News Alerts

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Taxation: *Pakistan*

Sales tax collection: Sindh, Punjab swoop on lucrative telecom business

July 26, 2012

The newly enforced provincial sales tax laws have given a new dimension to the levy and collect sales tax on telecommunication services on the basis of "termination of a call" rather than "origination of call". A senior tax expert told *Business Recorder* here on Wednesday that as per section 3 of the Punjab Sales Tax on Service Act, 2012 and Section 3 of the Sindh Sales Tax on Services Act 2011 the services originating from a province and terminating into a certain province are both taxable.

This is a new concept to charge sales tax taking into account "termination of a call" and not the "origination of call". Under section 3 of the Sindh Sales Tax on Services Act 2011, the taxable service is a service listed in the Second Schedule of this Act provided: (a) by a registered person from his registered office or place of business in Sindh; (b) in the course of an economic activity, including in the commencement or termination of the activity. These sub-section deals with services provided by registered persons, regardless of whether those services are provided to resident persons or non-resident persons, it added.

Under Section 3 of the Punjab Sales Tax on Service Act, 2012, a taxable service is a service listed in Second Schedule, which is provided by a person from his office or place of business in Punjab in the course of an economic activity, including the commencement or termination of the activity. If a service listed in Second Schedule is provided to a resident person by a non-resident person in the course of an economic activity, including the commencement or termination of the activity, it shall be treated as a taxable service.

The concept of taxation of service at the point of origination seems logical; however, the concept of taxation of service at the place of termination seems a bit too extended that may fall into double taxation of a service especially when the concept of "multiple taxation" is in vogue by way of taxation through provincial legislation. It is clear that a telecommunication service may originate from Sindh and end up in Punjab. This was the call that will be taxed at origination by SRB and by PRA in Punjab at the point of termination. Same call shall be levied 19.5 percent sales tax twice ending up with a total taxation of about 40 percent.

It is clear that the generation of revenue should not be made in an ambitious manner but with a concept of progressiveness. The taxation authorities are of a clear mind to collect taxation from a source which is doing well; no one is embarking on the project of finding new ways or base for taxation. Recently, Large Taxpayers Unit (LTU) Karachi also initiated the same trend by collecting FED from banks in the province of Sindh when the FED/ST was paid to the SRB.

Now, the LTU is maintaining the stance that FED is independent of the local/provincial taxation and till the time it is not withdrawn the same shall and can be recovered from banks even if it creates hardship, tax experts explained. The revenue authorities are clearly on the spree of having the industry come down to a halt by taxing them twice or thrice on the same point. Taxation should be done in a manner which should not create problems for the registered units, tax experts added.

Telecom companies'' issue may cause reshuffle in FBR

July 26, 2012

SOHAIL SARFRAZ

The cases of telecom companies on interconnection charges are likely to become a highly controversial basis for a high-level reshuffle in the Federal Board of Revenue (FBR) and field formations. Sources told *Business Recorder* here on Wednesday that the transfers and postings are expected in the field formations of the FBR following the beginning of new fiscal, based on the performance of the Chief Commissioners of Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) during 2011-2012.

According to sources, the FBR Chairman believe in autonomy of the FBR Members for transfers and postings in the field formations. The performance of the field formations in achieving the revenue collection targets for 2011-12 would be the main criterion for transfers and postings in the FBR. If the Chief Commissioners and Commissions have failed to achieve the target, it would be analysed whether this has happened due to inefficiency or another economic factor. "If the senior tax officials have not performed well and failed to deliver the desired results, there is no justification to allow them to stay on the key positions in the field formations", sources said.

Responding to a query, sources said that the LTUs have performed well and shown good performance during 2011-12. This is a remarkable performance of the LTUs to generate revenue in prevailing economic circumstances. The achievement of the assigned targets would be one of the key factors behind transfers and postings. These transfers and postings in the field formations is a regular feature and every year such reshuffle takes place.

When asked about any possible change in the position of the post of the Member Inland Revenue, sources said that the government can appoint any senior tax official as FBR Member. The seniority list and experience of the tax officials in the field formations and the Board is known to all concerned circles. The reputation of the tax official is known to everyone due to his repeated transfers and postings in the field formations. The official with honest and good reputation has been respected by all functionaries in the government departments. However, the decision of the transfers and postings of FBR''s Members was taken at the highest level.

Explaining the legal issue involved in interconnection charges, tax experts explained that telecommunication companies are paying FED (in sales tax mode) on telecommunication services at the rate of 19.5 % of the call charges. Telecom companies provide interconnect services to each other but do not pay FED on the interconnect service charges paid by them on the grounds that FED is paid on the total amount billed to the customer for the taxable service including "Interconnect Charges" and no separate FED for "Interconnect Charges" is required to be paid by the telecommunication companies. Moreover, even if a telecommunication company is forced to pay FED separately on the transfer of money to the other company on account of "Interconnect Charges", the FED paid on such amount by the company becomes its adjustable input tax, thus reducing its payable amount of FED by exactly the same amount. The Government is, therefore, not going to benefit by a single rupee in this case.

The cases initiated on the basis of non-payment of FED on interconnect charges are, however, decided against the telecommunication companies by the Adjudicating Authority as well as the Appellate Tribunal. The telecommunication companies have filed reference applications before the High Court against an order of the tribunal. The telecommunication companies approached Large Taxpayers Unit, Islamabad through their representatives for consideration of their case under section 65 of the Sales Tax Act, 1990, for a waiver of their past liabilities on account of "Interconnect Charges".

The concerned officers forwarded the case to FBR for its consideration. The FBR, examined the case and ascertained that no loss of revenue was involved, as FED on interconnect service charges even if recovered, would have to be allowed as input tax to the provider of interconnect service and having already discharged their liability they would be obliged to revise their returns and claim refunds. It is a fact that had this amount being recovered from the telecom companies the same would have been claimed as refund by the telecom companies by revising their tax returns. On this basis there was no loss of revenue and the provisions of section 65 of the Sales Tax Act could have been used.

Sources confirmed that the FBR has exercised its powers under section 65 for granting exemption of sales tax under Sales Tax Act, 1990. The following exemptions were granted under Section 65 of the Sales Tax Act: SRO805(I)/93 has granted exemption on Woolen Fabrics to M/S. Lawrancepur Woollen and Textile Mills Ltd; SRO554(I)/2000, Loose or unbranded butter to M/S. Nestle Milk Pak Ltd Lahore; SRO824(I)/2000, Formaldehyde resin, urea formaldehyde moulding compound, melamine formaldehyde moulding compound and polystyrene resin to M/S. Dyno Pakistan Ltd, M/s. Rapid Ltd & M/s. Pakistan Styrene (Pvt) Ltd; SRO837(I)/2000, Hand-knotted carpets to M/s. Afghan Carpet, Karachi; SRO239(I)/2001, Bus and truck chasis to M/S. Hinopak Motors Ltd, M/s. National Motors Ltd, M/S. Sindh Engineering Ltd & M/s. Ghandara Nishan Diesel Ltd; SRO215(I)/2002, Loose or unbranded butter to M/S. Noon Pakistan Ltd; SRO605(I)/2002, Speedometers for vans and pick-ups to M/s.Automotive Components Limited; SRO454(I)/2003, Foryl CP to M/S Ameeje Valleegee and Sons (Private) Limited Karachi; SRO784(I)/2003, Activated Bleaching Earth to M/S. Phoenix Chemicals, Sheikhupra; SRO913(I)/2003, Activated Bleaching Earth to M/S. Pakistan National Chemical Industries (Pvt) Limited, Karachi to M/S. Ittehad Chemicals Limited, Lahore and M/s. Neelum Chemicals (Pvt) Limited, Lahore; SRO74(I)/2004, Motor cycle ignition switch sets to M/S. General Locks (Pvt) Limited; SRO345(I)/2004, Sliver Cans to M/s. Polycon Pakistan (Pvt) Limited, Lahore; SRO104(I)/2005, Acrylic sheets to M/S. Lucky Plastic Industries (Pvt) Ltd, Lahore;

