US for not sending in ground troops, and on Monday said the people in the region were "defending themselves... against the terrorists" and that Iran would help. Britain and France have taken up the task of trying to win some form of other co-operation from Iran against IS. Cameron has promised to ask for parliamentary approval for any British involvement in the US-led military action against IS, but he appears wary of a repeat of last year's humiliating defeat in the House of Commons over military action in Syria.

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Hajj on Friday October 3

September 25, 2014

Saudi Arabia announced on Wednesday that the Zil Hajj moon has been sighted and Eidul Azha will be celebrated in the kingdom on Saturday, October 4, according to Alarabiya.net. The Saudi authorities announced that the month of Zil Hajj would begin on Thursday. Accordingly, the Day of Arafat would fall on October 3.

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THE RUPEE: slight fluctuations

September 25, 2014

The rupee fell slightly against the dollar on the money market on Wednesday in the process of trading, dealers said. The rupee shed four-paisa in terms of the dollar for buying and selling at Rs 102.76 and Rs 102.78 respectively, they said.

INTERBANK MARKET RATES: OPEN MARKET RATES: The rupee also drifted lower in relation to the greenback, losing five-paisa for buying and selling at Rs 102.35 and Rs 102.55 respectively, while it gained 55-paisa in relation to the euro for buying and selling at Rs 131.20 and Rs 131.45 respectively, they said.

In the third Asian trade, the yen edged higher after Japanese Prime Minister Shinzo Abe reportedly voiced concern about the economic impact of the currency's recent weakness. The

dollar slipped 0.3 percent on the day to 108.55 yen after Jiji news service quoted Abe as saying he would carefully watch the impact of the yen's recent weakness on Japanese regional economies.

The dollar was trading against the Indian rupee at Rs 60.97, the greenback was at 3.2430 versus the Malaysian ringgit and US currency was available at 6.135 in terms of the Chinese yuan. Interbank buy/sell rates for the taka against the dollar on Wednesday: 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 06.50-08.25 percent (Previous 06.40-08.25 percent).

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Open Bid Rs 102.35
Open Offer Rs.102.55
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Interbank Closing Rates: Interbank Closing Rates For Dollar on Wednesday.

=====
Bid Rate Rs.102.76
Offer Rate Rs.102.78
=====

RUPEE IN LAHORE: The Pak rupee failed to maintain upward slide, as it was declined by five-paisa against the US dollar on the local currency market on Wednesday.

According to the currency dealers, the dollar resumed trading at its overnight closing of Rs 102.60 and Rs 102.85 as its buying and selling rates, respectively. Because of fresh buying, the dollar's rate was moved up and closed at Rs 102.65 and Rs 102.90 on buying and selling side, respectively, the dealers said.

Similarly, the rupee remained under pressure and was further depreciated against the British pound. The pound was traded at Rs 167.75 and Rs 168.00 on buying and selling counter compared with Tuesday closing of Rs 167.55 and Rs 167.80, respectively, they added.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee remained firm against the dollar on the open currency markets of Islamabad and Rawalpindi here on Wednesday. The dollar opened at Rs 101 (buying) and Rs 101.10 (selling) against same overnight rate. It did not observe further change in the second session and closed at Rs 101 (buying) and Rs 101.10 (selling) against. Pound Sterling opened at Rs 168 (buying) and Rs 168.10 (selling) against same overnight value. It did not observe further change in the evening session and closed at Rs 168 (buying) and Rs 168.10 (selling).

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Collection of anti-dumping duties: no intimation from NTC for five months: FBR

September 25, 2014

The Federal Board of Revenue (FBR) has not received any intimation from the National Tariff Commission (NTC) for last five months for collection of anti-dumping or countervailing duties, as the NTC is unable to impose such duties on the request of domestic industry at present. Sources told *Business Recorder* on Wednesday that the Model Customs Collectorates (MCCs) of the FBR have the legal authority to collect anti-dumping or countervailing duties from the importers.

This has been done on the directions of the NTC. The duty has been collected by the FBR and deposited in the relevant account of the NTC. The anti-dumping or countervailing duties has not been made part of the FBR collection. However, incomplete quorum of the NTC team has resulted in a standstill situation and there is no check on dumping of imported items.

The FBR had received NTC letter on the imposition of duty on import of tiles from China last April. MCCs of the FBR collected the duty for a period of one month. Later, the duty was challenged in courts in May on the grounds of incomplete quorum of the NTC. The NTC had withdrawn the said duty and FBR had stopped its collection as per decision of court. During the last five months, the FBR has not received any new directions for collection of such duties from the NTC.

According to sources, certain importers are benefiting from the situation. On one hand, the FBR is facing issue of under-valuation on the import of goods and on the other non-imposition of the anti-dumping or countervailing duties is benefiting the importers involved in dumping of imported goods. These benefits to certain importers are causing serious injury to the domestic industry. The FBR is suffering revenue loss due to the under-valuation of goods at the import stage whereas NTC's inability to impose anti-dumping or countervailing duties is also causing serious problems for the domestic industry. The FBR needs to immediately revise customs valuations under the customs rulings particularly in case of items dumped in the country.

Sources said that legally NTC needs at least a chairman and two members for taking decision against dumping of import goods. Under the law, the commission shall consist of a Chairman not below the status of Secretary to the Federal Government and two members not below the status of Additional Secretary to the Federal Government to be appointed by the federal government. The quorum of the NTC would only be completed when a Chairman and two Members are working in the commission, ie, three senior officials. On the other hand, since July 2014 there is no permanent NTC Chairman to head the commission, the acting charge has been given to a member of the NTC for looking after day to day work of the commission. However, due to incomplete quorum, the NTC cannot timely take decisions to impose anti-dumping or countervailing duties.

Recently, the government has sought applications for the appointment of new NTC Chairman till September 30. It is yet to be seen that how much time the process would take for completion of

the legal formalities for appointment of the new chairman of NTC. As per decision of court, permanent chairman has to be appointed to run the affairs of the commission.

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OGDCL divestment: government to press ahead with planned roadshows

September 25, 2014

WASIM IQBAL

The government has decided to press ahead with planned roadshows for sale of Oil and Gas Development Company Limited (OGDCL) shares to raise about \$850 million, amidst serious challenge to the privatisation policy in the face of a deepening political crisis. A Privatisation Commission (PC) official said a PC team is likely to proceed aboard in the second week of October with the objective of holding roadshows and conferences to offload the government shares in OGDCL.

The official maintained that the team would proceed abroad after taking approval from the PC Board which is yet to be scheduled. The roadshows, aimed at encouraging foreign investors, had been delayed by three weeks as previously the date of departure was set at 18 or 19 September, 2014. "The government will complete the OGDCL share sale with only a slight delay," the official said.

The international market roadshows will be held in Hong Kong, Singapore, UAE, Frankfurt, Stockholm, London, New York, Boston and Chicago. Global Depository Receipts (GDRs) of the company are expected to be issued by the end of October against the previous plan to complete the offer by early October, the official added.

The Cabinet Committee on Privatisation (CCoP) had given approval for the transaction structure for divestment of up to 10 percent government shares in OGDCL through capital markets. The recommended Capital Market Transaction Structure approved by the CCoP envisages offering shares to institutional international and domestic investors through a combined international book building process. International investors will get an option to buy either ordinary shares or GDRs or both. The offering to international investors will be done through an offering circular, fully compliant to Reg S/144 A of the US Securities Act 1933.

The PC Board in its meeting held on April 22, 2014 had approved the appointment of consortium comprising of M/s Merrill Lynch International, Citigroup and KASB Bank to act as Financial Advisor (FA) for the transaction. Sources said the PC had plans to complete the share sale in June 2014, but could not meet the regulatory requirements of the London Stock Exchange. The exchange's conditions include an oil and gas reserve certification and audit of financial results by an international firm.

The government is expected to raise \$850 million by selling the company's shares. However, the PC board will likely offer a discount on the share price, the official said. From 2003 to 2007, the

Musharraf government sold 15 percent shares of OGDCL in domestic and international markets in three phases and earned Rs 56.25 billion. "The political uncertainty stemming from the ongoing sit-ins staged by the Pakistan Tehreek-e-Insaf and Pakistan Awami Tehreek have adversely affected the country's position in currency and stock markets," a PC Board member said.

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Frustration growing among 34,000 affected students

September 25, 2014

With thousands of police using classrooms as makeshift barracks between nightly deployments to parliament, students in Pakistan's protest-hit capital Islamabad have been forced to put their academic dreams on hold. Police have been called in from around the country to handle the protest movement led by opposition politician Imran Khan and a populist cleric. With no end in sight to a sit-in lasting more than one month, frustration is growing among the 34,000 affected students.

At the Islamabad Model Girls College, one of 27 institutions where officers have taken up residence, tables and chairs have been heaped into piles, damp laundry hangs on staircases and polystyrene food wrappings litter corridors. Pre-medical student Atiqah Sajjad was told to report for class Monday, with a court-imposed deadline for the 30,000 police to vacate the buildings by September 23 set to expire - only to find burly constables still going about their business.

"They were walking in the corridors half-naked, some were shaving on the lawns and others were going to the shower or coming out of the bathrooms with towels hanging on their shoulders. It looked so weird," she said. As of Wednesday the schools remained occupied. Khan and cleric Tahir-ul-Qadri have set up camp cities in front of parliament hoping to force the resignation of Prime Minister Nawaz Sharif, whom they accuse of rigging last year's general election. Their followers clashed with police in late August after they tried to storm the prime minister's residence, leaving three demonstrators dead and hundreds injured on both sides. On September 1, the opposition groups briefly occupied the state broadcaster.

The movement has since lost momentum, but with Sharif's resignation the main obstacle to a settlement, students from age six up to post-graduates are getting desperate for schools to reopen after summer break, which officially ended on August 11. Students at government institutions in Pakistan are by and large from poor to lower-middle class backgrounds whose parents cannot afford to send them to private colleges or abroad. Tahira Jabeen, who hails from Pakistan's northern Hunza region and won a scholarship to study in Islamabad, said her parents were losing 12,000 rupees a month (\$120) on her college accommodation while she sat idle.

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FC raids Shahzain Bugti's residence, seizes arms

September 25, 2014

Frontier Constabulary (FC) personnel on a tip-off conducted an overnight raid at Shahzain Bugti's house in Quetta, sources said. A heavy contingent of security forces conducted search of Bugti's residence and recovered heavy arms, including rocket launchers, SMGs, kalashnikovs and detonators. According to witnesses, Shahzain Bugti, was not present at his house at the time of the raid. Shahzain Bugti is leader of the Baloch Jamhoori Watan Party (BJWP) and grandson of late Baloch nationalist leader Nawab Akbar Bugti, a private TV channel reported on Wednesday.

Earlier in December 2010, Shahzain Bugti was arrested along with his companions at Buleli check-post by the Frontier Constabulary when they allegedly recovered a large quantity of arms and ammunitions, including anti-aircraft guns, from one of the vehicle of his caravan. He was on his way to Quetta from Chaman when his caravan was stopped by the security forces.

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PTI minister disqualified

September 25, 2014

An election tribunal on Wednesday disqualified Pakistan Tehreek-i-Insaf (PTI) provincial minister for agriculture Ikramullah Gandapur for holding a fake degree and recommend to Election Commission of Pakistan to conduct a fresh election on PK-67 Dera Ismail Khan. Gandapur was elected provincial assembly member in by-election after the seat fell vacant due killing of his brother Law Minister Israrullah Gandapur in a suicide attack.

Ikramullah's rival candidate Fatehullah Miankhel had challenged his election before the returning officer, who forwarded it to the election tribunal for a decision. The election tribunal judge, Syed Yayahi Zahid Gilani, disqualified Gandapur for possession of a fake degree which he presented before the election tribunal.

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Snowden, Asma Jehangir win Swedish rights prize

September 25, 2014

Fugitive US intelligence agent Edward Snowden was jointly awarded a Swedish human rights award on Wednesday for "revealing the unprecedented extent of state surveillance", the prize's organisers said. The Right Livelihood Honorary Prize is awarded annually "to honour and support those offering practical and exemplary answers to the most urgent challenges facing us today".

The Stockholm-based foundation awarding the prize said Snowden had shown "courage and skill in revealing the unprecedented extent of state surveillance violating basic democratic processes and constitutional rights". As an honorary award winner, Snowden - who has lived in exile in Russia since 2013 - will not receive the customary 500,000 kronor (54,500 euros, \$70,000) prize money, but the foundation said it would "fund legal support for him" without disclosing the amount.

Alan Rusbridger, editor in chief of Britain's Guardian newspaper, which first published details of US electronic surveillance based on Snowden's leaks, also won an honorary award for "responsible journalism in the public interest". After the winners were announced, Sweden's ministry of foreign affairs said the annual Right Livelihood press conference could not take place in one of its buildings. Swedish public broadcaster SVT reported that it had been a personal decision of Swedish Foreign Minister Carl Bildt. The minister denied the claim.

SVT reported on its website: "Instead, the foreign ministry points out that it is important to highlight that it is an independent organisation. Bildt also refuses to comment on what he thinks about Edward Snowden winning the prize." Bildt, who is known for his US sympathies, has never criticised Snowden in public, but Swedish media reported that he opposed the involvement of the former analyst in a Stockholm conference about freedom on the Internet in May - an allegation the minister also denied.

The other three prize winners - who will each receive 500,000 kronor to further their work - were Pakistani human rights lawyer Asma Jahanger, Sri Lankan rights activist Basil Fernando and US environmentalist Bill McKibben. "We want to send a message of urgent warning that these trends - illegal mass surveillance of ordinary citizens, the violation of human and civil rights, violent manifestations of religious fundamentalism, and the decline of the planet's life-supporting systems - are very much upon us already," said Ole von Uexkull, the foundation's director in a statement. Swedish-German philatelist Jakob von Uexkull founded the donor-funded prize in 1980 after the Nobel Foundation refused to create awards honouring efforts in the fields of the environment and international development.

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India beats Asia to Mars as spacecraft enters orbit

September 25, 2014

India won Asia's race to Mars on Wednesday when its unmanned Mangalyaan spacecraft successfully entered the Red Planet's orbit after a 10-month journey on a tiny budget. Scientists at mission control let out wild cheers and applause after the gold-coloured craft fired its main engine and slipped into the planet's orbit following a 660-million kilometre (410-million mile) voyage.

"History has been created. We have dared to reach out into the unknown and have achieved the near impossible," a jubilant Prime Minister Narendra Modi said at the Indian Space Research Organisation's (ISRO) base near Bangalore. "The success of our space programme is a shining symbol of what we are capable of as a nation," Modi said, grinning broadly and embracing the ISRO's chairman. The success of the mission, which is designed to search for evidence of life on the Red Planet, is a huge source of national pride for India as it competes with its Asian rivals for success in space. Indians from ministers to students and office workers took to Twitter to express pride, with the Hindi slogan "JaiHind" or "Hail India" trending on the microblogging site.

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Equities edge lower

September 25, 2014

The Karachi share market Wednesday closed lower weighed by profit-taking at the fag end. The benchmark KSE-100 index lost 48 points to close 30,095 points compared to 30,144 points Tuesday. Analysts said the market opened on a bullish note and later profit-taking set in and at the end of the session, the market closed on a negative note. However, volumes remained healthy as compared to Tuesday, they added.

"Stocks closed lower in future contract rollover week at KSE as investors booked profits against expected commitments on \$815 million OGDC global depository share sales and IPO Engro Powergen," said Ahsan Mehanti, an analyst at Arif Habib. The SBP status quo in September '14 policy announcements last week, falling banking spreads reported in Aug'14, concerns for rising current account deficit data, falling FDIs on political crises and over Rs 230 billion pending circular debt in energy sector played a catalyst role in bearish activity at KSE, he added.

During the intraday trading, the market fluctuated in green and red zone and the KSE-100 index also reached 30,341 points highest and 30,082 points lowest level. Despite a negative trend, volume at the ready counter moved upward and overall some 179 million shares were traded against 164 million in previous session. Market capitalisation declined by Rs 9 billion to Rs 7.007 trillion down from Rs 7.016 trillion. Trading took place in 429 companies, of which 205 posted positive growth, whereas 201 closed with negative signs. Rates of 23 companies remained

unchanged.

"KEL lost 4.3 percent today due to rumours spread in the market of disapproval of the dividend declared by its major stakeholders," said analysts at JS global. NML gained bullish momentum due to reaction of local investors towards its better than expected earnings announcement, they added. They said bullish momentum was seen in the pharma sector, as SEARLE announced earning of Rs 12.28 and 40 percent bonus. "We expect the market to remain rangebound due to the persistent political uncertainty," they added.

Among top 10 volume leaders, seven companies posted positive trend and three negative. K-Electric topped the volume gainers with 15.29 million shares, down Re 0.35 to close at Rs 7.76. Nishat Mills Ltd stood second, up Rs 4.41 to close at Rs 122.72 on 5.2 million shares. B.O.Punjab ranked third and closed at Rs 8.07, up Re 0.04 on 5.1 million shares.

Pak Elektron Ltd posted a negative trend, down Re 0.15 to close at Rs 28.78 on 4.7 million shares. With 4.7 million shares, Adamjee Ins rose by Re 0.28 to close at Rs 47.62. National Bank gained Re 0.83 to close at Rs 60.96 on 4.3 million shares. Engro Polymer moved up by Re 0.62 to close at Rs 12.52 on 4.2 million shares. Sitara Peroxide increased by Re 0.79 to close at Rs 15.79 on 3.9 million shares. With a trading volume of 3.9 million shares, Lafarge Pak closed at Rs 16.65, down Re 0.09 and GlaxoSmithKline gained Rs 7.18 to close at Rs 196.90 on 3.6 million shares. Murree Brewery and Sanofi-Aventis were the top gainers with Rs 50.00 and Rs 30.00 to close at Rs 1,050.00 and Rs 795.00, respectively. Nestle Pak and Colgate Palmolive were the top losers with Rs 80.00 and Rs 20.00 to close at Rs 7,800.00 and Rs 1,500.00, respectively.

