

# PAK LAW PUBLICATION

## NEWS

## UPDATES

Thursday,  
September  
18, 2014

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NEWS OF  
THE DAY

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## Top Stories

# Political impasse: ADB warns economy could suffer

September 18, 2014

Asian Development Bank President Takehiko Nakao warned Wednesday an ongoing political impasse could damage Pakistan's recently stabilised economy, as the country's finance minister said Islamabad would miss its growth target due to recent floods. Speaking at a joint press conference, Nakao and finance minister Ishaq Dar praised the government of Prime Minister Nawaz Sharif for improving the macro-economic outlook and pursuing a liberalisation agenda.

"Today we are seeing the growth rate is picking up, the inflation rate is becoming more managed, and foreign reserve (has picked up) - and the exchange rate is becoming stabilised so it is really a remarkable achievement by the government," he said. "What is important is the...continuation of democracy. I am so glad to see the peaceful and democratic transition of government last year," he continued. Last year's general election was the first time a civilian government handed over power to another in a country that has been ruled for more than half its existence by the dominating army. Government has said the crisis has cost the exchequer billions of rupees (millions of dollars) and deterred foreign investment after ratings agency Moody's upgraded the country's outlook from negative to stable.

Speaking to AFP, Nakao said: "It's a very difficult to tell what should be the impact of this political impasse. We don't have any estimate about it. If it prolongs there is more damage and if it is solved quickly the damage will be more managed." Nakao added that the bank, which is set to provide \$5 billion to Pakistan over the next five years in assistance particularly in energy and infrastructure sector, would extend flood relief to the country after an assessment report was completed. At least 296 people have died in this years flooding, which has also damaged 2.2 million acres of farmland in the breadbasket Punjab.

Dar said the damage would affect Pakistan's growth target of five percent for the fiscal. "It will have a bearing on our GDP, we have a major agricultural loss in Punjab. We have budgeted for and projected (growth) at five percent," he said.

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# ADB President becomes cautious on Bhasha dam

September 18, 2014

TAHIR AMIN

The Asian Development Bank (ADB) President Takehiko Nakao has not confirmed any financial assistance to the construction of Diamer-Bhasha Dam and stated that the major role of lending agency in the consortium for financing the dam is pre-mature. The ADB President was visiting the country from September 15-17 on the request of the government of Pakistan made officially in June, as stated by the Finance Minister Ishaq Dar.

Addressing a joint press conference with Finance Minister Ishaq Dar Wednesday, ADB president termed Diamer-Bhasha Dam a vital project of Pakistan, which would help in irrigation, power generation and flood management. However, he said that the Bank could be in a position to say anything about playing a lead role once a consortium is finalised.

He made it clear that ADB could lend only \$1billion to the country for the development projects, which included National Income Support Programme and infrastructure development programmes. "Diamer-Bhasha Dam is an important project for Pakistan, which will be completed with a cost of \$13 billion. We have to carefully look into it," said the ADB President, adding that ongoing political impasse could damage the county's economy.

Nakao hoped that Pakistan's leadership would resolve the on-going political impasse by finding a peaceful solution of the crisis. "I did not cancel my visit to Pakistan due to the on-going political impasse prevailing in the country," he added.

Speaking on the occasion, Ishaq Dar said that government has decided to construct both Diamer-Bhasha and Dasso Dams as the country cannot afford to further delay them. Replying to a question, he said that the issue of an NoC for the Diamer-Bhasha has been resolved in 2012 and now there is no such issue with respect to the concerns of the neighbouring country.

He said that the USAID would organise an international conference where Pakistan would be marketing Diamer-Bhasha Dam for funding. The conference would be attended by multinational institutions and business tycoons in Washington from October 12, 2014. "We will be moving forward even through our own resources if any funding shortage occurs," he added. He said 4500MW electricity would be produced from Diamer-Bhasha Dam. Besides, Diamer-Bhasha Dam matters a lot in controlling floods in the country. He further said that ADB would cooperate with Pakistan in the construction of Diamer-Bhasha and Dasso dams. Dar said that ADB expressed satisfaction over the pace of progress and development in Pakistan. He said that the country's GDP growth target of 5.1 percent for the ongoing financial year is likely to be impacted by the damages done by floods to crops, houses and other infrastructure.

