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PAK LAW PUBLICATION

NEWS UPDATES

Monday, September 15, 2014

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Top Stories

Rescue boat carrying wedding party capsizes

September 15, 2014

At least 17 people including a bridegroom and two children drowned Sunday when a rescue boat carrying a wedding party capsized in flood-hit Punjab, officials said. The boat, which was carrying at least 40 people, went down as it attempted to cross a swollen river in the Muzaffargarh district of central Punjab, they said.

"We have recovered more dead bodies. The death toll has now risen to 17, two women were among the dead," a senior rescue official told AFP, adding the search operation was ongoing.

Local government official Shaukat Ali earlier told AFP that 22 people had been rescued. Ashiq Malik, medical superintendent of the nearby Nishtar Hospital, said the bodies of two children and bridegroom Zahid Ali, 27, were brought there.

Most passengers were members of a wedding party that had requested the use of the rescue boat to take them to a Valima.

"I saved my life by holding on to an electricity pole," distraught bride Mashal told private news channel.

President Mamnoon Hussain expressed "profound grief and sorrow" at the incident in a statement released by his office. Ali, the official, said an enquiry had been ordered. Jam Sajjad, a spokesman for Punjab's rescue service, claimed the party wanted to the charter the boat despite warnings about the dangerously high waters.

"The family requested to cross the flooded river in the boat and were refused by military officials several times but they kept insisting," he said.

"The waves were moving fast and the family and other people panicked. They were asked to remain calm but they continued to panic, causing the boat to become unbalanced and capsize."

Floods and landslides from days of heavy monsoon rains have now claimed almost 500 lives in Pakistan and India.

Some 300 villages around Muzaffargarh have been inundated and the flooding has also devastated thousands of acres of the cotton crop.

Breach occurs in Doaaba dyke: over a dozen villages of Multan inundated

September 15, 2014

Flooding caused by a breach washed away in Doaaba dyke Taliri canal at three points, inundating more than a dozen villages. Now gushing water is flowing towards industrial area of Muzaffargarh city. People have been warned to shift themselves to safe places immediately. Explosives were planted in the protective dykes of Alipur and Dummerwala in Muzaffargarh district on Sunday morning to blow these embankments up in case of emergency to protest the Punjnad Headworks.

The water level at Head Punjnad increased rapidly on Saturday night due to a high flood in the Chenab River. As a result, several villages of Ahmedpur East, Alipur, Kherpur, Jalalpur Pirwala were inundated. Flooding so far has dozens of villages of Mauza Wadhnor, Sari Basti, Ghulamoo Khakhi and Bait Langah have submerged, devastating thousands of acres of cotton crop. According to the Irrigation Department officials, the water level would continue to increase till Monday morning with a discharge of approximately 600,000 cusecs. On Saturday night, the water discharge from Head Punjnad was 300,000.

A resident of Muzaffargarh, Ghulam Ali Bukhari, said that thousands of people had flocked Dummerwala and Alipur embankment of the river where they were resisting the authorities to cause a breach in that embankment. "This [breach] will destroy people and, therefore, they are prepared to resist any such attempt," he said.

Cracks appeared in the Muzaffargarh Canal embankment, near Muhammadwala. However, people of the area with the help of local authorities repaired the cracks. DCO Muzaffargarh Shaukat Ali said: "the situation is well under control and Muzaffargarh city is almost safe." He added that panic spread in the area at night when the floodwater entered the Taliri (Muzaffargarh) canal. Army has begun a boat service between Muzaffargarh and Multan to facilitate the people serving in Multan or Muzaffargarh districts, Hajj pilgrims and other people who want to travel on an emergency basis.

The floodwater from the breaches at Mohammadwala and Shershah bridges continued to spread over a large number of villages, affecting life and property to a great extent.

The peak in Chenab was heading towards Multan, Shujabad and Jalalpur Pirwala. Some other areas of Multan tesil, including Khanpur Hammar, Ghaghra Kachor and Hajipur, have already been badly affected by the floodwater that was damaged a large number of petrol pumps, restaurants, small factories, houses and crops.

"The discharge in Shujabad and Jalalpur Pirwala is high. But, it is receding at Muhammad wala . The high flood wave is passing through Shujabad and Jalalpur Pirwala on Sunday," said Multan DCO Zahid Saleem Gondal.

Irrigation Department's Bahawalpur Zone Chief Engineer Malik Khursheed told *Business Recorder* by telephone from Panjnad that all spillways of the head works had been opened so as to clear it from silt and ensure smooth passage of the flood peak.

Bahawalpur Corps Commander Lieutenant-General Javed Iqbal visited Panjnad Headworks and Chahran Sharif and had an aerial view of the flood-affected areas. He saw the troops busy in the evacuation operation of people from the flood-affected areas and praised their efforts. Divisional Commissioner Javed Akbar accompanied him. Five military choppers and dozens of motorboats continued rescue operation and shifted over 3,000 stranded people to safe places. The ISPR said over 1,500 kilograms of ration was supplied to the people stuck in the flooded areas. Multan Corps Commander Lieutenant-General Abid Parvez also supervised the flood-relief operation.

Crops on 800,000 acres of land have been adversely affected by floods in Jhang, Multan and Muzaffargarh districts. The displaced families complained that those distributing food were indulging in favouritism.

Fresh rain hampers rescue bid in flood-ravaged IHK

September 15, 2014

Fresh rain hampered rescue operations in Indian held Kashmir Sunday a week after deadly floods swamped the Himalayan region, with medics and survivors describing nightmarish conditions in the devastated city of occupied Srinagar. The floods and landslides have now claimed at least 490 lives in India and neighbouring Pakistan, and rescuers are struggling to cope with the scale of the disaster.

After a few clear days, more rainfall accompanied by thunder and lightning hit relief operations in the worst affected areas of occupied Srinagar. Indian held Kashmir's Chief Minister Omar Abdullah, who has come under fire over the slow pace of the rescue effort, admitted his government was "completely paralysed" in its immediate response to the disaster. "We had no way to communicate with anyone, and other than a walkie talkie set...we were totally and completely isolated from everyone and everywhere," Abdullah wrote in a first-person account published in the Indian Express newspaper on Sunday. Security forces have been using boats and helicopters to deliver food and evacuate survivors in both countries.

One woman, who gave birth in the hospital, told AFP of her rescue from the swirling floodwaters in the hospital. "We took refuge inside a mosque for three days after some local young men rescued us from the hospital," she said, without giving a name.

"We are in the middle of a sea without any help."

Doctors at the state-run Bone and Joint Hospital in occupied Srinagar scrambled to treat casualties afer medical supplies were carried off by the waters.

"We need medicines of all kinds, it is a disaster", a doctor, speaking anonymously, told an AFP reporter while examining a patient. "Tons of medicines were just washed away." Medics are having to work round the clock to help treat patients who have sustained fractures, with submerged potholes a particular danger.

"I made 20 casts today," hospital worker Ghulan Hassan told AFP as he tried to prepare the casts in a room whose floor had caved in.

Worries of epidemic

The new rainfall magnified the stench of death from animal carcasses, rotting vegetables and overflowing drains.

"It makes your eyes burn, gives you a headache," Mehraj-Ud-Din Shah, chief of the Indian held Kashmir State Disaster Response Force, told AFP.

Officials said it was too early to assess the full extent of the disaster with many roads still impassable but Abdullah wrote that the recovery effort was "going to be a long, hard, and very steep climb". O.P. Singh, director general of the National Disaster Response Force, said the big worry now was of the spread of water-borne diseases.

"Many parts are still submerged in four to five feet of water and we are concentrating on supplying anti-diarrhoea, anti-infection medicines and using chlorine to avert diseases," he said in occupied Srinagar. "We have had to halt our operations for some time and we are waiting for the weather to clear," Indian Air Force spokesman Gerard Galway told AFP.

US fully supports *Zarb-e-Azb*

September 15, 2014

ALI HUSSAIN

The United States is fully supporting the military operation in the tribal region along Pak-Afghan border, and the operation is important because it is happening at a time when the ISAF would be leaving Afghanistan shortly.

This was stated by Doug Frantz, Assistant Secretary, United States Department of State, during an interaction with this correspondent in Washington DC. Frantz said that the crackdown on the militants on both sides of the border was also important to prevent the outlawed TTP and Haqqani Network from establishing their safe havens on both sides of the border.

Asked whether the US could play any role in convincing the Afghan government to cooperate with Pakistan as far as the ongoing military operation in North Waziristan was concerned, Frantz said that this role was under consideration but there were difficulties in conducting joint actions on both sides of the border.

However, he asserted that it was very important for Islamabad and Kabul to cooperate with each other to eliminate terrorism as the issue of terrorism and extremism was 'a common challenge'.

He further said that Pakistan had suffered more than any other country in the ongoing war against terrorism and the United States recognised the sacrifices of the Pakistani people and its security forces.

Almost three months had passed since Pakistan military launched operation Zarb-e-Azb against North Waziristan-based terrorists. The army has claimed to have killed more than 1000 militants so far but there are deep concerns over the whereabouts of those who escaped.

However, sources in the security establishment described the lack of co-operation from the Afghan government as the single most major impediment to completely eliminating terrorists.

"Most of the hardcore militants including the TTP chief Mullah Fazlullah are moving freely in Afghanistan and despite various contacts on political and military levels, the Afghan government is yet to respond to the government of Pakistan's request to take action against the Pakistani fugitives who have taken refuge on Afghan soil," said an official source who requested not to be named.

In the absence of co-operation from the Afghan government along the porous border, security officials pointed out that many terrorists have already fled to Afghanistan while some may have succeeded in leaving the war zone of North Waziristan in convoys of internally displaced persons (IDPs) to various parts of the country.

The same question as to where most of the terrorists may have escaped to was put forward by many senators to Prime Minister's Adviser on National Security and Foreign Affairs Sartaj Aziz during a recently held meeting of the Senate Standing Committee on Foreign Affairs.

However, the Advisor stated "I don't have exact information as to where most of the terrorists have moved to but we must keep in mind that in the past too many terrorists succeeded in fleeing from Swat when the operation was going on there to either Afghanistan or settled parts of Pakistan".

With some of the local militant groups like the one led by former TTP commander Khan Said Sajna, the sources said that the government has an understanding and they will not target the security forces and other public and private installations. While those associated with Mullah Fazullah led TTP have mostly crossed into Afghanistan before or during the military operation, the sources further pointed out.

Among various other proposals, Pakistan had also urged Afghanistan to enhance security along the border to prevent escape of the militants from the ongoing Zarb-e-Azb but sources privy to the development said that the Afghan officials including the US led Nato forces have expressed doubts at the credibility of the ongoing military operation in North Waziristan.

According to them, the Haqqani Network, which is one of the major Afghan insurgent groups responsible for numerous terror attacks on Afghan security forces, Nato troops and military and public installations inside Afghanistan, has been exempted from the ongoing military operation.

However, Pakistan has repeatedly made it clear that the ongoing crackdown is against all the militants without any discrimination.

North Waziristan, the mountainous north-west region of the country along the porous border with Afghanistan and covering 11,585 square kilometers, remained a stronghold of the local and foreign militants including the notorious al Qaeda, the outlawed Tehreek-e-Taliban Pakistan (TTP), East Turkestan Islamic Movement (ETIM), the Islamic Movement of Uzbekistan (IMU) and Afghan militant factions including Haqqani network. The recent terrorists' attacks including the one on Karachi navel dockyard and the intelligence agencies' reports of terror threats to Islamabad's sit-in protest of Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) has triggered concerns within the security establishment, according to official sources.

Three soldiers killed in NW rocket attack

September 15, 2014

Three paramilitary soldiers were killed when a group of militants launched a rocket attack on a mountain fort in troubled north-west early Sunday, security officials said. The midnight attack took place in the Spinwam area of North Waziristan tribal district on the Afghan border, where the military launched a major offensive against the Taliban and other insurgents in June.

Officials said both military and paramilitary troops were inside the well-protected fort at the time. "An unknown number of militants started firing rocket-propelled grenades from all sides. Three FC (Frontier Corps) men embraced martyrdom when one of the rockets landed inside the fort," an official in Peshawar said.

An intelligence official confirmed the attack and the casualties. A spokesman for the Ansar-ul-Mujahideen militant group, which is based in the tribal districts but not affiliated with the Taliban, later claimed responsibility for the attack.

"We claim responsibility for this attack, this was to avenge the military operation in North Waziristan," he told AFP.

"We had carried out many such attacks on the Pakistan military but the media is not reporting it," he said.

Qadri trying every trick in the book to stop Prime Minister from working

September 15, 2014

TAHIR AMIN

Pakistan Awami Tehreek (PAT) Chief Dr Tahirul Qadri on Sunday called upon all countrymen to write 'go Nawaz go' on currency notes to accelerate the anti-government. PAT chief launched the movement by writing 'go Nawaz go' on a Rs 50 currency note, with the directives to his followers not to purchase anything with the note without the anti-government slogan of 'go Nawaz go' to make the campaign forceful.

Addressing the participants of Revolution March, Qadri accused Nawaz Sharif of giving away Rs2.75 billion to Intelligence Bureau (IB) before the start of Inqilab March to sabotage it. He further said that the Bureau has a total budget of Rs 200 million for the whole year however it spent it within 42 days and the government issued a supplementary grant of Rs 2.75 billion to run the affairs of the department.

He said that the Supreme Court of Pakistan in 2012 directed the Auditor General of Pakistan (AGP) to thoroughly audit the funds of the IB for the last four years, however; the AGP failed as it lacked courage to conduct the audit.

PAT chief also passed a resolution taking pledge from his workers and followers to oust the government and dissolve Assembly for reinstating constitution and democracy in the government.

Qadri accused the Punjab government of not utilising Rs 57 billion earmarked for the protective embankment and infrastructure development after the 2010 floods resultantly the whole catchment area of Chenab drowned in the floods.

He further alleged that the government used delaying tactics to break protective embankments at Atar Hazari to save two mills of Sharif brothers including Siraj Sugar mills and Haq Bahoo sugar mills in Jhang district. He further said that Rs 1.5 billion was spent on a bridge on River Chenab for access to Ramzan sugar mill of the Sharif family. He said rulers destroyed thousands of settlements just to save their sugar mills.

He said protest demonstration should continue till the complete elimination of oppression. "Our protest is not only for the Model town incident but for the whole country," he added.

Qadri gave permission to his workers to go on hunger strike, if they wished. However, he said that the Parliament should go on hunger strike as it failed to give protection and rights to the poor segments of the society.

He further said that a rape case registered against sons of a PML-N's MNA was forcefully withdrawn. He said that FIR was registered however the victims were threatened and they withdrew it later. He said that law, courts, constitution and democracy is unable to protect the poor segment of the society. "We want social, economic and constitutional reforms in the country that is why we are here," Qadri said.

He further said that a mafia was ruling the country for quite some time, adding that this mafia has occupied all the institutions and the Parliament. "Until and unless the political system of the country is not reformed the institutions could not be strengthened," he added.

Qadri said that according to the law census should be conducted after every 10 years. However, for the last 16 years census has not been held in the country and that is why the elections 2013 and Parliament were illegal and unconstitutional.

Qadri alleged that 2,331 PAT supporters had been arrested during the last three days. He further said that PIMS Hospital administration had been sold out to Pakistan Muslim League - Nawaz (PML-N) government. Qadri alleged that the doctors at PIMS Hospital had been brought by PML-N and they were not extracting bullets out of PAT workers' bodies.

Banks will not accept currency notes with political slogans: SBP

September 15, 2014

State Bank of Pakistan (SBP) said on Sunday that any note bearing any slogan or messages of political, religious or commercial nature ceases to be legal tender. While commenting on the statement of Pakistan Awami Tehreek (PAT) chief Tahir ul Qadri, who has asked his workers to write "Go Nawaz Go" slogan on currency notes, the SBP clarified on Sunday night that any note which bears written, stamped, embossed or inscribed any slogan/statement or messages of political, religious or commercial nature ceases to be legal tender and looses its exchange value.

According to spokesman, SBP wishes to clarify in the interest of general public that any such act will result into the financial loss to the holder of such notes.

"The General public is reminded that banknote is critical for sovereignty of our country and it is our responsibility to handle and use the same with due care," he added.

It may be mentioned here that in past several times SBP has issued detailed guidelines for currency management for banks and general public and according to these guidelines notes that contain any inscriptions in any form including slogans or messages or disfigured Quaid portrait shall have ceased to be legal tender since 2nd June 1977 and banks and SBP BSC offices would not accept them as legal tender.

Dar warns Qadri against misleading people

September 15, 2014

Minister for Finance Senator Ishaq Dar on Sunday cautioned Pakistan Awami Tehreek (PAT) chief Dr Tahirul Qadri against misleading the people by asking them to scribble on currency notes. "Scribbling or writing on currency notes is illegal and would render them useless," said the minister in a statement.

He said such notes would neither be acceptable as legal tender by the business community for trading of goods and commodities nor by the banks.

The minister urged the people not pay any heed to such calls from those who had already inflicted incalculable loss to the national economy and were now trying to rob the people of their hard earned money.

Imran to launch 'rebellion campaign' against system

September 15, 2014

ZULFIQAR AHMAD, FAZAL SHER & TAHIR AMIN

The use of force against protesting workers of Pakistan Tehreek-e-Insaf (PTI) prompted party chief Imran Khan on Sunday to declare to launch a 'rebellion campaign' against the current system. Thirty-two days have passed since the protest sit-ins in federal capital started with the stubborn PTI Kaptan pressing Prime Minister Nawaz Sharif to tender resignation.

But the ruling Pakistan Muslim league-Nawaz (PML-N), backed by opposition political parties, has failed to put forward a solution to the crisis, which has been aggravating politically, economically, socially, ideologically and at the security level.

The sit-in movement gained further momentum after the government ordered a massive crackdown on PTI workers on Saturday evening to avert their participation in a 'One Nation Day' to celebrate the completion of one month of anti-government sit-in.

Police rounded up thousands of PTI protesters including some senior party leaders and children below the age of 10. Some workers who later released following a court order while narrating the ordeal claimed they were badly tortured and food and even water were also denied to them.

A detainee who came to the sit-in venue straight from the Adiala jail after his release, standing next to Imran Khan on his shipping container, said the police forced children below 10 to take off their pants and dance in front of them.

The gory tales of his activists and the shameful treatment meted out to them by the police perturbed Imran Khan, who vowed that the names of inspectors generals Police Islamabad and Punjab - Tahir Alam Khan and Mushtaq Sukera - along with their fellow will be made an example for disgracing peaceful protesters.

"Listen Tahir Alam, the heydays of Sharifs are gone but I'll see who will save you now. The Sukhera chap must be aware of his filthy past, who has come all the way from Lahore to Rawalpindi to please their masters (Sharifs) but just keep this in mind whatever you've done to my people, I'll make you repay," he warned the two top guys.

He also warned Mujahid Akbar, DPO Mianwali, who reportedly tortured PTI activists. Imran issued a warning to him that the punishment he will receive, will be remembered by him throughout his life.

Drawing the attention of Sohail Tajik, CCPO Faisalabad, Waqas Nasir, CCPO Gujranwala and Humayun Bashir Tarar, CCPO Rawalpindi, PTI chairman warned that the day PTI comes into power, such black sheep will find no place to hide their 'bloody faces'.

The PTI chairman once again criticised the current electoral system in the country, saying the Election Commission of Pakistan (ECP) has become redundant and is still at the mercy of administration.

In Senate elections of March 02, 2012, an independent minority candidate Dr Ashook had begged 66 votes against Heman Das, a candidate of Maulana Fazlur Rehman's JUI-F, but the results were withheld as the then government wanted to impose JUI-F candidate through rigging.

"Dr Ashook was not given any relief by the ECP and an election tribunal turned down his plea after 17 months while the JUI-F candidate was declared winner by the ECP after seventeen months through rigging...this is how elections take place in Pakistan," he regretted.

He said that all his dreams have come true and the only dream which still needs to be fulfilled is 'New Pakistan'. "I defeated the best cricket teams in their home grounds, won the world cup, built a cancer hospital and now I see my nation rising and to be united. Now I have only one dream and that's Naya Pakistan [and]," he added.

He said that the government spent a mere 30 percent on health while70 percent go to private sector for treatment. In all of subcontinent, Pakistan spends the lowest on health and education, he added.

He reiterated that all the political parties accept that elections were rigged but still Nawaz Sharif is not ready to resign, adding their only plea is that they stand by Sharif to strengthen democracy, which according Imran, does not exist in Pakistan.

He said that the PTI has launched a website which will have names of each police officer who were involved in violence against PTI workers. "Just keep this in mind Nawaz Sharif: I'll bring you to book for every crime you committed, bring back all the money you smuggled abroad and punish you for each murder you and your brother Shahbaz have committed," he maintained.

BIS warns against 'illusion of permanent liquidity'

September 15, 2014

Loose monetary policies have created an "illusion of permanent liquidity" that is spurring investors to make risky bets and push up asset prices, the Bank for International Settlements said Sunday. "The longer the music plays and the louder it gets, the more deafening is the silence that follows," Claudio Borio, who heads the BIS's monetary and economic unit, told reporters.

"Markets will not be liquid when that liquidity is needed most," he warned, urging "sound prudential policies (and) extra prudence on the part of market participants themselves".

Many central banks have kept their rates at record lows and pumped their economies full of liquidity first to stave off recession during the financial crisis and then to boost recent anaemic economic growth.

This month the European Central Bank cut its key interest rates to new all-time lows and promised to launch a programme of asset purchases to inject cash into the eurozone's stalling economy.