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LSE index declines by 44.33 points

September 25, 2014

Mixed sentiments prevailed on the Lahore Stock Exchange on Wednesday where equities moved both ways and finally settled in green zone amid ascending transaction volume. However, the LSE-25 index was declined by 44.33 points to close at 5406.28 against 5450.61 of Tuesday while trading turnover was squeezed to 598,520 shares compared with day earlier volume of 815,800 shares.

The market was opened on a positive note and stayed in green zone during early trading hours. Later, the oil sector led the market down, as investors preferred in oil sector's shares like OGDC, Pakistan Oil Fields, PSO and Byco Petroleum while Masood Textile Mills, D G Khan Cement, K-Electric, Fauji Fertilizer, PIAC, and Pervez Ahmed Securities also remained under pressure. On the contrary, Nishat Mills, PPL, General Tyre and Ruber, National Bank, and Engro Fertilizer helped market avert more declines. The advancing stocks were ahead of the declining ones, as out of a total of 106 active issues, 26 companies posted gains, 18 suffered losses while 62 companies stayed glued to their overnight closing.

Al-Ghazi Tractors gained Rs 10.41, Millat Tractors was improved by Rs 8.75 while Nishat Mills and Highnoon Laboratories were up by Rs 4.54 and Rs 4.44, respectively. In the negative

column, OGDC lost Rs 4.33, Masood Textile Mills was declined by Rs 3.32 while Pakistan Oil Fields and PSO shed Rs 1.43 and Rs 1.18, respectively. Bank of Punjab with trading of 114,500 shares topped the volume leaders followed by Lotte Chemical Pakistan with 74,000 shares.

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ISE index down by 57.56 points

September 25, 2014

Bears returned in the driving seat at the Islamabad Stock Exchange (ISE) on Wednesday, where losers outclassed gainers amid decrease in index. ISE Ten Index showed a decrease of 57.56 points as the ISE Ten Index moved from 4,538.30 to 4,480.74 points. The overall turnover amounted to 195,700 shares as compared to previous volume of 137,000 shares.

Total 158 companies participated in buying and selling activity. Majority of stocks (81) closed in negative territory, 77 closed in positive territory, whereas no company remained pegged to its overnight levels. The volume of Lotte Chemical was 74,000 shares. The volume of Soneri Bank was 61,000 shares. The volume of K-Electric Ltd was 28,000 shares.

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Business and Economy: *Pakistan*

Baig calls on TDAP CEO

September 25, 2014

Leading industrialist and Honorary Consul General of Kingdom of Morocco, Ishtiaq Baig, called on CEO Trade Development Authority of Pakistan (TDAP) S. M. Muneer at TDAP Head Office and discussed with him the possibility of increasing the bilateral trade between Pakistan and Morocco.

The meeting was also attended by Director General TDAP Dr Iqbal Thaheem. Ishtiaq Baig informed CEO TDAP that the thrust of country's export was towards Europe and America whereas Africa, the region of one billion people has been neglected. "Morocco is the gateway to Africa and despite deep friendly relations between Pakistan and Morocco, trade ties does not reflect it and is far behind the real potential. Bilateral trade is meagrely \$400 million and needs to be extended substantially," he underlined. Baig proposed to organise single country exhibition and to send businessmen delegation to explore the market potential in Morocco. S. M. Muneer assured TDAP's full co-operation in increasing the trade between Pakistan and Morocco and said that Pakistan can take advantage of the Free Trade Agreement (FTA) of Morocco with the US and European Union.-PR

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Punjab government, Yantie city of China sign two MoUs

September 25, 2014

Two Memorandums of Understandings (MoUs) were signed between the Punjab government and Yantie, industrial city of Chinese province Shandong, here on Wednesday. Punjab Chief Minister Muhammad Shahbaz Sharif was the chief guest on the occasion. Under the agreement made between the Yantie Chamber of Commerce and Industry and the Punjab Industrial Estate Development and Management Company (PIEDMC), industrial estates and parks will be constructed in Punjab with the collaboration of the Yantie Chamber of Commerce and Industry.

Joint seminars and conferences will be held for enhancing trade activities and promoting investment opportunities in industrial zones and industrial estates of the Punjab province with the co-operation of the Yantie Chamber of Commerce & Industry. Under the second MoU, Lahore and Yantie have been declared twin-city and trade, cultural and business activities will be promoted between these two cities. On the first MoU, PIEDMC Chairman S M Tanveer signed on behalf of the Punjab government while Cheng Xiaoyun on behalf of the Yantie Chamber of Commerce & Industry while on the second MoU, DCO of Lahore Muhammad Usman and head of delegation and Vice Minister of Yantie City Du Yonggang on the behalf of Yantie City.

Addressing the signing ceremony of MoUs and talking to media persons, Punjab Chief Minister Shahbaz Sharif said that agreements made between the Punjab government and industrial city Yantie of the Chinese province Shandong with regard to promotion of trade and cultural activities were good omen and he welcomed Chinese delegation to Pakistan. The Chief Minister said no doubt China was a trustworthy and great friend of Pakistan and it has always been standing with Pakistan in every hour of trial. He said China was desirous of development and prosperity of Pakistan and the history of Pakistan-China friendship was witness to this fact.

Shahbaz Sharif said due to recent visit of the Chinese delegation, new avenues of development and co-operation will open and bilateral relations will be promoted further. He said industrial and trade activities will be promoted in Punjab due to agreements with the Punjab government and Yantie. He said trade, cultural and historic contacts will further strengthen due to declaring of Lahore and Yantie twin-city. The Chief Minister said that investment of \$34 billion on the projects in Pakistan was not delayed by China but it was due to the untimely sit-ins of unwise people. He said that sit-ins caused massive loss to the country and coming generations will not be able to compensate it. He said that those staging sit-ins have committed enmity with the country and a formidable plan was devised which was tantamount to play with the destiny of 18 crore people by putting projects of development and prosperity at stake. Shahbaz appealed to the nation not to forgive these elements. He said those staging sit-ins have caused huge loss to the economy. He said this was neither politics nor service. He said it was neither the humanity nor patriotism rather it was enmity with the country. He said: "We ourselves have tried to push the country into darkness and delay in the projects is destructive." He asked those staging sit-ins to show wisdom and not to play with the destiny of 18 crore people. He said due to the postponement of visit of Chinese leaders, negative impacts on the projects of billions of dollars have started coming to fore. He said power generation projects have slowed down and Chinese officials through email expressing their apprehensions have said that due to bad political situation, their work has slowed down. Shahbaz said he will inform the entire nation about this at an appropriate time so the people from Khyber to Karachi should know that how much cruelty has been committed by those people staging sit-ins on the Pakistani nation and they have created hurdles in the projects of development and prosperity of the country through untimely sit-ins. He said those people have put the future of the nation at stake for the achievement of their nefarious designs. Shahbaz Sharif said the President of Pakistan and the Prime Minister made visits to China and he also visited China nine times. He said that projects were being furthered with hard work and the Chinese President had to lay foundation stone of these projects during his visit to Pakistan but these projects of development of the country were delayed due to these so-called Pakistanis. He said that these elements did not do any service to the country but have given proof of their enmity. The Chief Minister said that sit-ins have caused irreparable losses to the economy and shaken the economic foundations of the country. He said it was a crime with the country and the Pakistani nation will never forgive them. He said the loss caused to the country due to sit-in cannot be compensated, however, efforts are being made to restart the journey of development and all possible efforts would be made for completion of these projects. He said: "Nations face such difficult times but we will overcome these problems with the power of unity and bring out Pakistan from darkness." Replying to a question, Shahbaz Sharif said that those staging sit-ins could do whatever they like but should not commit cruelty on the people of Pakistan otherwise, coming generations will never forgive them.

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President lauds business community's role in development

September 25, 2014

President Mamnoon Hussain on Wednesday while highlighting the key role of business community in national development said the government was making all out efforts to bolster economic prospects, trade and exports through various concerted initiatives.

The President expressed these views in a meeting with the delegation of members of Bahawalpur Chamber of Commerce and Industry (BCCI) led by Muhammad Baligh Ur Rehman, State Minister for Education and Professional Training here at the Aiwan-e-Sadr. The President appreciated the contributions of business sector in creation of economic opportunities for the betterment of people and towards attaining goals of economic stability.

The president expressed confidence that the grant of GSP Plus status by the European Union (EU) would considerably enhance the country's exports to the benefit of business sector and economy. He called upon traders, manufacturers, exporters and entrepreneurs to take full advantage of the facility extended by EU in enhancing duty free exports. The President said sincere measures were being taken to address the challenges confronted by the business community. He stated that the government was taking all possible steps for improving the security situation and power supply which were vital for economic and social development of the country. The President remarked that besides the role of Foreign Direct Investment (FDI) in augmenting economic growth of the country, the real turnaround in the economy actually came from enhanced and integrated domestic investments.

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Chinese investors want to initiate joint ventures: LCCI told

September 25, 2014

Chinese investors have shown their keen interest in initiating joint ventures with their Pakistani counterparts. These views were expressed by Head of the 19-member Chinese delegation and Deputy Director General of Bureau of Foreign Trade & Economic Co-operation of Guangzhou Municipality Cao Zhicong here on Wednesday.

LCCI Senior Vice President Tariq Misbah presided over the meeting while LCCI Executive Committee Members Aslam Chaudhry, Mumshad Ali, Shahzad Waheed, Shahzad Ahmed, Talha Tayyab Butt and Chairman of the Standing Committee on Pak China Asean Economic Relations Siddiq-ur-Rehman Rana were present on the occasion.

Head of the delegation said that economic globalisation and regional integration had provided

enormous opportunities for further co-operation between China and Pakistan. He said Pakistan was an ideal destination of foreign investment. He said Pakistan had made attractive investment policies which provided a lot of investment opportunities that were prompting Chinese entrepreneurs to come and invest in Pakistan. He said Bureau of Foreign Trade & Economic Co-operation of Guangzhou Municipality would speed up its efforts to strengthen the trade and investment co-operation between the two countries.

Speaking on the occasion, LCCI SVP Tariq Misbah said China was a time-tested friend and a very important partner in Pakistan economic development and bilateral trade. "The involvement of Chinese enterprises, both in terms of technical and financial assistance in several development projects is reflective of our cordial relations based on mutual trust and sincerity." He said though delay of Chinese President's visit to Pakistan was a big blow to the whole nation but hopefully visit would be rescheduled soon.

He said China was very important trading partner of Pakistan and it was expected that bilateral trade between Pakistan and China would touch the figure of \$15 billion within the next few years. Although Pakistan's exports to China have been gradually increasing, the trade has always been in favour of China. "Our bilateral trade has grown, but it is nowhere near the potential that exists between the two countries. Pakistan has a lot to offer as it is rich in all kinds of resources."

Both the countries not only share border but also have unanimity of views on various political and economic issues. The two countries have a combined market of more than 1.5 billion people but the trade volume needs to be pushed up. The Chinese importers may have better prospects for Pakistani goods particularly of carpets, leather and leather products, surgical equipment, sports goods, fruits and vegetables, rice, pharmaceuticals, cotton etc. Most of our industrial units in these areas are ISO certified and are producing best quality products at competitive rates as compared with other countries in the region.

Tariq Misbah said joint ventures could be initiated in sectors like construction, hotels and tourism; SMEs cluster development, computer & cellular chips, textiles & garments, home appliances, corporate farming, seafood and food processing, banks & finance, light engineering.

He said two most important areas where Pakistan needed urgent assistance were energy and agriculture, adding Pakistan was an agrarian society with tremendous potential in agricultural sector. "China has expertise both in agriculture and agro-based industry and if some joint ventures are carried out, it would be mutually beneficial for both countries. The increase in agricultural production would not only help in meeting our local demands but also enable us to export surplus quantity to China."

LCCI SVP informed the visiting delegation that LCCI had established a Mediation Centre in August 2012 with active collaboration of IFC. He said there were more than 40 accredited mediators registered with LCCI who could help the local, national and international businessmen for out of the court settlement.

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PIAF greets LCCI's elected executive body members

September 25, 2014

Pakistan Industrial and Traders Associations Front (PIAF) has congratulated the newly elected Executive Committee Members of the Lahore Chamber of Commerce and Industry (LCCI) and hoped that the newly elected body would utilise all their energies to come up to the expectations of the businessmen. PIAF office-bearers; Chairman Malik Tahir Javed, Senior Vice Chairman Khamis Saeed Butt and Vice Chairman Amjad Ali Jawa also thanked the businessmen for reposing confidence in PIAF-Founders Alliance.

The PIAF Chairmen said there was no second opinion about it that the country is faced with enormous internal and external challenges and only true representatives of the business community could help surmount these issues. They said that Alliance had made an effort to bring forth very talented people to represent business community at all forums and they had been tasked to prepare sector specific working papers to expedite economic activity in the country in general and in the city of Lahore in particular.

They said that newly elected office-bearers of the Lahore Chamber of Commerce and Industry (LCCI) would ensure implementation on PIAF manifesto in true sense of word. They also greeted newly elected Executive Committee members Mian Nauman Kabir, Abdul Basit, Nadir Kamal Osman, Shahzad Ahmed, Shahzad Waheed, Dr Qurat ul Ain Irfan, Kamal Mahmood Amjad Mian, Nasir Saeed, Syed Mahmood Ghaznavi, Khurram Lodhi, Raja Adeel Ashfaq, Rizwan Akhter, Assad Noor Pagganwala, Waqar Ahmad Mian and Sheikh Muhammad Fayyaz. They also paid rich tributes to the visionary leadership of Alliance leaders Mian Anjum Nisar and Mian Muhammad Ashraf.

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HCCI assured of clearance of refund claims

September 25, 2014

Regional Chief Commissioner Inland Revenue, Federal Board of Revenue, Khawar Saeed Akhtar has asked the Hyderabad Chamber of Commerce and industry to provide the list of tax payers whose refunds are due so that their refunds could be cleared. He said this while addressing traders and industrialists at HCCI here on Wednesday. He was accompanied with Farooq, commissioner IP division.

He informed the business community that audit was a part of universal tax assessment scheme and if audit was separated from it, the scheme by itself could come to end. He said that audit does not mean the lack of trust in businessmen but audit cases are selected under IRS system of computerised and this system is prevalent in the whole world.

However, he assured that audit system will be made easy. He asked officers to reactivate regional tax facilitation committee and its meeting be called in a month so as to resolve the problems of business community. Talking about withholding tax, he said that due to reduction in income tax recovery the rate of withholding tax had been increased.

Earlier, Senior Vice President HCCI Turab Ali Khwaja welcomed the guests and said that the HCCI and regional tax office had been in contacts with each other for long. He said the business community of Hyderabad paid tax more than target. He suggested that those who have cars, bungalows and going on foreign tours be brought to tax net. Abdul Qayoom Nusrat said the traders were continuing their business in situation of worsening law and order and atmosphere of fear.

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Hindu traders in Umerkot: new committee formed to probe killing

September 25, 2014

The Sindh government has announced to constitute a new inquiry committee under the head of Deputy Inspector General (DIG) of Police (South) Karachi, Abdul Khaliq Shaikh, to investigate into the murder of two Hindu brothers in Umerkot and asked him to submit the report within five days.

This was stated by the Chief Executive of Pakistan Institute of Labour Education and Research (PILER), Karamat Ali, and Zulfiqar Shah of Pakistan Dalit Solidarity Network (PDSN) at a press conference at the Karachi Press Club on Wednesday. They said the provincial government has also assured to provide cash compensation and government job to three Hindus - two trader brothers and third one who was a key witness of the twin murders - and had later committed suicide. Such relief was decided in a meeting of the representatives committee of the Hindu community with Sindh Chief Minister Syed Qaim Ali Shah at the Chief Minister's House.

The committee had earlier signed a written agreement with the government-appointed committee for solving problems of Hindus, when thousands of non-Muslims from Umerkot and parts of Sindh had staged a sit-in at the Karachi Club for the acceptance of their demands. The written agreement was signed on Saturday night by Sindh Ministers, Dr Sikandar Mandhro, Mukesh Kumar Chawla and Giyanchand Israni, Commissioner of Karachi Shoaib Ahmed Siddiqui, DIG of Police, Karachi (South) Abdul Khaliq Shaikh, SSP South Faisal Bashir Memon and Deputy Commissioner of South Jamal M Qazi. From protestors' side the agreement was signed by Chela Ram, Suresh Kumar, Karamat Ali, Krishan Sharma and Zulfiqar Shah.

Karamat Ali said the government, in principle, had agreed to solve all the outstanding problems of Hindus and other non-Muslims in Sindh. The Sindh Chief Minister has asked the high-level committee on the problems of Hindus comprising former Chief Justice of the Supreme Court of Pakistan Rana Bhagwandas, Chairperson of Sindh Human Rights Commission Justice Majida Razvi (Retd) and advocate Jhamat Mal to prepare recommendations and submit it to the

government for its implementation. It was also decided to include Karamat Ali of PILER into the committee.

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Rasheed Janmohammad elected BQATI President

September 25, 2014

Elections for the Managing Committee of Bin Qasim Association of Trade and Industry (BQATI) for the term of 2014-16 were held with the closing date, the following candidates have been declared elected unopposed as Members of the Managing Committee. The Managing Committee in its meeting unanimously elected A. Rasheed Janmohammad as President BQATI, Muhammad Rasheed Senior Vice President BQATI, Parvez Ghias Vice President BQATI.