SRO105(I)/2005, Acrylic sheets to M/S. Wazirabad Poly Industries (Pvt), Ltd, Lahore; SRO217(I)/2005, Everyday UHT Tea Whitener to M/s. Nestle Milkpak Ltd, Lahore; SRO434(I)/2005, Desk machine to M/s. New Chaudhary Agricultural Mechanical Engineers, Multan; SRO598(I)/2005, Bellapas Plaster to M/S. Dr Sethi (Pharma) Industries, Chichawatni; SRO.868(I)/2005, Liquor to M/S. Avari Hotels ltd, Lahore; SRO.869(I)/2005, Liquor to M/S. Pearl Continental Hotel, Lahore; SRO.870(I)/2005, Liquor to M/S. Pearl Continental Hotel, Peshawar; SRO.131(I)/2007, Liquor to M/S. Flashman''s Hotel, Rawalpindi; SRO.409(I)/2008 to Liquor, M/s. Best Western Hotel, Islamabad; SRO.816(I)/2008 to Liquor, M/S. Serena Hotel, Faisalabad; SRO.249(I)/2010, Liquor to M/s. Islamabad Marriot Hotel, Islamabad and SRO.287(I)/2010 has granted exemption on Liquor to M/s. Pearl continental, Rawalpindi under section 65 of the Sales Tax Act.

Experiment to re-designate posts of FBR Member flops

July 26, 2012

The Federal Board of Revenue's experiment to re-designate posts of FBR Member Enforcement and Accounting as FBR Member Enforcement and Withholding Taxes and FBR Member Administration as FBR Member Admin and Sales Tax Input Adjustments failed to recover withholding taxes or plug illegal input tax adjustments of Rs 100-150 billion till June 30, 2012.

Sources told *Business Recorder* here on Wednesday that the posts were re-designated as FBR Member Enforcement and Withholding Taxes and FBR Member Admin and Sales Tax Input Adjustments with the objective to generate additional revenue by the end of June 2012. The policy decision was taken by former FBR Chairman Mumtaz Haider Rizvi which failed to achieve the desired results.

The additional charge of Withholding Taxes and Sales Tax Input Adjustments to the FBR Members stand abolished as on June 30, 2012. This wrong policy measure was taken to achieve the assigned revenue collection target of Rs 1952 billion by June 30, 2012. The measure created serious problems in the reporting functions of the line members like FBR Member Inland Revenue.

The posts of FBR Member Enforcement and Withholding Taxes and FBR Member Admin and Sales Tax Input Adjustments remained operative till June 30, 2012 with the sole objective of immediate generation of revenue in the form of recovery of withholding taxes as well as illegal input tax adjustments. However, the FBR's data revealed that the recovery of the illegal adjustments and withholding taxes during 2011-2012 was only due to the enforcement actions of the Directorate General of Intelligence Inland Revenue, Directorate General of Withholding Taxes and field formations. However, no new kind of methodology has been applied by the said re-designated positions as the powers of the line members were indirectly curtailed by giving specific powers of the tax laws to other members of the Board.

Sources said that the experiment was not successful and such kind of restructuring has affected the regular work of the line members. Former Chairman had re-designated these two top posts for the recovery of over Rs 150 billion arrears of wrongfully claimed input tax adjustment on sales tax side and recovery of withholding tax withheld by the banks but failed to deposit in the national kitty. However, there has been no major recovery from withholding side as well as wrongly claimed in put tax adjustment.

The tax collection that was reported to Ministry of Finance on July 25, 2012 stands at Rs 1915 billion including Rs 25 billion of Sindh Revenue Board. According to the estimates submitted to ECC meeting on July 24, 2012, the total net tax collection have been recorded at Rs 1.881 trillion (excluding SRB collection) against the actual budgetary target of Rs 1.952 trillion fixed for the last fiscal year. However, the federal tax collection has shown a 20.8% growth in 2011-12 with a total collection of Rs 1.881 trillion against the collection of Rs 1.558 trillion during the last fiscal year 2010-11.

As per latest chart of the economic indicators including revenue collection chart presented before the Economic Co-ordination Committee (ECC) of the Cabinet on Tuesday, no details of the payment of refunds and rebates has been given to the ECC. The direct taxes collection amounted to Rs 731.9 billion during 2011-12 as compared with direct taxes collection of Rs 602.5 billion in the last fiscal year 2010-11, showing an increase of 21.5%.

The indirect taxes collection during the last fiscal year 2011-12 amounted to Rs 1.149 trillion against the net indirect taxes collection of Rs 955.7 billion during the last fiscal year 2011-12, projecting an increase of 20%. The general sales tax collection has been recorded at Rs 809.3 billion in the last fiscal year 2011-12 against the collection of Rs 633.4 billion of the previous fiscal year 2010-11, showing an increase of 27.8%.

The federal excise duty collection amounted to Rs 122 billion in 2011-12 as compared with the collection of Rs 137.4 billion in the last fiscal year 2010-11, showing a decrease of 11.2%. The Customs duty collection has been recorded at Rs 218.2 billion in last fiscal year 2011-12 against the collection of Rs 184.9 billion in the previous fiscal year 2010-11, reflecting an increase of Rs 18%.

Taxpayers experiencing problems in filing electronic tax returns

July 26, 2012

The business community is experiencing a number of problems in filing electronic sales tax returns due for the tax period June 2012 because of system limitations. Experts pointed out the need for necessary modifications and amendments in the sales tax returns, urging the authorities to make them easier for the business class, saying that it would help generate more revenue.

A renowned Karachi-based sales tax expert, Arshad Shehzad told *Business Recorder* here on Wednesday that serious limitations were causing practical problem in filing electronic sales tax returns, which was reported while filing sales tax return for the tax period of June 2012. Among the limitations are: There is no provision/column available for reporting of sales tax paid at import stage by importers on bill of additional duties and challans.

In cases of any valuation dispute the Customs authorities usually cleared consignment on submission of post dated cheque/sureties by importers and marked the case to valuation collectorate to ascertain the correct value. Later on, if the value determined by the valuation department is more than declared value, customs charges differential amount of duties and taxes from the importer by generating manual bill of miscellaneous and additional duties.