The BIS, the so-called central bank of central banks, has long warned such moves are whetting investors' appetite for short-term, high-risk investments and froth in property markets, potentially creating the bubble conditions for a new market crash.

Borio said that markets have shown "exceptionally subdued volatility" at levels similar to before the financial crisis in recent months, which could be "a sign of high risk-taking". Unease over the conflicts in Ukraine and the Middle East can caused a spike in volatility in early August, but that has since died down and "the search for yield has resumed in force," he said.

Borio stressed that "a common mistake is to take unusually low volatility and risk spreads as a sign of low risk when, in fact, they are a sign of high risk-taking".

"The illusion of permanent liquidity is just a prevalent now as in the past," Borio said, pointing out that years of "unusually accommodative" monetary policy has left investors feeling secure low interest rates would continue or only be gradually tightened.

That confidence has also spread to the international banking industry, where claims rose by $580 billion between January and March, BIS said.

That marked "the first substantial quarterly increase since late 2011," it said.

While this was not enough to offset preceding quarterly declines, it halved the year-on-year drop from 4.0 percent at the end of 2013 to 2.0 percent at the end of March, the report said.

Swati, other PTI leaders granted bail

September 15, 2014

FAZAL SHER

A local court on Sunday granted bail to Khyber Pakhtunkhwa president of Pakistan Tehreek-e-Insaf Azam Khan Swati and two other party leaders. They were charged with interference in performance of government duties and violation of Section 144 imposed by the district administration in the capital.

Police produced Azam Swati, Shibli Faraz and Syed Ahmad Raza before Judicial Magistrate Shoaib Akhtar to record their statements. The court earlier ordered to send PTI's leaders to jail, but later it ordered their release after Swati's counsel filed a bail application.

Judicial Magistrate Shoaib Akhtar approved the bail application of Swati, Shibli Faraz and Ahmad Raza and ordered their release against surety bonds of Rs 200,000 each.

Talking to media persons, Swati's counsel Niaz Ullah Niazi said the concerned Superintendent of Police (SP) did not seek the physical remand of Azam Swati and others; after which the magistrate ordered to send his client to Adiala Jail on a judicial remand. Swati told journalists outside the court that arrested party workers have rendered countless sacrifices for "Naya Pakistan". These arrests would further strengthen their resolve, he said. He praised the Islamabad High Court (IHC) for ordering the release of all PTI and PAT workers.

Dozens of PTI workers were present on the occasion and chanted anti-government slogans.

The city police had detained Swati and others after they refused to disperse along with other PTI workers who had stopped and deflated tyers of a police prison van at F-8 District Court after a local court sent 100 activists of PTI and Pakistan Awami Tehreek (PAT) to jail on a 14-day judicial remand. The Margalla Police Station registered a First Information Report (FIR) against Swati, Andaleeb Abbas, Fauzia Kasuri, Faraz Shibli, Roedad Khan, Nafeesa Khattak and Syed Ahmad Raza under sections 188, 427, 353, 148 and 224. Asif Butt alias D J Butt, the sound and music in-charge of the PTI sit-in, has been released from Adiala Jail following Islamabad High Court's order to release all activists of PTI and PAT, who were arrested by the police on the charges of violating Section 144.

Earlier, IHC Chief Justice Mohammad Anwar Khan Kasi ordered the release of PTI and PAT activists arrested by the police for violating Section 144. The IHC chief justice also issued a notice to the government seeking its reply by September 17 on its decision to arrest protesters. Following IHC orders, Acting Inspector General of Police (AIGP) Tahir Alam Khan said that those who were arrested by the police under Section 144 were also involved in attacks on Parliament and PTV buildings. Alam said he would request the Islamabad District Magistrate to ensure the detention of those protesters for one month under the Maintenance of Public Order.

However, according to a statement issued by the Ministry of Interior, the government said it respected the judiciary and its decision. The government will fully implement court decision and instructions have been issued to the district administration in this regard. As per the court direction, all the people arrested by the police under Section 144 should be released after submitting surety bonds.

52 PTI workers sent to jail

September 15, 2014

A local court sent 52 arrested workers of Pakistan Tehreek-e-Insaf (PTI) to jail on a 14-day judicial remand here on Sunday. Police had arrested 35 PTI workers from Gulberg area and 17 from Town Ship a day before on various charges. Police presented the accused before the Model Town Judicial Magistrate and requested for a 14-day remanded that was granted by the court.

Meanwhile, the PTI workers have moved the Lahore High Court (LHC) against their arrests. Petitioner Shahzad Zaka has pleaded the court that the Punjab police is arresting and detaining the PTI workers illegally and unconstitutionally at the behest of the Punjab government, therefore, the court should restrain the government from arresting these workers.

The bail applications of the PTI workers are likely to be taken up by the appropriate court on Monday (today).

Independence vote: British Queen urges Scots to 'think carefully'

September 15, 2014

Queen Elizabeth II has broken her silence over the Scottish independence vote, telling a member of the public on Sunday that she hoped Scots would think very carefully about the future when voting in a referendum that could break up the United Kingdom. The monarch, coming out of a morning service at a church in Crathie near her Balmoral estate in Scotland, responded to a remark from a well-wisher that they would not mention the referendum.

"I hope people will think very carefully about the future," The Times newspaper reported Elizabeth as saying. A vote for independence on Thursday would divide the kingdom and although Elizabeth is assumed to back the union, she has been extremely careful to avoid making public comments on the referendum.

"This is totally impartial and reinforces the point that this is a matter for the people of Scotland," a source at Buckingham Palace told Reuters. "The queen is constitutionally impartial, above politics and has always said this is a matter for the people of Scotland," the source said.

Whatever the outcome of Thursday's vote, Queen Elizabeth is still likely to be Queen of

Scotland, since most Scots are keen to retain her as head of state even if they vote to go it alone.

Should Scotland vote for independence, nationalists say Elizabeth, who is 88, would remain Queen of Scotland although they give no guarantee of the monarchy's long-term future Scotland is close to Elizabeth's heart. Her mother was Scottish and she spent much of her childhood there. Her late sister Margaret was born there.

The country is the favourite summer destination for her and her husband Philip, who leave London in August for their estate at Balmoral, often joined by other members of the royal family.

Her only official comment on the referendum came in May in a message to the General Assembly of the Church of Scotland.

"In this important year of referendum, we pray that whatever the outcome, people of faith and people of good will, will work together for the social good of Scotland," she said. However, she gave an indication of her views on a split of her realm during a speech to mark 25 years on the throne in 1977 when she referred to referendums on devolved governments in Scotland and Wales, which were later rejected by voters.

"I number Kings and Queens of England and of Scotland, and Princes of Wales among my ancestors and so I can readily understand these aspirations. But I cannot forget that I was crowned Queen of the United Kingdom of Great Britain and Northern Ireland."-Reuters

AFP adds: Campaigners for and against Scottish independence raced to win over undecided voters ahead of Thursday's historic referendum, as religious leaders prayed for harmony and music fans gathered for a separatist concert.

The Church of Scotland's moderator John Chalmers called for Scots to "live in harmony with one another" whatever the result and hailed the run-up to the independence vote as "a wonderful democratic concerto".

"All of those who will vote 'Yes' and all of those who will vote 'No' need to remember that we belong together in the same Scotland," he said in a sermon at St Mary's Episcopal Cathedral in the capital Edinburgh.

"We cannot afford to lose the momentum and interest in civic life which this campaign has generated," said Chalmers, whose Church represents the largest religious group in Scotland.

Nationalists march against 'biased' BBC Scotland vote coverage

September 15, 2014

Some 2,000 demonstrators took to the streets of Glasgow Sunday to protest against the BBC's coverage of Scotland's independence referendum, four days before the knife-edge vote. Demonstrators claimed that coverage by the British broadcaster has been biased against the separatist "Yes" camp, which wants Scotland to break away from the rest of Britain.

They chanted and waved banners in favour of independence as they marched from the city's George Square along the banks of the River Clyde to the headquarters of BBC Scotland.

First Minister Alex Salmond this week accused the BBC's political editor Nick Robinson of heckling him at a media briefing. Salmond, who is leading the "Yes" campaign, also told this week's Sunday Herald newspaper that the BBC's coverage was biased.

"Don't get me wrong, I like these folk, but they don't realise they're biased. It's the unconscious bias which is the most extraordinary thing of all," he said. The BBC insists its coverage of the debate has been balanced and impartial and that Robinson's questioning of Salmond was "valid".

Opinion polls have showed the "Yes" camp narrowing the gap in the referendum campaign in recent days and now indicate that the result Thursday could go either way.

Delhi cuts power, water lines to former Indian MPs' homes

September 15, 2014

New Delhi authorities cut power and water supplies to homes of former ministers and lawmakers, including India's last federal civil aviation minister, after they ignored repeated eviction warnings, reports said Sunday. Congress Party ally and former civil aviation minister Ajit Singh, along with ex-Congress lawmakers like cricketer-turned-politician Mohammad Azharuddin, refused to leave despite a crushing election defeat at the hands of the right-wing Bharatiya Janata Party (BJP) in May.

"Power and water supplies have been disconnected to a total 30 houses occupied by former ministers and ex-MPs who are yet to vacate their government accommodations despite being given adequate time to do so," an unidentified New Delhi Municipal Corporation (NDMC) senior official was quoted by the Times of India as saying.

While Ajit Singh admitted that he had no right to occupy the official home, he argued that many

BJP ministers and lawmakers lived in the plush Lutyens' whitewashed bungalows during the two-term rule of the Congress-led coalition government.

"I am not entitled to this house anymore since I am not an MP. They (NDMC)...asked me to vacate. I told them I am packing," 75-year-old Singh told reporters on Saturday after authorities cut water and electricity at his central Delhi home.

According to authorities, ministers and MPs must vacate their official accommodation within a month of the appointment of a new government.

The NDMC official added that they began disconnecting power and water supplies only after occupants failed to meet a September 4 deadline to pack up and leave.

THE RUPEE: bears dominate

September 15, 2014

The rupee drifted lower against the dollar and euro in the currency market during the week, ended on Sept 13, 2014. In the interbank market, dropped by 35 paisa in relation to the dollar for buying at Rs 102.50 and it also lost 37 paisa for selling at Rs 102.55.

In sympathy with the interbank track, the rupee shed its value in the open market, too, losing 55 paisa for buying and selling at Rs 102.35 and Rs 102.55, the national currency also depreciated in terms of the euro for buying and selling at Rs 132.50 and Rs 132.75.

During the week, the rupee was not able to recover it's lost ground due to rising demand for dollar, some experts said. They attributed the fall in the value of the rupee to dollar buying by Hujjaj and to meet payment requirements.

INTER-BANK MARKET RATES: On Monday, te rupee held the overnight levels versus the dollar for buying and selling at Rs 102.15 and Rs 102.18, they said. On Tuesday, the rupee inched up against the dollar, rising three paisa for buying at Rs 102.12 and it also rose by four paisa for selling at Rs 102.14. On Wednesday, the rupee appreciated by eight paisa against the dollar for buying and selling at Rs 102.04 and Rs 102.06.

On Thursday, the rupee dipped versus the dollar, giving up 21 paisa for buying and selling at Rs 102.25 and Rs 102.28. On Friday, the rupee fell 25 paisa in relation to the dollar for buying at Rs 102.50 and the national currency was down by 27 paisa for selling at Rs 102.55.

OPEN MARKET RATES: On Sept 8, the rupee inched up to show an increase of 10 paisa in it's value in terms of the dollar for buying and selling at Rs 101.80 and Rs 102.00. The rupee did not show any change in relation to the euro for buying and selling at Rs 132.00 and Rs 132.25.

On Sept 9, the rupee appreciated by 20 paisa in terms of the dollar for buying and selling at Rs 101.60 and Rs 101.80. The rupee did not show any change in relation to the euro for buying and selling at Rs 131.25 and Rs 131.50. On Sept 10, the rupee, however, shed 10 paisa versus the dollar for buying and selling at Rs 101.70 and Rs 101.90. The rupee also drifted lower in relation to the euro, losing 50 paisa for buying and selling at Rs 131.75 and Rs 132.00.

On Sept 11, the rupee dropped by 30 paisa versus the dollar for buying and selling at Rs 102.00 and Rs 102.20. The rupee held the overnight levels in relation to the euro for buying and selling at Rs 131.75 and Rs 132.00. On Sept 12, the rupee followed same pattern, losing 30 paisa versus the dollar for buying and selling at Rs 102.30 and Rs 102.50. The rupee also depreciated by 75 paisa against the euro for buying and selling at Rs 132.50 and Rs 132.75.

On Sept 13, the rupee shed five paisa against the dollar for buying and selling at Rs 102.35 and Rs 102.55. The rupee managed to sustain it's levels against the euro for buying and selling at Rs 132.50 and Rs 132.75.

OVERSEAS OUTLOOK FOR DOLLAR: In the first Asian trade, the sterling weakened to its lowest in nearly 10 months amid worries about political uncertainty after an opinion poll showed supporters of Scottish independence from Britain taking the lead for the first time since the referendum campaign began. With less than two weeks to go before the vote, a YouGov survey for the Sunday Times newspaper put the "Yes" to independence campaign at 51 percent against the "no" camp at 49 percent.

The dollar was trading against the Indian rupee at Rs 60.23, the greenback was available at 3.1710 in terms of the Malaysian ringgit and the US currency was at 6.1412 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Monday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.00-06.75 percent (Previous 05.50-06.75 percent).

In the second Asian trade, the dollar scaled a 6-year high against the yen and hit a 14-month peak against a basket of currencies on Tuesday, tracking rising US yields after a Federal Reserve study led investors to reassess prospects for higher interest rates.

The dollar was at Rs 60.50 in terms of the Indian rupee, the greenback was available at 3.1875 the Malaysian ringgit and the US currency was at 6.1358 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Tuesday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.25-06.75 percent).

In the third Asian trade, the dollar rose to a new six-year high against the yen, as the Australian dollar nursed a second session of heavy losses after further gains in US Treasury yields. Investors seemed to be re-pricing the risk of an earlier US interest rate hike after some determined that a Federal Reserve study earlier this week could suggest markets were underestimating such a move.

The greenback was trading against the Indian rupee at Rs 60.92, the dollar was at 3.2010 in relation to the Malaysian ringgit and the US currency was at 6.1287 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Wednesday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.50-06.75 percent).

In the fourth Asian trade, the US dollar held near a six-year peak against the yen and powered to a seven-month high on its New Zealand peer, which fell after the country's central bank said the kiwi's current level was "unjustified and unsustainable." The US dollar traded at 106.74 yen, after having scaled a six-year high of 106.89 yen in New York on Wednesday, which represented a gain of 1.7 percent so far this week. The dollar was at Rs 60.90 versus the Indian rupee, the greenback was trading against the Malaysian ringgit at 3.1990 and the US currency was at 6.1312 in terms of Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Thursday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.50-06.75 percent).

In the final Asian trade, the dollar set a fresh six-year high against the yen, continuing to draw strength as investors bet that the US Federal Reserve could send a hawkish signal at its policy meeting next week. The dollar touched a high of 107.39 yen, its strongest level since September 2008, and last traded at 107.35 yen, up 0.2 percent from late US trade on Thursday.

The dollar was trading against the Indian rupee at Rs 60.90, the greenback was at 3.1985 in terms of the Malaysian ringgit and the US currency was at 6.1328 versus the Chinese yuan. At the week-end, the dollar index posted its ninth consecutive week of gains and the US currency rose to six-year highs against the yen on speculation that the Federal Reserve may strike a more hawkish tone when it meets next week. A recent string of improving economic data has raised expectations that the Fed may act sooner to raise interest rates, a move most investors expect will begin next year.

Sugar sector: FBR takes notice of irregularities in collection of ST, FED, IT

September 15, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has taken a serious notice of irregularities in collection of sales tax, Federal Excise Duty (FED) and income tax from sugar sector, directing Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) to take a stern action on the report of Directorate General Audit, Inland Revenue (South), Karachi.

Sources told *Business Recorder* here on Sunday that one of the major irregularities committed by the sugar sector is the misuse of scheme by certain units under SRO. 77(I)2013 to avail concessionary rate of 0.5 percent federal excise duty on local supply of sugar, equivalent to actual export by sugar manufacturer.

The FBR has given due consideration to the special study report on sugar sector conducted by the said directorate. The FBR has dispatched the report to the field formations for comments and required action. The DG Audit Inland Revenue (South) Karachi has conducted a special study on levy of sales tax, FED and income tax on sugar sector for the year 2012-13 in respect of 29 taxpayers of LTU Karachi, seven taxpayers of RTO-III Karachi and one taxpayer of RTO Sukkur. The DG Audit Inland Revenue (South) Karachi has recommended to the FBR that the compliance of applicable provisions, under Income Tax Ordinance, Sales Tax Act and Federal

Excise Act, should be ensured.

It is further recommended that the Internal Audit Wing should be strengthened to help management detect such irregularities. An internal Audit may be conducted by FBR to detect other irregularities not covered by the study. The mechanism of input tax adjusted may be streamlined. It should be ensured that proper checks are applied in the cases of Duties and Tax Remission for Export (DTRE) scheme. The misuse of the facility of reduced rate on FED by the sugar mills should be checked, directorate recommended.

The study highlights certain significant issues having far-reaching effects. Certain irregularities involving huge amount of government revenue are as follows: On the income tax side, the tax department failed to invoke provisions of section 161 and 162 of the Income Tax Ordinance, 2001 resulting in loss of Rs 588.20 million. Other irregularities included excess/irregular claiming of brought forwarded losses for Rs 47.11 million and short/incorrect levy of income tax of Rs 15.42 million and non-Realisation of default surcharge for Rs 18.72 million.

It has been noted that non/short levy of Workers Welfare Fund of Rs 95.33 million.

On the sales tax side, irregularities included short-payment of sales lax owing to non apportionment of input tax for Rs 352.80 million. Other irregularities included inadmissible sanction of refund to blacklisted registered persons of' Rs 20.74 million; non-payment of sales tax of Rs 12.08 million and inadmissible adjustment of input tax of Rs 10.24 million.

The irregularities of Federal Excise Duty included short-payment of Federal Excise Duty amounting to Rs 366.20 million; irregular exemption of Federal Excise Duty and sales tax of Rs 18.76 million and irregular Zero rating of Federal Excise Duty of Rs 6.27 million.

The FBR said that the study report has been sent to the concerned field formations for their action and comments. The report is sent herewith with the request to direct field formations for immediate response, FBR added.

According to the Directorate General Audit, Inland Revenue (South), Karachi, the directorate has conducted Special Study on "Levy of FED, Sales Tax and Income Tax on sugar sector" during the period February to May, 2014. The main objective of the study was to examine whether the tax authorities had exercised the vested provisions under law regarding levy and collection of income tax, sales tax and federal excise duty. The audit was conducted in accordance with the INTOSAT auditing standards. Three field formations namely Chief Commissioner, LTU Karachi, RTO-III Karachi, and RTO Sukkur have the jurisdiction of sugar sector in Sindh Province, thus, these formations were selected for this study.

Audit assessed on test check basis, whether the authorities complied with applicable laws, rules and regulations, while issuing assessment orders. Audit conducted in the past in this area, have highlighted the need for streamlining procedures and strengthening internal controls. Despite this, there were complaints about the laxity of controls. So the area was selected for study. During the study, certain significant issues having far reaching effects have been highlighted in the report.

The report said that the taxpayers determine their sales tax liabilities in their monthly sales tax and FED return and make payment through computerised payment receipts. The income tax liabilities are discharged through electronically Filing of annual income tax returns. Special study was conducted on the basis of monthly sales tax & FED returns and annual income tax returns.

Due to non-production of record maintained by taxpayers ie sales tax invoices, bank statements, debit credit notes etc, the objectives of the study were not fully achieved. Due to these limitations Audit Department could not determine the nature of supplies particularly by-products of sugar and application of zero rating under DTRE scheme, report said.

As per study report, the objectives of this special study were to see that whether tax payers computed their annual income tax liability as per provisions of law; whether the department has designed controls and checks over the taxpayers for apportionment of expenses and whether there was effective enforcement of such controls to deter the tax payers to file invalid tax returns and avoid tax.

Other objectives of the study is to see whether automation in the department has helped to improve efficiency in processing of refund cases, whether formalities were completed while issuing refunds, whether the department has designed controls and checks regarding payment at FED on sugar, whether the input tax adjustment of sales tax was correctly claimed, whether the department was properly monitoring the DTRE concessions and whether the department was registering the buyers of sugar sector who are required to be registered for FED and sales tax.

The audit scope and methodology of the study revealed that levy of income tax and sales tax on sugar Sector for the Financial year 2012-13 was subject to be examined. A preliminary survey was conducted to see the quantum of work of sugar units at different stations. As a result, three field formations were selected for audit.

Police manhandle ICCI President

September 15, 2014

The Islamabad and Punjab police allegedly attacked Shaban Khalid President Islamabad Chamber of Commerce and Industry (ICCI), smashed his car rear glass shield, snatched cell phone and misbehaved with him when he was taking pictures of the people being arrested by police.

Talking to *Business Recorder* Shaban Khalid said that the incident occurred at a police check post Sunday night when he was going all alone to home located in F-6/2. "Police stopped me when I saw a huge traffic jam and stated taking pictures of the people being arrested by police and pushing them to prison vans". He said that dozens of people were arrested and put into the prison vans which resulted in huge traffic jam on Margalla road.

He said that police pulled him out of his car, broke its rear glass shield and snatched his mobile phone with which he was taking pictures.