The elected Managing Committee members included A. Rasheed Janmohammad from Mapak Edible Oil Pvt Ltd, Jahangir Piracha from Engro Polymer and Chemicals Ltd, Hussain Agha from Agha Group of Industries, Noman Yakoob from Pakistan Synthetics Ltd, Iftikhar Ahmed from Fine Gas Company and Haider Amin from Hamza Tank Terminal. Election Commission congratulates office bearers for their unanimous election and welcomes the elected members for the Managing Committee and look forward to working together for the achievement of BQATI goals and objectives.-PR

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Activity at Karachi & Qasim ports

September 25, 2014

The Karachi Port handled 102,356 tonnes of cargo comprising 77,366 tonnes of import cargo and 24,990 tonnes of export cargo including 4,204 loaded and empty containers during the last 24 hours ending at 0700 hours on Wednesday. The total import cargo of 77,366 tonnes comprised of 31,006 tonnes of containerised cargo; 28,510 tonnes of bulk cargo: 8,000 tonnes of coal; 7,483 tonnes of wheat; 7,150 tonnes of DAP; 1,841 tonnes of soyabean meal; 3,976 tonnes of rape seed and 17,850 tonnes of oil/liquid cargo.

The total export cargo of 24,990 tonnes comprised of 14,905 tonnes of containerised cargo and 110 tonnes of general cargo; 3,500 tonnes of cement and 6,475 tonnes of oil/liquid cargo. As many as 4,204 containers comprising 2,130 containers import and 2,074 containers export were handled during the last 24 hours on Wednesday.

The break-up of imported containers shows 796 of 20's and 665 of 40's loaded while 4 of 20's and nil of 40's empty containers, whereas that of exported containers shows 478 of 20's and 230 of 40's loaded containers while 408 of 20's and 364 of 40's empty containers were handled during

the business hours.

There were five ships namely Shahr-e-Kord, ACX Crystal, Eleni-1, Magic Victoria and Stolt Endurance carrying containers, oil tanker and chemical respectively sailed out to sea during the reported period. There were six vessels viz. Kota Kamil, YM New Jersey, Hanjin Scarlet, Sea Ambition, Soleil and Stolt Endurance carrying containers, oil tanker and chemical respectively currently at the berths.

There were three ships namely Hanjin Scarlet, Sidra Ras Laffan and Sila carrying containers, oil tanker and general cargo sailed out to sea on Wednesday, while two ships namely Kota Kamil and Tromso carrying containers and oil tanker respectively are expected to sail on Thursday. There were three vessels viz. Northern Prelude, Super Lady and FPMC P Glory carrying containers, oil tanker and mogas respectively due to arrive on Wednesday, while five vessels viz. APL Chicago, Cosco Osaka, Hyundai Busan, Arikun and Ikan Sembak carrying containers, cement and coal respectively are due to arrive on Thursday.

PORT QASIM

A cargo volume of 73,519 tonnes comprising 62,509 tonnes of import cargo and 11,010 tonnes of export cargo inclusive 612 loaded and empty containers (TEUs) was handled at Port Qasim during the last 24 hours on Wednesday.

The total import cargo of 62,509 tonnes includes 37,193 tonnes of furnace oil; 4,130 tonnes of edible oil; 7,621 tonnes of iron ore; 5,974 tonnes of rape seed; 3,970 tonnes of chemical, 975 tonnes of urea and 2,646 tonnes of containerised cargo. The total export cargo of 11,010 tonnes includes 804 tonnes of rice and 10,206 tonnes of containerised cargo.

There were four ships namely CV MSC Jazan, MV Pacific Sun, MT Quetta and MT Bunga Akasia with containers, chemical, furnace oil and edible oil sailed out sea on Wednesday morning, while another ship namely MV Luxur SW with rice is expected to sail on the same day afternoon. A total number of eight vessels viz. CV MSC Jazan, MV Luxury SW, MV Beagle VI, Mandrain Ocean, MT Pacific Sun, Amsel, MT Quetta and MT Bunga Akasia currently occupied berths to load/offload containers, rice, urea, rapeseed, chemical, iron ore, furnace oil and edible oil respectively during the last 24 hours.

As many as twelve ships namely Maersk Chicago, CMA CGM Lamtime, CMA CGM Debusy, Histria Agata, Kang Huan, Sandra, Al Mahboobah, Atlantic Glory, Stolt Endurance, Turkgaz, Xin Min-18 and Ocean IV with containers, rape seed, edible oil, wheat, chemical, LPG and barge are at the outer anchorage of Port Qasim. There were four vessels carrying containers, fertilizer, rape seed and iron ore expected to take berths at Qasim International Containers Terminal, FAP Terminal and Iron Ore & Coal Berth respectively on Tuesday. There are eight ships namely CV Maersk Chicago, CV CMA CGM Lamtime, CV CMA CGM Debusy, MT Histria Agata, MV Al Mahboobah, MV Atlantic Glory MV Xin Min-18 and MV Ocean IV with containers, edible oil, chemical and barge due to arrive on Wednesday.

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MoI&P to submit auto policy to ECC

September 25, 2014

MUSHTAQ GHUMMAN

Ministry of Industries and Production (MoI&P) is all set to submit the much-awaited new auto policy to the Economic Co-ordination Committee (ECC) of the Cabinet in its forthcoming meeting, well informed sources told *Business Recorder*. Minister for Industries and Production, Ghulam Murtaza Khan Jatoi, who was kept in the dark on the new auto policy by the former Secretary Industries, Shafqat Naghmi, has now convened a meeting to update himself on this matter.

Khawaja Asif, Minister for Water and Power, is the chairman of the committee which has prepared a new auto development policy in consultation with Chairman Privatisation Commission, Muhammad Zubair. However, Pakistan Automotive Manufactures Association (PAMA) and Pakistan Association of Automotive Parts and Accessories Manufacturers (PAPAAM), which represent the vendors, have not been properly consulted.

Tariffs proposed in the auto policy and proposals relating to import of used cars are the main concerns for the local industry. Insiders in the Engineering Development Board (EDB), which is being directly controlled by the Ministry of Industries and Production, told *Business Recorder* that the policy is ready for submission to the ECC, after a go-ahead signal is received from the Chairman of the committee.

Chairman BoI, who was approached by the PAPAAM to convey their suggestions to the Chairman of the Committee, recently told *Business Recorder* that he had forwarded his recommendations to the Chairman. PAMA, sources said, has written a letter to Secretary Industries, saying that the draft auto policy was held back at the time of the federal budget 2014-15 and during the period of its abeyance it was expected that the Ministry would hold much-needed consultations with the stakeholders before its finalisation.

"The reports about approval of the policy are disturbing particularly as no consultations have been held with the auto industry so far," said Director General PAMA in a communication with the concerned Ministry. PAMA, which normally exerts influence over the Government of Pakistan through Japanese embassy, maintains that the new auto policy should not be approved without meaningful consultations with the auto industry.

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Metro project marred by sit-ins

September 25, 2014

NAVEED BUTT

Metro Bus Project has been delayed due to sit-ins of Pakistan Tehreek-e-Insaaf (PTI) and Pakistan Awami Tehreek (PAT) at D-Chock Islamabad while business community and commuters are suffering from road blocks in twin cities owing to construction work on the project.

The owners of shopkeepers, hotels, businessmen and petrol pumps have expressed their concerns over the delay in the project and said that their businesses are being negatively affected due to road blocks as a consequence of ongoing construction work on the project for the last six months. Customers can not reach their shops due to road blocks which in turn are affecting movement of goods as well.

Metro Bus Service Project Implementation Committee Chairman Hanif Abbasi Wednesday told *Business Recorder* that Metro Bus Project is being delayed due to protests by PTI and PAT in the Red Zone of Islamabad. He added that work on the project at Parade Ground near D-Chowk has been stopped because of the presence of PTI camps there. He said the completion period of the project would now depend on when the sit-ins are over.

Islamabad Chamber of Commerce and Industry (ICCI) President Shabaan Khalid said that businesses of the two cities are being affected due to Metro Bus Project. The Prime Minister laid the foundation stone of Metro Bus Service Project on March 23, 2014.

Total cost of Metro Bus Project is about Rs 44.21 billion which includes a signal-free interchange at Peshawar Mor Islamabad at a cost of Rs 4.7 billion. It was scheduled to be completed in a record period of 9 to 10 months but delays are now expected due to ongoing dharnas. Federal and provincial governments are contributing 50 percent each to the project cost. The track of the Metro Bus Service began simultaneously from Flashman's Hotel Chowk on Murree Road to Pak Secretariat after covering a total distance of 23.2 km via Murree Road, Faizabad Rawalpindi, IJ P Road, 9th Avenue and Jinnah Avenue (Blue Area) of Islamabad.

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PIA registers 12 percent growth in January-June 2014 revenue

September 25, 2014

Pakistan International Airlines (PIA) steadfastly is continuing on the path of recovery, as in the last six months revenue of the national flag carrier increased by Rs 6 billion or 12 percent to Rs 53.4 billion against Rs 47.6 billion earned in the first six months of 2013.

PIA also earned a gross profit of Rs 339m whereas the decline in operational losses stood at 80 percent to Rs 2.5 billion and 45 percent reduction in loss after tax to Rs 10 billion when compared with Rs 18.4 billion in the corresponding period of 2013. This was informed in the 359th Board of Directors meeting of PIA, which held at the airlines' Head office. Chairman PIA Muhammad Ali Gardezi chaired the meeting, which was also attended by Managing Director Shahnawaz Rehman.

The Board was informed that during the first six months of 2014, the airline managed to restrict losses to 10.1 billion which is Rs 8.25 billion less as compared to the corresponding period of 2013. The main reasons for reduction in loss were higher revenue and controlled expenditures.

The Board was also informed about customer services improvement initiatives and aircraft being inducted as part of future strategy. Issues relating to improving performance and efficiency especially focusing on customer satisfaction were discussed and various recommendations were approved. The Board appreciated PIA management's performance in curtailing expenses while emphasising on further increase in revenues and cost curtailment measures. The Board reviewed the constraints faced by the airline in particular Aircraft induction, repairs and maintenance and spare parts availability and instructed PIA management to devise a comprehensive future strategy.-PR

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BMA Capital honoured at CFA Awards

September 25, 2014

BMA Capital Management Limited has been recognised at the CFA Excellence Awards organised by the CFA Society Pakistan recently. BMA Capital's nominated Analyst Azfer Naseem, CFA, was awarded the 'Best Equity Research Analyst for Year 2013 - Runner Up' and nominated trader Junaid Shehryar Godil was awarded the 'Best Equity Trader for Year 2013 - Runner Up'.

These annual awards are considered the capital market industry's benchmark and are based on a confidential poll surveying respondents namely buy-side asset managers and investment professionals from Pakistan's financial sector including banks, asset management companies, DFIs and other financial institutions.

Commenting on the news, Moazzam M Malik, Chairman and CEO of BMA Capital said: "This independent recognition is an excellent result for the firm and underscores the talent and high-quality research and equity franchise that BMA Capital has. It is a proud moment for these two individuals and for the entire firm. BMA Capital is the only capital market firm, which has successfully been able to secure awards in both the prestigious categories of 'Best Equity Research Analyst' and 'Best Equity Trader'. It also validates the internal changes the firm has instituted to attract the most talented human capital and prepare tomorrow's leaders."-PR

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Nine members of PCDMA executive committee elected unopposed

September 25, 2014

All nine members of executive committee of Pakistan Chemicals and Dyes Merchant Association (PCDMA) were elected unopposed for two years' term, 2014-16. The Election Committee received a total of six nomination papers against four vacant seats of corporate class of the executive committee, which includes of Faheem Gulzar, Pervez Ahmed, Mohammad Abdullah, Umair Saleem, Mohammad Salman and Mobin Bashir.

After withdrawal of Faheem Gulzar and Pervez Ahmed, only four candidate left in the filed against as many seats. Hence, Mohammad Abdullah, Umair Saleem, Mohammad Salman and Mobin Bashir were declared elected as unopposed. Similarly, the committee received 11 nomination papers against five vacant seats of associate class. Those who filed nominations were Rizwan Asghar, Luqman Ashfaq, Faisal Ilyas, Muhammad Umair, Mohammad Younus, Imran Younus, Yahya Arshad, Faisal Fakhar, Arshad Usman, Munawar Feroz and Mohammad Faisal Sabir.

After withdrawal by Rizwan Asghar, Luqman Ashfaq, Faisal Ilyas, Muhammad Umair, Mohammad Younus, and Imran Younus only five candidate left in the filed against as many seats. Hence, Yahya Arshad, Faisal Fakhar, Arshad Usman, Munawar Feroz and Mohammad Faisal Sabir were declared elected as unopposed.

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Company News: *Pakistan*

GlaxoSmithKline Pakistan Limited

September 25, 2014

Following the merger of Glaxo Wellcome and SmithKline Beecham in 2001, GlaxoSmithKline came into being. Since then GSK, by expanding tremendously over the years, has now become a pharmaceutical giant in Pakistan's pharmaceutical industry.

PRODUCT PORTFOLIO: GSK Pakistan's operations are divided in two segments: namely, Pharmaceuticals (prescription drugs and vaccines) and consumer healthcare (over-the-counter-medicines, oral care and nutritional care).

The company produces the leading pharmaceutical brands which include Augmentin, Seretide, Amoxil, Velosef, Zantac and Calpol and renowned consumer healthcare brands, which include Panadol, Horlicks, Aquafresh, Macleans and ENO.

KEY EVENTS IN 2014: April 22, 2014, has gone down as a notable day in the success story of GlaxoSmithKline. GlaxoSmithKline plc UK has joined hands with Novartis AG, Switzerland to create a world-leading Consumer HealthCare business. As part of the arrangement, GSK plc will be holding a controlling equity stake of 63.5 percent. Moreover, GSK plc will acquire the global vaccine business of Novartis and divest its marketed Oncology portfolio. However, according to the company, the transaction is subject to regulatory approvals from the regulatory approvals in UK.

INDUSTRY DILEMMAS The list of issues faced by the pharmaceutical manufacturers in Pakistan is long and strenuous. And with years passing by, the fate of pharma companies is falling apart. Irrational pricing mechanism tops the list of this industry's woes. To recall, 2001 was the last time pharmaceutical companies were allowed to raise prices of their products. In an earlier published interview with BR Research, Ayesha Tammy Haq, Executive Director of Pharma Bureau Pakistan said: "Prior to 2001, every year, the government would adjust the prices of medicines based on a formula taking into account annual inflation and other factors. This formula would be applied across the board. Since then there has been no across-the-board price adjustment, where prices for the most have remained stagnant, barring a few hardship cases."

To counter the apprehensions and to create a level playing field, the government in July 2014, the government expressed its intentions to formulate a new pricing policy taking into account the considerations of all stakeholders. While industry participants have been lusting after the government to stimulate the process without any delay, its progress is still uncharted.

Not to disregard the bitter fact that successive governments have failed to come up with a rational pricing mechanism. One can hope that the government is able to come up a transparent pricing mechanism and ensure the quality of medicines produced, thus providing industry players an equal opportunity to survive and flourish.

2013: REVIEW OF FINANCIAL PERFORMANCE Faced by these pressures, GSK's

profitability also bore the brunt. Net profitability underwent a decline of 20 percent year on year in 2013.

However, to ease the burden of price freeze on pharmaceutical drugs on profitability, GSK altered its product portfolio mix during the year. The company rose it's the proportion of its consumer healthcare segment to 14 percent from 11 percent in 2012. However, pharmaceutical segment, where price freeze is a concern, continues to capture the biggest slice of the cake.

Thanks to the rising proportion of consumer healthcare business of GSK, the dent on firm's margins stayed minimal, declining by 100bps during the year. The downfall in margin came primarily on the back of soaring cost of producing drugs. Soaring inflation particularly, increasing transportation costs, rising cost of raw materials, inclination in fuel prices have all led to uncontrollable cost of sales, thereby suppressing margins. But with consumer healthcare business becoming stronger, margins can be expected to bounce back.

1H CY14: REVIEW OF FINANCIAL PERFORMANCE

GSK's struggles bore fruits in 1H CY14 with its bottom line boasting 11 percent year-on-year rise. Decent top line growth owing to alterations in the portfolio mix coupled with decline in expenses and finance costs are the key factors driving the bottom line growth during the aforementioned period. Rising cost of sales suppressed the gross margin which went down to 25 percent from 27 percent in the corresponding period of last year. However, with falling selling, administrative and distribution expenses and finance costs, net margins stayed flat at six percent.

WHAT'S AHEAD? Spiraling inflation, volatile currency movements, continuous energy crisis, surviving without parallel increase in selling prices is more like an uphill struggle. Not only has this kept a lid on industry's profitability, pharmaceutical manufacturers are wary of investing further in Pakistan. Perhaps, this is why few pharmaceutical players have winded up their operations in Pakistan over the last few years.

The government needs to incentivize the industry by balancing the concerns of poor patients and drug manufacturers to maintain the availability of quality drugs in the market. Excessive controls on pricing mechanism carry the risk of sub-standard and mediocre drugs being floated in the country.

Not to disregard, various business analysts even consider Pakistan's pharmaceutical sector as a sector with huge potential. However, much rests on the health ministry on how it tackles the prevailing industry issues and set the industry in motion.