Nakao expressed his sympathy over the loss of life and damages caused by floods and said that ADB would continue to support the people of Pakistan during these testing times. "It will work with the government to rebuild infrastructure and restore the livelihoods of people affected by

these terrible disasters," he maintained. Following the 2010 floods, ADB also provided assistance for floods emergency reconstruction. Nakao said that Pakistan has improved its macro-economic performance last year by reducing the fiscal deficit, keeping inflation to a manageable level, and rebuilding foreign exchange reserves. The government is carrying out structural reforms in the energy sector to ensure reliable and affordable electricity supply. It is also improving the efficiency of public sector enterprises.

He further appreciated the government's efforts to put Pakistan's economy on a sustainable growth trajectory and encouraged continued reforms to boost development and bring low-income groups out of poverty. "With a young population, rich natural resources, and strategic location in South, West and Central Asian connectivity, Pakistan presents tremendous opportunities in areas such as agriculture and agri-business, high value-added textiles, sports goods manufacturing, and mining," Nakao said. "But progress depends on the government's efforts to strengthen infrastructure investment, enhance tax revenue, spend more on health and education, and improve the business environment to attract investment."

Nakao visited the country at a time when ADB and Pakistan are charting a new Country Partnership Strategy (CPS), through which \$5 billion would be earmarked to support the country over the next 5 years. The CPS, to be prepared in line with Pakistan's own strategic framework Vision 2025, will address key infrastructure sectors such as energy, transport, water resources, and urban development, as well as economic reforms. Replying to a question, Nakao said that ADB is holding negotiations with all the concerned countries regarding TAPI gas pipeline project which would be finalised sooner or later.

Dar said that international community would be engaged in the reconstruction and rehabilitation of the flood-affected people and Internally Displaced Persons (IDPs).

"We have received offers from many friendly countries like Japan, Turkey, Saudi Arabia and international agencies; they want to help the flood-affected people but we will utilise their assistance only after a thorough scrutiny of the damage estimates by the World Bank, Asian Development and UNOCHA," said the Finance Minister.

Pakistan would engage the international community in the rehabilitation of the IDPs and the flood-affected people. The government is carrying out relief operations for the flood-affected people and the IDPs of North Waziristan Agency's military operation; he said and added that government has already provided Rs 35 billion to the NWA operation and relief operations for the IDPs.

Dar said that the government would bring transparency in the funds to be provided by international community for the rehabilitation of the IDPs and flood-affected people, as there should be no wastage of money. Talking about the sit-ins of PTI and PAT, the Finance Minister said that country had faced a huge loss due to the political uncertainty that delayed the three important transactions worth of \$2.4 billion, including issuance of Sukuk, divestment of OGDCL shares and the next IMF tranche. The government has planned to issue Sukuk bonds worth one billion dollars, generate \$800 million from the privatisation of OGDCL and receive \$550 million as the next IMF tranche. "The government will miss its secret target of \$15 billion foreign exchange reserves by the end of September due to political impasse," he remarked.

"Pakistan cannot afford to face such big losses," said Dar and added that the government would

have to once again rebuild the confidence of the foreign investor, as the sit-ins have sent a negative message to investors. "How Japan's Jetro can give a message now that Pakistan is the second safest country for investment amid political uncertainty," he added. The government would recover the losses once the sit-ins are called off. He made it clear that government will not use force against protesters of the Pakistan Tehreek-I-Insaf and Pakistan Awami Tehreek, as they are using children and women as human shield.