However, since the bill is issued manually there is no provision for its reporting in electronic sales tax filing system. Therefore, component of sales tax paid on such bills cannot be claimed in sales tax return as input tax, in spite of legal backing provided under Section 7 of the Sales Tax Act, providing entitlement of input tax adjustment on sales tax paid at customs stage.

Shehzad further said that this year in June the number of such cases were settled being last month of the fiscal, therefore large number of taxpayers are facing problem in reporting such input tax in their sales tax return. He said that system also put limitation on reporting sales during last couple of months. Now, he said, a taxpayer could only report sales pertaining to current tax period ie filing month of sales tax return, the question raises, if the taxpayer fails to report sales of previous months and now intend to report the same in next month though legally he can report by paying default surcharge and penalty u/s 33 and 34, how can system limits or restrain them reporting such sales? The system is simply now allowing such sales the taxpayer can only report through filing of revision of return, which causes undue hassle to the registered persons.

He also pointed out that all such amendments and limitation, prior to introduction of electronic form were publicised through notifications and clarifications, but nothing was observed in update system, which increases confusions. Therefore, there was a dire need for all minor practical modifications and amendments to be publicised properly to timely educate taxpayers and to avoid confusion, he said.

Assurance to IT, computer industry: government to revisit matter regarding GST exemption

July 26, 2012

Abbas Khan Afridi, Minister of State for Commerce has assured the computer industry that the government would revisit the matter regarding general sales tax (GST) exemption for IT and computer industry of the country.

While talking to a delegation of Pakistan Computer Association (PCA), led by Munawar Iqbal, the President PCA Central, Abbas Khan Afridi said on Wednesday that IT sector is vital for the growth of overall economic development of the country and hence every possible measure would be taken to boost this vital sector of the economy.

This requires amendment in the Sixth Schedule of the Sales Tax Act 1990 to restore sales tax exemption for IT industry of Pakistan. Besides others, Abdullah Malik, President PCA Islamabad, Rashid Ali, Zafar Shahzad and Atta Ur Rehman Tahir were also present on the occasion. Munawar Iqbal on the occasion briefed the minister about the state of the affairs pertain to IT and computer industry in Pakistan. He said that due to ill conceived policies of last dictatorial regime, the IT has lagged behind in this region and in order to fill this gap and for a rapid growth the nascent industry needs a tax exemption at least for next few years.

The president of PCA Central highlighted the issue of registration of PCA as trade body with concerned department of the ministry and said that the association is representative body of the vendors in the industry and hence it couldn't be forced to link with any software developers' body. He also apprised the minister that the PCA has made stern efforts to promote free software in Pakistan to save precious national exchequer on the purchase of software.

He said that PCA seeks the support of the ministry in this regard. Abbas Khan Afridi assured delegation of the full support of his ministry and said that the issue raised by PCA would be resolved as soon as possible. He said that the government wants to promote this sector and would make all-out efforts to facilitate the industry.

Business & Economy

Pakistan, Indonesia trade increased 34pc during 2011

Wednesday, 25 July 2012 15:26

Written by Parvez Jabri

ISLAMABAD: Trade between Indonesia and Pakistan has increased by 34 per cent from $787 million in 2010 to $1.142 billion in 2011.

This was stated by Pakistan Ambassador to Indonesia, Sanaullah during his meeting with Chairman of Indonesian Chamber of Commerce and Industries (KADIN), Mr. Suryo B. Sulisto here on Tuesday, according to a message received here from Ambassy of Pakistan Jakarta.

The Ambassador emphasized that there was enough potential in various

fields between the two countries to increase trade.

He said that Pakistan was the third biggest consumer of palm oil after China and India.

However, there was urgent need to boost two-way trade by encouraging business community in the two countries.

He requested the Chairman KADIN to persuade the Indonesian businessmen to turn to a market of more than 180 million people and equally large market in the neighboring landlocked countries.

He extended invitations to the Chairman to attend Expo Pakistan 2012 and D-8 Summit to be held in Pakistan in October and November respectively this year.

Mr. Suryo appreciated the increasing trade between Pakistan and Indonesia and showed willingness to encourage the business community in Indonesia to seek trade and investment opportunities in Pakistan.

He said that frequent meetings of businessmen of the both countries would help increase bilateral trade.

He agreed to attend D-8 Summit in November 2012.

Demand of Islamic products double in Ramadan

Wednesday, 25 July 2012 13:32

Written by Parvez Jabri

ISLAMABAD: The demand for CDs, DVDs and audio cassettes of Naats, Durood Sharif, Qawalis, Quranic verses and Islamic Ringtones has increased in the markets of twin cities of Islamabad Rawalpindi.

The sales of CDs, DVDs and cassettes of various renowned Naatkhawans have gone up in Ramadan, and music outlets have started playing fresh naats to attract customers.

Kashaf Rashid, a resident of sector F-6/1, said that she had purchased two DVDs of various Naats. "I purchase DVDs of fresh Naats every Ramadan and play them during Sehar and Iftar," she said.

"I have downloaded naats and some Quranic verses onto my mobile phone because I don't want to listen songs during Ramadan.

Being a Muslim, it is our duty to respect the sanctity of the month," said Muhammad Ramadan a resident of Shamsabad, Rawalpindi.

M Hashim, owner of a music outlet, said that the demand for such CDs, DVDs and audio cassettes had increased during the last 11 days. "Our sale is expected to continue to rise in the coming days of Ramadan," he said.

Many people can be seen purchasing Islamic DVDs, CDs and cassettes from different markets. The shopkeepers are also busy in advertising their CDs by playing in the markets to attract customers.

Qasim Ali, while buying CDs of Naats at a shop, said that he always prefers to buy some CDs of renownd Naatkhwans.

He also complained that the CD sellers are over-charging by taking advantage of increased demand.

Sales managers of various companies in Rawalpindi told APP that the people running cassettes and CDs companies pay more attention to big name scholars, clerics and preachers as well as the famous reciters of the Noble Quran in holy month of Ramadan.

They declared that these cassettes and CDs are prepared before Ramadan carrying the names of scholars, titles and special excerpts of each cassette or CD capable of attracting the attention of targeted audience.

When demand of these products increase during the blessed month of Ramadan, most street vendors and children turn to Islamic cassettes and CDs because they feel this business is more lucrative than anything else they could buy during Ramadan.

These people distribute the Islamic cassettes and CDs including Quran, sermons and Anashid before mosques and in street intersections and crowded markets.

Seeking to make more profits and money, mobile telecommunication service providers joined the competition through providing a wide range of services for Islamic tones, containing supplications and Anashid and SMS messages.

Industries & Sectors

IT sector to be highly visible in next five years in the economy

Wednesday, 25 July 2012 15:35

Written by Parvez Jabri

ISLAMABAD: CEO and Chairman NetSol Technologies Ltd. Salim Ghauri said on Wednesday that IT industry in the next 5 years will be highly visible in the economy of the country.

Talking to a private news channel, he said over 1000 IT companies are working with over 100,000 employees, generating over a billion dollars in IT export today . In the next 5 years, this number will change dynamically and IT industry will be contributing very much to the economy.

He said IT industry has reached its mature stage and it has been progressing since 20 years though its work is not visible but it continues silently.

He said due to rapid progress in the field of IT , the name of Pakistan was included in the list of best IT countries.