Shaban Khalid said that police misbehaved with him despite repeated attempts to make them know that I am president ICCI. "However they pulled me out of my car and tried to torture me", said President ICCI, adding that after threatening to call media, police let him go and handed back his mobile phone. He condemned the incident and urged the government to take action against the police officials involved in the gory incident.

Ukraine truce under threat as heavy fighting erupts

September 15, 2014

Heavy fighting erupted around the rebel stronghold of Donetsk in eastern Ukraine on Sunday, piling further pressure on a precarious nine-day-old truce between the government and separatist fighters. Large clouds of thick black smoke billowed over the industrial city as the boom of sustained shelling and the rattle of automatic gunfire rang out, AFP reporters witnessed.

Kiev accused the rebels of jeopardising the truce by intensifying attacks on government positions in eastern Ukraine, the scene of five months of deadly combat.

Sunday's fighting appeared to be concentrated near Donetsk airport where the Ukrainian military said it had driven back a major assault by insurgent fighters on Friday.

"The terrorist actions are threatening the realisation of the Ukrainian president's peace plan," said National Security and Defence Council spokesman Volodymyr Polyovy.

He also took aim at comments by two rebel leaders who both signed the 12-point truce deal in Minsk on September 5, but who declared on Sunday they were mere "observers" at the talks. The cease-fire deal has largely calmed a conflict that has cost more than 2,700 lives and set off the worst crisis in East-West relations since the Cold War.

Rebels and government forces have since swapped dozens of captives under the accord, and Ukrainian President Petro Poroshenko has pledged to offer the eastern regions that form the economic backbone of Ukraine some limited self-rule.

'Breaking the rules'

But the insurgents on Sunday accused Kiev's forces of firing at them.

"From our side, nobody is shooting but they are breaking the rules, everybody in the world knows it," said a rebel commander defending a checkpoint near the village of Olenivka south of Donetsk.

The simmering crisis has exposed layers of mistrust between both the West and Moscow and between the largely Russian-speaking populations in the east of Ukraine and the pro-Western leaders in Kiev. Ukrainian Prime Minister Arseniy Yatsenyuk accused Russian President

Vladimir Putin on Saturday of keeping Ukraine in a state of war to create a "frozen conflict" in Russia's backyard.

Musharraf hails Punjabi Taliban's decision

September 15, 2014

All Pakistan Muslim League (APML) chief and former military ruler General Pervez Musharraf (retired) has welcomed the decision of the Punjabi Taliban to renounce militancy and termed their decision a big success on the part of the Pakistan army. Talking to APML general secretary Dr Amjad on phone, Musharraf said efforts of the Pakistan army to end terrorism in the country through the Zarb-e-Azb were commendable. He said improved law and order will improve foreign investment in the country which will help improve economy.

He said the government should strengthen the hands of the army and seriously work for the political stability. He said it was not the job of the government to "torture peaceful protesters" and create a Model Town like situation.

The former military ruler said depriving PTI and PAT activists of the right to hold peaceful protests in the name of Section 144 was an example of "worst civilian dictatorship".

He said the government was employing different tactics to prolong the deadlock to "hide its inefficiencies". They said the government was also creating difficulties for mediators.

He said huge funds were wasted on the Metro Bus Service and flyovers. He said if these funds were used on protective dykes and protection of river banks then such a big loss could have been averted.

Martial law to lead to break-up of country: Hashmi

September 15, 2014

Senior politician Makhdoom Javed Hashmi has warned that imposition of martial law could lead break-up of the country. Addressing a press conference here on Sunday, Hashmi said Pakistan Tehreek-e-Insaf's (PTI) and Pakistan Awami Tehreek's (PAT) sit-ins seemed to be fruitless as the 'oppressors have not left any option open for Imran Khan's return'.

Hashmi said he was still waiting for a show cause notice from PTI Chairman Imran Khan. "I will send a befitting response in writing whenever it is served on me," he added.

He said Imran Khan should come clean and tell the nation if his decisions were not prompted by 'signals'. Hashmi said in the prevailing circumstances only the 'retired generals' seemed to be in a hurry. "Ten days ago Hameed Gul (retired Lieutenant General) had told me that tonight will be the last night," he claimed.

Altaf withdraws resignation after stepping down

September 15, 2014

Muttahida Qaumi Movement (MQM) chief Altaf Hussain, once again, announced he was stepping down from the party's leadership on Sunday, only to withdraw the decision within hours. He took back the decision "on the insistence of party workers".

MQM's top leadership had earlier opted to resign from the Rabita Committee in a bid to bring Altaf back to the party. A large number of party workers and leaders had gathered at the MQM headquarters `90' in Karachi to express solidarity with their party leader, in a successful bid to get his decision withdrawn. In a telephonic address to his charged supporters outside MQM headquarters, Hussain said: "Once again, I'm agreeing to my supporters' wishes."

Last year also, Altaf Hussain had announced his resignation, only to withdraw his decision after a few hours, on the insistence of party workers.

In his message to the party earlier on Sunday, the MQM chief stated he had failed to play his role effectively. He also lambasted the Rabita Committee members, whom he claimed, were ignoring his advice on key issues.

"I asked the [Rabita] Committee to keep their ways straight...but they didn't. Now they are free to choose their leader," he said. Later, MQM leader Farooq Sattar while talking to media, listed the "faults and mistakes" of the Rabita Committee, and had sought Altaf's return to the party. As a result of the internal crisis, the MQM central Rabita Committee has sent in resignations of its seven senators, 51 provincial and 24 National Assembly members to Altaf Hussain, with a message stating "we admit our mistakes", and that it was up to the MQM chief to now decide for any further course of action.

Xi starts South Asia tour in 'paradise'

September 15, 2014

Chinese President Xi Jinping arrived in the Maldives Sunday, making a historic visit to the Indian Ocean tourist destination at the start of a three-nation South Asian tour. Maldivian

President Abdulla Yameen received Xi and his entourage at the international airport, located on a small islet near the capital island Male where an official state welcome awaits him Monday.

Xi and his wife were taken to the nearby Paradise Island Resort and Spa, a self-contained super-luxury islet, state television said in a live broadcast of the first arrival of a Chinese leader in the archipelago. The visitors were seen boarding the Maldivian president's official yacht for a 20-minute ride to the exclusive resort whose local name is Lankanfinolhu.

Left wins Sweden vote as far right makes gains: exit poll

September 15, 2014

A Social Democrat-led coalition appeared to be heading for victory in Sweden's general election Sunday, with an exit poll as voting closed also showing major gains for the far-right Sweden Democrats. The Social Democrat-led red-green group, which also includes the Green and Left parties, was tipped to get 44.8 percent of the vote, according to the poll by public broadcaster SVT, while the anti-immigration Sweden Democrats were on 10.5 percent, doubling their vote from the last election four years ago.

The centre-right four-party coalition which has ruled Sweden for the past eight years was slated to get 39.7 percent, the exit poll indicated. If pollsters are right, Sweden's next prime minister is likely to be Stefan Loefven, a 57-year-old former trade unionist with almost no experience in national politics.

Loefven has campaigned on a promise to narrow a growing income gap that has many in traditionally egalitarian Sweden worried. He has also vowed to improve the educational system and spend more on infrastructure.

The result would be a major triumph for the Sweden Democrats and their 35-year-old leader Jimmie Aakesson, who has grown the party from a virtual non-entity less than a decade ago.

North Korea sentences American to six years' hard labour

September 15, 2014

North Korea's Supreme Court on Sunday sentenced US citizen Matthew Miller to six years' hard labour for "hostile" acts, two weeks after he and two other detained Americans had pleaded for help from Washington. Miller becomes the second American serving a hard labour prison term in the North amid accusations that Pyongyang is using them to extract political concessions from Washington. The 24-year-old was arrested in April after he allegedly ripped up his visa at immigration and demanded asylum.

"He committed acts hostile to the (North) while entering the territory of the (North) under the guise of a tourist last April," the state-run KCNA news agency said in announcing Sunday's court ruling. Pictures published by KCNA showed a sombre-looking Miller, dressed in a black polo neck and black trousers, sitting and standing in the courtroom dock, flanked by two uniformed guards.

A photo of the evidence table showed what appeared to be Miller's ripped-up visa, as well as his US passport, a tablet computer and a smartphone.

Plea for help

The verdict came after Miller and the two other US detainees, Kenneth Bae and Jeffrey Fowle, pleaded for Washington's help in a televised interview with CNN in Pyongyang.

"My situation is very urgent," Miller told CNN. "I think this interview is my final chance to push the American government into helping me," he added.

Bae, a Korean-American described by Pyongyang as a militant Christian evangelist, was sentenced last year to 15 years' hard labour on charges of seeking to topple the North's regime.

Fowle entered the North in April and was detained after reportedly leaving a Bible at a hotel. His trial has been announced but no date has been set.

Washington has vowed to "leave no stone unturned" in efforts to free the trio and repeatedly urged Pyongyang to release them. Analysts say Miller's trial is part of Pyongyang's wider efforts to capture US attention and force it to the negotiating table.

Libya central bank governor fired

September 15, 2014

The new parliament in Libya, where rival administrations are vying for power, announced Sunday the dismissal of central bank governor Seddik al-Kabir following allegations of financial irregularities.

Positive rally witnessed

September 15, 2014

The Karachi Stock Exchange witnessed another positive week ended on September 12, 2014 supported by foreign and local investors' interest in selected scrips. The benchmark KSE-100 posted an increase of 531 points (WoW) to close at 30,045 points end of the last week compared to 29,514 points a week earlier. However, the lack of uncertainty on the political front kept the investors' participation limited and it resulted in some decline in average daily volumes.

Average daily share trading volumes posted 26 per cent (WoW) decline to 131 million shares compared to 176 million shares in the previous week. While, the investors' interest mostly skewed towards second tier stocks.

"The local bourse showed resilience during the week, as the KSE-100 closed up 1.8 per cent WoW despite overhang of political uncertainty and rising socio and economic concerns from massive flooding in the country," said Raheel Ashraf, an analyst at JS global.

He said that auto sector remained in limelight given 76 per cent MoM rise in auto sales during Aug 2014, weak Japanese Yen vs. the US Dollar and potential delays in Punjab government's yellow cab scheme.

Moreover, increase in total cement offtake by 23.3 per cent YoY in Aug-2014 and the anticipation of new drug policy attracted investors' interest in their respective sectors, he added.

"Increase in trade deficit by 76.7 per cent YoY and 95.8 per cent MoM in Aug-2014, jump in remittances by 12.6 per cent YoY to $2.98 billion in 2MFY15 and decline in Banks NPLs by Rs10.6 billion to Rs612 billion in 1H2014 were other key highlights of the week", he mentioned.

Followed by a positive trend, the market capitalisation also posted an increase of Rs 72 billion or one per cent to reach Rs 7.014 trillion as on Sept 12, 2014 compared to Rs 6.942 billion a week earlier. Average daily value during the week was on decline (WoW) and stood at Rs 7 billion down from Rs 9.38 billion.

With slightly surge, foreign portfolio investment stood at $18.7 million against $18.65 million in a week earlier.

"Gains were primarily led by selected banking and oil stocks, which cumulatively contributed more than 250 points," said an analyst at Elixir Securities.

The banking sector remained in the limelight during the week due to the expectations of increased yield on investment for the sector after the PIB auction, he said and added that interest was also evident in the oil sector (up two per cent) with OGDCL announcing a sizeable discovery in Saghri concession.

On the market outlook, an analyst at KASB commented that with the results season almost completed with the exception of Nishat Group companies, clarity on the political front and the impact of floods on different sectors would be key drivers of market direction going forward.

"We believe the discount rate will remain unchanged given the International Monetary Fund (IMF) pressure on the delay in the ongoing fourth review conclusion and increased risk of delays in structural reforms in the backdrop of political uncertainty and ongoing floods," he said.

Futures spreads up by 363 basis points

September 15, 2014

The futures spreads increased by 363 basis points to reach 8.08 per cent during the outgoing week ended on Sept 12, 2014. Despite some surge in futures spreads trading activity on the futures counter witnessed a downward trend and average daily volumes declined by 36.6 per cent to 14.37 million shares. The average daily trading value stood at Rs 1.237 billion, decreased by 46.4 per cent.

Government-PTI talks hit a wall over arrests

September 14, 2014

Pakistan Tehreek-e-Insaf (PTI) Secretary General Jehangir Tareen on Saturday blasted the government for the arrest of his party workers, and declared there will be no further government-PTI talks unless workers are released. Speaking at a press conference along with senior leader Dr Arif Alvi, Tareen termed the crackdown on peaceful sit-in participants the worst example of state terrorism.

According to him, the party will knock all the doors of justice. Tareen warned inspector general police Islamabad Tahir Alam to avoid any further crackdown on peaceful protesters. "Listen IGP Islamabad that three IGs have already said 'no' to illegal government orders of crackdown on peaceful protesters, which is their democratic right and I would like to warn you to refrain from harassing PTI workers," he warned.

At the same time, he reminded IGP Islamabad that the PML-N government is not going to stay forever, adding that any sort of victimisation on the orders of the government will be nothing but a charge-sheet against IGP Islamabad. He also urged the Supreme Court to take a suo motu notice of "government barbarism" on peaceful protesters who include children. The time has come, he added, the judiciary must not act as a silent spectator over what the government is doing with innocent people.

Tareen said PTI's movement has spread throughout the country now and people have realised that the rulers are trying to hide themselves behind a wall of so-called democracy to save their corruption. He said no matter how much force is used, PTI will not relent unless the prime minister steps down. "The government is doing all this to cover up rigging but I would like to make it clear to them that no power of the world can save them as they've stolen the mandate of people," he added.

Shafqat Mehmood, another PTI leader who was also present in the press conference, said that if the government did not stop use of force against peaceful protesters, there will be retaliation for which the government will be held responsible. Arif Alvi said that PTI leader Azam Khan Swati has been arrested by the police, and the party will hold demonstration outside the police station where he ahs been kept. He demanded that Swati must be released or else the government will have to face serious repercussions.

He claimed that thousands of party workers were arrested. "In such an environment, no dialogue can be held." He said that their sit-in would continue till the resignation of the prime minister. Meanwhile, a police official said that Margalla Police Station has registered First Information Report (FIR) against PTI provincial president Azam Swati, Andleeb Abbas, Fauzia Kasuri, Faraz Shibli, Roedad Khan, Nafeesa Khattak and Syed Raza for interfering in government affairs.

Ironically, Fauzia Kasuri's name was also included among those party leaders against whom FIR has been registered though she is presently abroad. He said that the case has been registered under section 188, 427, 353, 148 and 224. Those arrested under the said FIR will be presented before the Deputy Magistrate today (Sunday). Police source said that so far police arrested around 1,000 PTI workers and shifted them to different police stations.

Imran goes berserk

September 14, 2014

FAZAL SHER, ZULFIQAR AHMAD & TAHIR AMIN

Pakistan Tehreek-e-Insaf (PTI) chairman Imran Khan on Saturday said that he would register murder cases against Prime Minister Nawaz Sharif and interior minister Chaudhary Nisar Ali Khan over the killings of his party workers. Pushing back heavy police contingents and barricades tens of thousands of anti-government protesters flooded the capital from all over the country on Saturday evening on the call of Imran Khan to celebrate 'One Nation Day' on the completion of the first month of sit-in.

The PTI chairman said that scores of party workers were killed in front of his eyes during a clash with police on Constitution Avenue when they tried to march towards the Prime Minister's House. He alleged the police opened fire on his workers on the orders of the prime minister and his interior minister. "I'll bring both Nawaz Sharif and his brother Shehbaz Sharif to book and their ultimate destiny will be prison as they will not be allowed to go scot-free for whatever they've done to peaceful protesters and unarmed people in Model Town," he declared.

The crowd, comprising mostly young men danced to music blasting from speakers or swapped T-shirts with Khan's face on them. Amid a thunder of firecrackers and 'go Nawaz go' slogans, Imran added, in the 'New Pakistan' - a PTI slogan of a different Pakistan more respectable in comity of nations - there will be justice for all and no rich will be allowed to suppress the poor and the downtrodden.

Imran specially warned inspectors general of police of Islamabad and Punjab - Tahir Alam and Zain Sukhera - to think twice before they contemplate any action against his workers. "Nawaz Sharif will go tomorrow but you have to stay on and after coming into power I tell you both [Zain, Tahir] that you will be behind the bars," he warned. He also flayed the then Punjab government for freeing US national Raymond Davis who killed two Pakistanis in broad daylight under US pressure, due to which the wife of one committed suicide, knowing she would not get justice. "In New Pakistan the murderers whether he is US citizen or belongs to some other country will not be spared. The green passport will have its own importance across the world," he added.

He said the sole purpose of his ongoing struggle is to awaken people from a deep slumber so that they could fight for their rights. He claimed he will crack down on rampant corruption, and generate enough funds to pay for homes, jobs, cheap energy and water.

"Once corruption is eradicated, the country can move forward. It is the only thing holding us back because here the poor is paying tax in the shape of GST while the rich is being given tax exemptions," he added. The PTI leader once again rejected the allegation that he is acting on the dictation of country's army. He said that whatever he is it is just because of his own sheer hard work. I never depended on anybody. "I have neither bowed down before anybody nor will I let my nation to bow down," he contended.

Imran said that overseas Pakistanis are remitting huge sums of foreign exchange but leaders like Nawaz Sharif are sending the hard-money of the expatriates abroad through 'hawala and hundi' to bolster their business empire. He further said that Nawaz paid zero tax for three years when he was in England, adding his family pays Rs 200 million tax in the UK while nothing in Pakistan. "Why it's so as you rule over Pakistan and invest somewhere else? Don't give votes to these blood suckers," he maintained.

Muslims ruled the world, he added, because they had made themselves accountable to people. He regretted that 14 people were killed in Model Town on the directives of Shehbaz Sharif but he is not willing to resign. "Just wait Shehbaz, the PTI is about to come into power and I will send you to the place where you should have been by now. You are not ready to accept the court orders and acting like a Mughul emperor," he warned.

After coming into power, he said his first job would be to demolish Governor's House in Lahore. A similar action will be initiated against such houses in Peshawar, Nathiagali and elsewhere - an austerity measure which, according to Imran, will help in curtailing lavish expenditure. Imran stressed that he would select his team purely on merit, which will consist of the most competent people both from the inside and outside Pakistan. Referring to a young Pakistani - Professor Atif Mian - currently working at the Princeton University in the US, who is considered as one of the top 25 world economists, will be his finance minister unlike Nawaz's 'samdi' Ishaq Dar. Imran warned that his workers will ransack police stations if his party workers are not freed by Monday - a deadline Imran had to set after police rounded up thousands PTI and PAT workers.

Business and Economy: *Pakistan*

PEW lauds neutrality of army amidst political crisis

September 15, 2014

The Pakistan Economy Watch (PEW) on Sunday lauded the neutrality of the army amidst the political crisis which has taken country and economy as hostage. The army leadership is against any intervention in the crisis and it is not involved in backing directly or indirectly the protesters camped out on the Constitution Avenue, it said.

However, irresponsible talk, rough statements and flawed analyses by some quarters alleging the army for the political unrest compelled DG of ISPR Major-General Asim Bajwa to issue clarification, said PEW president Dr Murtaza Mughal.

"The political crisis was used by some politicians, mainly from Mianwali, Rawalpindi and Gujrat, to drag the army into controversy by creating an impression that their move against the elected government was backed by that national institution. However, the fact remains that the army is not interested or involved in politics and its top leadership has categorically stated that it supports the on-going democratic process."

"Despite invitations for intervention, COAS General Raheel Sharif recently said that the army believed in continuation of the democratic process that was the only course by which country can make its way into the ranks of developed countries."

"General Raheel's statement was a setback for the self-serving conspirators who misguided their followers and triggered uncertainty as their hopes for a rescue from the mess they created for themselves diminished," Dr Mughal said.

Dr Murtaza Mughal said the army was our defender which was currently engaged in decisive battle of Zarb-e-Azb as well as rescue and relief in flood affected areas therefore they should be allowed to focus on their job of discharging national duties and obligations.

Lauding the patience of the PML-N government, he said that time has come to push protesters peacefully from the sites they occupy while all those involved in violence should be arrested and prosecuted.

Politicians created the crisis, they should resolve it, said Dr Mughal.

Police manhandle ICCI President

September 15, 2014

The Islamabad and Punjab police allegedly attacked Shaban Khalid President Islamabad Chamber of Commerce and Industry (ICCI), smashed his car rear glass shield, snatched cell phone and misbehaved with him when he was taking pictures of the people being arrested by police.

Talking to *Business Recorder* Shaban Khalid said that the incident occurred at a police check post Sunday night when he was going all alone to home located in F-6/2. "Police stopped me when I saw a huge traffic jam and stated taking pictures of the people being arrested by police and pushing them to prison vans". He said that dozens of people were arrested and put into the prison vans which resulted in huge traffic jam on Margalla road.

He said that police pulled him out of his car, broke its rear glass shield and snatched his mobile phone with which he was taking pictures.

Shaban Khalid said that police misbehaved with him despite repeated attempts to make them know that I am president ICCI. "However they pulled me out of my car and tried to torture me", said President ICCI, adding that after threatening to call media, police let him go and handed back his mobile phone. He condemned the incident and urged the government to take action against the police officials involved in the gory incident.

PCA voices concern over manhandling of ICCI President

September 15, 2014

Pakistan Computer Association (PCA) has expressed serious concern over the torture of Islamabad police on Shaban Khalid, President of Islamabad Chamber of Commerce and Industry (ICCI), and appealed Minister for Interior Chaudhry Nisar Ali Khan to take notice of unfortunate incident against a peaceful businessman of federal capital.