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## **Hasanabdal-Havelian: \$200 million ADB-funded expressway agreements signed**

September 18, 2014

Prime Minister Nawaz Sharif Wednesday witnessed signing of \$200 million for the 59-km Hasanabdal-Burhan-Havelian Expressway (E-35) project here at the PM House, to be built with the co-operation of Asian Development Bank. The project, part of the National Trade Corridor, will connect existing M-1 Motorway at Hasanabdal with Havelian and will further extend it to Abbottabad and Mansehra.

The loan agreement was signed by Secretary Economic Affairs Division while the project agreement was signed by Chairman National Highway Authority. From the Bank's side, both the agreements were signed by Country Director ADB Pakistan, Werner Liepach. President ADB Takehiko Nakao was also present on the occasion.

The expressway will be constructed almost parallel to the existing N5 whose many sections have been urbanised. Due to high traffic volume and poor road conditions, construction of E-35 has become necessary to develop inter-provincial linkages to improve sub-regional connectivity within Pakistan.

Proposed project will create a north-south access controlled expressway system to link the northern area of the country to existing motorway network and create better connectivity and linkages with neighbouring countries like China and Afghanistan and Central Asian States. Federal Minister for Finance Ishaq Dar, Secretary Finance and Secretary Communications also witnessed the ceremony. Earlier, President ADB called on the Prime Minister and discussed matters of mutual interest.

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## PTI allowed to examine record of NA-122

September 18, 2014

WASIM IQBAL

Election Commission of Pakistan (ECP) on Wednesday accorded approval to Pakistan Tahreek-e-Insaf (PTI) to examine the record of NA-122, Lahore, from where National Assembly Speaker Ayyaz Sadiq won, defeating PTI Chairman Imran Khan. Challenging the results of general elections 2013, Imran had requested ECP to verify votes of the said constituency. Khan has been campaigning in the Red Zone of Islamabad for over a month against alleged rigging in May 2013 elections.

In a meeting presided over by acting Chief Election Commissioner, Justice Anwar Zaheer Jamali, the commission decided to give PTI Chief Imran Khan access to the NA-122 record. The commission further gave approval to a proposal for setting up modern 'strong rooms' in Islamabad and provincial election commission offices for preserving electoral material.

Director General Election Masood Maliak briefing media persons said now Khan has been authorised to inspect ballot papers of the constituency. Talking about the other decisions taken by the commission, he said the commission in principle has agreed to the draft law for delimitation to hold local government elections. However, he said that the commission has stressed the need for constitutional amendment and a fresh census as prerequisites to carry out delimitation.

The commission, spokesman said that the decision of appointing Returning Officers (ROs) for the general election was not solely taken by the then chief justice Iftikhar Chaudhry, but a judicial commission was formed on the request of political parties who took a collective decision in this regard. The commission also watched the former chief justice Iftikhar Chaudhry's video address to the ROs prior to the general election and found nothing objectionable in his address. Imran Khan's allegation that former chief justice was involved in election rigging had no basis, he said. The spokesman said that a meeting has been called next week with NADRA representatives and Chief Secretary Khyber Pakhtunkhwa to discuss the issue of local government elections in KP.

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## Prime Minister says won't succumb to PTI-PAT pressure

September 18, 2014

Prime Minister Nawaz Sharif on Wednesday said the country's 180 million people had elected him as prime minister and that he would not resign "on the wishes of a few thousand." The Prime Minister said the entire nation had a consolidated view on pursuing a democratic path; "however a few people are pursuing negative politics that posed a serious threat to national development."

He said why Nawaz Sharif and Shahbaz Sharif should resign on the demand of "five thousand persons." He added that he was sure that the nation would stand by them.

"The entire parliament is on one side while a single party stands alone on the other [demanding resignation]," he said at the inaugural ceremony of exploration of gas in Sagri village of Tehsil Jand, in Attock district. Nawaz said the Chief Election Commissioner for general polls 2013 was appointed after consensus of all political parties and thus the results should be accepted.