He said Pakistan is doing 5 billion's export in IT industry and it is at No 2 in the IT services of the world .

He said continuous work is carried on in the IT software and progress is being achieved rapidly in almost all of its areas including mobiles, telephony, internet etc etc adding 1500 teams are working in this sector.

He said that next five years are very significant for exploring more innovations in the IT industry as it is contributing positively in the economy of the country.

Salim Ghauri said the govt should take care of IT software and services exemption issue immediately as it will be expired by the year 2016.

He said IT industry is young so it needed govt's attention towards this sector otherwise it may be weaken.

He hoped that our IT Services is contributing enormously as Pakistan is in a normal situation now and threat of terrorism has also been diminished.

Several steps being taken to ensure safe usage of CNG

Wednesday, 25 July 2012 14:10

Written by Parvez Jabri

ISLAMABAD: Ministry for Petroleum and Natural Resources has envisaged several steps to ensure usage of Compressed Natural Gas safe in the country.

A source in the ministry told APP that more than 100 workshops all over the country, duly approved by Chief Inspector of Explosives (CIE) and certified by Hydrocarbon Development Institute of Pakistan (HDIP), have started certifying vehicles and in this campaign all unapproved CNG equipment including unapproved CNG Cylinders shall be replaced.

He said HDIP and CIE being the statutory bodies for the purpose are developing detailed criteria for installation of CNG system in the vehicles, especially Public Service Vehicles (PSVs).

Moreover, uncertified vehicles shall not be given fitness certificate/route permits by relevant transport authorities, he said adding that uncertified vehicles shall not be allowed to be filled by CNG Stations.

Source said the Government with the approval of Economic Coordination Committee of the Cabinet (ECC) imposed ban on import of CNG cylinders and conversion kits effective since December last year and also there is a complete ban on company fitted CNG cylinders/kits in locally manufactured vehicles. However, public transport has been exempted from this moratorium.

He said there are seven approved CNG conversion kits and these are being installed in the vehicles.

List of Approved CNG Conversion Kits includes Landi Renzo,Lovato and BRC from Italy,Voltran CNG Conversion Kit, Turkey,,Sagas Autotec CNG Conversion Kit Model No. CK34BJRB and CK 32BJFB India and two local companies LR Pak (Pvt) Ltd Pakistan and Tesla Industries Model (EPM-05), Pakistan.

Cell phone subscribers to cross 160mn by 2020

Wednesday, 25 July 2012 14:00

Written by Parvez Jabri

ISLAMABAD: The mobile phone subscriber base is expected to cross 160 million mark and broadband subscribers 19.5 million by 2020.

The number of fixed line subscribers is expected to remain in the range of 5 million, a Vision 2020 of Pakistan Telecommunication Authority (PTA) said.

The broadband connections have increased from 1.49 million in June last year to 1.92 million and this increase is mainly attributed to continuous aggressive launching of products like EvDO, WiMax, FttP in the broadband arena by telecom companies at affordable price.

It said broadband will be the main medium of personalized communication from which users will be able to effectively and affordably access any service from any device or network. In the next ten years, 4G technology will usher into usage of new applications such as IPTV and Web-TV.

In future, PTA will be concentrating on re-farming of spectrum to cater the increased demand of broadband and wireless technologies.

It envisions telecom to become the communication highway for sharing of knowledge as well as reaching out to a large segment of population in education and health services delivery.

It further said the telecom roadmap for 2020 is likely to witness 100% infrastructure where wide range of services will be available on converged infrastructure platform.

Meanwhile when contacted, an official on Wednesday said Rs. 1.13 billion have been earmarked for SUPARCO, SCO and Ministry of IT to execute 16 approved projects worth Rs 11.1 billion.

The important projects that will be executed this year are construction of Cross-Border Optical Fibre Cable for alternate international connectivity and laying of OFC to connect remote areas of Gilgit-Baltistan and AJK.

He said SUPARCO would develop various laboratories for National Satellite Development Programme in Lahore. The other projects are development of Compact Antenna Test Range (CATR), Satellite bus development facility (Phase-I), development of a Satellite Assembly Integration and Test (SAINT) and Altitude & Orbital Control System (AOCS) Center.

Textile industry facing serious problems due to scarcity of funds

Wednesday, 25 July 2012 12:12

Written by Imaduddin

TAHIR AMIN

ISLAMABAD: Due to inadequate funds for textile policy implementation, some key policy initiatives have not been launched, which is not only causing resentment among the industry, following huge pending liabilities under operationalised schemes, but will also hamper projects' execution and their timely completion.

A total of Rs 24.75 billion has been allocated against the approved financing plan of Rs 123 billion for 2009-12 i.e. around 20 percent only, while projects worth more than six billion rupees are pending in Planning Commission for the last two years, the Senate Standing Committee on Textile Industry was informed, which met with Senator Mushahid Ullah Khan in the chair here on Tuesday.

Briefing the committee, the Textile Ministry said that total PSDP allocation for Ministry of Textile Industry for current year was only Rs 150 million (0.05 percent of total PSDP). The industry is facing acute problems due to non-availability of utilities including gas for production due to which it is unable to meet domestic demand, consume domestic cotton and fulfil export orders. Availability of utilities and subsidies provided by competitor governments are putting textiles exports at a disadvantage in international market.

The committee was further informed that the industry is confronted with textiles marketing and market access issues including absence of level playing field for textile sector in trade with India-non-ad valorem duty on textiles, multiple tariff structures and subsidized exports.

The rules of Business of Ministry of Commerce stipulate: Textile Industry Division will be consulted on textile trade negotiations and also associated with textile sector trade promotion. Lack of coordination between Ministry of Commerce, TDAP and Ministry of Textile Industry for marketing, branding, export exhibitions and trade negotiations, are the marketing and market access issues confronted to textile industry.

The Ministry demanded that level playing field for textile sector vis-à-vis India should be ensured. As envisaged in the summary of Textile Policy 2009-14, textiles industry should be exempted from load-shedding and accorded the same priority for gas as given to the fertilizer industry.

The committee was informed that no budgetary provision in the federal budget for cotton research was made, while cotton production and research assigned to different divisions. Non-enactment of cotton related legislation (Plant breeders' rights and amendment in Seed Act), delay in introduction of latest BT technology, weak implementation of cotton control

Act, 1966, poor seed quality due to weak, regulation/infrastructure and inadequate extension services for cotton farmers are basic reasons behind low cotton production in the country as compared to other regional country.

The committee expressed serious concern over delay in introduction of BT cotton seed in the country, which is causing low production, and formulated a sub-committee to examine the actual situation behind the delay in introducing cotton in the country.

The committee was informed that Environment Ministry had opposed the introduction of BT cotton in the country on the base of environmental effects.

Textile Ministry informed that sufficient allocation in the federal budget for cotton research and technological up-gradation of sector, legislation on plant Breeders Rights and Seed Act, reform of regulatory framework and effective enforcement for quality assurance, financial allocation as per textile policy for its implementation, EDF contributions by the textile sector be managed by the Ministry of Textile Industry, enhancement of PSDP allocations for textile sector and close coordination between Ministry of Commerce, TDAP and Ministry of Textile Industry should be ensured to save the industry of the country which has eight percent share in national value added (GDP), 23 percent share in industrial value added (GDP), 57 percent share in total exports, 39 percent share in industrial employment while 41 percent share in banking credit (manufacturing).