According to a press release issued by the PCA here on Sunday, Munwar Iqbal, Chairman of PCA, said that business community of Islamabad has nothing to do with ongoing agitations and Dharnas in the federal capital. The incident took place on the Margalla Road where a police van was carrying activists of a political party on September 13. Hearing hue and cry of prisoners, Shaban came out of his car and took a picture of the prison van. This annoyed the police and they broke the windows of the car of President of ICCI and brutally tortured him. They also snatched mobile phone from him. He was ready to delete picture of prison van, but police was not ready to hear his view point. The mental and physical torture caused to a prominent businessman of Islamabad is a matter of great concern during current circumstances.

Munwar Iqbal stated that business community of Blue Area is already suffering huge losses due to closure of roads, blockages and containers creating problems for the routine customers to reach business offices and vendors shops etc. Moreover, the business and trade of Islamabad has no linkage or connections with these kinds of agitations in federal capital.

The Chairman of PCA has requested the Minister of Interior Ch Nisar to ensure security of businessmen of Islamabad and take action against those police personal who destroyed the vehicle of President of ICCI, he added.

Under current situation in Islamabad, special attention to be provided to the businessmen of federal capital for carrying out day to day business activities, Munwar Iqbal added.-PR

Clarification

September 14, 2014

Reference to the statement carried by *Business Recorder* (Sunday, August 31, 2014) regarding the ICMA"s Job Fair by our employee Asim Mehmood, We are writing to the newspaper to inform people that the given statement in no way represents the company"s view and the concerned employee was not representing the company in the job fair.

"Further, any comment given by Asim Mehmood was his personal opinion and in personal capacity and from what we understand it was not given in a negative way but due to some misunderstanding by the media representative it was taken and printed in negative manner using company"s name. "We would like to clarify our company"s position and view in this regard and apologise for any inconvenience caused due to this misunderstanding."

Export development group sweeps PHMA polls

September 14, 2014

The Export Development Group (EDG) made a clean sweep in the PHMA Southern Zone Elections 2014-2015. The Election Commission of PHMA Southern Zone declared the following candidates as 'elected unopposed'. The successful EDG candidates include Mohammad Jawed Bilwani, Abdul Rauf Patel, M. Naqi Bari, Mohammad Shafi, Muhammad Khalid Mukashi, Shamsa Naseem, Abdul Hameed, Salman Ishaq, Zakir Ebrahim Dadabhoy, Abdul Jabbar Gajiani, Altaf Hussain, Mohammad Babar Khan, Mohammad Naseer and Neelofar Naqi.

The successful candidates for both Central Executive Committee and Zonal Committee seats were backed by the Export Development Group (EDG) headed by Jawed Bilwani, Former Chairman of PHMA. He thanked and complimented all members of PHMA for reposing confidence and trust once again in the Export Development Group (EDG). He said: "By The Grace of Almighty Allah, EDG has been successful in all the elections for the last 17 years."

M. Jawed Bilwani, Leader of the Export Development Group stated that he takes pride in declaring that the Value-Added Textile Export Sector leads the textile exports and are the highest with US $10.56 billion which is 76.86% of the total textile exports while the spinning sector's exports are only US $2.04 billion which is 14.85%.

He said the Value-Added Textile Export Sector contributes more than 42% of total exports of Pakistan and generates 34% of employment in Urban Areas benefiting more than 18 million workers including illiterate females while the Spinning Sector employs 0.28 million workers. He further said we, the Export Development Group (EDG), endeavoured hard to get the first ever Textile Policy formulated; for continuation of Drawback of Local Taxes of Levies Scheme; for continuation of Zero Rating on Sales Tax; GSP Scheme all of these were successfully worked out with us, stakeholders in successive meetings with the Ministry of Textile Industry, Ministry of Commerce, Ministry of Finance and FBR.

He expressed the hope that the new EDG Elected representatives will make all efforts to espouse selflessly in their endeavours to cooperate in the resolving of issues and problems faced by our industry, in the best interests of our members and in further enhancing and boosting the exports.

He appealed to the Government to facilitate the Value-Added Textile Export Sector by providing the required infrastructure--uninterrupted and adequate supply of electricity and gas, prompt clearance of all pending Refund Claims and DLTL Claims, peaceful law-and-order environment for a better image of Pakistan abroad. The election of PHMA'S Office Bearers for 2014-2015 and Annual General Meeting is scheduled to be held on 20th September 2014.-PR

Traders for launching crackdown against extortionists

September 14, 2014

Voicing concern over poor law and order and fresh wave of extorting `protection' money by criminals, small traders on Saturday urged Sindh government to launch an indiscriminate crackdown against extortionists across the city. "Provincial government's role is missing somewhere which led to the scaling down of effectiveness of Karachi operation," opined All-Karachi Tajir Ittehad's (AKTI) Chairman Atiq Mir.

"Absence of peace has badly affected the city's entire trade and business community for the last several years," he lamented, saying the government's inaction is now giving rebirth to outlawed groups to loot and plunder the metropolis.

He said: "Karachi has become a den of outlawed groups as the government's negligence not only created law and order, but also caused social, economic and civic problems for the citizens." He also strongly condemned the incidents of the targeted killings. He claimed:" Incidents of kidnapping of over 100 traders for a short period of time have become a matter of routine and they are released only after paying `protection' money ranging between Rs 50,000 and Rs 1 million."

He alleged that the government despite having sufficient funds has failed to improve the city's law and order. Disputing Sindh government's claim of shortage of police personnel, Atiq Mir said that "only one thing is missing and that is will of the government in curbing the lawlessness." Lashing out at sit-ins being staged by Pakistan Tehreek-i-Insaf (PTI) and Pakistan Awami Tehreek (PAT) in Islamabad, he said these protests and incidents of targeted killings have badly scaled down the growth of businesses, besides causing huge losses to the business community as well as to the national exchequer.

Signing of MoU between FPCCI, FICCI Pakistan seeks to open bank branches, resume flights

September 14, 2014

The President of Indo-Pak Chamber of Commerce and Chief Executive TDAP S M Muneer said that Pakistan is waiting for the permission of opening of branches of two banks and Air India should start its services between Islamabad and Delhi to facilitate the passengers of both the countries. This was stated by him on Friday at special session of signing ceremony of MoU at Federation Indian Chambers of Commerce and Industry (FICCI) by India and Pakistan.

At the occasion the Joint Secretary Ministry of Trade and Industry Arvind Mehta, President FPCCI Zakria Usman, President SAARC Chamber of Commerce Vikramjit Singh Sahney, Trade Minister of Pakistan and High Commission Naeem Ahmed, FICCI President Sidhart Birla, Chairman Nestle Pakistan Yawar Ali also addressed the gathering. At the occasion Senior Vice President FPCCI Shoukat Ahmed, Vice President S M Naseer, Mazhar A Nasir, Zubair Tufail and others prominent businessmen were also present.

S M Muneer said there are many things common between Pakistan and India, and what we need is to overcome the difficulties as only after that, both the countries would bring revolution in the trade and business. The Joint Secretary Ministry of Trade and Commerce Arvind Mehta said that we can bring business revolution by extending co-operation and the mega event "Aaleshan Pakistan Life style Exhibition" is a milestone for it, and almost all the issues could be resolve by dialogue and we should help to improve the trade between two countries.

He also thanked the traders and industrialists who are helping to improve the relationship between India and Pakistan. He said Pakistan is rich in precious stones and we have the latest technology, and this way we can help each others in promoting the business. He said that apart from business we should also work on promoting the tourism. Pakistan is far ahead in leather and sports goods and we can take benefit from these sectors. We can also support to Pakistan to overcome the electricity problem, he added.

He said that air travel is costly and there are no direct roots, and if we have the permission to cross border, through transport and railway system then the cost of production could be significantly lowered. FPCCI President Zakria Usman said that the trade volume between two countries was US 1.9 billion dollars five years back, which now has reached to US 2.7 billion dollars, but our imports are greater than India which could be balanced if we do some efforts and can increase the trade manifolds. He said if China and Taiwan can do business, why we couldn't develop cordial business relationship between India and Pakistan. The President of Indian Chamber of Commerce Sidhart Birla said that political relationship between the two countries are facing difficulties, but we wanted to enhance the trade of the region and federation for the last many years is doing efforts towards this cause, and the trade from land via other roots in addition to Wagah border is imperative. He said that business community is also facing the problems of getting visa and therefore there should be no restriction on entry and exit. Police reporting, banking channel also important issues, which we should resolve; he added.-PR

Business community expresses concern over new ATTA

September 14, 2014

The business community attached with Afghan Transit Trade business, has expressed concern over new Afghan Transit Trade Agreement (ATTA), and asked the mutual trade agreements should be signed to further strengthening bilateral trade volume with the neighbouring Afghanistan.

The matter was discussed with Additional Secretary Ministry of Commerce, Afzal Abbas, during of meeting of a delegation, headed by Chairman Khyber Pakhtunkhwa Chamber of Commerce and Industry (KPCCI) standing committee on Dry-port and Railways, and Director Pak-Afghan Joint Chamber of Commerce and Industry (PAJCCI), Zia-ul-Haq Sarhadi, accompanied by the Chaman Chamber president and PAJCCI vice president Engr Daud Khan and Farooq Ahmad. During the meeting, Ministry of Commerce Deputy Secretary Umar Hameed, Additional Collector Customs Peshawar, Malik Kamran Azam Khan Raja, Director Transit Trade Peshawar Dr Naeem Khan, Director Finance, Ministry of Commerce Mohammad Tanveer Butt, FBR Officer Fazal Samad and Section Officer Ministry of Commerce Yousaf Rasool also present.

Sarhadi told the meeting that business community has much concerns over the new ATTA, which already discussed with time to time with Ministry of Commerce and other relevant officials. Until the business community was not consulted, and review the ATTA, difficulties would arise in the transit trade, he added. He maintained that due to new ATTA, about 70 percent trade were shifted Bandar Abbas via Iran.

PAJCCI Director said the Afghan traders were preferred to carry out trade via Bandar Abbas, and alternate routes, instead of through Pakistan, owing to lack of consultation with business community by government on new ATTA. Currently, he furthermore said India, China, Turkey and Iran are making huge scale investment in Afghanistan, while about 110 percent duties were collected on Pakistani products, as compared the aforementioned four countries.

Sarhadi said in wake of difficulties in Afghan transit trade and non-functional of the Pakistan Railways, many Customs Clearing Agents have been rendered jobless in Khyber Pakhtunkhwa, and Chaman borders. He informed that Pakistan Railways had recently purchased 57 locomotives, according to general manager Pakistan Railways, out of which 12 have been reserved for Afghan Transit trade. Similarly, he said around 450 ZBC coaches were available, and a coach has the capacity to carry weight of 60 tons. However, he said the decision was not implemented due to lack of interest on part of Ministry of Commerce. He stressed the need for government level steps for improving of current trade volume between two-neighbouring states, Afghanistan and Pakistan.

Additional Secretary Ministry of Commerce agreed with the recommendations and proposal presented by Zia-ul-Haq Sarhadi, and assured that Ministry would take effective steps for their implementation. He furthermore said the points regarding Afghan Transit trade would be discussed in the forthcoming meeting of Ministry of Commerce on the subject matter and would take serious steps to address the concern of business community on the ATTA.

Video-conferencing facility launched on LCCI premises

September 14, 2014

Lahore Chamber of Commerce and Industry (LCCI) on Saturday launched the video-conferencing facility at its premises and became first Chamber of Commerce and Industry in the country having such a modern trade tool.

LCCI President Sohail Lashari inaugurated the video-conferencing facility while LCCI Senior Vice President Mian Tariq Misbah, Vice President Kashif Anwar, former President Mian Anjum Nisar, former Vice President Saeeda Nazar, Executive Committee Member Zahid Javaid Ahmad, Waqar Ahmad Mian, Nasir Saeed, Syed Mehmood Ghaznavi and Amjad Ali Jawa were also present in the inaugural ceremony. The video-conferencing facility will help LCCI members to communicate easily with their customers, employees and counterparts abroad.

Speaking on the occasion, President LCCI Sohail Lashari said video-conferencing facility will provide LCCI members with a unique opportunity to have live discussion with their foreign counterparts. He said this facility would also give boost to the LCCI Mediation Center and it would be easier to get the international business disputes of local businessmen solved in a shortest possible time. He said often business professionals have to travel long distances to meet with customers or counterparts.

LCCI video-conferencing facility would allow them to meet virtually. He said that employees could work from home or at any other location with an internet connection and could attend meetings through video conferencing. He said Small and Medium Enterprises (SMEs) across the world are rapidly adopting video-conferencing facility to stay connected with their international counterparts, to increase their productivity and to bring down their cost of doing business.

He said video-conferencing facility would also increase the productivity of business entities, help make decisions faster besides bringing products to market effectively and enable businessmen to stay ahead of their competitors. He said that video conferencing is a most effective way to save time and money of the business. He said it reduces travel expenses as a businessman could easily maintain his relations with his business partners and employees through video conferencing.

Lashari said video conferencing is the perfect example of "a picture is worth a thousand words". He said a live video call is much more effective than a telephonic conversation a different circumstances. He said LCCI video-conferencing facility would make meetings more personal and allow them to save and archive important meetings to use as future tool.

He said in today's world, only those businesses could be flourished who have a strong liaison with their workers. He said video communication helps hold valuable employees who have needed to work from home. This saves cost of retraining or recruiting and advertising charges for hiring new employees. He said Lahore Chamber of Commerce and Industry is playing role of bridge between the business community and policy-making corridors. It would continue to serve the business community and keep conducting its practices in the best possible professional manner for the cause of business community. He said Lahore Chamber of Commerce and Industry would continue to serve the business community in the larger interest of the economy.

Port Qasim's activities

September 14, 2014

A cargo volume of 78,370 tonnes comprising 67,924 tonnes of import cargo and 10,446 tonnes of export cargo inclusive 2,595 loaded and empty containers (TEUs) was handled at Port Qasim during the last 24 hours on Saturday. The total import cargo of 67,924 tonnes includes 26,168 tonnes of furnace oil; 6,620 tonnes of palm oil; 2,426 tonnes of chemicals; 2,426 tonnes of rape seed; 10,643 tonnes of coal and 9,889 tonnes of containerised cargo.

The total export cargo includes 10,446 tonnes of containerised cargo. There were two ships namely CV Spirit of Mumbai and CV Maersk Kingston with containers sailed out to sea during the last 24 hours, while three ships namely CV Rio Maderia, CV Sea Harvest and MV Norgas Orinda with containers and chemical are sailed out to sea on Saturday.

A total number of ten vessels viz CV Spirit of Mumbai, CV Maersk Kingston, CV Kumasi, CV Rio Maderia, CV Sea Harvest, MV DL Dahlia, MT Rrietis, MT Norgas Orinda, MV Mega Lohari and MV KPS-1 Alican Bey were currently occupying berths to load/offload containers, coal, rape seed, chemical, palm oil, furnace oil and power ship respectively during the last 24 hours.

As many as five ships namely Caridean Orchid, Chembulk Kingspoint, Lito, Frede Rike Selmer and Ever Mighty with palm oil, wheat and coal are currently at the outer anchorage of Port Qasim. There are three vessels with containers and furnace oil took berths at Qasim Internation Containers Terminal and FOTCO Oil Terminal respectively on Saturday. There are two ships namely MT Caridean Orchid and MV Ever Mighty with palm oil and coal due to arrive on Saturday as per arrival schedule.

Company News: *Pakistan*

'Digital media is advertising's future,' Head of Buying and Trading, GroupM Pakistan

September 15, 2014

Fahad Bashir has over 14 years of rich experience in Pakistan's communication industry. Fahad boasts of a diversified experience of PR Media Planning, Broadcast Media Sales, Media Buying and General Management.

He is currently the Head of Buying and Trading at Pakistan's largest media buying house GroupM Pakistan. BR Research recently sat with him and had a fruitful discussion spread over the group's plans and the overall state of media and adverting industry.

Below are the edited excerpts

BR Research: Tell us about GroupM and how it functions and its different arms in Pakistan.

Fahad Bashir: We are part of WPP, which is an international leading advertising and PR group. It comprises of creative agencies, media agencies and digital agencies. The group has around 160 companies under the umbrella, the media arm of which is GroupM. Four different agencies come under GroupM, such as Mindshare, MEC, MediaCom and Maxus. At present, GroupM has three agencies operative in Pakistan, of which MediaCom is not yet here.

Mindshare is the biggest agency in terms of billings, followed by Maxus and MEC. The top corporate clientele that we have with Mindshare here in Pakistan consists of Unilever, Shell, Pepsi, Dalda, GSK, Bonanza and a host of others. For Maxus, the key client is Nestlé and for Maxus it is Colgate Palmolive.

BRR: Why do you have all these companies as clients under different agencies and why not under one agency?

FB: The core reason behind having separate agencies for all these clients is that they all are fierce competitors with each other. We want to avoid conflict of interests, and we ensure that the team working for one client does not interact with the one working for the rival. We have strict firewalls in place; ensuring one team does not have access to others' information.

My key role as GroupM is to consolidate the buying of all these agencies and negotiate with the broadcaster and the media industry in Pakistan.

BRR: How far ahead are you from your close competitors in the buying industry?

FB: For the fiscal year just ended, we were roughly Rs14 billion of billing, which makes GroupM the biggest buying agency in the country. Our closet competitor is somewhere around Rs10 billion, and there are lot of other agencies having smaller share of Rs2-3 billion.

The total market size is roughly around Rs37 billion, of which GroupM has more than one-third of the share.

BRR: So, Rs37 billion is only the broadcast media market size?

FB: No, that is the entire advertisement expenditure we are talking about. At times you have government advertising in huge quantum, which is generally not accounted for. But, if you see the latest trend, since the 2013 elections, government and political parties' advertising is on a high, and this is generally at a premium.

BRR: What was the market size in FY13?

FB: The market in FY13 closed at around Rs32 billion. There are a few factors that have driven the FY14 market growth. The launch of 3G and 4G helped a lot in this regard. When the year started, we had anticipated a dip in advertising spending across the board as last year was not a very good one for major spenders such as telecom companies and FMCGs.

Most FMCGs had meagre growth last year, and we were anticipating the impact on advertising spending in FY14. But, the unpredictable nature of the Pakistani market always has surprises for us, as FMCGs rebounded and 3G/4G supplemented it well. Apart from telcos and FMCGs, the massive growth of mobile handsets market has provided momentum to the advertising industry.

BRR: So is it basically the telcos that have driven the market, as before that it was primarily FMCGs only?

FB: Yes telcos played a major part; but, even they started to rationalise around 2011-12. Initially telcos just wanted to be seen which is why their ad spending was continuously on the higher side as the war amongst players intensified. But the market had to saturate at some point and rationale checks were in place.

BRR: Given that the mobile handset market has expanded in recent times, does it have a greater share than telcos in media advertising?

FB: It is a difficult number to gauge but the handset market has grown incredibly. It used to be just Nokia in Pakistan, now the advent of Q-Mobile has opened up the market and there is now space for other mushroom players as well. But on a sustainable basis, the service providers would still continue to be heavy spenders.

Overall we have seen a lot happening in the last three years, but you can never predict the direction of the market for the coming year. Most of our clients work on global guidelines, for which we need to have very strict KPIs. Most of our clients are very media savvy, so we have to be on our toes all the time.

A top client such as Unilever would be highly media savvy and would negotiate in detail, unlike few others which are at a nascent stage of media understanding. CPRP (Cost Per Rating Point) is a gauge used commonly, which has a simple formula, ie ad spending divided by the GRPs. But, it has now gone beyond being so simple; the market now also incorporates the inflation, market performance, etc.

Good content is a component of good rating and the cost of content is undoubtedly going up along with other variables. This is where we have evolved; we do not want to push the industry too hard to cut the rates.

BRR: Where does the print industry stand in today's world of broadcast and digital media?

FB: My contention with the print industry is that it has not put efforts enough in the last four to five years. The conviction of client has been largely lost in print, as there is no effective measure. The publication statistics for newspapers have hardly moved in a decade, which makes it less credible. There has not been a proper survey to gauge the true number. The cost of print is going up, but the clients do not see the effectiveness yet, especially at a time when digital is growing.

The market continued to evolve and digital arrived and agencies are now considering going digital. Digital medium is more measurable, which is great for us to present to our client. TV will still remain the medium for masses, as it constitutes around 80 percent of the ad spending even today, but digital is surely the way forward.

Digital as of now is hardly one percent of the total ad spending. Outdoor, print and radio constitute the remaining 19 percent. Multinationals have had greater focus on outdoor medium especially due to massive load shedding in Punjab. Registering your content in today's clutter is not an easy task, as there are so many mediums and access to technology has gone up rapidly.

BRR: How do you plan to tap digital which is expected to be the future of the industry?

FB: We have recently launched a new unit at GroupM, dedicated to digital, which is a well established unit globally. It was in our plans since two years but we had to wait for the right time as launching a new unit has costs associated with it and you have to have a minimum base to work with it. Everyone wants to have a piece of the pie, but not everyone knows how to drive it. The strategy is lacking at this point in time. Now the market is at a tipping point where it seems ready for it.

BRR: How do you judge the consumer habits and trends?

FB: GroupM launched a 3D Study in 2012, where we studied the consumer habits and broadcasters' trends. And we came up with some interesting findings, such as the popularity of regional channels which in some cases equalled the nation-wide market leaders. This may not reflect in the ratings but the fact may be otherwise.

Our study helped us know that load shedding in Pakistan has shifted a lot of traffic on radio, which is abundantly accessible on mobile phones. These things help us shape our strategy and help us communicate better with our clients.