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GSK Pakistan - P&L account

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Rs (mn)	CY11	CY12	CY13	1HCY14
Sales	21,750	23,150	25,230	13,569
COS	(15,931)	(17,105)	(19,007)	(10,164)
GP	5,819	6,045	6,223	3,405
Selling, marketing & distribution expenses			(2,790)	(3,028)
			(3,635)	(1,742)
Other income	462	330	455	240

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Profit from operations	3,491	3,347	3,043	1,903
Finance cost	(36)	(47)	(159)	(7)
PBT	3,455	3,300	2,884	1,896
PAT	3,455	3,300	2,884	1,896

Cotton and Textiles: *Pakistan*

Cotton market: ginnerers indulge in panic selling

September 25, 2014

Ginnerers indulged in panic selling on the cotton market on Wednesday after further decline in prices, dealers said. The official spot rate extended fall, losing more Rs 100 at Rs 5,250, they added. In the ready session, around 23,000 bales of cotton changed hands between Rs 5100 and Rs 5400, they said. In Sindh, rates were down by Rs 50 to Rs 2400 and Rs 2500, in Punjab prices of inferior variety fell by Rs 100 to Rs 2200 while the fine quality was inert at Rs 2500, they said.

According to the market sources, phutti arrivals on rise but demand is not picking up, because buyers were hoping for further decline in the rates. Cotton analyst, Naseem Usman said that unfortunately, demand is not falling in local market only, but the rates are on slide in the international market.

Reuters adds: Cotton futures reversed course on Tuesday to rise on short-covering and mill buying after touching a seven-week low amid worries over demand in top consumer China. The most-active December cotton contract on ICE Futures US dipped as low as 62.06 cents a lb, nosing toward August's near five-year low of 62.02 cents. The contract recovered, ending up 0.24 cent, or 0.4 percent, at 62.83 cents a lb. Concerns over nearby supplies kept spot prices at a premium. ICE stocks fell to the lowest levels since October 2013, according to data compiled by Reuters.

The following deals reported: 1800 bales from Mirpurkhas at Rs 5100-5200, 3000 bales from Sanghar at Rs 5200-5250, 2200 bales from Shahdadpur at Rs 5200-5250, 2800 bales from Tando Adam at Rs 5200-5250, 2000 bales from Nawabshah at Rs 5300, 800 bales from Sakrand at Rs 5300, 400 bales from Moro at Rs 5300, 2000 Khairpur at Rs 5300-5350, 600 bales from Gaggo Mandi at Rs 5300, 2000 bales from Burewala at Rs 5300-5350, 200 bales from Mamo Kanjan at Rs 5300, 200 bales from Vehari at Rs 5300, 200 bales from Dera Ghazi Khan at Rs 5300, 600 bales from Hasilpur at Rs 5300-5325, 200 bales from Arifwala at Rs 5300, 200 bales from Pir Mehal at Rs 5300, 1400 bales from Bahawalpur at Rs 5325-5350, 200 bales from Pattoki at Rs 5350, 600 bales from Layyah at Rs 5350, 200 bales from Rajanpur at Rs 5350, 600 bales from Chichawatni at Rs 5350-5375, 200 bales from Shaher Sultan at Rs 5350, 600 bales from Sahiwal at Rs 5375-5400, 800 bales from Mianwali at Rs 5400 and 200 bales from Khanewal at Rs 5400, they said.

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The KCA Official Spot Rate for Local Dealings in Pakistan 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-Karachi	23.09.2014							

37.324 Kgs	5,250	150	5,400	5,500	-100			
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Equivalent

40 Kgs	5,626	160	5,786	6,894	-107			
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Disconnecting gas in winter to play havoc: APTMA chief

September 25, 2014

Chairman APTMA Punjab S M Tanveer said disconnecting gas supply in winter will play havoc with the textile industry, particularly in Punjab. Responding to the Federal Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi regarding no gas for industrial sector in winter, Chairman APTMA Punjab said any such situation would have devastating impact on growth of textile industry in Pakistan, particularly in Punjab with 70 percent of total textile industry having invested billions of dollars on Captive Power Plants (CPPs) to generate 1,000MW electricity from gas.

According to him, a permanent disruption in gas supply to the Punjab-based textile industry would have dire implications on the Punjab-based textile industry. He said the suspension of gas supply to the industry would lead to permanent closure of the capacities operative at present.

Already, he added, the viability of about 30 percent Punjab-based closed capacities due to energy constraints is bearing a big question mark against those installed in other provinces and receiving uninterrupted energy supplies. He said the fresh cotton crop has reached the point of peak arrival and already facing dwindling demand. The cotton farmers will be hit hard if textile industry failed to procure cotton timely due to energy constraints.

Chairman APTMA Punjab said the textile exports have declined by \$1 billion in quantity terms due to energy constraints during the last five months and this may aggravate further to \$2.4 billion in total if continued with the same pace for the rest of the year.

Besides these direct losses to the textile industry, the country will have more forbearance in the form of workers' retrenchment, increasing uncertainty and squeezing benefits of GSP plus facility from the EU. S M Tanveer said the policy makers should formulate policies keeping in mind that the textile industry is the mainstay of Pakistan economy, providing jobs to 10 million Pakistanis and manufacturing products predominantly meant for exports.

He said the government ensured gas supply to the Punjab-based textile industry as a special case, resulting into befitting results with consequent increase in textile exports to the EU under GSP plus facility. He has expressed the hope that the government would continue with this special arrangements for the Punjab-based textile industry to keep it operational.

Chairman APTMA Punjab has urged Prime Minister Nawaz Sharif, Minister for Textile Industry Abbas Khan Afridi, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi, Minister Finance Ishaq Dar and Minister Commerce Khurram Dastagir to let the prudence prevail and avoid the unavoidable impacts of any such situation.

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Khalil Qaiser elected as PYMA chairman

September 25, 2014

Sheikh Khalil Qaiser was elected Central Chairman of Pakistan Yarn Merchants Association (PYMA). PYMA announced the result of annual election 2014-15 of office-bearers and members central executive committee and zonal executive committees.

As per the results, Shahabuddin Razzak was elected as Senior Vice Chairman, Muhammad Saqib as Zonal Chairman (Sindh & Balochistan Zone), Imran Abdul Aziz as Zonal Vice Chairman (Sindh & Balochistan Zone), Muhammad Usman and Saqib Naseem as member executives committee and Khawar Noorani, Mohammad Yousuf Rangoonwala, Muhammad Khalid and Muhammad Yaqoob Warind as members Zonal Executive Committee.-PR

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Agriculture and Allied: *Pakistan*

Floods inflict Rs 240 billion loss on frail agriculture economy: Country likely to miss Kharif targets

September 25, 2014

ABDUL RASHEED AZAD

The country is likely to miss main Kharif crops production targets, including paddy, sugarcane and cotton, due to devastating floods, which have affected an estimated 2.5 million of cropped area, a senior official of the Ministry of National Food Security and Research said.

The official revealed the floods have affected standing paddy crops on 300,000 acres, cotton on 320,000 acres, sugarcane on 70,000 acres, fodders on 30,000 acres, vegetables on 25,000 acres and other crops on 100,000 acres of land. "An estimated 15,000 cattle-heads perished and 250 poultry farms were destroyed. If we are translating these damages into monetary terms the flooding caused an estimated Rs 240 billion loss to agriculture economy," he added.

The official said the country was likely to produce 6.2 million tons of paddy against the set target of 6.5 million tons, cotton production will remain at 13 million bales against a set target of 15 million bales and sugarcane production will likely to remain at 65 million tons.

The official said in past Kharif season the country produced 6.5 million tons of rice in all varieties, of which 3.4 million tons was exported. He added that exports of rice would not be affected as a result of flooding but Pakistani rice exporters were facing other challenges in the international market and the government needed to facilitate exporters as well as the farmers.

"Our government has never worked to access African rice market, which has great potential for Pakistani rice. If the government promotes Pakistani rice in Africa we can export up to \$500 million rice to African market," he stated. Pakistan in the fiscal year 2013-14 earned \$1.9 billion against \$1.84 billion in the preceding year from the export of basmati and non-basmati rice varieties.

Out of the total rice exports of \$1.9 billion in FY14, the share of non-basmati variety was over \$1 billion. The country exported 3.37 million tons of rice in FY14, including 2.6 million tons of non-basmati and 750,000 tons of basmati rice. The 3.37 million tons of exports fell from the 3.5 million tons in FY13. According to an official of Rice Exporters Association of Pakistan, in terms of quantity, there was an increase of 16 percent in basmati rice, while there was a 35 percent value increase in comparison to FY13. He said that the non-basmati rice decreased by 8 percent in quantity. He said that last year "the price of non-basmati rice in the international market is \$450 to \$500 per ton. There is great scope in enhancing exports of the variety, which could take our rice exports to \$2.5 billion".

Weather advisory for farmers

September 25, 2014

The Meteorological department has issued weather advisory for farmers till 30 September predicting mostly dry weather is expected during this period. However rain thunder showers are expected over upper half of the agricultural plains of the province including Lahore, Gujranwala & Rawalpindi divisions during mid of decade 25th to 27th September, it added.

Advisory for Farmers: Recent monsoon rains/flash flooding may accelerate pest/viral attacks and more weeds growth in cotton, sugarcane and other standing crops. Viral/pests attacks on cotton and sugarcane crops have been reported in agricultural plains of the country. Farmers should take in time precautionary measures through manual methods or chemical spraying to control weeds on time.

Farmers of the worst hit rain/flash flooding areas are advised to manage evacuation of stagnant water from standing crops like cotton and rice. Farmers of rain-fed areas obtaining water through tube wells and irrigated areas in upper parts are advised to schedule the irrigation according to the expected weather mentioned during the decade. Rainfall/gusty winds after irrigation cause water logging of standing crops like maize, sugarcane and cotton. Farmers should be very careful in this regard.

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Daily trading report of PMEX

September 25, 2014

On Wednesday at Pakistan Mercantile Exchange (PMEX) value traded was recorded at PKR 3.037 billion as compared to PKR 2.196 billion registered on Tuesday, up 38.27 percent. The number of lots traded was 10,370 and PMEX Commodity Index closed at 2,960. Major business was contributed by crude oil amounting to PKR 2.214 billion - up 75 percent, followed by gold amounting to PKR 766 million and silver at PKR 57 million.

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United Panel wins PFVA elections

September 25, 2014

IQBAL MIRZA

The United Panel led by Waheed Ahmed swept the Pakistan Fruit, Vegetable Exporters, Importers & Merchants Association (PFVA) elections 2015 held simultaneously in Karachi and Sargodha on September 23. All the six corporate members and five associate members' seats were won by the panel hands down. Their only rivals the Friends Panel could not beg even a single seat.

Among those elected as corporate members are: Waheed Ahmed, Aslam Pakhani, Muhammad Ismail, Rizwan Makhdoom, Saeed Khan and Shahid Sultan. Following five were elected as associate members: Zahid Awan, Abdul Khaliq, Muhammad Siddique, Maqsood Ahmed Malik, and Sajjad Hussain. Waheed Ahmed who was co-chairman and has again been elected as corporate member, PFVA told *Business Recorder* that 90 percent members had cast their votes, which is a record in the trade bodies elections in the country.

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Taxation: *Pakistan*

Government to collect budgeted Rs 145 billion for fiscal year 2015: President signs GIDC Ordinance

September 25, 2014

President Mamnoon Hussain, on the advice of the Prime Minister, has signed the Gas Infrastructure Development Cess Ordinance, 2014 for promulgation to collect the budgeted Rs 145 billion for current fiscal year. On 22 August 2014 a three-judge bench of Chief Justice Nasirul Mulk declared GIDC as a fee and not a tax.

"The cess could not have been introduced through a money bill under Article 73 of the Constitution - the same was, therefore, not validly levied in accordance with the Constitution," the verdict concluded. The apex court termed GIDC illegal and reportedly ordered the federal government to refund the amount collected on account of the cess to consumers fully or through adjustment in their gas bills.

The ordinance was also promulgated to provide a legal cover to the recovery of the amount, which has already been collected by federal government through gas development infrastructure cess from consumers. It has been reported that the government intends to collect Rs 145 billion through GIDC in Budget 2014-15. In the fiscal 2012-13, the government collected Rs 121 billion from this surcharge.

Sources said the IMF had expressed concerns over the government's ability to achieve revenue collection target subsequent to suspension of GIDC collection by the apex court. Failure to collect GIDC was one of the factors that led to inconclusive mandatory 4th Review of the Pakistan economy under \$6.64 billion Extended Fund Facility (EFF) by the IMF staff level mission. The IMF during a press briefing dated August 28, 2014 uploaded on its website said, "the mission has had fourth review discussions under the EFF that will continue via videoconference from Washington and we would expect to update you at the conclusion of these discussions."

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Collection of anti-dumping duties: no intimation from NTC for five months: FBR

September 25, 2014

The Federal Board of Revenue (FBR) has not received any intimation from the National Tariff Commission (NTC) for last five months for collection of anti-dumping or countervailing duties, as the NTC is unable to impose such duties on the request of domestic industry at present. Sources told *Business Recorder* on Wednesday that the Model Customs Collectorates (MCCs) of the FBR have the legal authority to collect anti-dumping or countervailing duties from the importers.

This has been done on the directions of the NTC. The duty has been collected by the FBR and deposited in the relevant account of the NTC. The anti-dumping or countervailing duties has not been made part of the FBR collection. However, incomplete quorum of the NTC team has resulted in a standstill situation and there is no check on dumping of imported items.

The FBR had received NTC letter on the imposition of duty on import of tiles from China last April. MCCs of the FBR collected the duty for a period of one month. Later, the duty was challenged in courts in May on the grounds of incomplete quorum of the NTC. The NTC had withdrawn the said duty and FBR had stopped its collection as per decision of court. During the last five months, the FBR has not received any new directions for collection of such duties from the NTC.

According to sources, certain importers are benefiting from the situation. On one hand, the FBR is facing issue of under-valuation on the import of goods and on the other non-imposition of the anti-dumping or countervailing duties is benefiting the importers involved in dumping of imported goods. These benefits to certain importers are causing serious injury to the domestic industry. The FBR is suffering revenue loss due to the under-valuation of goods at the import stage whereas NTC's inability to impose anti-dumping or countervailing duties is also causing serious problems for the domestic industry. The FBR needs to immediately revise customs valuations under the customs rulings particularly in case of items dumped in the country.

Sources said that legally NTC needs at least a chairman and two members for taking decision against dumping of import goods. Under the law, the commission shall consist of a Chairman not below the status of Secretary to the Federal Government and two members not below the status of Additional Secretary to the Federal Government to be appointed by the federal government. The quorum of the NTC would only be completed when a Chairman and two Members are working in the commission, ie, three senior officials. On the other hand, since July 2014 there is no permanent NTC Chairman to head the commission, the acting charge has been given to a member of the NTC for looking after day to day work of the commission. However, due to incomplete quorum, the NTC cannot timely take decisions to impose anti-dumping or countervailing duties.

Recently, the government has sought applications for the appointment of new NTC Chairman till September 30. It is yet to be seen that how much time the process would take for completion of

the legal formalities for appointment of the new chairman of NTC. As per decision of court, permanent chairman has to be appointed to run the affairs of the commission.

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Interference in bills recovery process - seeks reply from Federal Tax Ombudsman by October 15

September 25, 2014

The Lahore High Court here on Wednesday sought reply from Federal Tax Ombudsman by October 15 in a petition of Lahore electricity supply company (Lesco) questioning interference of the ombudsman in bills recovery process by the company. The counsel of Lesco argued before the court that the ombudsman had been passing different orders on cases filed against alleged miscalculation of electricity bills. He said the ombudsman was passing orders beyond constitutional jurisdiction.

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Import of old vehicles: 'Car mafia' misusing Baggage Scheme

September 25, 2014

MUHAMMAD ALI

Federal Board of Revenue (FBR) seemed least interested in taking any action against owners of car showrooms allegedly involved in importing vehicles in the country under the 'Baggage Scheme', thereby creating problems for local auto industry, it emerged on Wednesday.

Sources said that import of different vehicles has been continuing since long and irregularities in such imports was no more a secret, yet the FBR, instead of evolving a comprehensive mechanism for bringing an end to such unlawful activities, has been regularly announcing amnesty scheme on the pretext of generating `substantial' revenue in a short period. However, the scheme has, so far, failed to yield desired results, creating healthy impact on the personal bank accounts of the officials concerned.

"Under the guidelines set by the government old vehicles can be imported only under the Baggage Scheme and those interested to take benefit of the scheme are required to show their stay abroad for at least two years and vehicles being imported by them must have remained in their possession during their stay abroad," sources said, adding that vehicle's registration certificate and driving license of importers of such vehicles are also required to be submitted at the time of clearance of vehicles. They said that this scheme, which was aimed at facilitating

overseas Pakistanis, was now being controlled by 'car mafia', involved in importing vehicles in connivance with customs officers concerned. "In fact, import of vehicles under the scheme has now become a white-collar crime and is being patronised by a lobby within the customs department," they alleged.

"Most of the vehicles, being imported under this scheme, are not owned by overseas Pakistanis, but only their passports are used for this purpose for which an amount ranging between Rs 15000 and Rs 25000 is paid to them. The vehicle mafia managed to get affixed fake departure and arrival stamps on the passports of overseas Pakistanis for importing vehicles under the scheme, they added.

They alleged that although the intelligence agencies are aware of car mafia's involvement in remitting billions of rupees for purchasing vehicles from abroad through Hawala-Hundi, they have been playing the role of silent spectators. Underscoring the need for a probe into the racket behind import of old cars under the so-called baggage scheme, the sources said that authorities concerned would come to know passports of labourers working abroad, who cannot afford to import cars under the scheme, were being used for import vehicles worth millions of rupees.

They urged FBR and Ministry of Commerce to take remedial measures to check misuse of importing vehicles under the `Baggage Scheme. They also suggested to the FBR to register car showrooms as most of vehicles are imported by their owners, besides vehicles import permit be issued only to registered car showrooms. They opined that the FBR by registering car showrooms would not only provide a level-playing field to the local auto industry, but would also help in generating substantial revenue for the country.