He said he was not responsible for the "so-called allegations of rigging" in election 2013 as the interim government in place did not belong to Pakistan Muslim League (N). He said that PML (N) despite having some reservations about the election 2008, accepted the results for the sake of continuation of democracy in the country. The Prime Minister urged those advancing the politics of sit-ins to desist from hindering the country's development plan. He said it was not difficult to get the roads vacated; however, he added, the government was following a policy of restraint.

He mentioned that the postponement of visit of Chinese president to Islamabad delayed the signing of several power projects. He termed ending the loadshedding of electricity as the government's top priority. "With abundant electricity, the issues of poverty and unemployment can be effectively addressed and smooth running of industries can be ensured," he said. He vowed to end load-shedding within three to four years. Nawaz Sharif expressed satisfaction over the exploration of gas and oil in Sagri-1 well by Oil and Gas Development Corporation Limited (OGDCL) and said it would be another boost to national economy.

He said a major chunk of foreign exchange was being spent on an import of oil and gas and stressed that more activities should be carried out to explore natural resources. He praised OGDCL on its 100th discovery and hoped that the profit-earning Company would generate more revenue for the government. Nawaz hoped that the country would soon be self-reliant in the production of oil and gas.

Federal Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi said that Sagri-1 well would produce 17.5 million cubic feet and 220 barrel oil on a daily basis. He said the gas well will add 15 billion rupees to the monthly revenue and will reduce the imports up to 117 million dollar. He said the government would get a dividend of three billion rupees from the OGDCL annually.

The Minister said the OGDCL board had recently been reconstituted on merit, with a sole objective to decide steps for strengthening national economy. Later, Federal minister Shahid Khaqan Abbasi and State Minister presented a cheque of Rs 250 million to the Prime Minister for his Flood Relief Fund. Chairman OGDCL Zahid Muzaffar presented the cheques amounting Rs 9 million and Rs 7 million as donated by OGDCL's officers and labourers union respectively. Provincial Minister Chaudhry Sher Ali, MNA Malik Aetbar Khan and notables of the area were also present.

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## Diplomats making efforts to help resolve crisis

September 18, 2014

ALI HUSSAIN

Diplomatic efforts by some friendly countries to defuse the ongoing political crisis have yet to bear fruit. Sources privy to the development reveal that diplomats of some friendly countries, including Saudi Arabia, China, the United Arab Emirates, the United States and the United Kingdom, have made individual efforts to secure a breakthrough.

Sources said the UAE Ambassador to Pakistan, Essa Abdulla Albasha Al-Noaimi, is scheduled to meet PTI chairman Imran Khan in the next few days to discuss the political situation and find ways to resolve the crisis. Sources added that this meeting would take place at the request of the UAE Ambassador and it is expected that the envoy would convey his country's desire to resolve the ongoing standoff peacefully. The sources pointed out that countries like the US and China, which have a significant investment in various sectors of Pakistan, desire a peaceful solution to the ongoing political crisis.

As part of the diplomatic efforts, United States Ambassador to Pakistan Richard Olson and Chinese Ambassador Liu Jian held separate meetings with Pakistan Muslim League-Qauid (PML-Q) President Chaudhry Shujaat Hussain at his residence in Islamabad last month. The sources said that both the diplomats expressed the desire of their respective capitals for the resolution of the ongoing political crisis through a dialogue according to country's Constitution.

PTI's vice chairman Shah Mehmood Qureshi recently met Chinese Ambassador and sources revealed that Qureshi conveyed to the Chinese envoy that the party does not support any extra constitutional step to derail the democratic process. Qureshi however emphasised the need to hold an impartial probe into the rigging allegations as well as seek the Prime Minister Nawaz Sharif's resignation while the probe is ongoing. Saudi Arabia, which has cordial relations with the Sharif family, also wants the ongoing political crisis to be resolved peacefully and sources said that the Saudi diplomats are making efforts in this regard. PTI sources, however, maintain that after a crackdown over the weekend when hundreds of workers were arrested the PTI leadership has hardened its position with respect to their demand for the PM's resignation.