Another initiative we are working on is proximity marketing. For instance, you go to a mall, we will place a board asking visitors to keep their Bluetooth on. This would inform the visitors of different offers on the mall through text messages. We are doing a lot of work on mobile and digital. Pakistan market will still take 6-7 years to fully graduate in these terms.

BRR: We assume that most ad spending is based on ratings. How authentic are the ratings as we keep hearing lots of questions raised on the credibility of ratings?

FB: I would not comment on the credibility side. Yes, you will always have concerns but you cannot say they are not authentic. Ratings are mostly parallel with our assessment and research. For instance, you don't get ratings for regional channels despite the research suggesting popularity. It eventually comes down to base, if there is no base, getting true ratings would be tough. A lot of investment is required to widen the base. Once this happens, the ratings will be more authentic.

BRR: What is break-up between entertainment and news channels in normal circumstances?

FB: Entertainment leads the way in terms of absolute investments. Entertainment now constitutes of nearly 37 percent of total industry spending, whereas news is 27 percent. Pakistani content has also improved in the last few years. The investment has increased in content especially after the influx of foreign content.

BRR: How does the advertisement price vary? And how has the price moved over the years?

FB: Rates keep fluctuating. In some cases, rates decrease, in other cases they go up. We account for the clients' planning, if the ratings are up, the channel will indicate the rates.

BoK posts Rs 969 million pre-tax profit

September 14, 2014

The Bank of Khyber (BoK) has shown remarkable results for the half year ended June 30, 2014. The bank managed to post a pre-tax profit of Rs 969 million against Rs 823 million of the corresponding period of 2013 showing an increase of 18 percent. Profit after tax (PAT) stood at Rs 634 million thus showing an increase of 15 percent over the corresponding period.

The deposits grow by 9 percent from 77,218 million as of December 31, 2013 to Rs 84,349 million as of June 30, 2014. Investments have shown healthy rise of 13 percent from Rs 53,363 million to Rs 60,493 million as of June 30, 2014. As on June 30, 2014, the bank's paid-up capital stood at Rs 10 billion. The minimum capital requirement (MCR) of the State Bank of Pakistan has been fully met by the year ended December 31, 2013 and the Bank is now fully compliant with the MCR requirements.

The bank is operating with 101 branches, 2 sub-branches and 2 booths throughout the country out of which 44 branches are functioning as dedicated Islamic Banking Branches. The bank is in the process to open 16 new branches by the year end 2014 for which the Central Bank has already gave its consent.-PR

Taxation: *Pakistan*

Sugar sector: FBR takes notice of irregularities in collection of ST, FED, IT

September 15, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has taken a serious notice of irregularities in collection of sales tax, Federal Excise Duty (FED) and income tax from sugar sector, directing Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) to take a stern action on the report of Directorate General Audit, Inland Revenue (South), Karachi.

Sources told *Business Recorder* here on Sunday that one of the major irregularities committed by the sugar sector is the misuse of scheme by certain units under SRO. 77(I)2013 to avail concessionary rate of 0.5 percent federal excise duty on local supply of sugar, equivalent to actual export by sugar manufacturer.

The FBR has given due consideration to the special study report on sugar sector conducted by the said directorate. The FBR has dispatched the report to the field formations for comments and required action. The DG Audit Inland Revenue (South) Karachi has conducted a special study on levy of sales tax, FED and income tax on sugar sector for the year 2012-13 in respect of 29 taxpayers of LTU Karachi, seven taxpayers of RTO-III Karachi and one taxpayer of RTO Sukkur. The DG Audit Inland Revenue (South) Karachi has recommended to the FBR that the compliance of applicable provisions, under Income Tax Ordinance, Sales Tax Act and Federal Excise Act, should be ensured.

It is further recommended that the Internal Audit Wing should be strengthened to help management detect such irregularities. An internal Audit may be conducted by FBR to detect other irregularities not covered by the study. The mechanism of input tax adjusted may be streamlined. It should be ensured that proper checks are applied in the cases of Duties and Tax Remission for Export (DTRE) scheme. The misuse of the facility of reduced rate on FED by the sugar mills should be checked, directorate recommended.

The study highlights certain significant issues having far-reaching effects. Certain irregularities involving huge amount of government revenue are as follows: On the income tax side, the tax department failed to invoke provisions of section 161 and 162 of the Income Tax Ordinance, 2001 resulting in loss of Rs 588.20 million. Other irregularities included excess/irregular claiming of brought forwarded losses for Rs 47.11 million and short/incorrect levy of income tax of Rs 15.42 million and non-Realisation of default surcharge for Rs 18.72 million.

It has been noted that non/short levy of Workers Welfare Fund of Rs 95.33 million.

On the sales tax side, irregularities included short-payment of sales lax owing to non apportionment of input tax for Rs 352.80 million. Other irregularities included inadmissible sanction of refund to blacklisted registered persons of"" Rs 20.74 million; non-payment of sales tax of Rs 12.08 million and inadmissible adjustment of input tax of Rs 10.24 million.

The irregularities of Federal Excise Duty included short-payment of Federal Excise Duty amounting to Rs 366.20 million; irregular exemption of Federal Excise Duty and sales tax of Rs 18.76 million and irregular Zero rating of Federal Excise Duty of Rs 6.27 million.

The FBR said that the study report has been sent to the concerned field formations for their action and comments. The report is sent herewith with the request to direct field formations for immediate response, FBR added.

According to the Directorate General Audit, Inland Revenue (South), Karachi, the directorate has conducted Special Study on "Levy of FED, Sales Tax and Income Tax on sugar sector" during the period February to May, 2014. The main objective of the study was to examine whether the tax authorities had exercised the vested provisions under law regarding levy and collection of income tax, sales tax and federal excise duty. The audit was conducted in accordance with the INTOSAT auditing standards. Three field formations namely Chief Commissioner, LTU Karachi, RTO-III Karachi, and RTO Sukkur have the jurisdiction of sugar sector in Sindh Province, thus, these formations were selected for this study.

Audit assessed on test check basis, whether the authorities complied with applicable laws, rules and regulations, while issuing assessment orders. Audit conducted in the past in this area, have highlighted the need for streamlining procedures and strengthening internal controls. Despite this, there were complaints about the laxity of controls. So the area was selected for study. During the study, certain significant issues having far reaching effects have been highlighted in the report.

The report said that the taxpayers determine their sales tax liabilities in their monthly sales tax and FED return and make payment through computerised payment receipts. The income tax liabilities are discharged through electronically Filing of annual income tax returns. Special study was conducted on the basis of monthly sales tax & FED returns and annual income tax returns.

Due to non-production of record maintained by taxpayers ie sales tax invoices, bank statements, debit credit notes etc, the objectives of the study were not fully achieved. Due to these limitations Audit Department could not determine the nature of supplies particularly by-products of sugar and application of zero rating under DTRE scheme, report said.

As per study report, the objectives of this special study were to see that whether tax payers computed their annual income tax liability as per provisions of law; whether the department has designed controls and checks over the taxpayers for apportionment of expenses and whether there was effective enforcement of such controls to deter the tax payers to file invalid tax returns and avoid tax.

Other objectives of the study is to see whether automation in the department has helped to improve efficiency in processing of refund cases, whether formalities were completed while issuing refunds, whether the department has designed controls and checks regarding payment at FED on sugar, whether the input tax adjustment of sales tax was correctly claimed, whether the department was properly monitoring the DTRE concessions and whether the department was registering the buyers of sugar sector who are required to be registered for FED and sales tax.

The audit scope and methodology of the study revealed that levy of income tax and sales tax on sugar Sector for the Financial year 2012-13 was subject to be examined. A preliminary survey was conducted to see the quantum of work of sugar units at different stations. As a result, three field formations were selected for audit.

Distribution network: FBR orders recovery of 20 percent WHT on sales promotion

September 14, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has ordered recovery of 20 percent withholding tax on sales promotion expenses made by companies in the shape of prizes offered to its distributors on achieving sales targets, under section 156 of the Income Tax Ordinance, 2001. The FBR has issued instructions to all Chief Commissioners of Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) in this regard here on Saturday.

According to the FBR"s instructions to the field formations, LTUs/RTOs should conduct desk-audit of the companies and examine the cases of all such companies falling in their respective jurisdiction for the enforcement of withholding tax provisions under section 156 of the Ordinance wherever applicable. The FBR has issued these directions to the LTUs and RTOs on the withholding of tax under section 156 on sales promotion expenses - Sindh High Courts judgement in the case of a unit VS: Appellate Tribunal Inland Revenue, Karachi.

The FBR further stated that the Board has circulated an important judgement passed by the Sindh High Court, Sindh in the case of a Ltd company VS Appellate Tribunal Inland Revenue, Karachi reported as 2012PTD405. The judgement is quite significant with reference to withholding section 156 (Prizes) of the Income Tax Ordinance, 2001. It has been observed that a significant number of companies claim "sales promotion expense" against their receipts. Such "sales promotion expenses" are subject to WHT at the rate of 20 percent tax in terms of section 156 of the Income Tax Ordinance 2001. This has been confirmed vide the referred decision of Sindh High Court, Karachi, the FBR maintained.

The operative part of the Judgement issued by Sindh High Court is reproduced as under: "In view of hereinabove, we are of the view that the phrase prize offered by a company for promotion of sales used in section 156 of the Income Tax Ordinance, 2001 covers the free units given by applicant"s company to distributors on achieving their sales targets and the same are liable to withholding tax u/s 156 of the Income Tax Ordinance, 2001. Recovery of such amount from the applicant in terms of section 161 as well imposition of default surcharge u/s 205 of the Income Tax Ordinance, 2001 under the facts and circumstances of his case is also in accordance with law", judgement of the Sindh High Court said.

The FBR has directed the LTUs/RTOs to examine the cases of all the companies falling in the respective jurisdiction for the enforcement of withholding tax under section 156 wherever applicable. The desk audit of such companies is required to be conducted to identify any such default for passing order under section 161 and section 205 of the Income Tax Ordinance 2001, the FBR instructions added.

Cotton and Textiles: *Pakistan*

APBUMA elects new office-bearers

September 15, 2014

Mehmood Group of Industries's Khawaja Jalaluddin Roomi, Imran Mehmood and Muhammad Iqbal Khan have been elected unopposed as Chairman, Senior Vice-Chairman and Vice-Chairman respectively of All Pakistan Bedsheet and Upholstery Manufacturers Association (APBUMA) for 2014-15.

Those who have been elected as Executive Committee members are: Syed Muhammad Aasim Shah, M Anees Khawaja, Mian Muhammad Arif Sheikh, Syed Muhammad Fazil Shah, Sheikh Muhammad Tayyab, Khawaja Qasim, Aneela Iftikhar, Gauharullah (Multan), Lubna Jamil Horani (Karachi), Umair Umar Virk (Lahore), Arsal Majeed and Muhammad Ammar Saeed (Faisalabad).

In his maiden address, Khawaja Jalaluddin Roomi said that the gas and electricity loadshedding had badly hit Pakistan's exports and the country was loosing its foreign markets because increased cost of production.

He assured to resolve the issues facing the business community and that he would try to come up to their expectations. He vowed to work for the facilitation of the business community and pledged to uphold the image and status of APBUMA.

He said that the country was confronted with many challenges and the business community should be united and make all possible efforts to steer the country out of this challenging phase.

Yarn dealers, stockists protest against defaulters

September 15, 2014

Yarn dealers and stockiest have staged a protest against the defaulters of the Faisalabad Yarn Market in front of the defaulter house and demanded to government speculators and defaulters should be apprehended immediately.

According to details, nine different parties, traders and yarn dealers of the local Yarn Market have defaulted during the last weeks due to prolonged load shedding of gas & electricity as well as Textile crisis. During ongoing crisis, deferent parties had made blind transitions of yarn with various dealers and merchants but after some times they found themselves in deep waters and were unable to settle their transactions and could not make payments to parties who had supplied them the yarn. It is reported that there are many businessmen, who have entered the yarn market and start doing business buying and selling yarn right and left without verifying the suppliers and the buyers.

Furthermore, the speculative business of yarn carried out on very large scale. Resultantly, there were no verifications of the parties and genuine businessmen. Of the various parties gone in default some have settled their accounts, while nine of the defaulters have fled away from the market and are not traceable. One such yarn dealer Umer Anwar has committed suicide due to market slump and his relations of not prepared to settled the account with the creditors. Some of the creditors staged of protestation in front of house Umer Anwar and disclosed that about 140 million have not been paid to creditors.

Cotton market: upward trend amid persisting demand witnessed

September 14, 2014

Prices of seed cotton maintained upward trend on the cotton market on Saturday in the process of persisting demand by mills and some exporters, dealers said. The official spot rate was unchanged at Rs 5,650, they added. In the session, nearly 9,000 bales of cotton changed hands between Rs 5725 and Rs 5800, they said. In Sindh, rates of seed cotton improved by Rs 150 to Rs 2800 and Rs 2900, in Punjab prices were at Rs 2400 and Rs 2800, they said.

No respite was seen in the rising trend of seed cotton due to strong demand by mills and exporter, cotton analyst, Naseem Usman said. A kind of uncertainty prevailed on the cotton market after the rains and floods in the country, immediate figure is not available about damage to the crop, so it looks that prices may go up with slight rise in times to come, other analysts said.

Besides, reports showing that India will be the world's No 1 cotton grower this year, ousting China from the top spot for the first time in over 30 years, US government said on Thursday, reflecting a dramatic shift in global supplies amid uncertainty over Beijing's farm policy. If the projections by the US Department of Agriculture (USDA) are accurate, it will mark the end of China's dominance of the global cotton market just as Beijing scraps its stockpiling programme.

Cotton futures eased off a near eight-week high on Friday in heavy trade on profit-taking after a four-day rally. The most-active December cotton contract on ICE Futures US cents a lb closed down 0.09 cent, or 0.1 percent, at 68 cents a lb after crawling as high as 68.48 cents a lb. Even as the day's profit-taking slightly eroded this week's gains, the second-month contract notched its biggest weekly rally since March 2013.

The following deals reported: 1000 bales from Sanghar at Rs 5725-5750, 2000 bales from Mirpurkhas at Rs 5750, 1000 bales from Shahdadpur at Rs 5750, 800 bales from Tando Adam at Rs 5750, 400 bales from Hala at Rs 5750, 600 bales from Hyderabad at Rs 5750, 600 bales from Nawabshah at Rs 5775, 600 bales from Burewala at Rs 5725, 200 bales from Arifwala at Rs 5725, 400 bales from Mian Chano at Rs 5725, 200 bales from Duniyapur at Rs 5725, 200 bales from Pir Mehal at Rs 5725, 200 bales from Fort Abbas at Rs 5750, 400 bales from Haroonabad at Rs 5750, 200 bales from Hasilpur at Rs 5750, 200 bales from Chichawatni at Rs 5750, 400 bales from Khanewal at Rs 5750, 200 bales from Toba Tek Singh at Rs 5800 and 200 bales from Fazilpur at Rs 5750, they said.

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The KCA Official Spot Rate for Local Dealings in Pak Rupees

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

--MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

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Rate	Ex-Gin	Upcountry	Spot Rate	Spot Rate	DifferenceFor	Price	Ex-Karachi	Ex. KHI. As Ex-Karachion 12.09.2014
37.324 Kgs	5,650	150	5,800	5,800	NIL			
Equivalent								
40 Kgs	6,055	160	6,215	6,215	NIL			

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Agriculture and Allied: *Pakistan*

Indus River in course of centuries built up its own bed

September 15, 2014

Indus River in the course of centuries built up its own bed and runs on a ridge and ground level on its both sides of slopes away. Before the construction of Sukkur Barrage, there were few Zamindari Bunds but after the construction of barrage, bunds all along both sides of the river in plain area were also constructed.

To control on right side, Sukkur-Larkana (SL) Bund and Larkana-Sehwan (LS) Bunds were constructed. As river flows in meandering hence the flow pattern in river is like English alphabet letter 'S', having series of curves.

The curve on its concave side always remains in active erosion action and on convex side it deposits the over suspended load carried from erosion portion as well as present in water suspension. The scouring and hitting action of river water has damaged and wiped away different portions of SL & LS Bunds resulting in formation of new front line bunds and second line of defence bunds.

Southern Dadu comprises the following River Bund on the Right Bank of Indus River and flood Protective Bund, which face the strong water brought by various Nais emerging out from the Khirthar Mountain Range.

The LS Bund was constructed during 1930s as a component part of Lloyd Barrage Scheme to protect big and small towns, the barrage command area and irrigation network of Sukkur Barrage from Indus spill. LS Bund is under administrative jurisdiction of Southern Dadu Division. The super flood of Indus River was announced by the Irrigation Department and flood emergency was declared. The maximum discharge of flood water ie 1,124,720 cusecs passed from Sukkur Barrage on 09-08-2010, disastrous situation was developed in whole province of Sindh.

The LS Bund from 77/2 to 102/0 is under the administrative jurisdiction of Shahbaz Irrigation Division, Sehwan. The super flood water of Indus touched LS Bund in 2010 from mile 77/2 to 102/0 with different gauges in duration of about 45 days. Due to eastern winds, the serious wave wash action was experienced and bund sustained severe damages from mile 77/2 to 102/0, specially the toe and river side from slope of the Bund was badly eroded due to serious wave wash action from mile 84/0 to 920.02.

No leaks occurred along LS Bund from mile 95/2 and 99/7, after taking extra best technical efforts, the situation was brought under control. Likewise, Sehwan Protective Bund and Sann Veeh Dari Bunds were also constructed in 1930s. Both require stone pitching work as some of the portions of these Bunds were damaged during 2010 super flood. This information has been published by the Irrigation Department recently. A visit to Jhali Bund near Naundero showed that rats had made so many holes into the Bund and the stone pitching work carried out recently has almost been invisible as all the stones have fallen down and the protective bund seemed very weak.

The substandard stone pitching work wherever carried out in Sindh must be thoroughly investigated by Pakistan Engineering Council experts as far as their quality of work is concerned to determine whether this stone pitching work was carried out as per the prescribed specifications or the same have been violated and fix the responsibility of negligence to ensure proper utilisation of tax payers wealth, the villagers living along Indus River have demanded.

In the aftermath of rains & floods: prices of vegetables, fruits register 35 percent increase

September 15, 2014

The prices of fruits and vegetables in the so-called `Sastay' Sunday bazaars of the provincial capital have increased up to 35 per cent in the aftermath of widespread rains and flashfloods in central and western Punjab.

The vegetable and fruit market operators said that the floods and rains have washed away vegetables over a vast area and the commodities were in short supply, resulting into escalation of their prices.

During a survey of some `Sastay Bazaars', this scribe found the quality of the vegetables and fruits available there quite poor as they were affected by the rains and floods.

Though the quality of potatoes was poor, yet it was being sold at Rs60 to Rs70 per kilogramme. Last year in September, price of good quality potatoes was between Rs26 and Rs27 per kg. The price of onion rose from Rs30 to Rs40 per kg in a week.

Ginger (China-Burma, Desi, etc) was sold at Rs280 per kg. The price of another vegetable - cauliflower - was increased from Rs60 per kg to Rs80 per kg. The prices of other vegetables were also increased to the dismay of the consumers.

Chenab River in Multan: water level likely to reduce considerably

September 14, 2014

Water level is at peak in the Chenab River in Multan as 600,000 cusecs water is flowing through Head Muhammadwala and Shershah which is likely to reduce considerably within next 24 hours.

Flood Control Cell Head Chaudhary Zahid told APP on Saturday, two breaches at Head Muhammadwala and three at Sher Shah embankment had been made to ensure maximum flow and save the urban population of Multan.

He said that Saturday was the most crucial day for Multan as water level was at peak. He said 234,000 cusec water was flowing from Trimmu. About the condition of embankments, he said they were being monitored continuously and their condition was satisfactory. Water has inundated hundreds of villages of riverine areas. However, the urban areas are safe due to the breaches. The road link between Multan and Muzaffargarh is suspended due to the breaches. Water level at Head Marala was at 58,542 cusec, Khanki 67,799 cusec and 61,427 cusec at Head Qadirabad.

Sugar supply to utility stores disrupted

September 14, 2014

Supply of sugar got disrupted on utility stores in the city, causing trouble for the consumers in general. According to the details, the Utility Stores Corporation has disrupted sugar supply to the utility stores. Already, market sources said, less than actual demand of sugar was being supplied on utility stores. However, there is a complete disruption over the last few days, they added.

It may be noted that the use of sugar is on higher end throughout Punjab. People use sugar in different forms right from cup of tea to sweet. Availability of low priced sugar on utility stores has attracted the middle and lower middle classes. The trading corporation of Pakistan ensures sufficient procurement of sugar for the utility stores. However, present disruption has panicked the consumers at large.

Sugarcane crop: government urged to announce new support price

September 14, 2014

Kisan Board Pakistan (KBP) has urged the government to immediately announce new support price for sugarcane crop as the growers cannot even meet the input cost in present support price. Government while announcing new support price should honestly determine per acre input cost and per acre yield for fixing a justifiable price. This was demanded by the KBP Central President Sardar Zafar Hussein in a statement issued here on Saturday.

He said that the minimum purchase price announced for year 2012-13 and later in 2013-2014 could not even meet the expenses on sowing the crop. He said on average sugarcane production per acre in Pakistan is 600 per maund and farmer spend Rs 119,000 per acre on this crop. Thus per maund produce expenses come to Rs 198.33. He said so it is not possible for the growers to hand over their produce in Rs 200 per 40 kilograms to the sugar millers.