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Office # 05, Ground Floor, Arshad Mansion, Near Chowk A.G Office, Nabha Road Lahore.
Ph. 042-37350473 Cell # 0300-8848226 elaw@paklawpublication.com

Fuel and Energy: *Pakistan*

Equitable loadshedding: load management body set up

July 26, 2012

Prime Minister Raja Pervez Ashraf has constituted a load management committee headed by Minister for Water and Power, Chaudhry Ahmed Mukhtar to supervise the distribution of electricity through DISCOs with a view to ensuring equitable loadshedding in the country.

The Prime Minister was chairing a meeting of the Energy Committee on Wednesday, which was attended by Minister for Water and Power Chaudhry Ahmed Mukhtar, Minister for Finance Dr Abdul Hafeez Sheikh, Advisor to PM on Petroleum Dr Asim Hussain, Minister for Kashmir Affairs Mian Manzoor Ahmed Wattoo, Minister for Textile Makhdoom Shahabuddin, Minister for Information & Broadcasting Qamar Zaman Kaira, senior officials of the relevant ministries, President of Aptma and CEOs of DISCOs.

The Prime Minister directed the load management committee to ensure the distribution of the electricity to each DISCOs and its further distribution in the respective regions without deviating from the scheduled loadshedding plan. The Prime Minister also directed all the CEOs of DISCOs to double their efforts without fail in curtailing the line losses and also speed up the recovery of the receivables from the public and the private sectors in their respective regions.

The Prime Minister gave full authority to the load management committee to get rid of those who were found responsible for fiddling with the system or did not take their responsibilities seriously or failed to comprehend the gravity of the challenge and correspondingly took no corrective measures to control the situation. The Prime Minister further directed that there should be no load shedding at Iftar and Sehr time during Ramazan. The Prime Minister lauded the textile sector for its contributions in the volume of foreign exchange earnings besides providing tens of thousands of job opportunities to people.

The Prime Minister took the representatives of Aptma into confidence for appreciating the energy situation in the country and sought their co-operation in this regard till the decline in demand. The Prime Minister appreciated the Ministry of Finance and the Ministry of Petroleum for ensuring uninterrupted supply of fuel oil and the available gas to the power sector, so critical to maintain the level of power generation at more than 14000 MW.

The meeting was told that the one nuclear power plant has become operational and the other one will also start generating electricity very soon. Iftikhar Ahmed CEO Fesco, Mehboob CEO Gepco, Muzaffar Ali Abbasi CEO Hesco, Javed Pervez CEO Iesco, Sharafat Ali Sial, CEO Lesco, Chaudhry Guftar Ahmed CEO Mepco, Tariq Saddozai CEO Pesco. Moosa Mir Baksh CEO Sepco, Pervez Khan Swati CEO Tesco and Mohsin Aziz, Chairman of Aptma attended the meeting. -PR

Fiscal year 2012 results on August 8: PPL likely to announce impressive earnings of Rs 32.78 per share

July 26, 2012

Pakistan Petroleum Limited (PPL) is scheduled to announce its FY12 result on August 08, 2012. PPL is expected to announce impressive earnings of Rs 32.78 per share for FY12, up 37 percent on year-on-year basis, though fourth quarter is likely to report a decline of 11 percent on quarter-on-quarter basis owing to lower international oil prices, analysts said.

"Our base case final cash payout stands at Rs 7/share (taking cumulative dividend for the year to Rs 12/share); however we flag that the company may somewhat cut back its dividend announcement due to plans to acquire MND Pakistan assets and proposed investments in Iraq", Atif Zafar, an analyst at JS Global Capital said.

Hence, the company may opt for a 10-20 percent bonus issue, he added. He said PPL's overall revenues are expected to be augmented by 22 percent on year-on-year basis in FY12. Revenues from oil production are likely to increase by 35 percent mainly on the back of 19 percent higher average international crude oil prices and production growth of 15 percent led by additions from the Tal and Nashpa fields. Revenues from gas production are also anticipated to expand by 19 percent owing to an average increase of 16 percent in well-head gas prices, while growth in production is expected to be muted at 2 percent.

Arab light crude oil prices averaged at $108/bbl in the fourth quarter against an average of $119/bbl in the preceding quarter, down 9 percent. As a result, the overall revenues of the company are likely to contract by 7 percent.

"Hence, we expect earnings to clock in at Rs 8.23/share for the fourth quarter, down 11 percent on quarter-on-quarter basis", he said. However, a superior production profile vis-à-vis last year is likely to result in a growth of 53 percent on year-on-year basis.

"We positively view PPL's aggressive strategy to improve its production profile through acquisition of MND Pakistan assets and proposed investments in Iraq", he said. While drilling has commenced in Nashpa-4, favourable test results from Naspha-3 (presently in testing phase) are likely to act as a trigger for the stock in the near term. Meanwhile, recovery in oil prices (Arab Light up by 15 percent from its recent bottom) is also likely to keep investors interest intact as share of revenues from oil production in the company's overall revenues is growing. The stock trades at an FY13F PE of 6.0x (cheapest in the local E&P space) and offers a dividend yield of 7 percent.

Gas curtailment crisis: SNGPL-based fertiliser plants face Rs 5.5 billion revenue loss

July 26, 2012

ZAHID BAIG

All SNGPL based plants that include Agritech, DH Fertilisers, Pakarab and Engro's new plant faced a collective loss of Rs 5.5 billion in terms of revenue in first half of year 2012, as the total urea sales by SNGPL based plants stood at 150,000 tons, 166,000 tons less than 316,000 tons urea sold in first half of 2011 showing a decline of 52 percent and revenue loss of Rs 5.5 billion.

The total urea production by SNGPL based plants in first half of 2011 stood at 297,000 tons which declined by 33 percent to 198,000 tons in first half of 2012. SNGPL based plants are only operated at 18 percent of their capacity in 1H 2012 versus 25 percent last year, said fertiliser sector sources here on Wednesday.

During 1H 2012 SNGPL based fertiliser plants faced an estimated gas curtailment of 82 percent in which Agritech and Pak Arab got gas for 63 days each while Engro Enven and DH Fertilisers got gas for 33 days of operations in first 6 months of 2012. In first quarter of year 2012 all SNGPL based plants that include Agritech, DH Fertilisers, Pakarab, Engro's new plant as well as SSGC based FFBL faced a loss of revenue by 53 percent compared with 1Q of 2011, generating Rs 8.16 billion revenue in 1Q 2012 compared to last years' Rs 17.29 billion rupees. In 2012, SNGPL based four plants as well as SSGC based FFBL lost profitability by 125 percent and made a collective loss of Rs 1.076 billion, whereas the same plants had made profit of Rs 4.3 billion in first quarter of 2011.

According to a fertiliser sector official, SNGPL based plants are facing the worst-ever crisis of their history as 82 percent gas curtailment was never witnessed before 2012. He said that despite making an investment of US $2.3 billion in last 4 years on new production capacity, making Pakistan world's 7th largest urea manufacturer country is sitting on an idle urea capacity of over 3.0 million tons.