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## Damage estimates by UN, donors: flood aid to be utilised after scrutiny: Dar

September 18, 2014

Finance Minister Ishaq Dar on Wednesday said that Pakistan received assistance offers for flood affected-people from many friendly countries and international agencies but the government

wants to utilise the assistance only after thorough scrutiny of damage estimates by the United Nations and other donors.

"We have received offers from many friendly countries and international agencies for helping the flood affected people but we want to utilise their assistance only after thorough scrutiny of the damage estimates by UN and other donors," he said while talking to Jassim M Al-Khaldi, Charged' Affairs, Embassy of Kingdom of Saudi Arabia who called on him here.

Dar appreciated the concern of the Saudi diplomat about the destruction caused by flood and said the combined task of rehabilitating the IDPs and reconstructing houses of flood affected people of Punjab, AJK and GB would be quite huge. "But this will be completed by an independent committee formed for the joint management of reconstruction task in a fair and transparent manner," he added. Dar said that despite vast devastation caused by the floods in the country, the government was committed to its resolve to make Pakistan a success story in Asia and achieve growth targets in the years to come. Although the recent calamity has made it difficult to meet growth targets due to the damage caused to crops, houses and other infrastructure but we are firm in our resolve to make Pakistan a success story in Asia, we will achieve our growth targets in the years to come, he said.

The minister also conveyed greetings to the Saudi Ambassador for the Saudi National Day and greeted Khaldi and extended his best wishes for the current Haj season. On the occasion, Khaldi extended condolences from the Saudi Ambassador on the colossal losses suffered by Pakistan in the areas of Punjab, AJK and Gilgit-Baltistan in the recent floods. Khaldi, on behalf of the Saudi government, assured that it would extend all possible assistance for the flood victims.

Khaldi appreciated the resolve of the government to handle the current political situation in the country with utmost patience and concentrating more on the immediate relief efforts for the flood victims. The meeting was attended by Advisor to Finance Division Rana Assad Amin and Special Assistant to Finance Minister Shahid Mehmood Khan.

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## **Mangla outflows: PWC sees mismanagement**

September 18, 2014

ZAHID BAIG

Punjab Water Council (PWC) has alleged that "uncontrolled" outflows of the Mangla dam, which impounds River Jehlum, added to the high flows of River Chenab, which created havoc causing huge losses to life and crops in Punjab province. PWC President Hamid Malhi in a letter to the Prime Minister Nawaz Sharif has claimed that the recent floods have caused huge losses to life and crops in the Punjab and claimed that much of the destruction could have been averted if Mangla filling was managed properly.

"The uncontrolled outflows of Mangla added to the high flows River Chenab and created this havoc," Malhi claimed. He demanded that the culprits behind mismanagement of Mangla filling be brought to book and the affected farmers compensated for the losses that they have suffered.

"While there were clear alerts of the Met Office about these flash floods developing in the catchment areas of Mangla & Chenab Rivers, the filling of Mangla Dam to its fullest capacity and low outflows of 45000, 30000 and 15000 cusecs on 3rd , 4th & 5th September, 2014 and high outflows of 282,000 and 128,000 cusecs on 6th and 7th September from Mangla were the real cause of these high floods which could not be contained in the embankments of the Chenab at Trimmu and downstream where they joined with those of Chenab (maximum flow of 563,000 cusecs on 7th September at Marala Headworks) to cause this devastation," PWC President adds in his letter.

Malhi further said the loss in filling the Dam could have been compensated but the loss of lives and crops had left the rural sufferers in a state of sheer misery for the rest of their lives. Punjab Water Council head held WAPDA wholly responsible for this blatant mismanagement and said its managers need to be put behind bars for ruining the lives of thousands of villagers.

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## **Economy bound to suffer: banks preferring long-term PIBs to short-term Treasury-bills**

September 18, 2014

Banks are expected to make record profits in future as they pour money into zero-risk long-term bonds since the government (ie the sovereign) has no clue regarding a complete mismatch of bonds yields with inflation. Indulging in covered interest rate arbitrage due to a cut-off in auction rising from one percent to 2.5 even to 3.49 percent, banks are having yield pick as they move aggressively into longer-tenor Pakistan Investment Bonds (PIBs) from their maturing short-term tenor treasury bills. Traditionally, the yield gap between a PIB and T-bill was one percent.