KBP chief said that the government should fix minimum purchase price (or support price) at Rs 250 per maund as any price below this would be harmful for the growers. He said that recent floods had also damaged the sugarcane while agriculture was becoming a business of loss because of the faulty agriculture policy. He demanded that the cane procurement receipt (CPR) should be given status of cheque or mills should be asked to make payment to growers through cheque.

Longest sit-ins: roots of discontent are deep, says IPR report

September 14, 2014

HASSAN ABBAS

Institute for Policy Reforms (IPR) on Saturday released a factsheet on the longest and persisting Dharnas (sit-ins) in Pakistan. According to the factsheet, the persistence of the Dharnas reflects that the roots of the discontent owing to high inflation, falling standard of living, high unemployment, rising inequality, breakdown of law and order, etc are potentially deep.

There is high inflation of 10-13 per cent currently in prices of essential items. The biggest rise is in price of potatoes (156pc), pulses (33pc), sugar (11pc) and milk (11pc). The cumulative inflation since 2007-08 has led to real increase in price of flour (58pc), potatoes (241pc), pulses (93pc), sugar (27pc) and milk (60pc). Falling standard Of living, income inequality has been rising since 2007-08.

Real income of urban households in the lowest 20pc of the population has fallen by 22pc and of the next quintile by 20pc, according to the Pakistan Bureau of Statistics (PBS). There is a severe 'squeeze' on the poor and the lower-middle-class. The IPR's factsheet shows that according to the Social Policy and Development Centre (SPDC), three million more people are falling below the poverty line, every year. The number of poor now stands at over 65 million, over one-third of the population. It is truly a tragedy that almost 37 million people do not get two square meals a day and remain hungry.

According to the IPR report, the Dharnas will eventually come to an end. The proximate causes of the agitation were 'election rigging' in the case of the PTI and the tragic killings in Model Town, Lahore for the PAT. Thousands of people have participated already for almost a month. TV footage has shown women, youth and aged people, belonging to the poor and middle classes participating. It was truly a 'rainbow coalition', albeit not as large in number as claimed initially.

The factsheet further added that according to the Pakistan Nutrition Survey of 2011 and 2013, 58pc of the households are food insecure. Only 3pc of the children receive a diet that meets minimum standards. Consequently, 44pc of the children (under five years of age) are stunted and

32pc are underweight. Over 35oc of households in 2012-13, from a sample of over 75,000 households in a survey by PBS, said that their economic situation was worse or much worse in relation to the previous year. 20pc said they were better off, while 45pc saw no change. In another survey, in the form of a citizen score card, by the Institute of Public Policy (IPP), 54pc of the households rated the service of gas supply as bad and over 80pc in the case of electricity.

As far as high unemployment ratio is concerned, the overall unemployment plus underemployment rate is very high currently at almost 14pc , according to the Labour Force Survey of the PBS. Therefore, one in seven workers is unemployed or underemployed (only part-time work). There are almost 5 million youth (15-29 years) in the country are 'idle', that is, neither studying nor in the labour force. These youths are particularly vulnerable to militancy and crime. They need to be productively engaged. The unemployment and underemployment among youth is even higher at over 16pc. Almost six million youth need jobs and better prospects. New entrants into the labour force have only one in three chance of finding a job in the first year of search. Over 10m women are engaged in marginal occupations, due to pressure to sustain family income. Unemployment rate among women is almost twice that of men and the average wage is 40pc less. There are over two million child workers and over one million bonded workers.

The IPR's report says that rising inequality is another reason, while real incomes of the poor and the middle class have fallen substantially, the real income of the top two quintiles has gone up by over 24pc since 2007-08 in the urban areas. There is less pronounced increase in rural areas. An interesting indicator of the emergence of a middle class is the rise in ownership of motorcycles.

The number of motorcycles on road has increased by 90pc between 2002-03 to 2007-08, but by only 10pc in the last five years. As compared to this, the number of motorcars increased by 67pc between 2002-03 and 2007-08, but by as much as 94pc in the last five years. There has also been a breakdown of the tax system. According to Tax Directory, the number of individual tax payers is only 727,000. This number has fallen in the last seven years. In comparison, India with about seven times the population has 45 times as many personal tax payers. Sixty pc of parliamentarians did not pay any tax. Agricultural income remains largely untaxed. Less than 40pc of the companies registered with the SECP pay any tax. Tax evasion is rampant.

Prices of essential items register manifold increase

September 14, 2014

ABDUL RASHEED AZAD

The prices of the essential commodities especially vegetables along with other perishable items have registered manifold increase due to floods and ongoing protests by Pakistan Tehrik-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT), a survey conducted by *Business Recorder* revealed.

Traders at Islamabad Fruit and Vegetable Market while talking to this correspondent said that due to flood, supply of some of the vegetables coming from Punjab had significantly reduced; as a result their prices had gone up. They said that prices of onions had reached Rs 60 per kg against Rs 40 per kg a week ago, tomato at Rs 80 per kg against Rs 50 per kg, okra at Rs 60 per kg against Rs 50, Shimla Mirch at Rs 80 against Rs 50 per kg and potato was available at Rs 80 per kg with an increase of rupees 20 as it was available at Rs 60 per kg a week ago.

According to traders, prices of essential commodities at first increased due to ongoing protests by PTI and PAT, but after the August 20 it started settling down as majority of the roads linking the region with other parts of the country were reopened by the authorities, which were blocked before August 14.

It was observed that the price of eggs witnessed an increase of Rs 10 per dozen from Rs 110 per dozen preceding week against Rs 120 per dozen last week, live chicken price has witnessed an increase of Rs 20 per kg from Rs 120 per kg to Rs 140 per kg and chicken meat registered an increase of Rs 30 per kg from Rs 220 per kg to Rs 250 per kg. However, prices of most of the pulses remained stable on the market, while sugar price has soared by Rs 3 per kg from Rs 60 per kg to Rs 63 per kg, 20 kg bag of wheat flour is being sold at Rs 810 and good quality rice is available at Rs 150 per kg.

Fruit prices also witnessed significant increase as per dozen Pakistani banana is being sold at Rs 100 last week against Rs 60 per dozen in the preceding week, normal quality apple at Rs 200 per kg against Rs 100 per kg, peach at Rs 180 per kg against Rs 100 per kg, Indian banana was being sold at Rs 250 per dozen, normal quality mango is being sold at Rs 100 per kg against Rs 60 per kg and guava at Rs 100 per kg.

Meat was being sold at different rates in the twin cities, as mutton was being sold at Rs 640-660 per kg while beef was available at Rs 370-420 per kg without any significant changes. Rice prices remained firm as super colonel was being available at Rs 140-155 while basmati at Rs 80-120 per kg during this period. Prices of Liquefied Petroleum Gas (LPG) have also increased by Rs 10 per kg as the commodity is being sold at Rs 150 per kg against Rs 140 per kg a week ago.

Akhtar Khan Yousufzai, a vegetable trader who came from Haripur Hazara to purchase vegetables and fruits from the Islamabad fruit and vegetable market, said they bought goods from wholesalers in Rawalpindi and Islamabad, but despite payments they were not getting the goods as roads remained blocked for weeks and now due to floods an acute shortage of essential commodities was being created in the area. He said traders were also facing shortage of milk, pulses, ghee, flour, sugar and other essential items.

Yousufzai said the price of 50kg bag of sugar was increased to Rs 2,900 from Rs 2,700. "A bag of 20 kg flour was sold at Rs 760 but now it is being sold at Rs 830," he said. "The prices of almost all vegetables have also increased following blockade of roads in Punjab," Qasim Shah, a fruit and vegetable vender in Abbpara market said.

PKI urges government to declare flood-hit districts calamity hit areas

September 13, 2014

Pakistan Kisan Ittehad (PKI) has urged the government to declare district submerged in flood water as calamity hit and waive off agricultural income tax and agricultural loans of the growers. PKI President Chaudhry Muhammad Anwer raised this demand while addressing a high level meeting of his organisation here on Friday. He said that floods have played havoc with crops and animals while farmers had even deprived of their savings.

He said government should immediately declare flood hit areas as calamity hit and give a package of incentives to the growers. PKI also constituted a committee comprising Ahmad Bilal, Muhammad Ahmad Phularwan and Arshad Lalika to review and assess the losses to growers because of ongoing flood. This committee will also collect relief funds.

Chaudhry Anwer told the meeting that the Chief Minister Punjab had extended subsidy of Rs 14 billion to the growers while had also accepted the old demand of flat rate of tube wells for agricultural sector. He said that the government had also devised a formula on arrears of electricity bills. However, he regretted that unjustifiable cases registered against growers on the charge of taking out protest processions for their rights were yet to be withdrawn.

KP government keen to streamline agriculture department

September 13, 2014

KP Chief Minister Pervez Khattak has made it clear that PTI-led coalition government was eager to streamline Agriculture department and ensure increase in quality and quantity of agricultural produce like all other sectors of life for which he underlined concrete and result oriented measures. He vowed his government would neither allow monopoly nor exploitation of the masses including the poor farmer community.

He said Market Committee has been dissolved and administrator appointed for this very purpose while this step proved successful with noticing decreasing trend in rates of essential commodities in past few months especially during the holy month of Ramazan unlike the past years. He was presiding over a high level meeting of the Department of Agriculture about Market Committee here in his office at CM Secretariat Peshawar.

The meeting was attended by Provincial Minister for Public Health Engineering Shah Farman Khan, Minister Agriculture Ikramullah Gandapur, Minister Mineral Development Ziaullah Afridi, Minister Revenue Ali Amin Gandapur, Minister Jails Malik Qasim Khattak, MPA

Shaukat Ali Yousufzai, Secretaries of agriculture, law, Advocate General and other authorities concerned.

The meeting thoroughly reviewed demand and supply position of the food items to market and bazaars and matters relating to the price fixation and role of the market committee and took several crucial decisions in this regard. It was decided that instead of promptly reviving the Market Committee the concerned Provincial Act of Agriculture & Livestock Produce Market 2007 would be amended first in light of 18th constitutional amendment while the relevant functions of Federal Ministry of Food & Agriculture Market Development would also be incorporated in it accordingly. The Minister Agriculture assured immediate action in this regard by drafting comprehensive new act at floor of KP Assembly while the chief minister directed for a consultative meeting on it as well so that relief could be provided to the masses in real context.

It is worth mentioning here that some three months back the chief minister had dissolved the Market Committee after noticing anomalies in this respect. He had asked that growers, merchants, consumers and other concerned people should be given effective representation in the committee. He had attributed the sky rocketing price in past regimes to the criminal silence of the rulers besides domestic and international factors. He had also taken strong notice that instead of taking immediate action of dissolving the committee, the Department of Agriculture adopted long procedure of sending summary to the CM Secretariat.

He deplored that in the pretext of that long procedure, the market committee found opportunity for getting stay order from court for which the chief minister also directed action against the concerned authorities. He said at least it would not happen in the government of PTI-led coalition and every step would be taken according to rules, regulations, check and balance.

Pervez Khattak had also taken strict cognisance of the illicit allotments of shops in new vegetable market at Inqilab Road and scam regarding its improper usage for residential and personal purposes and also expressed dissatisfaction over the inquiry of the Provincial Inspection Team in this regard. He had directed for the referring the millions of rupees bungling case to National Accountability Bureau (NAB). He said that in past the vegetable market was established with heavy loans from Asian Development Bank (ADB) and interest-based funds that were paid from the taxes collected from the poor people. But, instead of benefiting the people they were further overburdened under price hike. He said that in future such misdeeds will not be allowed.

The chief minister deplored that like other sectors, corruption was also rampant in this crucial sector and after elimination of the purchase power the lives of the poor were made miserable. However, he said that the present government will not allow such kind of exploitation.

He warned that all departments and authorities should identity their duties and keep close vigil on the achievement of the targets and 100% results. Otherwise, he said negligent will face strict and exemplary action. He further regretted that this important issue should have been reviewed in 2007 Act much earlier in past regime under 18th constitutional amendment and in wake of provincial autonomy. He directed the for granting of candid roles to provincial and district administrations in Market Committee and bringing realistic amendment in the Act in consultation with the departments of agriculture and law to ensure effective legislation in this regard.

Fuel and Energy: *Pakistan*

Rs 230.6 billion dues: IPPs urge Dar to help forestall total collapse

September 14, 2014

Independent power producers (IPPs) are in a state of frustration to continue producing power as their outstanding amount has reached Rs 230.6 billion. They have requested the finance minister to take notice of this critical condition. A letter signed by all 22 major IPPs sent to Finance Minister Ishaq Dar asking him to save them from total collapse.

The letter states that they have exhausted all their resources to keep update with their loan liabilities that has damaged their shareholders" interest. The letter states that the IPPs do not need working capital if the payments are made according to the schedule agreed in power purchase agreement.

Even the capacity payments have been withheld which are needed to service the long and short-term project loans, insurance payments and salaries of the staff. The cumulative amount of CPP has reached Rs 54.138 billion of which Rs 27.945 billion are overdue for more than 90 days, the letter revealed. Similarly, it reveals that the huge amount of Rs 50.6 billion has accumulated as interest because of long delays in the payment of power purchased by the IPPs.

Out of total over dues of Rs 231.558 billion bulk amount of Rs 131.308 due to Hubco and Kapco. The 22 IPPs that signed the letter include HUBCO, KAPCO, AES Lalpir, AES Pakgen, KEL, Liberty (gas), UCH, Rouch, Fauji, Habibullah, AGL Power, HUBCO Narowal, Atlas Power, Nishat Power, Nishat Chunian, Liberty Tech, Orient Power, Saif Power, Sapphire Power, Halmore Power, Uch II Power, and Engro Power. The outstanding dues statistics according to the letter does not include overdue amount of Saba Power, Foundation Power and New Bong Hydropower.

Fuel and Energy: *World*

Kuwait NBK to help finance mega oil project

September 15, 2014

The National Bank of Kuwait's investment arm has been selected as exclusive financing adviser for a $12-billion clean fuel refineries project, the bank said in a statement on Sunday. State-owned Kuwait National Petroleum Co. (KNPC), which owns the mega project, and NBK Capital signed a 12-month contract under which the bank will assess funding requirements and help raise the financing.

KNPC awarded the clean fuel project to upgrade two of three refineries to three international consortia in April and also invited bids to build a new 615,000-barrel refinery at an estimated cost of $15 billion.

The clean fuel project, to modernise Al-Ahmadi and Mina Abdullah refineries to produce environment-friendly petroleum products, is scheduled to be completed in 2018.

Sinopec sells $17.5 billion stake in retail unit to investors

September 15, 2014

Sinopec Corp will sell a 107.1 billion yuan ($17.5 billion) stake in its retail unit to a group of 25 Chinese and foreign investors, Asia's top oil refiner said in a statement on Sunday. The sale, the country's biggest privatisation since president Xi Jinping came to power, comes as China's government pushes to restructure its state-owned enterprises by bringing in private capital and expertise. Leading investors on the deal to buy a combined 29.99 percent of Sinopec include one of China's biggest asset managers Harvest Fund Management Co Ltd taking 15 billion yuan with its subsidiary Harvest Capital Management. China Life Insurance and a consortium that includes People's Insurance Group of China Co Ltd and Tencent Holdings Ltd are each taking 10 billion yuan stakes.

Other investors include Fosun International, China gas supplier ENN Energy Holdings Ltd and white goods maker Haier Electronics Group Co Ltd.

Asia private equity firm RRJ Capital, founded by former Goldman Sachs and Hopu Investment Management dealmaker Richard Ong, is among foreign investors in the deal with a 3.6 billion yuan stake.

Sinopec's marketing and distribution unit, which includes a wholesale business, has more than

30,000 petrol stations, over 23,000 convenience stores, as well as oil-product pipelines and storage facilities. The deal will boost the value of the low-margin marketing business, bolster the group's finances and reinforce investment in exploration and production.

Sinopec's chairman, Fu Chengyu, has previously said the investors are expected to bring in expertise and ideas to improve non-fuel sales at its petrol stations. Unlike in Western markets, where non-fuel businesses - convenience stores and things like fast food or car washing - can account for more than half of a station's profits, more than 99 percent of Sinopec's retail sales come from petrol. In the past few months Sinopec has signed agreements with multiple Chinese companies to make more use of its petrol stations and provide more services to consumers.

Clean coal key to combating climate change: Rio Tinto

September 15, 2014

Mining giant Rio Tinto said on September 10 clean coal was key to tackling climate change and that developing the technology was a challenge greater than the first moon landing. The firm's energy chief Harry Kenyon-Slaney compared the twin challenges of meeting the world's energy needs, including growing demand from Asia, and combating climate change to the difficulties the US had to overcome for the 1969 lunar mission.

"The challenge now faced by the whole world is far more urgent and important," Kenyon-Slaney said.

"But it can be solved by the same methodical, determined process. The world has no choice." Kenyon-Slaney's remarks came ahead of a World Meteorological Organisation report released on September 09 that showed global concentrations of CO2, the main culprit in global warming, soaring to a new high in 2013.

The energy boss, who described emissions-driven climate change as "among the world's biggest and most pressing" problems, said he supported the development of all power-generating technologies including renewables.

But he said the abundance of coal meant it would remain the world's main source of "large-scale, reliable, affordable energy".

Advancing research and development in carbon capture storage, known as CCS, to make it commercially viable should therefore be a key goal for governments and businesses, Kenyon-Slaney said.

"The technologies can all help to combat climate change but breakthroughs in low-emissions coal generation will be fundamental. They could break the back of this problem," he said.

While CCS has been hailed as a solution to make fossil fuels cleaner, the technology has at this stage been too risky, costly and energy inefficient in its own right. The technology involves trapping CO2 emissions from power plants and other large sources, liquefying them and storing them deep underground. Kenyon-Slaney criticised "climate warriors" on both sides of the global warming debate, saying the world should be focusing on power-generating solutions instead. Rio's energy section, composed mostly of coal, narrowed its losses to US $19 million in the six months to June 30, from US $52 million during the previous reporting period.

Russia says ready to help Rosneft and Novatek from wealth fund

September 14, 2014

Russia is ready to support sanctions-hit energy companies Rosneft and Novatek from its National Wealth Fund, Finance Minister Anton Siluanov said on Saturday, according to Russian news agencies. He stressed, however, that any support would be limited by an existing cap on the fund's investments.

State-owned oil company Rosneft and independent gas producer Novatek are both subject to Western sanctions imposed on Russia over its involvement in Ukraine. The sanctions limit the companies' access to foreign finance. The EU and the United States introduced further sanctions on Friday.

"In general we are ready to consider these proposals (for financial support) under the general terms within the limits of 60 percent of NWF funds which are envisaged for investments," Siluanov said during a visit to Milan, in comments reported by Interfax. The government has said it stands ready to provide financial backing to both companies but its own finances are stretched.

Rosneft has lobbied for assistance from the National Wealth Fund (NWF), an $83 billion sovereign fund that is supposed to be used to back the state pension system. Last month Rosneft requested $40 billion from the fund. Siluanov's comments imply that any financial assistance to Rosneft and Novatek is likely to be a fraction of the amount requested by Rosneft, as the two companies will have to compete against other applicants and on the same terms.

The government has already earmarked much of the National Wealth Fund to infrastructure projects, such as modernisation of the Trans-Siberian railway and a ring road around Moscow, but discussions are continuing over which projects to support. President Vladimir Putin said this month that Russia shouldn't increase the overall amount that the fund spends, but said there was room for discussion over which projects should be backed.

Russia recently raised the cap on the fund's domestic investments to 60 percent, leading to concerns the Kremlin is taking risks with fiscal reserves intended to provide future support for an overstretched pension system. In his comments on Saturday, Siluanov said that Russia did not intend to lift the 60 percent cap on domestic projects, although this option wasn't ruled out if the economic situation worsened. "Regarding the 40 percent (of the fund remaining) a decision was taken not to break into it. This is our strategic reserve," Siluanov said.

UK's First Utility eyes IPO to fund expansion

September 14, 2014

First Utility, Britain's largest independent electricity and gas supplier, is considering raising money through a public listing or outside investor to fund expansion abroad, its chief executive said in an interview. The company, which started operating in 2008, has benefited in recent years from a public backlash against the rising tariffs charged by the so-called 'Big Six' utilities. Its customer accounts have risen by ten times over the past three years to reach 1 million on Monday.

The group is now looking to expansion opportunities in Germany, the Netherlands, Belgium and North America after having overtaken recently fellow minnow Utility Warehouse to become the largest alternative provider. "There are things we are interested in doing like taking our business model beyond the UK. Raising some capital to do that might be something we'll consider in future," Chief Executive Ian McCaig said in a telephone interview.

First Utility's plans are not yet finalised, but McCaig said it could follow in the footsteps of rival Ovo Energy, the third-biggest independent supplier, and seek a public listing, albeit to raise cash for different purposes. Ovo Energy Chief Executive Stephen Fitzpatrick said last month his company planned to go public within 18 months to fund "new opportunities" and to give shares to its employees.

First Utility said it can offer lower tariffs in part because it has a multi-year agreement with oil major Shell to purchase electricity and gas on the wholesale market.

McCaig, who was chief executive of travel website lastminute.com until 2011, said this setup has saved the company money because it is not forced to cover its hedging strategy to purchase energy ahead of delivery. Shell's global trading presence means the business model can easily be replicated in other markets, either by setting up new operations or making acquisitions, McCaig said.

"We are looking at markets where there's a deregulated environment coupled with a low level of price control intervention from the state," he said. British utilities are free to set their own tariffs without government intervention. But the country's competition watchdog has started an investigation into possible anti-competitive behaviour by the largest suppliers that may have made it more difficult for new providers to access the market.