Fertiliser sector official said that if the same gas curtailment continues during remaining 5 months of 2012, the SNGPL based fertiliser plants would be forced to shut down permanently resulting laying off highly skilled manpower, in addition to huge burden on Government of Pakistan exchequer, in shape of importing urea to meet the urea shortfall.

Fertiliser sector sources further said that it's not just fertiliser plants that will face the burnt, the whole farmers' community as well as the government would be the ultimate losers if fertiliser plants with over 2 million tons of capacity are shutdown. He said that government needs to support fertiliser industry to ensure cheap local urea to farmers and import fuel for the power sector and the industry which is more cost effective.

SNGPL making efforts towards reducing gas losses: news item clarified

July 26, 2012

Refer to news item published in the Daily *Business Recorder* Lahore on July 17, regarding 410 Mmcfd gas loss by both gas utilities companies that is sufficient to generate 2,050 MW of electricity. In this context, we would like to clarify that in spite of all odds, the company is making all out efforts to reduce gas losses.

During the current year, 484 industrial, 6,172 Commercial and 11,972 domestic consumers have been charged against gas theft against which 7,506 Mmcf of theft volume is booked. In addition 1,422 illegal networks have been identified and disconnected having a volumetric impact of 10,200 Mmcf feeding gas to approximately 98,000 consumers. After amendment in PPC against Gas Theft Act in December, 2011, more than 250 FIR have been lodged at different Police Stations across Northern Regions which further elaborate our efforts in combating against gas losses.

The rapid growing distribution network and shortage of gas has on the other hand making the UFG reduction target stiffer. Restriction on commercial and industrial and limiting the new domestic connection has paid a negative impact on gas losses. The underground network which is being catholically protected through electricity has been badly suffered due to electric power shortage which has subsequently increased the intensity of underground leakages. The news item has also quoted the example of Titas Company of Bangladesh which has reduced the gas losses from 7.06 percent to 0.81 percent within the space of four years.

The reference of Bangladesh Titas Gas Transmission and Distribution Company Limited (TGDCL) cannot be compared with SNGPL's. We give below the following facts for the purpose of comparison, as of June 2011. The above table clearly speaks about the facts. The network of SNGPL is 7.7 times larger than TGTDCL and is more prone to leakages. The number of domestic consumers of TGTDCL is less than SNGPL whereas Captive, and Power Units are on much higher side as a result of which their bulk sale is much higher than retail sale.

Hence, Titas gas cannot be compared with SNGPL on the following grounds: Billing of domestic consumes is carried out on fixed rate per appliance. If the SNGPL is allowed / directed to bill the domestic consumers in line with Titas gas, UFG of the company would reduce substantially.

The tariff of domestic consumes is the highest as compared to the other sectors. Without any discrimination, they reduce gas pressure of domestic consumers to discourage the usage of gas from 0800 hours to 1700 hours daily. Similarly, their CNG stations remain close from 1700 hours to 2400 hours daily. Their law enforcement agencies are fully co-operative with the gas companies. Gas company has a legal power to evaluate appliances of any domestic consumer and to take punitive action, if someone found violating agreement.

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Description TGTDCL, SNGPBangladesh Pakistan

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Network Transmission 12,153 89,638

and Distribution (Km)

Consumers (No)

Domestic 1,546,394 3,901,867

Captive Power 1,043 323

Power Units 40 14

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No let-up in power outages in absence of heavy rains

July 26, 2012

MUSHTAQ GHUMMAN

The Ministry of Water and Power sees no let up in excessive power outages during Ramazan unless heavy rains increased hydel generation, sources told this correspondent on Wednesday. The brunt of public anger, however, is clearly targeted against Prime Minister Raja Parvez Ashraf who, the public maintains, has failed, yet again, to honour his promise of "no load-shedding" during Sehr and Iftaar.

Previously, he failed to meet the deadline for "ending load shedding" as the Minister for Water and Power. Sources told *Business Recorder* that Minister of State for Defence Sardar Salim Haidar Khan, who hails from Fateh Jang tehsil, entered the premises of National Power Control Centre (NPCC) on Tuesday along with Prime Minister Raja Pervez Ashraf and his entourage to be briefed on forced load-shedding during Ramazan.

"As the Prime Minister and his entourage left the centre, I came back to my office and found Sardar Salim Haidar sitting there. He sought reasons for 20-hour-long load-shedding and requested a review of load-shedding schedule for his area. I argued that I am not the authority to decide on duration of load-shedding and requested him to allow me to attend a meeting with Minister Mukhtar. Sardar Haidar did not allow me to leave my office and said you will stay here until I am here," the sources quoted Managing Director, NPCC recounting Tuesday's episode.

Sardar Salim Haidar then reportedly held the entire NPCC staff hostage for two hours with his body guards pointing guns at the staff. According to sources, police received a message on wireless at 4:30pm that the Minister of State for Defence was holding the entire NPCC staff hostage and efforts were being made to get them released. Finally, Minister for Water and Power Ahmad Mukhtar requested Sardar Salim Haider to come to his office and promised that he would sort out the issue with him. Sardar Salim Haider was not available for comments, as his cell phone was continually found to be 'powered off'.

National Transmission and Dispatch Company (NTDC) claims they carry out "no load-shedding" during Sehri, Iftar and Taraveeh timings. However, reports from around the country, particularly rural areas, contradict this claim. The current power scenario will continue during Ramazan until weather changes as a result of heavy rains.

An insider told this correspondent that the Minister of State for Water and Power, Tasneem Ahmad Qureshi challenged the credibility of energy shortfall figures of NTDC. "NTDC claims that the shortfall is 4,000-megawatt or 4,500MW but load-shedding duration is 10-18 hours in urban and rural areas. These figures are not credible," the sources quoted him as saying.

On Tuesday, Prime Minister Raja Pervez Ashraf took strong exception to the excessively long duration of load-shedding in many areas of the country over the last two days. The Prime Minister expressed concern over the fact that even though power generation in the country had gone up to around 14,000MW, yet the existing level of load-shedding was higher than when the demand-supply gap was very wide. Raja Pervez Ashraf, as Minister for Water and Power, also did not rely on power generation and demand figures and on several occasions in private meetings he commented: "I think Pepco's figures are not accurate".

Nine wind projects may add 800 megawatts power to grid by next June

July 26, 2012

Some nine wind power projects are expected to add 800 MW power on grid by June 2013. This was stated by Secretary Investment Naheed Shah Durrani at fifth Board Meeting of Sindh Board of Investment held at SBI office here on Wednesday. While giving brief overview of SBI's performance during 2011-12, she also briefed about recent policy reforms for development of Wind Energy sector of Sindh.

It was elaborated that Sindh Wind Corridor possessed immense potential to produce about 50,000 MW of energy. The Board was informed that land had been allotted to 30 projects with installed capacity of 1,947 MWs. Out of which nine projects commissioned on fast track are expected to obtain CoD before June 2013 with approx 800 MW power on grid by June 2013.