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14 Tax Facilitation Kiosks set up

September 25, 2014

Regional Tax Office (RTO), Lahore has established 14 Tax Facilitation Kiosks to guide and facilitate the taxpayers for filing Income Tax Returns and Statements for the Tax Year 2014. The managers of TFKs have been directed to ensure extension of full co-operation and courtesy to the taxpayers and extend guidance and education in filing of Returns. The Kiosk officers have ready availability of prescribed return/ wealth statement proformas for facilitation of taxpayers.

An e-Filing Facilitation Cell has also been set-up in RTO, Lahore to facilitate and guide those taxpayers who have to electronically file their Income Tax Returns & Statements for Tax Year 2014. These Taxpayers Facilitation Kiosks have been established under RTO, Lahore at the Lahore Chamber of Commerce and Industry (LCCI), H-Block Defence Housing Authority (DHA) Lahore, Anarkali, Panorama Centre, Akbari Mandi, Azam Cloth Market, Baghbanpura, Badami Bagh, Misri Shah, Shahdara, Shah Alam Market, Delhi Road Sadar Bazar, Sheikhpura and Nankana Sahib.

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Accelerated depreciation, tax credit: Companies required to pay 17 percent ACT of accounting profits

September 25, 2014

The companies claiming accelerated depreciation, tax credit and bringing forward losses shall be paying Alternative Corporate Tax (ACT) on the basis of their accounting income. A tax expert told *Business Recorder* here on Wednesday that the accelerated depreciation included situations where 100 percent tax allowance/credit is admissible under the Income Tax Ordinance 2001.

Previously, such companies were only paying turnover tax at the specified rates. After introduction of ACT through Finance Act 2014, they would now have to pay 17 percent tax of their accounting profits. This means that the depreciation, tax credit and brought forward losses may not be allowed to companies declaring losses. Hence, the provisions of the Income Tax Ordinance 2001 will become redundant for them.

The imposition of the ACT on accounting income of companies would force these particular companies to pay ACT or corporate tax whichever is higher. It is estimated that the companies declaring losses would be discouraged to avoid such practices of tax evasion, expert added.

The FBR said that a new concept of ACT has been introduced. As the name suggests, it will only be applicable to companies. A company shall be required to pay the higher of the ACT or the corporate tax. Corporate tax has been defined in the section to mean total tax payable by the company, including on account of minimum tax and final taxes payable, under any of the provisions of the Income Tax Ordinance 2001 but not including those mentioned in section 8, under section 161, 162 and any amount charged or paid on account of default surcharge or penalty and the tax payable under this section. The ACT has been defined to mean the tax at a rate of 17 percent of a sum equal to accounting income less the amounts, as specified in sub-section (8), which include exempt income, income chargeable under section 650, 65E, 100C, income subject to tax under section 37A, income subject to final tax chargeable under sub-section (7) of section 148, section 150, sub-section (3) of section 153, sub-section (4) of section 154, section 156 and sub-section (3) of section 233 and income subject to clause (18A), Part II of the Second Schedule to the Ordinance.

Similarly, ACT shall not apply to taxpayers chargeable to tax in accordance with the provisions contained in the Fourth, Fifth and Seventh Schedules to this Ordinance. Accounting income has also been defined to mean the accounting profit before tax for the tax year as disclosed in the financial statements. If ACT is greater than the corporate tax, the excess shall be carried forward to the following tax year and shall be adjusted against taxable income (not including accounting income) for that year. However, the excess cannot be carried forward beyond 10 tax years. An explanation has also been added to this new section, whereby the right to carry forward minimum tax under section 113 has been allowed, the FBR added.

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TY13 audit cases: FBR to hold computer balloting today

September 25, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) will hold a computer balloting on Thursday (September 25) for selection of audit cases up to 12 percent of total returns filed by taxpayers for the Tax Year 2013 (Income Tax)/Tax Period July 1, 2012 to June 30, 2013 (Sales Tax/FED).

It is learnt that Minister for Finance Ishaq Dar will preside over the computer balloting ceremony at the FBR House. The FBR has also invited Presidents of Islamabad Chamber of Commerce and Industry (ICCI), Rawalpindi Chamber of Commerce and Industry (RCCI), Islamabad Tax Bar Association and Rawalpindi Tax Bar Association (RCCI) to witness the computer balloting. Directorate General Intelligence and Investigation Customs and Directorate General Intelligence and Investigation Inland Revenue will also attend the function. Chief Commissioner Inland Revenue Large Taxpayer Unit (LTU), Islamabad; Chief Commissioner Inland Revenue Regional Tax Office (RTO), Islamabad and Chief Commissioner Inland Revenue RTO, Rawalpindi are also expected to attend the function.

The result of the ballot shall be uploaded on FBR's website www.fbr.gov.pk.

Last Year, the Board had selected a total of 41,727 cases for audit without applying any parameter through random computer balloting. The FBR had also issued National Tax Numbers (NTNs) of 41,727 cases selected for audit (Tax Year 2012) through random selection. Five percent of the total return filers were selected for audit on random basis without any specific parameters. The computer ballot selected 5% or 41,727 out of the total 834,563 tax returns filed for income tax, sales tax and federal excise duty.

Past year, the system processed 23,255 income tax corporate cases and selected 1,163 cases for audit. The returns count of 711,933 income tax non-corporate cases was done on the basis of random balloting. Out of these income tax non-corporate cases, the Board selected 35,595 for audit. Total number of income tax filers for both corporate and non-corporate sectors was 735,188. Of this, the FBR had selected 1,163 corporate cases and 35,595 non corporate cases for audit. Within the category of sales tax, the total numbers of filers were 98,966 and the FBR had selected 570 companies and 4,381 non-corporate cases for audit. A total of 11,369 sales tax corporate cases were processed under random computer ballot. The system picked 570 cases for audit.

Within the category of sales tax non-corporate cases, the FBR processed 87,597 returns and selected 4,381 cases for audit. In case of federal excise duty, a total 409 returns were filed and the FBR had selected 20 cases for the audit. In case of federal excise duty corporate cases, a total of 247 cases were processed and 11 were selected for audit. The FED non-corporate cases revealed that out of 162 returns, the system picked seven cases for audit (Tax Year 2012).

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Fuel and Energy: *Pakistan*

Controversial project: Nepra unlikely to approve tariff

September 25, 2014

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) is unlikely to approve tariff of Rs 12 to 14 per unit for the controversial 425 MW combined cycle Nandipur Power Project. The Authority on Wednesday reserved its judgement on a tariff petition filed by Northern Generation Company and expressed serious concern at the project cost of \$847 million. Acting Chairman Nepra, Habib Ullah Khilji, presided over the hearing.

During the hearing, MD Nandipur Power Project Muhammad Mehmood pleaded that the cost of Nandipur project increased due to massive corruption and delay. He added that Nandipur plant machinery was badly affected at Port Qasim, which negatively impacted on its efficiency, pleading that Nandipur Power tariff should be approved as per the following: Rs 41 on diesel as fuel, Rs 26 for furnace oil and Rs 12.47 per unit on gas.

Nepra voiced its concern at the \$847 million cost of the power plant cited in the document whereas the MD of the project has stated that its cost was Rs 57 billion. MD Mehmood confirmed that the project's estimated cost is \$847 million; however, he added that when PC-1 was reviewed, the dollar rate was determined at Rs 67 which accounted for the total cost of Rs 57 billion. He confessed that some companies were paid at Rs 102 to a dollar. Nepra's case officer said that rupees and dollars should not be compared otherwise the cost would be around Rs 90 billion.

Nepra members maintained that the Authority could not pass the increase in cost onto the consumers as the government was responsible for the delay and not the consumers. MD Nandipur Power Project argued that if the project is not completed it would further inflict a financial loss of Rs 38 billion on the national exchequer. He said the project would be a model project despite a manifold increase in its cost.

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Discos'' tariff slashed by 29 paise

September 25, 2014

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) on Wednesday slashed tariff of power Distribution Companies (Discos) by 29 paise per unit for August 2014 under monthly fuel

adjustment mechanism. This decision was taken at a public hearing convened to consider tariff petition filed by the Central Power Purchasing Agency (CPPA). Public hearing was presided over by the vice chairman of the authority.

Nepa is headless for long time. However, a committee headed by Finance Minister Ishaq Dar recently interviewed six short listed candidates for slot of Chairman. Discos' lifeline consumers who use only 50 units in a month and K-Electric (former KESC) are exempted from this increase. In August 2014, hydel generation was 4,282.93 GWh which constituted 43 per cent of total generation whereas generation from coal was 4.70 GWh, HSD, 303.58 GWh, RFO 3236.65 GWh (31.30 per cent of total generation), gas 1889.98 GWh(18.28 per cent of total generation), nuclear 435.93 GWh(4.22 per cent) , import from Iran 43.26 GWh, mixed 106.48 GWh and wind 37.21 GWh. The total cost of electricity generated was Rs 68.335 billion. By adding Rs 1.111.9 billion as supplemental charges and sale of electricity to IPPs of Rs 43.08 million, total cost of electricity net delivered to Discos has been calculated at Rs 69.404,46 billion.

According to Nepa Act, the Authority has to review and revise the approved tariff on account of any variation in the fuel charges on monthly basis. Based on the information provided by the CPPA, the actual fuel charges for the ex-Wapda Discos for the August 2014 are as follows: hydel - Rs 1.10 per unit, coal- Rs 4.4998 per unit, HSD - Rs 20.6018 per unit, RFO - Rs 15.7363 per unit, gas - Rs 4.8855 per unit, nuclear- Rs 1.1807 per unit, import from Iran- Rs 9.8 per unit.

In August energy generated from different sources was 10,340.71 GWh at the rate of Rs 6.7811 per unit, the total cost of which has been calculated at Rs 68.335,64 billion. However, net delivered electricity to Discos was 10, 234.94 GWh as 104 GWh was lost in transmission - cost of which was however not made public. The rate of net delivered electricity in August 2014 has been calculated at Rs 6.7811 per unit against reference price of Rs 7.0755 per unit as CPPA, in its petition, requested Nepa to slash 29.44 paisa per unit.

The government is being severely criticised for over charging consumers. Ministry of Water and Power has directed the National Transmission and Dispatch Company (NTDC) to hire the services of three audit firms to conduct audit of electricity bills of August which are being set on fire publicly.

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OGDCL divestment: government to press ahead with planned roadshows

September 25, 2014

WASIM IQBAL

The government has decided to press ahead with planned roadshows for sale of Oil and Gas Development Company Limited (OGDCL) shares to raise about \$850 million, amidst serious challenge to the privatisation policy in the face of a deepening political crisis. A Privatisation Commission (PC) official said a PC team is likely to proceed aboard in the second week of October with the objective of holding roadshows and conferences to offload the government

shares in OGDCL.

The official maintained that the team would proceed abroad after taking approval from the PC Board which is yet to be scheduled. The roadshows, aimed at encouraging foreign investors, had been delayed by three weeks as previously the date of departure was set at 18 or 19 September, 2014. "The government will complete the OGDCL share sale with only a slight delay," the official said.

The international market roadshows will be held in Hong Kong, Singapore, UAE, Frankfurt, Stockholm, London, New York, Boston and Chicago. Global Depository Receipts (GDRs) of the company are expected to be issued by the end of October against the previous plan to complete the offer by early October, the official added.

The Cabinet Committee on Privatisation (CCoP) had given approval for the transaction structure for divestment of up to 10 percent government shares in OGDCL through capital markets. The recommended Capital Market Transaction Structure approved by the CCoP envisages offering shares to institutional international and domestic investors through a combined international book building process. International investors will get an option to buy either ordinary shares or GDRs or both. The offering to international investors will be done through an offering circular, fully compliant to Reg S/144 A of the US Securities Act 1933.

The PC Board in its meeting held on April 22, 2014 had approved the appointment of consortium comprising of M/s Merrill Lynch International, Citigroup and KASB Bank to act as Financial Advisor (FA) for the transaction. Sources said the PC had plans to complete the share sale in June 2014, but could not meet the regulatory requirements of the London Stock Exchange. The exchange's conditions include an oil and gas reserve certification and audit of financial results by an international firm.

The government is expected to raise \$850 million by selling the company's shares. However, the PC board will likely offer a discount on the share price, the official said. From 2003 to 2007, the Musharraf government sold 15 percent shares of OGDCL in domestic and international markets in three phases and earned Rs 56.25 billion. "The political uncertainty stemming from the ongoing sit-ins staged by the Pakistan Tehreek-e-Insaf and Pakistan Awami Tehreek have adversely affected the country's position in currency and stock markets," a PC Board member said.

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LPG marketing companies, dealers Ogra launches crackdown against overcharging

September 25, 2014

Taking a prompt action against the reported arbitrary price hike of the Liquefied Petroleum Gas (LPG), the Oil and Gas Regulatory Authority (Ogra) has launched a crackdown against overcharging marketing companies and their dealers. According to an official spokesperson, the Authority held an emergent meeting upon receiving news and complaints about the overcharging

on part of the LPG marketing companies, dealers and retailers.

During the meeting Chairman Ogra Saeed Ahmed Khan and Member (Gas) Aamir Naseem unanimously resolved that the violators would be dealt with strict action under the law. As per the decision of the Authority, inspection teams were dispatched to visit and monitor the LPG marketing companies and dealers across the country. According to initial reports filed by the Ogra Enforcement teams that inspected both the marketing companies and the dealers, in the vicinity of the capital Islamabad, certain authorised dealers/distributors were found overcharging on the respective company's "published price."

The spokesperson explained that under the "deregulated regime of LPG pricing," the LPG marketing companies are supposed to notify a "published maximum price" and no dealer can charge anything more than that. Authority has further decided to initiate a strict action against the violator which may entail heavy fines or revocation of marketing licenses depending upon the severity of the offence.-PR

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Fuel and Energy: *World*

Brent rebounds, US crude gains as spread dips below \$4

September 25, 2014

Crude oil futures on both sides of the Atlantic settled higher on Wednesday, shrugging off early losses after a report showed an unexpected drawdown in crude oil inventories in the United States, the world's largest oil consumer. Mounting tensions in the Middle East and stronger-than-expected growth expectations for China also helped lift the international benchmark Brent price off a two-year low.

Weak European economic data and a rise in oil exports from Iraq, Libya and Nigeria have eroded Brent over the past few months, pulling it down by around 14 percent this quarter, the biggest quarterly drop since the second quarter of 2012. US crude reversed earlier losses to gain more than \$1 on Wednesday following an Energy Information Administration report that said US stocks fell 4.3 million barrels last week to 358 million barrels, compared with analysts' expectations for an increase of 386,000 barrels, although crude stocks at the Cushing, Oklahoma, delivery hub rose by 191,000 barrels.

-- Libyan output up at 900,000 bpd

RBOB gasoline futures also got a lift from news of glitches at several US refineries, including Valero's Meraux and Alon's Big Spring. "RBOB was strong on a slew of refinery news; that may have inspired a little bit of buying," said Phil Flynn, an analyst at the Price Futures Group in Chicago. Brent crude for November delivery rose by 10 cents to settle at \$96.95 a barrel, more than \$1 higher than its session low of \$95.60, its lowest since July 2012. It was down more than 6 percent for the month so far, the biggest monthly drop since April 2013.

US crude rose by \$1.24 to settle at \$92.80 a barrel as the unexpected drawdown in weekly US stocks offset earlier losses that had dragged it down to \$91.12. As US crude's gains outpaced Brent's, the spread between the two benchmarks narrowed to less than \$4 during the session, the second-narrowest point since April.

US crude has traded largely between around \$90 and \$96 for the past month. "We've been stuck between \$90.50 and \$96 for a while now. The market can move by \$1 without showing us any conviction. Interday momentum traders are dominating the action," said Gene McGillian, an analyst at Tradition Energy in Stamford, Connecticut.

Libya's national oil production is currently at 900,000 barrels per day (bpd), with the major El Sharara oilfield at 200,000 bpd, an official at the National Oil Corporation said on Wednesday. Exports from Iraq's southern terminals have averaged 2.58 million bpd, according to shipping data for the first 23 days of September tracked by Reuters, up from the August average of 2.38 million.

Nigeria's oil exports are expected to hit a 14-month high in November, adding more light, sweet crude oil to an already well supplied market. The European Central Bank faces an uphill task to spur economic growth as euro zone business activity expanded at a slightly weaker pace than expected in September and firms cut prices for the 30th month in a row, a survey showed.

Manufacturing and services output in the bloc's top two economies, Germany and France, has also slowed. In China, August crude inventories, excluding strategic reserves, were higher than the previous month. However, the International Monetary Fund said it expected China's 2015 economic growth to be "well above" 7 percent.

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India's top court cancels 214 coalfield permits

September 25, 2014

India's top court Wednesday cancelled more than 200 government permits for coal mines and handed down fines worth hundreds of millions of dollars to companies after the licensing process was deemed illegal. The ruling triggered a sharp slide on the stock market, deepening the crisis in the mining sector which has been in turmoil since the government-run procedure for awarding the coal blocks between 1993 and 2009 had been declared illegal.

After the Supreme Court's illegality ruling last month, the coal industry had been fearing the worst from Wednesday's hearing, which analysts say could lead to a coal shortage. Energy-hungry India relies on coal to produce two thirds of its electricity, with blackouts common. Power stations warned even before the verdict that they were facing low supplies. In the end, only four out of the 218 contracts - which were mainly handed out by the previous left-leaning Congress government - were allowed to stand.