This has become so apparent that in the auction held on Wednesday with Rs 93 billions of T-bills maturing - government set a target of Rs 100 billion. Banks bid a partly sum of Rs 6 billion. One billion rupees for three months was offered and received while Rs 4.77 billion was offered for six months. And, no bids were received for 12-month paper. So far banks were shy of lending to SME sector for consumer products. Now it is said they will be shy to lend to the corporates as well. As a consequence, the productive sector will be left to fend for itself and the government devouring bulk of bank deposits. The economy, therefore, is bound to suffer.

With no debt management office worth the name in Ministry of Finance, there is now a complete disconnect between inflationary expectations and bond prices. There is no price discovery in the market and banks which were shying from lending to SMEs as well as consumer are now expected to shift from corporates as well as from commodity financing. The situation indicates that the country is definitely leading to a debt trap, say bank treasury sources. The following table shows the total amount accepted in auction and maturity from Jan'14 till Sep'14.

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Date: 17-Sep-14

418th Auction of 3 Months Government of Pakistan Market Treasury Bills

Settlement Date: 18-Sep-14 Maturity Date: 11-Dec-14 84 Days Bill

	Bid	Bid	Running	Bid	Weighted	Amount of	Amount		
Discount	Amount	Price	Total	Yield	Average	Discount	Realized	Amount	Realized
No	Face Value	Per	Million Rs	Per	Yield Per	Million Rs	Million Rs.	Cumulative	Million Rs.
Cumulative	Million Rs.	Rs.100		Annum	Annum		Million Rs.	Million Rs.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	2,500.000	97.76	2,500.000	9.9564%	9.9564%	56.000	2,444.000	56.000	2,444.000
2	520.000	97.76	3,020.000	9.9564%	9.9564%	11.648	508.352	67.648	2,952.352
3	500.000	97.76	3,520.000	9.9564%	9.9564%	11.200	488.800	78.848	3,441.152
4	425.000	97.76	3,945.000	9.9564%	9.9564%	9.520	415.480	88.368	3,856.632
5	250.000	97.76	4,195.000	9.9564%	9.9564%	5.600	244.400	93.968	4,101.032
6	210.000	97.76	4,405.000	9.9564%	9.9564%	4.704	205.296	98.672	4,306.328
7	200.000	97.76	4,605.000	9.9564%	9.9564%	4.480	195.520	103.152	4,501.848
8	150.000	97.76	4,755.000	9.9564%	9.9564%	3.360	146.640	106.512	4,648.488
9	70.400	97.76	4,825.400	9.9564%	9.9564%	1.577	68.823	108.089	4,717.311
10	48.000	97.76	4,873.400	9.9564%	9.9564%	1.075	46.925	109.164	4,764.236
11	4.000	97.76	4,877.400	9.9564%	9.9564%	0.090	3.910	109.254	4,768.146

TOTAL 4,877.400 109.254 4,768.146

Date: 17-Sep-

14

418th Auction of 6 Months Government of Pakistan Market Treasury Bills

Settlement Date: 18-Sep-14 Maturity Date: 19-Mar-15 182 Days Bill

	Bid	Bid	Running	Bid	Weighted	Amount of	Amount		
Amount	Discount	Price	Total	Yield	Average	Discount	Realized	Amount	Realized
No	Face Value	Per	Million Rs.	Per	Yield Per	Million Rs.	Million Rs.	Cumulative	Million Rs.
Cumulative	Million Rs.	Rs. 100		Annum	Annum		Million Rs.	Million Rs.	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	1,000.000	95.23	1,000.000	10.0454%	10.0454%	47.700	952.300	47.700	952.300
Total									
	1,000.000					47.700	952.300		