Earlier, SBI Chairman Muhammad Zubair Motiwala said the investment promotion in the province could only be done with collective efforts of Public and Private sector. He said that serious efforts were also being made for containment of energy crisis in Pakistan through multiple measures.

Other than promoting investments in Thar Coal, Sindh's Wind Corridor, the SBI is working closely with private sector to examine interventions under solar energy. SBI Chairman said coal was the new energy future of the province and the country. Board members also endorsed the proposal for constitution of sector committees for facilitation of sector specific investment promotion activities in the province.-PR

National Assembly panel irked by 'conspiracies' against Thar coal project

July 26, 2012

Members of the National Assembly's Standing Committee on Science and Technology on Wednesday urged the authorities concerned to stop hatching conspiracies against projects of national importance such as the Thar Coal Project and said that funds for the project were not being released intentionally.

Scientist and Member Science and Technology, Planning Commission, Dr Samar Mubarkmand briefed the committee over the Underground Coal Gasification (UCG) project. He regretted that despite an approved funding mechanism for the project, funds were not released on time by the finance ministry. The project, approved by Executive Committee on National Economic Council (Ecnec) and the finance ministry, gave a letter of comfort in the name of National Bank of Pakistan (NBP) to facilitate the project. The scientist also said that when the NBP was contacted, the official refused to follow the directive of the finance ministry to give funds for the project.

Dr Samar Mubarakmand told the committee that Thar coal might be converted via the gasification process into diesel, fertiliser, chemical ethanol and fuel gas and it can even be used for power generation. China, India, Russia and other developed countries had applied gasification method for utilising coal reserves. He said the Planning Commission had initiated a Thar coal project with Rs 984 million and drilled 38 wells to demonstrate whether gas had been made from coal or not. According to him, these wells could easily yield 30 million cubic feet of fuel gas.

The scientist said that the second phase of the Thar Coal project was related to power generation using the gasification process. For this purpose, he said, the Thar Coal Board had made and got approved a PC-I worth Rs 9.88 billion. The Finance Ministry gives letter of comfort for National Bank of Pakistan to import equipment for power generation. However, for this purpose, the government provided no fund and the project remained stand still. He also said that if the government started power generation from the Thar Coal, it will be available at just Rs 4-5 per unit.

The scientist said that five Thar coal blocks had been allotted to local and international companies and three more blocks were also available for investment. He said no one was ready to work there, but they were just start criticising the UCG project. Lieutenant General (Retd) Shahid Niaz, Member, Implementation & Monitoring, Planning Commission, told the committee that main problem was the provision of funds for the UCG project, as it is of national importance project.

The Additional Secretary Ministry of Finance informed the committee that the government had allocated Rs 900 million for the UCG project and when asked, it will be released. Dr Samar Mubarakmand informed the committee that the finance ministry had not released a single penny for the Rs 9.8 billion Thar Coal power generation project. He claimed that the out-going Secretary of the Planning Commission never wrote the finance ministry for the release of funds, adding that even requests of the Prime Minister and President of Pakistan were not honoured in this regard.

The committee's members expressed displeasures that top two government executives orders were not obeyed by the ministry of finance. He also informed the committee that President Asif Ali Zardari assured him of complete payment of Rs 9.8 billion for power generation through Thar Coal project. The scientist told the committee that 60 gasifiers were needed to produce 1,500 mmcfd natural gas.

The committee, which was chaired by Dr Abdul Kadir Khanzada, was told that Thar coal is future of Pakistan, but due to non-availability of the required funds the project was pending. The committee was apprised about the new option for Pakistan with UCG from Thar Coal and with the process of Thar Coal they could make power steam, diesel, low cost/low-grade gas, methanol and ammonia urea (Fertiliser). Member of the Planning Commission informed the committee that he checked the said project on the site and found it practicable.

Miscellaneous News

Collusive activities: Medical centres slapped with Rs450m fine

By Our Correspondent

Published: July 26, 2012

The medical centres were fixing a uniform fee, dividing the market and equally allocating the intended expatriate workers among themselves for pre-departure medical tests, which is mandatory for those proceeding to GCC states – Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. ILLUSTRATION: JAMAL KHURSHID

ISLAMABAD:

The anti-trust watchdog has slapped a fine of Rs450 million on medical centres for collusion in the market for provision of medical services to Pakistanis who travel to the Gulf Cooperation Council (GCC) member countries in search of jobs.

The Competition Commission of Pakistan (CCP) imposed a penalty of Rs20 million on each of the 20 GCC-approved medical centres (GAMC) and Rs10 million on each of the five GCC-approved medical centres administrative offices (GAMCA) for indulging in collusive activities in violation of the Competition Act 2010.

A CCP bench comprising Chairperson Rahat Kaunain Hassan and members Abdul Ghaffar and Dr Joseph Wilson passed the order in respect of the proceedings initiated against the medical centres for division of market and equal allocation of customers among themselves and also exploiting customers by restricting their choice and imposing unfair terms and conditions, according to the CCP.

The proceedings were initiated on the complaint of Pakistan Overseas Employment Promoters Association, alleging that the medical centres were fixing a uniform fee, dividing the market and equally allocating the intended expatriate workers among themselves for pre-departure medical tests, which is mandatory for those proceeding to GCC states – Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. The system of pre-departure medical tests has been in place since 2000.

The bench, in its order, rejected the stance taken by representatives of the medical centres that fixing a uniform fee, dividing the market and equally allocating the intended overseas workers among themselves for pre-departure medical tests was an ‘Act of State’ and they were compelled to comply with it. They took the plea that under the doctrine of ‘foreign sovereign compulsion’ the provisions of the Competition Act were not applicable to them.

The plea of the medical centres' representatives that the equal distribution system was implemented in order to curb malpractice ie discouraging kickbacks was also found not tenable and could not be a ground to allow express contravention of law, said the CCP.

The malpractices, if at all, had to be addressed it should have been done either through effective monitoring, proper enforcement, imposition of penalties or cancellation of licence and accreditation, it added.

It was observed that the division of market and equal allocation of GCC customers allowed the medical centres to operate in their comfort zones by ensuring guaranteed revenues. Therefore, the bench concluded that the competition was prevented and restricted, leaving no incentive to bring any innovation or efficiency.

The CCP asked the representatives of the medical centres to discontinue the practice of territorial division and equal allocation of GCC customers among themselves and file compliance report before mid-August.

The CCP observed that in case the medical centres continue with the practice of market distribution, they will be liable to an additional penalty of Rs500,000 for each day of default.

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LNG supply: US energy giant helps Pakistan, Qatar reach deal

By Zafar Bhutta

Published: July 26, 2012

US diplomats stress that Pakistan shelve the IP project and ink a LNG import deal with Qatar to meet the country's pressing energy needs. PHOTO: FILE

ISLAMABAD:

US energy giant ConocoPhillips is mediating between Pakistan and Qatar to enable them to strike a multi-billion-dollar liquefied natural gas (LNG) deal, in an apparent attempt to drive Islamabad away from the Iran-Pakistan (IP) gas pipeline project due to tensions between the West and Tehran.

An official of the Ministry of Petroleum and Natural Resources told *The Express Tribune* that the Qatari government had designated ConocoPhillips to clinch an LNG supply deal with Pakistan.