The court cancelled 168 of the other 214 allocations with immediate effect and gave the other 46 six months' grace to continue operating. "All the coal blocks must be cancelled, there is no reason to save them as they are illegal," Chief Justice R.M. Lodha said in the ruling. "Breathing time needs to be given to 46 allottees, who have been given respite till 31st March, 2015," he added. All of these are blocks where mining activity has been underway. The ruling that the blocks were allocated illegally stems from 2012 allegations by the national auditor that the government underpriced coal mines and gave away around \$30 billion in windfall gains to companies.

The auditor had concluded in a scathing report that the blocks should have been auctioned instead. Four coalfields which were initially declared illegal have been spared a shutdown because of their massive power generation capacity, the court said. Two of them are government-run ultra-megapower projects in the central state of Madhya Pradesh and the remainder belong to the state-owned National Thermal Power Corporation and Steel Authority of India.

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Markets

RECORDER REPORT: KSE mid day update

Wednesday, 24 September 2014 12:02

Posted by Shoaib-ur-Rehman Siddiqui

KARACHI: On Wednesday, until mid day, KSE-100 Index was at 30327.95 with a positive change of 184.18 and volume of 50,264,470 shares.

High and Low were 30340.74 and 30143.77 respectively. Total volume traded in the market was 86,230,520 shares with 331 total traded companies out of which 220 were up, 99 were down and 12 were unchanged.

Commercial Banks was the top traded sector with total traded volume of 13,036,600 shares. It was followed by Construction and Materials (Cement) with a total traded volume of 10,469,300 shares.

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BR Research: *All*

Go back to people

September 25, 2014

BR Research

Pakistan's democratic process has been chaotic and interruption-prone, often in need of a circuit-breaker. In the current political impasse, one wonders whether there is a constitutional way out—one that is agreeable to both sides—that can prevent the still-fragile democratic system from tripping and stumbling its way to self-combustion.

But the 1973 Constitution, in its current form, does offer a shock-absorber to the political frenzy out there. Sorry, 58-2(b) is, thankfully, no more. No, we are not referring to provision for judicial intervention either. The solution is sitting in rather plain sight.

Amending Article 48, the clause 15b (iii) of the Eighteenth Amendment Bill (which passed in April 2010) stated:

“...If at any time the Prime Minister considers it necessary to hold a referendum on any matter of national importance, he may refer the matter to a joint sitting of the Majlis-e-Shoora (Parliament) and if it is approved in a joint sitting, the Prime Minister may cause such matter to be referred to a referendum in the form of a question that is capable of being answered by either ‘Yes’ or ‘No’ ...”

The government must consider this option. The wholesale ballot audit—one of the major points of contention—is a humanly impossible task to accomplish in the short-term due to technical intricacies and the scale. There are about 850 constituencies involved, and even if one constituency is examined in one working day, it will take over three years to audit them all.

And there is no precedent that any such experiment was undertaken successfully in any democracy recently. So, neither of the parties can find a way to prove whether industrial-scale rigging took place in the May 2013 polls. What option do we have in the face of intransigent demands and their makers?

There are, of course, pros and cons to a referendum, which is generally held for a popular vote on a specific legislation or constitutional amendment or a geopolitical situation or a local-level issue. Indeed the odds currently seem stacked against even the idea of a referendum in Pakistan.

For one, PTI and PAT probably won't agree due to their trust issues stemming from previous elections. Secondly, constitutionally-speaking, result of this specific referendum—unless it is agreed on as mandatory—will not be binding on the PM. Nawaz Sharif may decide to remain seated even after referendum results suggest that the majority of the public wants him gone. And no one can legally dislodge him, for constitutional means to do so are completely different and well-established.

Then there are framing issues around the “question”. Designing the referendum question for a straightaway binary response has been deemed tricky and controversial across the globe. The contentious issue for the sit-in duo is that Nawaz should go. Simple alterations of that demand—such as “Should Nawaz Sharif step down as PM?” or “Should Nawaz Sharif remains PM” or “Does Nawaz has the right to rule any longer?”—will address the same issue but they can elicit different public response.

Another issue is the past referenda held in the country, which are generally viewed as widely manipulated. As per official figures, General Zia-ul-Haq became President with a 95 percent favourable vote in December 1984, whereas General Musharraf earned the right for presidency with a 98 percent favourable vote in April 2002.

What may also go against the idea of a referendum is the establishment and politicians’ aversion to setting a precedent after which the public realises contentious matters can be resolved this way as well. All sorts of issues may pop up, from new provinces, to resource distribution, to reformed insurgencies.

But, the potential benefits of a referendum are also there. A referendum, if held soon, would allow both sides a respectable way out. The vote will take the decision to the people, the real and final arbiters in any democracy. No more nagging about intervention from the army or the judiciary. On matter of “Go Nawaz Go”, each party is claiming that the public is on their side; a referendum will settle the issue till next elections in a civilized way.

The odds against referendum are also surmountable. So far, the modalities of holding a referendum post-18th Amendment have not been enacted. If the PM decides on this course of action, he can refer the matter to the Parliament, which can enact the law after consultation with all parties. Collectively, both sides can come up with an objective mechanism to set rules to frame the question, agree on a date (preferably three months), hold the poll and consolidate and disseminate the results.

There is no reason why Pakistan should not try out referendum. It’s a great way to let the people have their say on matters where no agreeable solution is in sight. Referenda have been happening all over the world—the Scottish independence vote being the most-recent example—and the idea is in vogue at least since the early 19th century. Specific polls are being held across Europe, North America, and even in parts of Asia and Africa. Sovereignty/accession, tax imposition/abolition, devolution, electrical reforms, even legalizing marijuana, all sort of issues have ended up on the ballot measures recently.

It’s a uniquely difficult situation in Pakistan right now. Demands for Prime Minister’s ouster are unjust. But let’s face it: all proposals so far have been dead-on-arrival; protesters don’t seem to be going anywhere; and their shenanigans are hampering the government’s ability to function and the economy to improve. The way things are going, it won’t end pretty for anybody. Compromise is, sadly, not in the offing.

It’s no fun being Nawaz now, he faces an impossible situation. It’s all happening on his watch. If the economy tanks, buck stops with him. So he must consider this ballot measure, even if grudgingly. And his rivals must accept this, too.

If Nawaz comes out a winner, he would have the stomach and will to govern with vigour and

regain the lost political capital.

If the verdict is against him, he would do well in the long-term by bowing down to the majority view. As for his rivals, their brinksmanship has succeeded in getting the majority of their core demands met. They must now let the public adjudicate this matter and let the country move on from here.

Saif Power offering

September 25, 2014

BR Research

With Saif Power's offer for sale, September 2014 would end with two offerings, and that too in the much needed power sector. Scheduled for September 30, 2013, the offer of Saif Power Limited (SPL) will consist of 48.3 million ordinary shares, which is equivalent to 12.5 percent of the total paid up capital of the firm.

The book building portion of the offer comprises of 75 percent of the total—36.231 million ordinary shares with a price band of RS18 per share to Rs30 per share—to HNWI and institutions. The remaining 25 percent of the offer will go to the general public where the strike price will be determined through the Dutch Auction Method.

SPL was incorporated as a public limited company in 2004. The independent power producer operates a 225MW thermal power project in Sahiwal, Punjab. The dual fuel plant runs on gas and high speed diesel. However, it is mostly run on gas and operates on HSD only when the gas is not available.

Looking at the earnings multiples, the offering is at a significant discount at Rs18, the lower limit of the price band, and so a strike price in the band of Rs23-24 will be well-received. Anything above this range will mean a premium to market multiples, which technically means that the market is expecting big things over the next few months or years. And this is where the company's fundamentals come into play.

On the positive side, the firm enjoys a rate of return of 18.5 percent in dollar terms on its 30-year Power Purchase Agreement (PPA) with NTDC. The contract also guarantees capacity payments by NTDC to cover financing and fixed operating costs based on a certain dependable power generation capacity irrespective of the dispatch to grid. Also, SPL's financial performance has picked up in four years with reasonable improvement in net margin.

On the flip side, the plant's capacity utilisation has remained 51 percent from the date of commencement till December 31, 2013. Though the offer for sale document claims that its fuel efficiency is one of the highest in country, the sector faces underutilisation of capacity due to shortage of fuel amid sky rocketing demand—not a good omen for the power sector.

Moreover, the single most significant risk, which should not be under-estimated, is the gas supply to the IPP running mostly on natural gas. With the winter season approaching in no time and no noteworthy gas load management plan or any investment plan, a respite in the gas

shortage cannot be seen in the imminent future.

And lastly, even though the IPP might have low dependence on HSD or furnace oil, the high volatility in the gas supply has the power to force the plant to move to expensive fuel, and thus be adversely impacted by yet another devil in the power sector: the circular debt.

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Saif Power Limited IPO

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	HUBC	KAPCO	NPL	NCPL	LPL	PKGP	SPL			
Capacity (MW)	1292	1638	200	200	362	365	225			
Market Price(Rs) (August 23, 2014)	67.82	64.98	37.53	43.99	16.73	17.84	18.00	30.00	23.00	
								Jun-14	Jun-14	Jun-14
	Jun-13	Dec-13	Dec-13	Dec-13						
EPS (Rs/share)	5.66	8.78	8.24	7.45	1.70	2.98	3.15	3.15	3.15	
Price Earning ratio (P/E)	11.98	7.40	4.56	5.90	9.84	5.99	5.71	9.52	7.30	
Power Sector P/E (Average)				7.34						
SPL Offer Price Discount @Rs18 (floor)									22.16%	
SPL Offer Price Premium @Rs30 (cap)									29.74%	

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BCA Research paints KSE dark

September 25, 2014

BR Research

Top line: the rally in Pakistani stocks is over. Bottom line: investors should steer clear of Pakistani stocks. So reads a recent country report on Pakistan’s investment strategy by the renowned Canada-based advisory firm BCA Research.

Coming at a time when the stock market has very recently touched all-time peak and the mood is buoyant, the report could well be dampening especially in terms of foreign investors’ participation.

Pakistan is no stranger to ‘steer clear of Pakistan’ advices by foreign firms, but the stock market has mostly been spared. The report bases its thesis on weakening macroeconomic fundamentals, saying the tremendous rally that it was, seems to be over and there is not enough gas left in the tank That may or may not be the case, but statistics used as support do paint a dark picture.

The report emphasises that the remarkable rally was not built on core macroeconomic fundamentals, but was rather fuelled by foreign support, fiscal largesse and the euphoria over smooth political transition. There is reason to believe in BCA's thesis—Pakistan boasts of the worst saving-to-GDP ratio in the entire region. India, sadly, is no more a comparison, so Pakistan's saving-to-GDP ratio is half of what it is in even Bangladesh and Sri Lanka.

The report raises a very valid point on Pakistan's productive capacity, which has suffered a great deal in the last 6-7 years. The fiscal deficits are huge and that takes the steam off capital expenditure. Heavy government borrowing has resulted in crowding out of private sector, which is evident in the dismal figure of 17 percent of GDP for bank credit. From the market's perspective, it may well have built all these negatives in but these are structural issues and one cannot expect the sun to shine on for infinite periods.

While the government merrily continues to borrow at hefty rates, her behaviour has not gone unnoticed in the international community. The risk of increasing bond yields and the banks' high investment-to-deposit ratio can prove tricky going forward. Not to forget, the KSE rally owed a great deal to the banking stocks, which now seem to have run out of steam. Banks are carrying the risk of running losses on government bond holdings as yields are on the up.

Balance of payment, import competitiveness, FDIs, import cover and structural bottlenecks are variables that have been dismal for quite some time now.

The stock market surely cannot run in isolation for a long time. Something is got to give and it appears foreign investors may soon be on a selling spree. Watch out!

Leasing and Modarabas in limelight

September 25, 2014

BR Research

Islamic finance is gaining popularity. Be it banks, insurance companies, asset management companies, or leasing companies; everyone is jumping on the Islamic bandwagon. Case in point is Orix Leasing's recent consideration to invest in Standard Chartered Leasing, Standard Chartered Services, and Standard Chartered Modaraba.

According to the Memorandum of Understanding (MoU) signed between Orix Leasing and Standard Chartered Bank, the company plans on merging/amalgamating with and into Standard Chartered Leasing Limited or acquiring an equity stake of 86.45 percent in the company. Besides, other business arms of Standard Chartered also appear to have charmed Orix Leasing. With regards to Standard Chartered Services, Orix Leasing is planning to acquire the entire holding of Standard Chartered Bank Limited along with a 20 percent stake in Standard Chartered Modaraba.

In the context of leasing portfolio, Orix Leasing holds a diversified leasing portfolio involving corporate lease, auto lease, commercial vehicle lease, operating lease, e-business and micro credit and Islamic finance.

Looking at the financial performance, the standing of the company appears to be well-grounded. Sound income from operations particularly from operating lease and mark-up on term finances enabled the firm to grow its net profitability by a healthy 53 percent year on year in FY14. Since detailed financials are not yet on hand, taking clue from the notes of FY13 would serve the purpose.

This company perked up its coverage ratio to 87 percent from 71 percent in FY12. Improving coverage ratio is a manifestation of enrichment in the quality of receivables' portfolio of the firm. With non-performing leases taking a breather, profitability is likely to continue to inch up in coming times.

A cause of concern could be the non-performing leases of the target companies. If the deal goes through, Orix Leasing might lose the quality of its leasing portfolio depending on the magnitude of non-performing leases of Standard Chartered Leasing. However, the unavailability of detailed financial accounts of Standard Chartered Leasing limits us to ascertain the potential additional burden on the Orix Leasing's financial footing.

Nonetheless, it's a good omen for Orix Leasing to stretch out its footprints by way of acquisitions and mergers and will depend on how well the synergies are utilized, once the deal materialises!

Crime News

290kg hashish seized in Karachi

KARACHI: The personnel of **Pakistan Coast Guards** seized **290 kilogrammes of fine quality hashish** from **Nigore**, near **Gwadar airport**. The officials had received information regarding **smuggling of narcotics** near **Nigore** and a **special mobile team** was deputed for snap checking.

The team spotted a suspicious truck and when they signalled it to stop the **passengers opened fire** which was retaliated by the **coast guard officials**. However, the **traffickers** managed to flee taking advantage of the darkness and the irregular terrain but left behind the truck which contained **290 kilogrammes of fine quality hashish worth more than four million dollars** in the **international market**.

871 pos arrested in Nankana Sahib

NANKANA SAHIB: Police Tuesday claimed **arresting 871 proclaimed offenders, 21 dacoit gangs and 79 robbers** in last six months. **Police recovered Rs 10.49 million and heavy weapons** from the **criminals**. **Police** also unearthed **42 running distillery** and **recovered 8,796 litres liquor**.

Killers of MNA arrested in Lahore

LAHORE: Police claimed to have **arrested two alleged robbers** for **killing MQM MNA Tahira Asif** on resistance on **June 18**. The **killers of Tahira** have been identified as **Kamran and Imran**.

The **accused arrested** a few days ago told the **police** that they **killed Tahira** on resistance during a **robbery**. According to the **police**, **Tahira's daughter** and **driver** who were along with her identified the **accused**. **Tahira** was g

Extortionist arrested in Swat

MINGORA: The **police arrested** an **alleged extortionist** in **Kanju tehsil** of **Swat district** on Tuesday, official said. Talking to reporters, the in-charge of the **Banr Police Station Muhammad Anwar Khan** said that unidentified persons had been threatening the members of the Sikh community to seek **extortion money**.

He said that the **police tracked one** of the **accused** identified as **Naeem Khan**, hailing from **Kanju**, who had used his **father's CNIC** in the transaction. He said that his father **Bachazada** had been working abroad while his son was **extorting** innocent people. The **police registered the case** under **sections 387 and 507 Pakistan Penal Code** against the **accused** and started an **investigation**.

3 bandits held in Chaghi

CHAGHI: Levies force arrested three alleged robbers, recovering a pistol and a stolen motorbike from their possession near Posthi Cross area of the district on Tuesday.

According to the Levies force, three alleged robbers, including Nazar Muhammad, Fazal-ur-Rehman and Bor Lala, were apprehended along with a pistol and a stolen motorcycle during routine patrolling. Further investigations were underway

Runaway accused held in Malakwal

MALAKWAL: Police arrested an accused who had fled from police chowki. Accused Babar, Saqib and Babar Shehzad were arrested in a kidnapping case. They had fled away after breaking bars of police post.

DPO Junaid Arshad suspended the cops for their negligence Police arrested accused Babar Shehzad.

Miscellaneous News

The green light: Government approves Rs30b worth of projects

By Shahbaz Rana

Published: September 25, 2014

ISLAMABAD:

The federal government has approved about Rs30 billion worth of new projects including the construction of a campus of University of Engineering and Technology Lahore at Narowal – the constituency of Federal Minister for Planning and Development Ahsan Iqbal.

The projects were approved by the Central Development Working Party (CDWP) — the body having the mandate to approve a scheme up to Rs3 billion and chaired by Iqbal in his capacity as deputy chairman of the planning commission. The UET Narowal campus will cost Rs2.9 billion, according to the Planning Ministry.

However, the Rs72.6 billion development package of Pakistan Railways could not be approved as the meeting was called off before the scheduled time, according to officials. The Rs52-billion project was proposed to rehabilitate and upgrade 400 coaches. Another scheme of Rs18.5 billion, proposed to replace old and obsolete gear of Railways from Lahore to Multan, was not taken up for discussion. The third project was aimed at manufacturing five 3,000-horsepower diesel electric locomotives at a cost of Rs2.3 billion.

The CDWP approved strengthening of the Kohat University of Science and Technology at a revised cost of Rs599.8 million. The project is a step forward in that direction that envisages strengthening research and development through establishing basic infrastructural facilities.

The body also approved strengthening of research programmes at HEJ Research Institute of Chemistry, Karachi with an estimated cost of Rs591.7 million. The main objective of this scheme is to acquire the indigenous capacity for the development of diagnostic, preventive and therapeutic agents against hepatitis, tuberculosis, malaria, leishmania and prevailing tropical diseases.