Date: 17-Sep-14

418th Auction of 12 Months Government of Pakistan Market Treasury Bills

Settlement Date: 18-Sep-14 Maturity Date: 17-Sep-15 364 Days Bill

Bid	Bid	Running	Bid	Weighted	Amount of				
Amount	Discount	Amount							
Bid	Amount	Price	Total	Yield	Average	Discount	Realized	Amount	Realized
No	Face Value	Per	Million Rs.	Per	Yield	Per	Million Rs.	Million Rs.	Million Rs.
Cumulative	Million Rs.	Rs. 100		Annum	Per	Million Rs.	Million Rs.	Cumulative	Million Rs.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1										
2			No Bid Received							
3										
4										
5										
Total										
	0.000					0.000	0.000			

Total PIB Auction	YTM	Coupon
3YR	1286348	12:07 11:25
5YR	447,931	12:51 11:50
10yr	421,087	12.90 12:00
Total	2155366	12:33 11:45

Maturity Amount Yield



3YR	86967	12.60
5YR	6816	12:41
10yr	26052	6.45

=====  
Total 119,835 11:25  
=====

## **Ebola "fear factor" risks economic disaster: World Bank**

September 18, 2014

The World Bank warned Wednesday that fear of the deadly Ebola virus is choking off economic activity in West Africa with potentially "catastrophic" results. The "fear factor" is spurring even people unaffected by the disease to pull back on their work activities - in farming, mining, manufacturing or other areas - so that they are producing less, earning less and spending less.

That is exacerbating the already heavy burden Ebola is exacting on the finances and health systems of the three hardest-hit countries. "If the virus continues to surge in the three worst-affected countries - Guinea, Liberia, and Sierra Leone - its economic impact could grow eight-fold, dealing a potentially catastrophic blow to the already fragile states," the World Bank said.

In the bank's worst-case analysis, with only slow containment of the disease, economic growth in Liberia next year could fall by 11.7 percentage points, plunging the country deep into recession with a 4.9 percent contraction. In Sierra Leone, the worst-case impact could be 8.9 percentage points lost from growth in 2015, and in Guinea, 2.3 points. The World Bank, however, said that the mobilisation in recent days of more resources to fight the disease, which has left more than 2,400 people dead, could mitigate much of the economic damage.

"The primary cost of this tragic outbreak is in human lives and suffering, which has already been terribly difficult to bear," said World Bank President Jim Yong Kim. "But our findings make clear that the sooner we get an adequate containment response and decrease the level of fear and uncertainty, the faster we can blunt Ebola's economic impact." The clear slowdown in economic output due to the disease is hitting government finances in countries already dependent on support from the World Bank, the International Monetary Fund and others for fiscal stability.

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## **Air strikes kill 40 militants in North Waziristan**

September 18, 2014

Military said Wednesday it killed 40 insurgents and destroyed five of their hideouts in fresh air attacks as part of a major offensive against the Taliban in the north-west. Government began the



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long-awaited push to clear the bases from North Waziristan district, on the Afghan border, in June after a bloody attack on Karachi airport finally sank faltering peace talks with the rebels.

A military statement said that "in precise aerial strikes" five hideouts and ammunition dumps were destroyed and forty insurgents including foreigners were killed in the villages of Nawe Kili and Zaram Asar, north of Dattakhel in North Waziristan. The conflict zone is off-limits to journalists, so there is no way to independently verify the number and identity of those killed.

Air strikes, artillery, mortars and ground troops have all been used to retake territory in North Waziristan, which had become a haven for fighters with the Tehreek-e-Taliban Pakistan (TTP) and other militant outfits. The semi-autonomous tribal areas on the Afghan border have for years been a hideout for Islamist militants of all stripes - including al Qaeda and the homegrown TTP as well as foreign fighters such as Uzbeks and Uighurs. Washington pressed Islamabad for years to take action to wipe out sanctuaries in North Waziristan, which militants have used to launch attacks on Nato forces in Afghanistan. Army says it has killed more than a thousand militants and lost 86 soldiers since the start of the operation.