McCaig said First Utility would always try to pass on savings to customers when wholesale energy prices fall but added that current turmoil in Ukraine was lifting gas prices. "One of the challenges at the moment is (that the Ukraine crisis) is causing significant day-to-day spikes, so it's very difficult to see a stable platform to set a price at the moment," he said. In Britain, First Utility competes with a string of smaller rivals and the big six: SSE, Scottish Power, Centrica's

British Gas, EDF Energy, RWE npower and E.ON.

Britain's independent suppliers are slowly eating into the market share held by the six incumbents. The latest data published by consultancy Cornwall Energy showed the large companies' hold on the market has fallen to 92 percent from 95 percent at the start of the year. "With over 2 million customers now signed up to independent suppliers overall, it's clear that households increasingly trust them and are benefiting from competition in the market,"

Britain's Energy and Climate Change Secretary Edward Davey said in a statement. Within the small suppliers' overall market share, First Utility holds 28 percent, closely followed by Utility Warehouse at 24 percent. Other providers include Good Energy, Ovo Energy and Co-operative Energy.

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Romania says Gazprom scraps plan to cut gas deliveries

September 14, 2014

Russia's Gazprom scrapped a plan to cut gas exports to Romania by 9 percent on Saturday and by 5 percent on Sunday, Romania's Energy Minister Razvan Nicolescu said. "Our (pipeline operator) Transgaz was notified by Gazprom's office in Sofia that gas deliveries will be in line with normal levels," Nicolescu told state news agency Agerpres. Gazprom had notified Romania of the cuts on Friday.

US natural gas futures slightly up

September 14, 2014

US natural gas futures ended a few cents higher on Friday, clawing back some of the previous session's 3 percent drop that came under pressure from a bigger-than-expected storage build. Front-month gas futures on the New York Mercantile Exchange closed up 3.4 cents, or 0.9

percent, at $3.857 per million British thermal units. The October front-month was up 1 percent for the week. It was down 5 percent for the month and down 9 percent for the year to date.

Analysts forecast utilities added 93 billion cubic feet of gas into storage this week, exceeding builds of 92 bcf last week, 48 bcf a year earlier and a five-year average of 71 bcf. The numbers will be released on Thursday, September 18. US weather models predicted slightly warmer-than-normal temperatures over the next two weeks, with 111 cooling degree days, down from 123 on Thursday, versus a normal of 104 for this time of year, according to Thomson Reuters Analytics.

The US National Hurricane Center is watching three systems in the Atlantic but only one is of immediate concern to the market. Disturbance One is located over southern Florida and has a 30 percent chance of strengthening into a depression over the next five days as it moves west into the Gulf of Mexico, down from a 40 percent chance of strengthening earlier Friday.

But the Gulf of Mexico is not as important to the market as it was a decade ago when it 20 percent of US gas came out of the region. Only 4 percent of US gas came from the region in 2014 due to booming production from shale gas fields like the Marcellus in Pennsylvania, as well as destruction of Gulf Coast infrastructure by Hurricanes Katrina and Rita in 2005.

On the NYMEX, the premium of the front-month gas contract over spot Appalachian coal climbed to $1.49 per mmBtu from $1.47 on Thursday. A gas premium above $1.50 makes it cost-effective for some utilities to burn coal. Next-day gas at the Chicago citygates lost nine cents to $3.86, while the Southern California Border lost seven cents to $4.04 and Dominion South in south-west Pennsylvania lost 35 cents to $2.04. In power markets, the Mid Columbia hub in the Pacific Northwest gained $10 to $51 per megawatt hour, while SP-15 in Southern California gained $13 to $65 and PJM West in the Mid Atlantic held steady at $35.

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BR Research: *All*

Circular debt: mighty and growing

September 15, 2014

BR Research

The need of a central energy ministry (part of PLM-N manifesto) could not have been felt more had the two ministries not being confused on the amount of circular debt. Earlier this week, Secretary Water and Power with a high chin told Dar that circular debt has been reduced to Rs235 billion from Rs295 billion in a few weeks time. The, so-called, logical conclusion that had been drawn in the meeting was that discos have gained efficiencies in terms of bill recovery.

However, the calculations from the Petroleum Ministry are revealing another number-–close to Rs350 billion. This is demonstration of poor coordination between the two blocks of secretariat which arose to an embarrassing situation in front of international donors.

The problem is nothing but in definition of energy circular debt. Sethi tried to be smart in saying the circular debt figure is 230 billion, but this does not include the Gencos, which by rule of thumb generally account for 1/3rd of the debt.

In a nutshell, there is no reason to jubilate and being triumphant on the better performance by DISCOs. The truth of the matter is rather sad as the devil of circular debt has grown again despite the infamous settlement of nearly Rs500 billion by Dar right after assuming the Finance Ministry.

We are back to ground zero. There is hardly a concrete step taken on corporatization or privatization of DISCOs and no visible improvement in billing or other recovery mechanism is to be seen.

The short-term solution prescribed by the IMF to keep on increasing the tariff to slash tariff differential subsidies is doing no good to the structural woes.

The subsidy was Rs419 billion in FY12 followed by Rs250 billion and Rs230 billion in the subsequent two years, respectively. The savings were Rs359 billion in two years but government had paid Rs480 billion in June 2014 to settle circular debt.

The dues are now close to Rs350 billion again. It’s a double whammy-–as the consumers have to face higher tariffs and the burden to fiscal house (direct subsidy and quasi fiscal arrangement) is higher than savings.

The fund shall take a notice of it and authorities should refrain from the short fix approach.

The dues to 22 IPPs as of start of September were Rs231 billion with the lion’s share of HUBCO (Rs69bn) and KAPCO (Rs62bn). The due to gencos, on a conservative side, would be around Rs120 billion and the total dues to power generation units is nothing less than Rs350 billion.

This shows the IPPs again will need cash injection and something would be offered as a breather and the amount will start piling up again. It's a vicious cycle and nothing has done to fix it by Dar and company in fifteen months of the government. Additionally, this remains a deterrent for having mega projects in the power sector, and since the risk factor of payments is high, new IPPs demand higher return from Nepra.

Bear in mind, the recent political turmoil in all likelihood is expected to reduce the government's ability to revise the power tariffs. Another round of piling tariff differential claims is round the corner, needless to say efficiencies will take a beating and the debt would continue its journey south.

Flood impact: soon to be visible

September 15, 2014

BR Research

It's difficult to say how the final flood impact assessment report 2014 would like. Hopefully, it will not be as sobering as the one prepared after Floods 2010. Still, even as we write these lines, much damage has been done.

Since heavy monsoon rains and the ensuing floods began in the first week of September 2014, it has killed about 300 people. The rivers Chenab, Ravi, Sutlej and Jhelum have overflowed and brought flash-floods. Media reports suggest that more than a million lives have been affected; and there are risks of more human damage in the days to come.

Exact details of the damage to crops are not known yet. BR Research spoke to many agriculturists and agriculture experts, and those involved in the trading of farm produce. But almost all-–from rice and cotton to fruits and vegetables-–were uncertain of the exact nature of the loss by Saturday's close of business.

In the north the observers are waiting for the waters to recede before any proper assessment can be made, whereas towards the south, in Multan and southwards, the water had just entered at the time of writing this, which made it difficult for agro producers and farming observers to assess the nature and quantum of the damage.

Rest assured, according to land satellite imagery taken by International Water Management Institute, on September 10, large-scale flooding along the major rivers has clearly impacted agriculture and livelihood.

And, while it might be too early to say, the impact appears to be visible in weekly inflation numbers. According to Pakistan Bureau of Statistics, Sensitive Price Index rose 0.51 percent week on week (and 7.29 percent year on year) in the week ending September 11. This compared to negative week-on-week SPI numbers in the five consecutive preceding weeks may well be the beginning of flood related inflation. If 2010 is any guide, inflationary impact of the floods can be expected to become visible from this month and last for a period of 3-4 months depending upon the intensity of the damage. In 2010, Peshawar and Quetta suffered from highest inflation compared to other major cities. Which city would inflation hit the most this time around, one cannot say much, except to wait and see.

NetSol: lost in transition

September 15, 2014

BR Research

It’s uncharacteristic of NetSol Technologies (KSE: NETSOL) to close out a financial year with a net loss, and that, too, a hefty one. But FY14 was one such rarity. Company financials must be a dampener for shareholders who have gotten used to attractive profit margins the Lahore-based software firm has been churning over the years.

NetSol, which derives bulk of its revenues from overseas sales of its software products, IT services and maintenance contracts, saw visible deterioration throughout its income statement. There was a large top line decline over previous year. Making matters worse were the core costs (cost of revenue), which exceeded the sales, reaching 100.5 percent of revenues. Thus from the outset, profit margins cried red.

Hemorrhage intensified when operating expenditures on selling and promotion activities and administration saw high double-digit increases. Rupee appreciation seen in 2H FY14 dealt another blow to the export-dependent firm. In the end, NetSol plunged into deep operating loss and net loss. Average shareholder lost Rs7.02 per share in FY14, compared to basic earnings of Rs13.48 the previous year.

So what’s going on at NetSol?

NetSol is currently standing at a juncture where it is phasing out its legacy flagship financial software product-–NetSol Financial Suite (NFS)-–with an advanced and improved software product-–NetSol Ascent. Ascent will serve as the firm’s new flagship offering. In recent reports to the shareholders, the management has been warning of a lean period ahead where the top line would come under pressure.

Transition pains explain why NetSol was adrift in FY14. It will be a while before Ascent, which was launched in October 2013, will gain full traction among the firm’s client-base and relevant markets. In the interim, NFS sales will suffer due to natural slowdown as well as some degree of cannibalization from the next-generation product. The FY14 top line slump is reflective of that, as the firm’s clients presumably wait for new product demos and/or cut down on existing licensing/service contracts.

In the meanwhile, there will be relentless pressure on core costs as well as operating expenses. The management realises that this is no time for NetSol to reduce the software development activities or rein in selling and promotion expenses. When a new product is out in the market, it needs all possible internal improvements and external push for its debut year to be seamless and exceed expectations.

That is why the management has been hiring more people for those tasks. FY14 financials are reflective of those increased expenditures. During the year, salary hikes and amortization and depreciation of finished software products also contributed to the growth in core costs and operating expenses.

To remain relevant in grueling and fast-paced software markets, tech firms have to keep re-inventing and their product development lines have to keep rolling out new software regularly. That’s what NetSol is trying to do. If things go well, NetSol will get its financials back in shape soon. Till then, bottom line will remain under pressure.

NETSOL TECHNOLOGIES LIMITED

Rs (mn)	FY14	FY13	Chg
Revenue-net	1,832	2,633	-30.4%
Cost of revenue	(1,840)	(1,087)	69.2%
Gross margin	-0.5%	58.7%	-
Selling and promotion expenses	(183)	(120)	52.5%
Administrative expenses	(526)	(415)	26.7%
Other income	164	185	-11.6%
Operating profit/(loss)	(573)	1,171	-148.9%
Net profit/(loss)	(619)	1,160	-153.3%
Net margin	-33.8%	44.1%	-

Source: KSE announcement

Auto sales: the anticipated recovery

September 15, 2014

BR Research

Recovery in the automobile sector appears to be gaining traction, reflected in the recently released numbers by PAMA. However, an uptick was also expected with the phasing out of the month of Ramzan as total car sales posted a massive month-on-month increase of 76 percent.

But, for the 2M FY15 period, automobile sales still remain subdued by 11 percent compared with last year. The new model of Corolla along with the Punjab Yellow Cab Scheme has so far been seen as key propellants for auto sales over the coming months. According to Numair Ahmed, Analyst at Arif Habib Limited, sales of Corolla will remain robust with the launch of lower priced variants, including GLi (launched during the ongoing month) and the XLi version (expected next month).

At the same time, however, an impact is expected from the recent flooding across Khyber-Pakhtunkhwa and Punjab. As it is, tractor sales are showing a bleak picture, having come down by 83 percent this year, despite a decent duty cut. Similarly, the launch of the Punjab Yellow Cab Scheme, which is expected to be a major boost for Pak Suzuki Motors (PSMC), has now reportedly been delayed.

One does observe that the market leader made a riveting entry, with Corolla's Grande leaving a dent on Honda (KSE: HCAR) sales; sales of the former rose by 34 percent year on year, while the latter experienced a decline of 23 percent for the same period.

PSMC, which caters the economy segment and has struggled due to the budgetary measure of advance tax, was able to post 58 percent growth month on month, with Ravi, Cultus and Mehran being the key contributors, suggests Sajjad Hussain at BMA Capital.

However, one notes that the newly launched WagonR (a replacement for the popular model Alto) continues to struggle. Sales came down by five percent contrary to sectoral trend, as much as PSMC has been busy marketing the car while even offering a replacement with an older-used Alto. This is an interesting development, particularly at a time when imported used cars have become subject to higher duties. It appears that the Pakistani consumer is becoming increasingly cognizant of car design and aesthetics.

Miscellaneous News

Competitiveness: Economic turnaround: where India took the lead

By Kazim Alam

Published: September 14, 2014

KARACHI:

Almost all economic turnarounds in the recent past have primarily been exports-led. From China to India, a rising share of exports as a fraction of the gross domestic product (GDP) has been a key feature of every economic success story in recent decades.

But global trade data suggests Pakistan fares poorly compared to regional economies when it comes to the competitiveness of its exports in the international market.

The gap appears starker when the growth rate of Pakistan's exports is compared with that of India.

According to the World Trade Organization (WTO), Pakistan's exports grew at an average rate of 7.7% per annum between 2003 and 2013. In contrast, the annual increase in the value of India's exports during the same 10-year period remained 18.9%.

According to economist Atif Mian, the performance of India and Pakistan looked fairly similar until 1992. But data from 1992 onwards shows a great divergence between the two countries in terms of their exports' competitiveness, he added.

"Since 1993, Indian and Bangladeshi exports per capita have grown 5.8 and 3.8 times higher than that of Pakistan, respectively. These are enormous differences in growth," Mian told *The Express Tribune* in an interview.

The International Monetary Fund (IMF) has recently named Mian, professor of economics at Princeton University, among 25 economists under 45 'who are shaping the way we think about the global economy'.

"If Pakistan continues to fall behind at such a pace for another generation, my fear is that it might become a regional economic ghetto. The government needs to wake up," he noted.

Sound institutions

Many people argue that the widening difference in the exports per capita of India and Pakistan is a direct consequence of the economic liberalisation programme that India went through post-1992 under former finance minister Manmohan Singh.

But Mian believes this explanation is flawed. He says Pakistan had a more liberalised economy – and much earlier – than India. However, Pakistan's exports per capita never saw that kind of a sudden increase, he adds.

In fact, Pakistan's exports as a percentage of its GDP used to be higher than that of India. But the opposite is now true, with India's exports as a fraction of its GDP far exceeding that of Pakistan.

Moreover, Pakistan's exports as a fraction of the GDP tend to go down over time despite the fact that there has been a massive expansion in global trade in the last 20 years.

Mian believes boosting domestic productive capacity is the biggest challenge that Pakistan is facing today. Low exports mean the economy is struggling to produce products that are competitive in the global market, he says.

And the reason for Pakistan's inability to compete in international trade is its lack of sound institutions, he says. "Just like individuals cannot grow and prosper without a good work ethic, countries cannot grow without good institutional foundations," he noted.

The writer is a staff correspondent

Published in The Express Tribune, September 15th, 2014.

Business stories: The rise and fall of the Chenab Group

By Imran Rana / Photo: Imran Rana

Published: September 14, 2014

FAISALABAD:

The Chenab Group of Industries would want to forget the year 2007.

Considered as one of the leading manufacturers of textile goods in the past, Chenab Group owns Chen One – Pakistan's first home textile brand having 29 branches in the country and abroad. The Group also owns and manages several other companies such as CGI Limited UAE, InterFab in Australia, Chenab Fibres Limited, ChenSoft, Chenab USA, ChenOne Worldwide, House of Chenab and ChenOne Foundation.

Once a shining star, boasting annual sales of Rs9 billion, the Group's slide began seven years ago. While it is desperately looking to claw its way back, lack of working capital is proving to be a massive hindrance.

In 2006-07, Chenab Limited recorded sales over Rs9 billion and was eyeing the Rs15-billion mark by the following year. Suffice to say that the dream never bore fruit as various issues caught the Group off guard.

Mian Latif, the chief executive officer, was asked the reasons behind the fall and if the Group could re-emerge from the slide.

Wearing a grim look, Latif began narrating.

Latif's family had an agricultural background before it established industries. The CEO's forefathers had moved from what is now a part of India, settling in Toba Tek Singh in 1883.

Fast forward to the 20th century

In 1973, after completing graduation, Latif set up a small-scale business – a power loom factory in Toba Tek Singh. Sixty power looms were installed as the first step was taken towards success. Chenab Textile Mills, the first weaving unit, was setup and marked a big day for Latif.

Two years later, Chenab purchased a sick unit in Faisalabad. The unit was spread over six kanals before Latif expanded to an area of 280 kanals.

The unit started exporting gray fabric and in 1985, exports were worth Rs135 million. In 1995, earnings reached Rs2 billion. In 1998, exports grew to Rs3.5 billion. The earnings helped him clear all outstanding loans.

During 1990 to 2000, he had also purchased another two sick textile units at an investment of Rs300 million.

This was the time when Latif was busy in expanding production capacity. The year 1998 saw the company earn a net profit of around Rs400 million.

By now, Latif had made a name for himself. A good reputation followed in the international market including Europe, UAE and Australia but the dream was to penetrate the US.

Latif went after the dream. What ensued was knocking on the doors of banks in search for loans. Production capacity had to be increased and hence, heavy machinery was imported.

By 1998, Latif introduced Chen One in Pakistan and abroad.

The CEO recalled that, at the time, flow of capital was not an issue. State-of-the-art machinery was imported as quality assurances were given to the international market. That was the only way to penetrate.

Even today, the Group has the distinction of owing 24-colour Rotary machines in Pakistan, labelled the best manufacturing machines in the world.

In 2004, the Chenab Group purchased another industry where Latif installed the Chen One furniture factory. This was and remains the first automatic furniture plant in Pakistan.

In 2004-05, exports grew to Rs5 billion, Rs6 billion a year later before reaching its peak in 2006-07. Exports were increasing and the company, on a high, set a target of Rs15 billion for next year.

What followed is, as they say, history.

The fall of Chenab Group

In 2006-07, the Group's long term loan stood at Rs3.5 billion.

"It was not a big issue for the Chenab Group to payback the loans to the banks," said Latif. "The Group's bank record was remarkable and it never delayed paying loan instalments to banks.

"But, October 15, 2007 was the date when ship started sinking."

During the time, load-shedding was at a minimum. The period between October to January is considered a peak season for the textile industry.

"This is the time when we have to deliver our textile orders for Christmas and the New Year. We strive to fulfil our commitments at any cost."

At the time, the Group had bulks of textile orders from world's biggest stores.

The factories suffered the first setback when they faced gas cuts from October 15, 2007 to November 1 after a fault in the Qadirpur gas fields, bringing down production.

By the time supply was restored, the damage had been done. The supply chain was broken and Latif said an alternative did not exist. "We did not have an alternate source to produce steam to run our units and that delayed the shipments.

"We were unable to meet deadlines and could not arrange deliveries from the market as not even a single unit in Faisalabad had 24-colour Rotary machines.

"The irony is that the technology and quality assurance that helped the Group flourish became the first hurdle and the first step towards the collapse as well."

The Group tried to manage alternate sources of energy and arranged to deliver the biggest order to a leading store chain in Germany. "But we missed the orders from America and other countries, causing the Group to pay big penalties."

They say that it could not get any worse but it did for the Chenab Group.

"We dispatched orders of a German company that owned 1,400 outlets in the country alone. The orders were dispatched in 107 containers and made their way from Faisalabad dry port to Karachi. Out of those 107 containers, only 37 reached Germany."

The reason was the assassination of Pakistan People's Party Chairman Benazir Bhutto in December that year, which resulted to riots across the country. The remaining containers could not be delivered on time and the German company filed a case and won €5 million in damages.

"As many as 37 containers were returned to Chenab Group after a year. We had to bear huge losses."

During 2007-08, the Group sustained Rs4 billion in losses. "We tried to convince banks to give working capital but the banks refused to deal with us," said Latif.

He said Chenab was making interest payments till 2010 but no bank was willing to issue working capital.

The entire loan portfolio became Non Performing Loans (NPL).

"I tried talking to banks but they refused to extend financing. Last year [2013], two banks rescheduled the loan for working capital of Rs370 million on terms that the Group will pay interest on the new rescheduled loan and 7% from the NPL capital amount. In this agreement, we would NPLs in the next 10 years."

Answering a question, he said three banks filed cases against the Group, seeking an auction. "But, we said we are ready to pay the loans if the banks re-considered their terms and conditions."

Latif added that Chenab owes the banks Rs9 billion and the value of the Group is far higher than this.

"The Group needs just Rs2 billion for working capital and we can re-start from our previous position within a year but no bank is willing to come forward," said a dejected Latif.

Currently, the Chenab is operating at less than 25% capacity with 3,000 employees, supplying goods to Chen One stores and meeting requirements of a few international ones.

"Textiles industries that are still surviving do business in multiple files while Chenab Group was flourishing on the back of processing industries. Exports orders of yarn and gray cloth can be managed from the market but orders comprising garments and home textile products have to be arranged from our own factories."

The writer is a staff correspondent

Published in The Express Tribune, September 15th, 2014.