The CDWP approved strengthening of the Khyber Medical University Peshawar at a cost of Rs983.2 million in a bid to conduct basic research to look into causes of diabetes, hepatitis and its spread. It also approved establishment of headquarters for Nust and hi-tech postgraduate science and technology institutes at Islamabad at a cost of Rs2.5 billion.

In the energy sector, the CDWP approved extension and augmentation of 500/220kv Rewat substations. The main objective of the project is enhancement in the 220/132kv transformation capacity at the 500kv Rewat substation, costing Rs1.9 billion.

For the Physical Planning and Housing sector, the CDWP approved construction of residential buildings for Force HQ GB Scouts and 113 Wing at Gilgit at a cost of Rs216.9 million. Another project of construction of accommodation flats for officers of GB Scouts Gilgit at a cost of Rs112.5 million was accepted.

The CDWP agreed construction of Federal Judicial Academy at a cost of Rs1.3 billion. The present building comprises of limited facilities for the Centre of Excellence, therefore the project was initiated to augment existing facilities.

The body also approved strengthening of existing departments at the Islamia University of Bahawalpur at a cost of Rs862.9 million.

In the water resources sector, a project for construction of small storage dams, delay action dams, retention weirs and flood diversion was also approved at Rs911.3 million. The construction of two recharge dams in Malir Bakhshan and Ran Pathani, Lower Division Kohistan was accepted at cost of Rs876.5 million. Both projects will be implemented in the most vulnerable and drought affected areas of Thar and Kohistan regions of the Sindh province.

Published in The Express Tribune, September 25th, 2014.

\$6.7b bailout package: IMF tranche may hit snags as govt decides to freeze power tariffs

By Shahbaz Rana

Published: September 25, 2014

ISLAMABAD:

As the calls for the prime minister's resignation rise to a crescendo, the government has taken another populist decision in a bid to taper off anti-government sentiments. The government has decided not to increase electricity tariffs, Finance Minister Ishaq Dar told *The Express Tribune* on Wednesday.

The decision may create problems for Islamabad as it seeks to get the International Monetary Fund (IMF) to approve another tranche of the \$6.7 billion bailout package. However, the finance minister insisted that it would not derail the IMF loan programme, the fourth review of which, according to him, will be completed soon.

The IMF has asked Pakistan to increase power tariffs by 7% before the global lender's Executive Board meets to approve the fifth \$550 million tranche. In September last year, Pakistan signed a 36-month Extended Fund Facility of \$6.7 billion programme which stipulated introduction of critical reforms in areas of energy, taxation and privatisation of state-owned entities.

The government's move to freeze the tariffs also comes on the heels of the cabinet's decisions to lift the ban on recruitments in the public sector and return money state enterprises had earned by overcharging power consumers.

As protests by the Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) enter their 42nd day, the government has started taking populist decisions which, analysts say, do not bode well for the commitments made to the IMF.

The finance minister has made repeated pleas to PTI chairman Imran Khan, urging him to call off his protest sit-in which, the minister said, was hindering the progress of national economy. “Please have mercy on the nation and its economy,” he said at a news conference on Wednesday.

The government says the ongoing political unrest has delayed foreign receipts worth \$2.4 billion, generated through the issuance of Sukuk bonds and floatation of shares of the Oil and Gas Development Company Limited (OGDCL) in addition to the fifth IMF loan tranche.

According to the finance minister, the government is looking to raise \$850 million by issuing OGDCL bonds. For this purpose road shows will be held next month, he said. Similarly, preparations to issue \$1 billion worth of Sukuk bonds are under way.

Dar said 80% of the fourth review of the IMF programme was already completed. “But a few decisions could not be made due to PTI and PAT sit-ins,” he said. “Under current circumstances, it is not wise to increase power tariffs.”

Talking to *The Express Tribune*, a finance ministry official said that the government was trying to convince the IMF that raising power tariffs right now would only fuel anti-government sentiments.

Due to delays created by the political unrest, the IMF proposed clubbing the fourth and fifth review of the loan programme, he said. “We rejected this proposal,” he said. He hoped that the global lender would convene its Executive Board meeting in the last week of October and approve the next loan tranche.

Published in The Express Tribune, September 25th, 2014.

Plan for 20% increase in gas prices on anvil

By Zafar Bhutta

Published: September 25, 2014

ISLAMABAD:

The government is working on a plan to increase gas tariff by 20% for all, except domestic consumers, to generate revenue for state-owned gas utilities.

Once the proposed 20% increase takes effect, the gas utilities – Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) – will generate Rs45 billion.

Oil and Gas Regulatory Authority (Ogra) has already approved up to 14% hike in the tariff of SNGPL and SSGCL for the ongoing fiscal year 2014-15 and 12% and 17% hike, respectively, in the tariff of SNGPL and SSGCL for the year 2013-14.

Sources said the government was currently working on the plan and different scenarios were being prepared. "However, due to long marches, the approval of hike in gas prices is being delayed," official said adding that Prime Minister Nawaz Sharif did not want to raise gas prices for domestic consumers.

"If gas prices are not increased for domestic consumers, other consumers of CNG, industrial and captive power sectors will bear an additional burden of over Rs41 billion to cross-subsidise domestic consumers," official said.

The government was to increase gas prices twice – on January 1, 2014 and July 1, 2014 – but it delayed the decision due to recovery from gas consumers of Rs49 billion, stuck in companies due to a decision of the previous management of Ogra, headed by Tauqeer Sadiq.

Officials said the proposed 20% increase would enable the companies to generate Rs45 billion from consumers. They said it was in addition to Rs49 billion which the government wanted to pass on to consumers by issuing policy guidelines to Ogra to bail out the gas companies.

Following an increase by Orga in the Unaccounted for Gas (UFG) ceiling – which covers theft and leakage – from 5% to 7%, the state-owned gas transmission and distribution firms earned an additional Rs49 billion. However, National Accountability Bureau (NAB) had termed this increase a scam.

The Unaccounted for Gas (UFG) for the SSGCL was set at 7% – subject to decision on a stay order by the Sindh High Court – while the UFG for the SNGPL was fixed at 4.5% for 2013-14.

The policy guidelines, proposed by the Ministry of Petroleum and Natural Resources to bail out gas distributing companies, may also push up gas prices by Rs35 per million metric British thermal units (mmbtu).

Published in The Express Tribune, September 25th, 2014.

Fuel price adjustment: Electricity gets cheaper by 29 paise per unit

By Our Correspondent

Published: September 25, 2014

ISLAMABAD:

The National Electric Power Regulatory Authority (Nepra) has cut power tariff by 29 paise per unit on account of fuel price adjustment for August 2014, offering some solace to

consumers in the face of inflated bills sent by state-owned power distribution companies for the month.

Nepra – the power sector regulator – took the decision on Wednesday at a public hearing, presided over by its vice chairman.

However, this tariff reduction will not apply to lifeline consumers of power distribution companies using up to 50 units in a month as well as K-Electric consumers.

According to a petition filed by the Central Power Purchasing Agency (CPPA), the actual electricity price was calculated at Rs6.7811 per unit in August against reference price of Rs7.0755 per unit. Owing to the lower price, the CPPA asked the regulator to reduce tariff by 29.44 paisa per unit.

Fuel charges were estimated at Rs1.10 per unit for hydroelectric power, Rs4.4998 for coal, Rs20.6018 for high-speed diesel, Rs15.7363 for residual fuel oil, Rs4.8855 for gas, Rs1.1807 for nuclear power and Rs9.8 for electricity import from Iran.

In August, 10,340.71 gigawatt hours (GWh) of energy was generated from different sources at a cost of Rs68.3 billion. However, distribution companies received 10,234.94 GWh of electricity as about 104 GWh was lost in the transmission system, the cost of which was not made public. The cost of electricity received by the distribution companies was calculated at Rs69.4 billion.

The share of hydroelectric power in total generation stood at 43%, coal-based power had 0.05% share, high-speed diesel 2.94%, fuel oil 31.30%, gas 18.28% and nuclear power 4.22%.

Apart from these, 43.26 GWh was imported from Iran in the month and wind mills produced 37.21 GWh.

Recently, the government has come in for severe criticism for overcharging the power consumers. The cabinet, which met earlier this week, discussed the over-billing complaints and decided to hire services of three reputed audit firms to conduct the audit of August electricity bills which were being set on fire publicly.

Published in The Express Tribune, September 25th, 2014.

Cash flows: Alternative corporate tax to erode companies' profitability

By Kazim Alam

Published: September 25, 2014

KARACHI:

Many investors may not fully realise it yet, but some of their favourite companies are going to suffer a cut in profitability soon.

More painful is the fact that the expected drop in their profitability will have little to do with their performance per se. Bottom lines of many companies will shrink this year mainly because of the imposition of the alternative corporate tax, which was introduced at the start of the current fiscal year.

Until the end of 2013-14, companies paid either the normal corporate tax or the minimum turnover tax – whichever was higher.

But with the imposition of the alternative corporate tax in the current fiscal year, companies will have to pay the highest of the three taxes.

The normal corporate tax is currently 33% of the pre-tax profit while the minimum turnover tax is calculated at 1% of gross revenues. In contrast, the alternative corporate tax will be computed at 17% of the ‘corporate accounting income,’ which excludes non-taxable heads, such as dividend income and capital gains on the sale of securities.

Speaking to *The Express Tribune*, Karachi Tax Bar Association’s former secretary general Zeeshan Merchant said the implementation of the alternative corporate tax is expected to result in unusually higher taxes for companies this year.

“The alternative corporate tax will hurt companies’ cash flows and create liquidity problems. This will increase bank borrowings, generate higher interest expenses, and eventually leave them with little cash to give out as dividends,” he said.

According to Saad Khan, assistant vice president at Arif Habib Limited, almost 42% of the market capitalisation of the Karachi Stock Exchange-100 Index, or 68 constituent companies of the benchmark index, will fall under the alternative corporate tax regime.

It is because banking, insurance and companies that are involved in production and exploration of petroleum or extraction of mineral deposits are exempt from the alternative corporate tax regime.

Khan said higher tax payable will reduce companies’ cash flows, thus delaying their planned capital expenditures and handing out of cash dividends.

“We estimate that cash outflows on account of the alternative corporate tax can increase nearly 1.5 times,” he added.

As an example, Khan cited Kohat Cement Company, which paid Rs418 million in income tax during 2013-14. But it would be liable to pay roughly Rs747 million in taxes under the alternative corporate tax regime, Khan said, highlighting that companies’ profitability will erode under the alternative corporate tax regime.

Published in The Express Tribune, September 25th, 2014.

Chinese investors keen to undertake joint ventures

By Our Correspondent

Published: September 25, 2014

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LAHORE:

Chinese investors have expressed keen interest in initiating joint ventures with their counterparts in Pakistan, which is an ideal destination for pouring foreign investment.

These views were expressed by the head of a 19-member Chinese delegation and Deputy Director General Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality, Cao Zhicong, here on Wednesday. The delegation members were meeting businessmen at the Lahore Chamber of Commerce and Industry (LCCI).

Cao Zhicong said globalisation and regional integration had provided enormous opportunities for deepening cooperation between China and Pakistan. He termed Pakistan's investment policies attractive, providing a lot of opportunities, which were encouraging Chinese entrepreneurs to come and invest in the country.

He said the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality would step up efforts to strengthen trade and investment cooperation between the two countries.

Calling China a key partner in economic development and trade, LCCI Senior Vice President Mian Tariq Misbah said assistance of Chinese enterprises, both technical and financial, in several development projects reflected that the relations were based on mutual trust and sincerity.

Misbah expressed hope that bilateral trade would touch \$15 billion in the next few years. Although Pakistan's exports to China have been growing gradually, trade has always been in favour of Beijing.

Pakistani goods that could be of particular interest to Chinese importers are carpets, leather and its products, surgical instruments, sports goods, fruits and vegetables, rice, pharmaceuticals and cotton.

“Most of our industrial units producing such goods are ISO-certified and are coming up with best-quality products at competitive rates,” Misbah said.

He suggested that joint ventures could be initiated in the areas of construction, hotel and tourism, SME cluster development, computer and cellular chips, textile and garments and light engineering.

Published in The Express Tribune, September 25th, 2014.

Corporate result: PIA losses drop 44% in first half of 2014

By Our Correspondent

Published: September 25, 2014

KARACHI:

Financial loss of Pakistan International Airlines (PIA) came down 44.89% to Rs10.131 billion in six months to June 2014 over the same period of previous year as the airline booked exchange gains, higher revenues and a reduction in administrative expenses.

Helped by a rise of 11% in revenues to Rs53.34 billion, the national carrier posted a gross profit of Rs338 million for January-June 2014, reflecting an improvement in its flight operation, according to the airline's financial statements.

The Rs5.23 billion exchange gain, which came because of a stronger rupee against the dollar, offset a sharp 88% decline in other income. In the first half of 2013, the airline had recorded an exchange loss of Rs1.46 billion.

Cost-controlling measures helped PIA reduce administrative expenses by 6.7% to Rs4.34 billion against last year's Rs4.65 billion.

Heavy debt of Rs279 billion continues to take its toll on the cash-strapped airline as it has to bear the burden of ever increasing interest payments. This was reflected in the 21.7% rise in finance cost to Rs7.33 billion.

The second April-June quarter would have been even better had the airline not suffered an exchange loss of Rs370 million. Other income when compared with the previous year also saw a steep decline of 90%.

However, PIA was still able to record a gross profit of Rs441 million.

The government has been drip-feeding the airline by helping it arrange loans to pay salaries and vendors as its balance sheet, which carries a negative equity, does not encourage lenders.

The government has decided to sell PIA after its restructuring. The air carrier has been pushing the government for months to release funds for leasing narrow-body fuel-efficient planes.

It has a fleet of 30 active aircraft, but many of these are often grounded for want of repairs.

Published in The Express Tribune, September 25th, 2014.

Overseas employment: Over 2.1m workers go to Gulf states

By APP

Published: September 25, 2014

ISLAMABAD:

More than 2.1 million Pakistanis have proceeded to Saudi Arabia, United Arab Emirates (UAE) and Qatar for employment during the last five years, according to an official of the Ministry of Overseas Pakistanis.

According to the breakdown, about 1.243 million went to Saudi Arabia, 866,418 to UAE and 27,660 to Qatar.

The workers were sent through the Bureau of Emigration and Overseas Employment and the procedure and criteria were set by employers of the host country, which vary from job to job.

The selection of workers was a prerogative of the foreign employers, which was based on the criterion of “right person for the right job”, the official said.

Pakistanis working in these Gulf countries are contributing a lot to the national exchequer as the remittances sent home have grown significantly in recent years.

The overseas Pakistanis sent a record \$13.92 billion in the previous fiscal year (July 2012-June 2013), according to data compiled by the State Bank of Pakistan. The figure shows a growth of 5.56% or \$733.64 million compared with \$13.187 billion a year earlier.

Published in The Express Tribune, September 25th, 2014.

President stresses on efforts for economy

By APP

Published: September 25, 2014

ISLAMABAD:

President Mamnoon Hussain, while highlighting the role of the business community in national development, said the government was making efforts to bolster economic prospects, trade and exports through various concerted initiatives.

The president expressed these views in a meeting on Wednesday with members of the Bahawalpur Chamber of Commerce and Industry (BCCI), led by State Minister for Education and Professional Training Muhammad Balighur Rehman.

Hussain appreciated the contributions of the business sector in creating opportunities for the betterment of people and towards attaining goals of economic stability. The president expressed confidence that the grant of the GSP-Plus status by the European Union (EU) would considerably enhance the country's exports.

He called upon traders, manufacturers, exporters and entrepreneurs to take full advantage of the facility extended by EU in enhancing duty-free exports.

Hussain stated that the government was taking all possible steps in order to improve the security situation and power supply, which were vital for economic and social development of the country.

He remarked that besides the role of Foreign Direct Investments (FDI) in augmenting economic growth of the country, the real turnaround in the economy actually came from enhanced and integrated domestic investments.

The president appreciated the role of BCCI in promoting trade related activities in the Bahawalpur District. He also reiterated the resolve for providing an enabling environment for the businesses to flourish.

Published in The Express Tribune, September 25th, 2014.

Senate housing society scam: Take no plea bargains, Senate chairman tells NAB

By Peer Muhammad

Published: September 25, 2014

ISLAMABAD:

After years of 'suggesting' that the capital's city managers deal more patiently with property developers, parliamentarians on Wednesday took an ironically harsh stand on one affecting its own staff.

The Special Committee for Senate Employees Cooperative Housing Society warned the National Accountability Bureau (NAB) against any going for a plea bargain, despite the fact this has been the primary method of recovery employed by the bureau.

The committee meeting on Wednesday was presided over by Senate Chairman Nayyer Hussain Bokhari, who observed that the SECHS scam is of sensitive nature as it not only involves the hard-earned money of the people, but also the prestige of the Senate as an institution.

"It is painful when institutions involve themselves in the property business and defraud the general public and parliamentarians," Bokhari observed.

He also expressed his disappointment over the absence of the interior secretary from the meeting and decided to take action against the top bureaucrat under the rules. He said that the meeting has been convened to discuss a matter of great public significance and that the interior secretary should have informed the secretariat in writing if he had other commitments.

National Assembly Speaker Ayaz Sadiq said that the committee meetings are set after consultations with the relevant departments and the participation of relevant officers must be ensured. The Senate chairman noted that mushroom growth of housing societies across the federal capital is because of the inefficiency of the interior ministry, the Capital Development Authority, the Islamabad chief commissioner, and other agencies.