Earlier, Qatar had asked Shell to finalise the LNG contract with Pakistan, which could not be reached due to controversy over the Mashal LNG import project.

According to sources, high-ups of the petroleum ministry went to Dubai and London this month to hold negotiations with representatives of the US energy company on the terms of LNG contract.

“Former US Secretary of State Richard Armitage is a member of the board of ConocoPhillips and playing a role to help Pakistan and Qatar reach an agreement,” a senior government official said. This may force the government to shelve the IP pipeline project, he said.

Headquartered in Houston (Texas), ConocoPhillips has operations in about 30 countries and has a 30% share in oil and gas reserves being explored under the Qatargas-III project in the North Field near the Iranian border from where LNG will be supplied to Pakistan.

Under the IP pipeline project, Pakistan will get gas from Iran’s South Pars field, the world’s largest gas field situated along the Iranian border with Qatar in the Persian Gulf. The Qatari side of the field is called the North Field.

According to reports, delay and low production by Iran may shift some gas reserves to the Qatari side and lead to loss of yield due to low field pressure.

Pakistan and Qatar have already signed a memorandum of understanding, under which Islamabad will import 500 million cubic feet per day (mmcfd) of LNG to generate 2,500 megawatts of electricity.

According to the term sheet, Qatar had demanded a price of $18 per million British thermal units (mmbtu) for LNG supply. In response, Pakistan quoted a price of $10 per mmbtu.

“Pakistan and ConocoPhillips are discussing terms of the agreement and price is also part of the discussion,” the government official said.

US embassy officials in Pakistan have also been lobbying and holding meetings with stakeholders of the power and energy sector to try to convince them that the Iran gas project will not be viable for Pakistan.

The US diplomats stress that Pakistan should shelve the IP project, terming it ‘bad’ and call for inking an LNG deal with Qatar to meet the country’s pressing energy needs.

“Pakistan should shelve the IP gas pipeline project and move ahead with LNG deals,” a US diplomat said on condition of anonymity.

The petroleum ministry is also receiving technical help from USAID consultants for LNG import.

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Load-shedding electrifies demand for UPS units

By Imran Rana

Published: July 26, 2012

UPS dealers said that a 180 ampere battery which was priced between Rs8,000-8,500 last year, is presently available for Rs12,000-12,500, said Arshad Malik – proprietor of a battery retail shop in Faisalabad. PHOTO: APP

FAISALABAD:

Amidst continuous unprecedented load shedding, the demand for uninterrupted power supply (UPS) has soared boosting turnovers for battery manufacturers and increasing sales of power generators manifold.

Dealers said that instead of household use, the UPS has become popular in offices especially for powering computers. The household sales of UPSs declined during the year compared to surging sales of generators owing to the long hours of power outages.

To offset the impact of load shedding on business, the millers are forced to pay heavy cost. The per unit cost of running a generator on diesel is three times up than the Water and Power Development Authority (Wapda) tariffs, said Chenab Group Chief Executive Officer Mian Latif while talking to *The Express Tribune*.

During the prevailing crisis, overseas buyers ask local exporters before giving export orders to ensure continuous power supply to their factories, he added.

Larger Industries have the affordability to install heavy duty generators forcing the small and medium sized units to invest heavily in power generators to stay in business.

There is no business not owning a generator, said Latif.

The diesel generators incur Rs30 per unit compared to gas generators producing at Rs7.5 per unit, he added.

The small and medium traders said that despite massive costs of production due to running diesel generators, small and medium sized units are forced to buy generators to stay in competition and to meet additional work order of big exporters.

The soaring overhead expenses have caused extra burden on the industries however, on the other hand few sectors owing to load-shedding are witnessing a rise in profits like battery manufacturers due to the rising demand for batteries for UPSs and generators, said traders while talking to *The Express Tribune*.

Battery manufacturers inflated the prices in the last few years to cash in on the growing demand. They are revising rates upward every month, especially during the load-shedding peak season in summer.

For example, revenue of Atlas Battery in 2010-2011 rose to Rs5.86 billion from Rs4.024 billion in 2009-2010.

Exide Pakistan's net sales in 2010-11 jumped to Rs7.7 billion compared to Rs6.189 billion in 2009-10. The company's net profit after tax was Rs276 million in 2010-11 against Rs197 million 2009-10 and Rs118 million in 2008-2009, following an upward trend. In 2004-05, the profit after tax stood at a meagre Rs54 million.

UPS dealers said that a 180 ampere battery which was priced between Rs8,000-8,500 last year, is presently available for Rs12,000-12,500, said Arshad Malik – proprietor of a battery retail shop in Faisalabad.

However, the rise in UPS and generators' price increases are no match to the extraordinary surge in battery prices, he added. Market sources said that the business of supplying smuggled generators is growing due to high duties and taxes on generator imports. Prices of generators have risen 20% especially after imposition of taxes and duties.

The consumers urged the government to abolish the 16% general sales tax on generator imports as long as the country is in energy crisis.

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OPEN MARKET FOREX RATES

Updated at: 26/7/2012 8:30 AM (PST)

Currency	Buying	Selling
Australian Dollar	96.2	97.2
Bahrain Dinar	242	243.8
Canadian Dollar	92.1	93.1
China Yuan	13	13.5
Danish Krone	17.2	17.9
Euro	113.8	115.5
Hong Kong Dollar	11.1	11.8
Indian Rupee	1.7	1.8
Japanese Yen	1.199	1.280
Kuwaiti Dinar	325	326.7
Malaysian Ringgit	28.1	28.6
NewZealand $	73.5	74.5
Norwegians Krone	16.7	17.7
Omani Riyal	238	239.5
Qatari Riyal	25.5	25.6
Saudi Riyal	25.1	25.35
Singapore Dollar	74.5	75.8
Swedish Korona	13.1	13.6
Swiss Franc	97.1	98.6
Thai Bhat	2.6	2.7
U.A.E Dirham	25.65	26.05
UK Pound Sterling	146.3	147.8
US Dollar	94.55	95.95

INTER BANK RATES

Updated at: 26/7/2012 8:30 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	96.42	96.62
Canadian Dollar	92.2	92.4
Danish Krone	15.29	15.32
Euro	113.74	113.98
Hong Kong Dollar	12.14	12.17
Japanese Yen	1.2051	1.2076
Saudi Riyal	25.12	25.17
Singapore Dollar	74.68	74.84
Swedish Korona	13.5	13.53
Swiss Franc	94.71	94.91
U.A.E Dirham	25.65	25.7
UK Pound Sterling	146.08	146.39
US Dollar	94.2	94.4

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
20120725
Jul 25, 2012

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 sliver rates per 10 grams in pakistan. Select date from january 2012 for Gold rates history in Pakistani cities

City	24k per 10 Grams	24 carat per Tola	22k Per 10 Grams	Silver 10 Grams
Karachi	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Lahore	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Multan	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Faisalabad	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Rawalpindi	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Hyderabad	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Gujranwala	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Peshawar	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Quetta	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Islamabad	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14
Sargodha	Rs. 48,557.00	Rs. 56,650.00	Rs. 44,510.00	Rs. 797.14

Source: Karachi Saraf.