Buyer preference: 1.8L engines may win a race but 1.3L ones remain ahead

By Farhan Zaheer

Published: September 14, 2014

KARACHI:

When one ventures on deciding which car to buy, the equation would involve numerous variables. The price is most likely to be the biggest factor followed by engine performance,

fuel efficiency, shape and design, company's reputation among a host of other determinants.

When it comes to locally-assembled vehicles, Pakistanis don't get a lot of choice. If one was to discount imported cars, it would boil down to a handful of players and their limited variants.

Here, we investigate the latest Honda Civic and the recently-launched Toyota Corolla and the factors that may or may not tilt the choice.

Most of us would prefer driving a powerful 1.8L – it gives the driver more power on the road and features are usually grander – but price and fuel efficiency force buyers to re-think.

Hence, Pakistan's most popular sedans are not 1.8-litre ones.

Analysts and local carmakers say that the number of Pakistanis who prefer engine performance and power over fuel efficiency are still in a minority — the main reason why companies sell 1.3L, 1.5L and 1.6L engine cars.

Despite the popularity of smaller engine capacities, both Honda and Toyota produce 1.8L cars in Pakistan. The companies want to keep their top-of-the-line products to show off their technological muscle.

Pak Suzuki – the largest carmaker with over 50% market share – also produces a popular 1.3L Swift, but a hatchback is not Honda City and Toyota Corolla's competitor.

In July 2014, Indus Motor launched the first variant of Toyota Corolla in the 1.8L category, marking its response to Honda Civic that released its latest model in 2012.

There is no need to mention that Indus Motor Company gives little room to Honda — not even in the 1.8L engine category where the pie is the smallest.

The company could have launched the series with its most popular 1.3L Corolla variant, but it opted otherwise.

"We wanted to introduce the new Corolla series with the more exciting model first," Indus Motor spokesperson said.

Probably, Indus learnt its lesson. It launched the 1.8L variant in its previous Corolla series but concentrated more on the 1.6L variant after witnessing high demand in that category. Consequently, the company lost its 1.8L customers, who switched to Honda Civic as it was the only car in that category.

"The makers of Corolla wanted to grab some of the market share of Civic in the 1.8L category. This time, it seems, Indus Motor wants to remain in the 1.8L category," Global Research analyst Imran Ahmed Patel told *The Express Tribune*.

Analysts say that there will be healthy competition between the two companies, which is perhaps the reason why Honda has recently started placing Civic advertisements on television channels to tempt customers.

With a 21% market share, Indus Motor is the second biggest carmaker in Pakistan, behind Pak Suzuki but ahead of Honda Atlas Cars. In 2013, Toyota Corolla variants held a strong 60% market share in their segment, down from 79% in fiscal year 2012, according to Indus Motor Company's latest annual report of 2013.

Commenting on whether Pakistani carmakers are more comfortable in launching 1.8L cars, spokesperson of Honda Atlas Cars said the largest market segment in the country is not 1.8L, implying that this particular engine capacity is not the core focus of carmakers. For Honda, its spokesperson added, 1.8L Civic is the benchmark top-of-the-line car that displays the company's technology and style.

1.3L sedans remain ahead

Both Indus Motor and Honda Atlas agree that the demand of 1.8L cars is there to stay but the category which both companies rely more on is the 1.3L engine vehicles.

When asked which engine category has been witnessing more growth among its 1.3L, 1.5L or 1.8L variants, spokesperson of Honda Atlas Cars said the 1.3L category has been showing steady growth. This is despite the fact that Honda Atlas is satisfied with the market response that it received on the launch of 1.5L City Aspire variant, which it launched in April 2013.

"Although the demand for 1.8L cars is on a rise, the 1.3L is still the preferred variant in Corolla for many segments of the society primarily due to fuel efficiency," an official at a local carmaker said.

Analysts agree with industry officials that most of the Pakistani customers keep in mind fuel efficiency while making a decision of selecting car engine category.

Toyota makes 1.3L Corolla variant for a very few countries including Pakistan. The popularity of the 1.3L Corolla variant in Pakistan in the presence of 1.6L and 1.8L variants substantiates the point that a large majority of Pakistanis are ready to compromise on some specifications for fuel efficiency in 1.3L engines, said Patel.

The writer is a staff correspondent

Published in The Express Tribune, September 15th, 2014.

Change in business organisation and employment patterns - II

By Humayon Dar

Published: September 14, 2014

LONDON: The first part of this article, carried two weeks ago on September 1, discussed how different vendors, in many cases, offer their services in the same premises, but they do

not join hands to build a joint business. It explained several factors that lead to this lack of organisation.

This second part will shed light on what could be done to encourage better organisation of business given the economic reality in Pakistan. At least, three key steps are required to be taken in this regard.

Capacity-building

It is absolutely important to offer better and more conducive environment for small businesses to help them grow into medium and large businesses. This can be done by developing business parks.

Instead of letting the clusters of businesses develop in a haphazard way in different parts of the cities, the government should develop business parks for different trades. For example, for tailors and stitching businesses that are normally found around fabric shops, there is a need to bring them under one organised premises to offer them support services.

Similarly, Hafeez Centre in Lahore has grown into a computer and IT hub without any proper planning or government action. There are hundreds of related businesses in and around Hafeez Centre offering goods and services related to computers, mobile phones and IT.

Although now the government of Punjab has developed Arfa Software Technology Park in Lahore to establish an organised IT hub, already existing IT businesses do not benefit from this facility. There is a need to develop more such facilities.

Financial services

There is also a dire need to develop financial services specific to micro and small businesses with an objective to help them grow. Unfortunately, while there is some limited focus on microfinance, small and medium enterprises (SMEs) remain underserved by banks and other financial institutions.

It is important that banks and financial institutions should have their presence in different business clusters to understand the nature of such businesses and come up with financial products specific to their needs.

For example, shoe-making in Charsaddah, durree manufacturing in Gakkhar Mandi and many traditional crafts need special attention of the government and support from financial institutions.

Branding

In recent times, a number of local brands have emerged especially in the telecommunications industry including the likes of Q-Mobile and G Five and the country has witnessed emergence of a few home-grown brands that have become recognised from the initial stage of almost non-existence.

These include Khaadi, Breeze and Junaid Jamshed in fashion and the likes of Bundu Khan and Salt n Pepper in the food industry.

There is a need to help small businesses to organise themselves into organised firms with distinct brands. Branding brings distinct quality controls that fetch added value for businesses. This would require government support as has been the case in some other countries, like Malaysia, where the government provides financial and technical advice for brand development.

These are only a few suggestions based on some anecdotal evidence. There is a definite need that local universities initiate research projects to understand the real nature of the firm and business organisation in Pakistan.

The writer is an economist and a PhD from Cambridge University

Published in The Express Tribune, September 15th, 2014.

Founder Institute's initiative: Bringing Silicon Valley to Karachi

By Farooq Baloch

Published: September 14, 2014

KARACHI: If you are an aspiring entrepreneur who plans to launch his own venture but lacks the knowledge essential to build up a successful technology company, you might want to show up at "Bringing Silicon Valley to Karachi, an overview of what it takes to startup in Karachi".

The event, which promises to bring the collaborative knowledge-sharing of Silicon Valley to Karachi, is being organised by Founder Institute (FI), the world's largest entrepreneur training and startup launch programme based in the US.

The institute, which is in the process of launching its Karachi chapter, helps aspiring founders across the globe to build technology companies. It runs an early-stage accelerator and global launch network that helps entrepreneurs create meaningful and enduring technology companies, its website says.

While entrepreneurs in many countries made the most from this programme, the nearest chapter Pakistanis could go to was in Ahmedabad, India.

However, that visit required a visa, making the process complicated and difficult. This was the reason the programme's director, Hassan Qureshi, decided to bring this to Pakistan.

"I wanted such training for myself but none was available in Pakistan," said Qureshi, explaining what led him to bring FI to Pakistan.

In its five years of operation, the programme has helped launch over 1,230 companies across 66 cities and six continents, making it the world's largest startup accelerator. It was covered by prominent publications such as *The New York Times*, *The Wall Street Journal*, *Forbes*, *Business Week* and *TechCrunch* to name a few.

"We will teach our students the same things that are taught to the founders in Silicon Valley – how to find a company, the legal aspects and revenue models for example," FI's co-director Sumaan Azmi told *The Express Tribune* while referring to their four-month, part-time programme, which they plan to commence in January 2015.

Silicon Valley is respected all over the world for creating the world's best technology companies, according to the officials. "Over the years, we've learnt that the Silicon Valley mindset can be replicated in other entrepreneurial ecosystems and we can benefit greatly from the growth of technology companies locally."

Karachi has a fast growing startup ecosystem. However, what many people don't know about all of the resources available to them is the differences between these resources or what resources are right for them, says the website.

"The programme will revolutionise the local startup scenario by bringing in global best practices through its extensive network and support from around the world," it says.

The FI's local representatives are in the process of organising information events for applicants. "We would like to have 30 people enrolled to start our first batch," Azmi said.

While there is a $450 fee for the full course, FI will offer 100% scholarships to women – subject to their eligibility to the programme, according to Azmi. Those admitted will receive expert training, feedback and support from experienced startup chief executive officers (CEO).

The local CEOs understand the mindset of home entrepreneurs, thus best suited to mentor these aspiring founders, Azmi says.

The FI has already got on board some of the industry's leading startup CEOs. Some of these mentors include Afaque Riaz Ahmed, founder and Chairman, Board of Governors, Karachi Institute of Technology and Entrepreneurship (KITE) – also the venue for the aforesaid event; Badar Khushnood, Google Country Consultant for Pakistan and Farzal Dojki, founder and CEO of Next Generation Innovation.

"We are talking to many other CEOs who are also the founders of their companies. We plan to have about 25 top CEOs on board to mentor this programme," Hassan Qureshi, the director, said.

The target audience for this are young professionals and fresh graduates. "Our job is to create a startup eco-system and provide aspiring entrepreneurs with a platform," Azmi said. These graduates will have to take it further because it is mandatory for them to form a company. "We [FI] are not building employees, we are building companies," Azmi said.

The writer is a staff correspondent

Published in The Express Tribune, September 15th, 2014.

Entrepreneurship revolution – the one we need

By Bilal Ahmad

Published: September 14, 2014

KARACHI: In Pakistan, the call for revolution is echoing for the past around one month in the form of Azaadi and Inqilab marches and protest sit-ins in front of parliament. Imran Khan and Tahirul Qadri are forcefully talking about changing the prevailing socio-political system.

However, the nations around the world are trying to bring a different kind of revolution, the "entrepreneur revolution". The government, private sector and the citizens are all part of this revolution.

America, known for its "American dream", supports the entrepreneur eco-system. Let's look into what other countries are doing.

In Latin America, the governments of Brazil and Chile have outlined policies to support business startups. Brazil will spend $78 million on private startups, of which 25% can be from outside the country.

Startup-Chile is a programme inviting early-stage entrepreneurs from all over the world. On the selection of their innovative ideas, Chile will give them temporary residential and financial support.

Turkey is also working on developing an entrepreneur eco-system by offering foreign individuals concessions on setting up their companies as well as tax credit.

Dubai has launched EntrePass, a special visa for entrepreneurs with the help of which they can set up businesses on a fast track.

According to the World Bank's International Finance Corporation report on Ease of Doing Business in South Asia, amazingly Pakistan stands third after Sri Lanka and the Maldives. India, which is a prospering economy, is on the sixth place.

It means that Pakistani legislations and processes are much better across the region for beginning a business. However, in developing economies, the private sector cannot develop a dynamic and sustainable eco-system on its own and needs the support of the government. Let's look into the initiatives taken by the Pakistani government.

Youth loans

The Prime Minister's Youth Loan Programme has been introduced to offer loans to new entrepreneurs. It can bring about a change in the economy if borrowers are added to the tax net.

At present, only 9% of them have the National Tax Number (NTN), even though it is the first prerequisite to opening a business account. This shows that banks give loans without meeting the key condition because of political pressure. As a result, the national coffers do not receive any taxes as people are not registered with the tax system.

In the second round of balloting for the youth loan programme, 5,196 loans were awarded, of which around 4,000 (78%) were given in Punjab, where 53% of the country's population lives.

However, Sindh got a share of 7% whereas Balochistan, which requires development efforts the most, received only 1.4% of loans. This indicates that the loan programme is being run on the basis of political considerations and it only rewards people that belong to the region where the PML-N, the ruling party, has the major support.

Incubation

In another programme, the Punjab government introduced the Plan 9 Tech Incubator, which proved to be a good step taken by the public sector.

Since its inception, the Plan 9 has made 62 companies part of its incubation process. Of the 42 companies that graduated in the process, 27 have been able to start their own business. This plan does not demand any fee from the startups or acquire any equity stake, which is a good principle.

However, Dr Umar Saif, who is chairman of the Punjab Information Technology Board, is listed as an angel investor on the Plan 9 website in clear conflict of interest. The Plan 9 initiative and concept is great but it should be run in a fair and transparent way.

Small enterprises

The Small and Medium Enterprises Development Authority (Smeda) has been working for the last 16 years, but its performance is not different from other public sector organisations.

SMIDEC (now SME Corp) Malaysia, which also came into being around the same time, is running more than 17 dedicated programmes across the country, going beyond pre-feasibility and educating entrepreneurs via structured programmes. In Pakistan, Smeda is still distributing decade-old cut flower business plans.

The government's Vision 2025 promises a massive skill development programme to assist the SMEs, but we don't see any urgency in this regard. The prime minister's vocational training programme, introduced recently, envisages training 25,000 people in 25 different categories like welders, motorcycle mechanics and beauticians – skills that are already there for decades.

Keeping in view all this, the country needs to think critically on visionary terms and study the world's requirement of skill sets, so Pakistan can export services globally.

For example, NAVTTC should announce, with the help of public-private partnership, an extensive training programme for mobile phone app development or training for technicians in the field of oil and gas exploration and production.

The country desperately needs an entrepreneur revolution in both public and private sectors, away from the political turmoil and with a consensus that no matter which government is in power, the revolution must be brought. That is the only revolution we need, right now.

If you don't agree, look around and find out where your neighbours are headed.

The writer is the founder of a few startups and COO of a marketing agency

Published in The Express Tribune, September 15th, 2014.

Year end: BoK shows increased revenue in six-month review

By Our Correspondent

Published: September 15, 2014

PESHAWAR:

The Bank of Khyber (BoK) made positive strides in the six-month-period that ended on June 30, said a statement released on Saturday.

The bank managed to post a pre-tax profit of Rs969 million against that of Rs823 million in 2013, showing an increase of 18%. The profit after tax stood at Rs634 million, showing an increase of 15% compared to that in 2013.

Deposits have grown by 9%, from Rs77,218 million on December 31, 2013 to Rs84,349 million on June 30. Investments have risen by 13%, increasing from Rs53,363 million to Rs60,493 million on June 30.

At closing on June 30, the bank's paid-up capital stood at Rs10 billion. Paid capital is funded by shareholders.

The minimum capital requirement of the State Bank of Pakistan was fully met by the end of 2013.

BoK is operating with 101 branches, 2 sub-branches and 2 booths across the country.

Published in The Express Tribune, September 15th, 2014.

Mounting dues: IPPs send out SOS as receivables hit Rs230b mark

By Our Correspondent

Published: September 14, 2014

LAHORE:

Independent power producers (IPPs) are finding it increasingly difficult to continue running their plants as their outstanding receivables have swelled to Rs230.5 billion, eating up their reserves and denting their ability to service loans.

In a letter signed by all 22 major IPPs and sent to Finance Minister Ishaq Dar, they sought the minister's help and asked him to save the power producers from collapse.

"IPPs have exhausted all their resources in order to repay loan liabilities, which has put their shareholders at a disadvantage. Loans taken for working capital needs have been serviced from the shareholders' pocket," the letter quoted them as saying.

They argued that the private power producers would not need working capital if they were paid by the electricity purchasers according to the schedule agreed in the power purchase agreement.

Even capacity payments had been withheld, which were needed to service long and short-term project loans, make insurance payments and pay salaries to the staff, they said.

The outstanding capacity payments have reached Rs54.138 billion, of which Rs27.945 billion is overdue for more than 90 days. Apart from this, a huge amount of Rs50.6 billion has to be paid as interest following long delay in payments for the purchased electricity.

Experts point out that the huge payments could have been avoided had the power purchasers honoured their pledge for timely clearance of bills.

According to the letter, of the total receivables of Rs231.558 billion, a major chunk of Rs131.308 billion is to be paid to Hub Power Company (Hubco) and Kot Addu Power Company (Kapco).

The IPPs that signed the letter included Hubco, Kapco, AES Lalpir, AES Pakgen, KEL, Liberty (Gas), UCH, Rouch, Fauji, Habibullah, AGL Power, Hubco Narowal, Atlas Power, Nishat Power, Nishat Chunian, Liberty Tech, Orient Power, Saif Power, Sapphire Power, Halmore Power, Uch-II Power and Engro Power.

The figure does not include the amount outstanding against Saba Power, Foundation Power and New Bong Hydropower.

Published in The Express Tribune, September 14th, 2014.

Looking for solutions: Floods affect cotton prices, send industry spinning

By Imran Rana

Published: September 14, 2014

FAISALABAD:

Severe floods in the country have caused a price hike in cotton by around 7% in a week's time, while yarn prices have shot up 20% – depending on different varieties – as lands have completely submerged in water.

This recent trend in high cotton and yarn prices could ultimately render the textile industry redundant in the international market.

Since last week, the price of raw cotton has risen by 7%, peaking to a range of Rs5,300-5,750 per mound (40 kilogrammes). Resultantly, yarn prices have also increased.

Northern, central and southern Punjab has been flooded by massive rain showers, as the water levels can also cause floods to flow towards Sindh, potentially destroying the cotton belt of the area.

Crops worth billions of rupees have been destroyed due to flooding of the Chenab, Jhelum and Ravi rivers.

"If the water doesn't recede, the current cotton crop may suffer quantity damage," said Babar Ali, a cotton grower in southern Punjab.

"The remaining fields saved from submerging are vulnerable to pest attacks as well."

Quoting an example of a cotton city in southern Punjab, which was destroying due to floods, Ali said that pest attacks and downpours can cause large-scale damages.

According to the spinners, raw cotton will be more expensive as day's progress if the situation remains unsolved. Hence, whenever the price of the raw material (cotton) increases, there is a resultant increase in the processed products (yarn).

An agriculture department official said that the cotton crops have been worst hit by floods but the magnitude of the damage cannot be calculated at this point in time.

"The price of raw cotton has increased from Rs5,300 per maund to Rs5,750," said Ashraf Ghandi, a cotton dealer and exporter, while talking to *The Express Tribune.*

"The yarn price fluctuates by two to three per cent every day. However, it has increased by almost 20% over the previous week."

If the cotton becomes expensive every passing day, it will result into higher production costs of yarn and processing industries would render the country uncompetitive in the international textile market.

Higher cotton production was expected this year, but the recent floods in Punjab have forced analysts to revise their estimates, said Ghandi.

It is because of the damage to crops, Ghandi added, that he feared the cotton prices might reach the high level which can lead to the downfall of the textile industry.

The yarn merchants of the textile city of Pakistan said that a rise in cotton prices have created a crisis-like situation in the yarn market.

Prices can further increase in the coming days as the floods are heading towards Sindh, disturbing cotton fields in many areas. High moisture and sluggish water in the field is likely to hit the quality and quantity of cotton as well.

Published in The Express Tribune, September 14th, 2014.

OPEN MARKET FOREX RATES

Updated at: 15/9/2014 7:14 AM (PST)

Currency	Buying	Selling
Australian Dollar	92.5	92.75
Bahrain Dinar	270	270.25
Canadian Dollar	92	92.25
China Yuan	16.4	16.55
Danish Krone	17.45	17.6
Euro	132.5	132.75
Hong Kong Dollar	13.1	13.2
Indian Rupee	1.66	1.68
Japanese Yen	0.96	1.06
Kuwaiti Dinar	356	356.25
Malaysian Ringgit	31.6	31.85
NewZealand $	83.25	83.5
Norwegians Krone	15.9	16.05
Omani Riyal	264.75	265
Qatari Riyal	27.5	27.75
Saudi Riyal	27.25	27.5
Singapore Dollar	80.5	80.75
Swedish Korona	14.2	14.35
Swiss Franc	109.1	109.35
Thai Bhat	3.15	3.17
U.A.E Dirham	26.85	27.1
UK Pound Sterling	166.25	166.5
US Dollar	102.50	102.75

INTER BANK RATES

Updated at: 15/9/2014 7:14 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	92.42	92.6
Canadian Dollar	92.25	92.43
Danish Krone	17.7	17.73
Euro	131.74	132
Hong Kong Dollar	13.16	13.19
Japanese Yen	0.9499	0.9518
Saudi Riyal	27.2	27.25
Singapore Dollar	80.62	80.78
Swedish Korona	14.28	14.31
Swiss Franc	108.35	109.93
U.A.E Dirham	27.77	27.82
UK Pound Sterling	165.57	165.89
US Dollar	102	102.2

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

As on Mon, Sep 15 2014, 04:00 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	40,530	47,224	126,065	
Palladium	XPD	27,588	32,145	85,810	
Platinum	XPT	44,994	52,426	139,950	
Silver	XAG	614	715	1,908	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
Australian Dollar	AUD	440	513	1,369	
Canadian Dollar	CAD	440	513	1,368	
Euro	EUR	306	356	951	
Japanese Yen	JPY	42,540	49,566	132,317	
U.A.E Dirham	AED	1,457	1,697	4,531	
UK Pound Sterling	GBP	244	284	759	
US Dollar	USD	397	462	1,234	

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