He raised various questions about the allotment of plots, NOCs and membership of the society on a wider scale, including the fact that the land acquired was not in a consolidated shape.

Bokhari stressed upon NAB to expedite the investigation and expressed dissatisfaction over the slow pace of work so far.

The special committee was given a detailed briefing on the findings and recommendations of a report on the society. Bokhari gave clear-cut instructions to NAB that no plea bargain would be acceptable for the committee. He directed the NAB chief to provide a detailed report on the issue by October 30, when the next meeting is scheduled.

Published in The Express Tribune, September 25th, 2014.

Fresh start: Workers party's federal congress on Sept 27

By Our Correspondent

Published: September 25, 2014

ISLAMABAD:

The Awami Workers Party (AWP) is all set to hold its maiden federal congress in the capital on September 27 and 28 to voice issues faced by the people of Pakistan.

According to AWP leaders, the congress takes place at a time when millions in the country are fed up with the televised squabbles of political parties claiming to represent them.

Addressing a news conference at the National Press Club on Wednesday, AWP information secretary Nisar Shah, women's secretary Farzana Bari, Rawalpindi and Islamabad president Chaudhry Masudul Hasan and the local chapter's information secretary Ammar Rashid briefed the media on preparations for the forthcoming congress, the party's draft programme and the current political situation.

The congress will mark the end of the party's first phase of organisation building, which started with the merger of three parties—Awami Party, Workers Party and Labour Party—in November 2012.

Shah stated that though the leftists had been a major force until the 1980s, it suffered a decline following the end of the Cold War. “The absence of meaningful leftist politics, at least partially, explains many of our structural crises and the spread of populism of the rightist parties, most recently in the form of the so-called ‘revolution’ and ‘azadi’ marches,” he said.

Seconding Shah, Bari said despite claims of progress by all mainstream parties, the condition of the working classes, oppressed nationalities, women and religious minorities has deteriorated.

Published in The Express Tribune, September 25th, 2014.

Changing dynamics: Iran's nuclear issue may linger on, say experts

By Our Correspondent

Published: September 25, 2014

ISLAMABAD: Security experts have said that Iran's nuclear issue may linger on for years owing to the changing geo-strategic dynamics of the Middle East.

They also said that the International Atomic Energy Agency (IAEA) and other world organisations have lost credibility as they continue to take sides with powerful countries.

They were speaking at a roundtable discussion titled “Iran's nuclear programme, the deal, prospects and implications” held at the Institute of Policy Studies on Wednesday.

Experts said there were little prospects of a permanent solution to the issue surrounding the Iranian nuclear programme in the foreseeable future.

The extended period of negotiations linked with the interim deal between Tehran and the P5+1—the US, Russia, China, the United Kingdom, France and Germany, which in 2006 joined the diplomatic efforts with Iran with regard to its nuclear programme, could hardly be expected to produce a lasting arrangement between the two sides, they said.

Quaid-i-Azam University School of Politics and International Relations Associate Prof Dr Nazir Hussain said that though the stakes were high in the negotiations, the changing circumstances in the Middle East in the wake of the US-led campaign against the Islamic State have altered the geo-strategic dynamics of the region.

“The talks on the nuclear programme, therefore, may linger on,” he cautioned.

He was of the view that the solution to the issue lied in declaring the Middle East a “nuclear weapons free-zone”, where all countries refrain from (making efforts) to acquire nuclear weapons. He also said that all countries should have access for civilian use of nuclear energy.

Dr Hussain was of the view that Iran’s nuclear programme was not a threat to any regional countries. “Iran says that they have not attacked any country in the Middle East for the last 500 years,” he said.

Air commodore (retd) Khalid Iqbal lamented the international community’s approach on non-proliferation has been country-specific instead of being based on a set criteria. He backed his argument with the example of a waiver to India for its inclusion into the Nuclear Suppliers Group.

Published in The Express Tribune, September 25th, 2014.

Understanding Chevening: Potential scholars get insight at informative session

By Maryam Usman

Published: September 25, 2014

ISLAMABAD: A sizable turnout at an informal session on the Chevening Scholarship was indicative of a growing interest in exploring prospects the rigorous programme has to offer.

The session, held at a local hotel on Wednesday, was organised by the British High Commission in collaboration with the British Council and was geared at raising awareness and understanding of the UK government’s global scholarship programme funded by the Foreign and Commonwealth Office.

Jonathan Williams, head of the Chevening Scholarship in Pakistan, elaborated on the scholarship that selects mid-career professionals from a cross-section of society, such as journalists, parliamentarians, senators, senior members of judiciary, human right specialists and environmental specialists.

“The whole point of Chevening is identifying future leaders of Pakistan. It’s about having an ongoing relationship and building strong people-to-people connections between Pakistan and the UK,” said Williams.

Shehla Qayyum, deputy head of the scholarship in Pakistan, explained the eligibility criteria and application process. She underscored that the programme focuses on leadership qualities beyond the academic and professional competence. She also clarified that the scholarship was a funding stream for the universities the applicants choose themselves.

Applicants must have at least 16 years of education, two years experience and achieve 6.5 overall band score in IELTS test.

The scholarship offers opportunities to future leaders to study for a one-year Master's degree from an internally-recognised university in a range of fields at top universities in the UK.

Since the scheme was established in 1983, over 1,200 Pakistanis have benefited from the scholarship along with over 43,000 other recipients from 150 countries. The UK government recently announced a tripling in the number of scholarships places in the 2015-16 academic year for developing countries.

“But for Pakistan, we are actually nearly quadrupling the funding. This year we have 18 places (for Pakistan) but by the 2015-2016 academic year, we are hoping to offer 70 places,” said Williams.

Benazir Bhutto figures among prominent Chevening scholars from Pakistan. Bhutto pursued a postgraduate degree in Foreign Services from Oxford University, said Williams.

The scholarship covers tuition fees, a living allowance (for one individual), an economy class return airfare to the UK and an additional allowance package. The application process takes place online. The deadline for this year is November 15. More information is available on the website and social media pages.

Published in The Express Tribune, September 25th, 2014.

Metro project: Contractors asked to expedite work

By Our Correspondent

Published: September 25, 2014

RAWALPINDI:

Contractors working on the Metro Bus Project have been directed to expedite work to meet the project's deadline.

Commissioner Rawalpindi Zahid Saeed, while presiding a meeting held to review the pace of work, said in time completion of the project will be ensured at all costs. He said despite the heavy rains and sit-ins at Constitution Avenue, the project will be completed as per schedule to facilitate the citizens of the twin cities.

Officers of all relevant agencies and departments, along with the contractors, attended the meeting.

The commissioner, who is also the project director, asked contractors to ensure work in all three shifts to expedite construction.

The meeting reviewed and discussed several technical issues in detail which were related to the drawings of the project and settled these issues with NESPAK to ensure speedy implementation of the project.

Published in The Express Tribune, September 25th, 2014.

Addressing graduates: PAF is well-equipped to guard the skies, says air chief

By News Desk

Published: September 25, 2014

The Pakistan Air Force (PAF) has state-of-the-art equipment in its inventory and is well-equipped to defend the country's aerial frontiers, said Air Chief Marshal Tahir Rafique Butt while addressing the graduation ceremony at PAF Academy Risalpur on Wednesday.

Students of the 132 General Duty (GD) Pilot, 77 engineering course, 91 air defence course and commissioning parade of 135 GD Pilot, 81 engineering course, 16 A&SD course and 3 navigation course graduated from the academy.

While addressing the graduating parade, the air chief said, "With air power fast becoming the weapon of choice, you must acquire the ability to be able to accept this role with all its manifestations. You must note that perseverance, diligence and unwavering determination would be the name of the game."

Today, the air force is not only defending the aerial frontiers against external threats but is also in the lead role in meting out a telling blow to anti-state elements in Operation Zarb-e-Azb, he said further.

Talking about the relief activities carried out by the armed forces, Butt said with the unflinching spirit of serving the nation, PAF has always been a part and parcel of all national efforts in mitigating the suffering of our people, whether in relief and rescue efforts in earthquakes and floods or supporting the internally displaced brethren.

A total of 102 under-training officers and 13 cadets graduated from the academy whereas 111 cadets were commissioned into the air force. The chief guest awarded branch insignias to the graduating officers and aviation cadets and also gave away trophies among the distinction holders. The chief guest awarded Quaid-e-Azam Banner to No 3 Squadron, the champion squadron of the academy.

Pilot Officer Muhammad Sameed Ahsan of the 132 GD (P) course and Pilot Officer Ali Rashid of 77 engineering course were awarded trophies for the best performance in General Service Training. The Chief of the Air Staff's trophy for best performance in flying training and engineering discipline were awarded to Pilot Officer Danial Abid and Pilot Officer Ali Hanif respectively. The trophy for the best performance in 91 Air Defence course was awarded to Aviation Cadet (Sgt) Asim Muhammad.

Moreover, the prestigious sword of honour for overall best performance in the college of flying training was clinched by Pilot Officer Haris Salahuddin of 132 GD (P) course whereas Pilot Officer Rana Sufyan of 77 engineering course received the sword for overall best performance in the College of Aeronautical Engineering.

The ceremony was followed by an aerial display by the academy's aerobatics team 'Sherdils'.

Published in The Express Tribune, September 25th, 2014.

Combatting dengue: Campaign kicks off in rural areas

By Our Correspondent

Published: September 25, 2014

ISLAMABAD:

The health department of the Islamabad Capital Territory (ICT) Administration on Wednesday initiated a larvicidal campaign in the rural areas with the help of sanitary inspectors and lady health workers (LHW).

An ICT official informed that the decision was taken during a meeting chaired by Deputy Commissioner Mujhaid Sher Dil. District Dengue Control and Surveillance Cell In-charge Dr Najeed Durrani informed the meeting that the campaign has been started to eliminate the mosquito breeding cycle at its larval stage.

The official directed sanitary inspectors and the LHWs to identify active breeding sites by making extensive visits to various villages, bazaars and congested areas where rainwater has stagnated.

The official said rainwater gets accumulated in trash which then attracts female mosquitoes to lay their eggs in high numbers. Staffs of union councils have been directed to dispose of the solid waste quickly. Moreover, hospital-based surveillance has started in which a close collaboration and liaison has been developed with six hospitals of the capital.

Published in The Express Tribune, September 25th, 2014.

Strict check: BISP evaluates consultancy services

By Our Correspondent

Published: September 25, 2014

ISLAMABAD: An internal meeting was held at Benazir Income Support Programme (BISP) headquarters to evaluate the value and efficiency of consultancy services hired by programme. BISP Chairman Enver Baig stated that the BISP was moving from one era into another and at this critical point in the organisation, the consultants will have to produce effective operational plans to improve the worth and working of the programme. Boosting their morale, the chairman reminded the participants of their duty towards the organisation and urged them to work harder for the betterment of this social safety net initiative of the Government of Pakistan. Baig also put forward targets before the participants and directed them to double their efforts to achieve them. He further told that them that the performance of each individual will be evaluated against the terms of reference for each position and improvements will be made accordingly.

Published in The Express Tribune, September 25th, 2014.

Bigger picture: Book on FATA launched at NDU

By Our Correspondent

Published: September 25, 2014

ISLAMABAD: A book detailing FATA's historical background, constitutional position, legal perspective, internal and external drivers, socioeconomic challenges, the security situation and militancy issues was launched at the National Defence University on Tuesday. The book, titled 'Emerging Dynamics of Fata: Reflection of Transformation', was a joint initiative by the Centre for Pakistan and Gulf Studies (CPGS and the Institute of Strategic Studies, Research and Analysis (ISSRA), the National Defence University (NDU), Islamabad. CPGS President Senator Sehar Kamran presented the book to Khyber-Pakhtunkhwa Governor Mehtab Khan during the launch ceremony. The book comprises nine chapters with one chapter each on Fata's historical background, politico-constitutional aspects, rejuvenating Fata, socioeconomic challenges, militancy, external and internal drivers inside Fata, military operations by the army, elevating its socioeconomic profile and management of the Pakistan-Afghanistan border. A large number of students, academics and dignitaries were present at the event.

Published in The Express Tribune, September 25th, 2014.

A touch of glamour: Functional art exhibition opens at Nomad

By Maryam Usman

Published: September 25, 2014

ISLAMABAD: An exhibition of functional art by architect-turned-artist Umer Bhatti opened at the Nomad Art Gallery and Cultural Centre on Wednesday.

Bhatti takes objects of everyday furniture, transforming them into pieces of art with a purpose and a function to adorn a drawing room, a living room or a bedroom. While the artist believes there is a niche market for such pieces the world over, they are for everyone since they may stand out in some houses.

The exhibition showcases a total of 12 such unique furniture pieces and 13 others of experimental photography that complement these furniture pieces. The photos adorning the gallery walls are abstract reflections of indigenous cultures of different places including Karachi where the artist comes from.

“Much of the technology we observe today can only be understood cognitively, never through the sense. The tactile nature of technology is an ethos of design and creativity which acknowledge the humanly physical, that which we can understand with our fingers,” said the artist, talking about his work.

Inspired by this philosophy, the functional objects are an interpretation of the past with a distinctly subversive twist. The design process salvages and redefines purposes in common materials through affectively un-labelling and re-branding that which has been cognitively discarded.

In the current exhibition, Bhatti has created meaningful and thought-provoking pieces out of seemingly mundane objects adding a touch of glamour to it. The art pieces are designed to adorn any living room, drawing room or bedroom and are atypical in their styling and colours.

The artist also employs truck art to brighten up the collection, ghungroos found outside truck exterior and a decorative piece at the front of trucks. However, he said, his truck art is not typical as it leans more on the vintage and rustic side. Some of these pieces are illuminated by light bulbs placed inside them and the use of wood and metal are evident in most of his works.

An interesting piece in the collection comprises a three-tier golden chandelier, made with keys of locks from across the world. The piece is inspired from the Locks of Love Bridge in France. Other pieces, however, are more classic and traditional such as the Anglo-Indian style wooden table with a brass inlay, reminiscent of old furniture but employing some modern influences.

“This collection is designed to make us rethink the way we look at ordinary things and to explore the dynamic between natural and industrial elements, sometimes by using unusual materials in furniture and incorporating both finished and rustic materials,” said Nageen Hyat, the gallery

curator and owner. The exhibition will continue until September 30 daily from 10:30am to 7pm at House 72, Street 32, Sector F-6/1.

Published in The Express Tribune, September 25th, 2014.

OPEN MARKET FOREX RATES

Updated at: 25/9/2014 7:50 AM (PST)

Currency	Buying	Selling
Australian Dollar	90.5	90.75
Bahrain Dinar	271	271.25
Canadian Dollar	92	92.25
China Yuan	16.5	16.65
Danish Krone	17.55	17.7
Euro	131.6	131.85
Hong Kong Dollar	13.1	13.2
Indian Rupee	1.65	1.67
Japanese Yen	0.972	1
Kuwaiti Dinar	357.3	357.55
Malaysian Ringgit	31.3	31.55
NewZealand \$	83.1	83.35
Norwegians Krone	16	16.15
Omani Riyal	265.75	266
Qatari Riyal	27.85	28.1
Saudi Riyal	27.3	27.55
Singapore Dollar	80.45	80.7
Swedish Korona	14.15	14.3
Swiss Franc	109	109.25
Thai Bhat	3.16	3.18
U.A.E Dirham	27.9	28.15
UK Pound Sterling	167.75	168
US Dollar	102.65	102.9





INTER BANK RATES

Updated at: 25/9/2014 7:50 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	90.78	90.96
Canadian Dollar	92.45	92.63
Danish Krone	17.69	17.72
Euro	131.65	131.9
Hong Kong Dollar	13.21	13.24
Japanese Yen	0.9432	0.9451
Saudi Riyal	27.3	27.36
Singapore Dollar	80.82	80.98
Swedish Korona	14.33	14.36
Swiss Franc	109.03	109.25
U.A.E Dirham	27.88	27.93
UK Pound Sterling	168.03	168.36
US Dollar	102.4	102.6

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

As on Thu, Sep 25 2014, 03:45 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	40,096	46,718	124,714	
Palladium	XPD	26,814	31,243	83,403	
Platinum	XPT	43,292	50,442	134,655	
Silver	XAG	582	678	1,810	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
 Australian Dollar	AUD	441	514	1,373	
 Canadian Dollar	CAD	432	504	1,345	
 Euro	EUR	305	356	950	
 Japanese Yen	JPY	42,609	49,646	132,530	
 U.A.E Dirham	AED	1,433	1,670	4,458	
 UK Pound Sterling	GBP	239	279	744	
 US Dollar	USD	390	455	1,214	

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

Gold Rates & Silver Rate from major cities of Pakistan

A year by year reference of the daily Silver Price in Pakistan and history of Gold Rates in Pakistan

Sep 24, 2014

Following table shows gold rates per Tola in Pakistan in Pakistani Rupess (PKR) in 24 carat per 10 Grams, 22 carat per 10 grams and silver rates per 10 grams in Pakistan.

City	24k per 10gm	24k per Tola	22k Per 10gm	21k Per 10gm	Silver
Karachi	40,757	47,550	37,360	35,662	630
Lahore	40,757	47,550	37,360	35,662	630
Multan	40,757	47,550	37,360	35,662	630
Faisalabad	40,757	47,550	37,360	35,662	630
Rawalpindi	40,757	47,550	37,360	35,662	630
Hyderabad	40,757	47,550	37,360	35,662	630
Gujranwala	40,757	47,550	37,360	35,662	630
Peshawar	40,757	47,550	37,360	35,662	630
Quetta	40,757	47,550	37,360	35,662	630
Islamabad	40,757	47,550	37,360	35,662	630
Sargodha	40,757	47,550	37,360	35,662	630

Source: Karachi Saraf.