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## HDI puts Pakistan at 146

September 18, 2014

ZAHEER ABBASI

Pakistan stands at low level of 146 out of 187 countries in terms of Human Development Index (HDI) with staggering rate of poverty, high inequality and frequent natural disasters making millions of people vulnerable. The United National Development Programme (UNDP) report for 2014 launched here on Wednesday placed Pakistan HDI value for 2013 at 0.537, which is in the low human development category, positioning the country at 146 out of 187 countries and territories.

From South Asia, countries which are close to Pakistan in 2013 HDI rank and to some extent in population size are India and Bangladesh, which have HDIs ranked 135 and 142, respectively.

The UNDP country director Marc-André Franche, presenting the highlights of the report stated that the issue of vulnerability and resilience is unfortunately well-known and interiorized by Pakistanis. He added conflict with the militancy and other groups, sectarian violence, compounded by natural disasters including 2005 earthquake and 22 major floods since Pakistan's independence added to the regional tensions and political instability that have weakened institutions, blocked reforms, diverted resources and made millions more vulnerable. Those who were already the poorest and most excluded are living in areas which are disintegrated from the rest of the country.

The UNDP country director stated that persistent vulnerabilities create a vicious circle has undermined the progress and resources needed to recover increase manifold. He added that there are two main sets of vulnerabilities influencing human capabilities; (i) life cycle vulnerabilities as a result of lack of investment or poor outcomes at the early stage of life, which are prenatal

and early childhood, have the highest impact on human development than investments made at old stage. Unfortunately in Pakistan, vulnerabilities at the early stage of life cycle are the highest with 43.7 percent of the children stunted an increase of 3 percent in 10 years. Malnutrition in children under five has shown no improvement in the last 46 years rather it has actually worsened. The second most important stage of the life cycle is youth here understood as those between 15-24 years old. In 2012, the global youth unemployment rate was estimated at 12.7 percent, almost three times the adult unemployment rate; (ii) Second crucial vulnerabilities are the structural ones, generated from social, legal institutions, power structures, political traditions and socio-cultural norms. Structural vulnerabilities are manifested through deep inequalities and widespread poverty. According him, in Pakistan, 44.2 percent of the households live in multidimensional poverty.

The report proposes various ways to respond to the situation, making investment for resilience and to provide basic social services and safety nets. It also proposes to enact policies for full employment reducing vulnerabilities and securing livelihoods of the work force in the informal sector. Given the huge youth bulge, Pakistan needs to invest heavily in employment, engagement and empowerment of youth.

The head of Department for International Development (DFID) in Pakistan Richard Montgomery said that the health and education sectors are facing serious challenge and there is a great confusion about transfer of resources from federal to provincial level. He added that the malnutrition is silent enemy which is not being addressed. He also underlined the need of strengthening social safety nets. The Head of DFID added that this report can help debate on how best to build Pakistan's resilience, strengthen the way the State serves its citizens, and build a more inclusive economy and society. The launching of the report was followed by a panel discussion on the vulnerabilities of people in FATA and Khyber Pakhtunkhawa.

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## **Killings in Red Zone: FIR registered against PM, CM, three ministers, IGs**

September 18, 2014

The city police have registered a case against Prime Minister Nawaz Sharif, Chief Minister Punjab Shahbaz Sharif, three federal ministers, Inspectors General of Police (IGPs) Islamabad, Punjab and Pakistan Railways for their alleged involvement in the killing of three Pakistan Awami Tehreek (PAT) workers on August 30 due to heavy teargas shelling by riot police in the Red Zone of Islamabad.

Police sources said the Secretariat Police Station, on late Tuesday night, registered an FIR (No 206) against Prime Minister Nawaz Sharif, CM Shahbaz Sharif, Interior Minister Chaudhry Nisar Ali Khan, Defence Minister Khwaja Asif and Railways Minister Khwaja Saad Rafique, IGP Islamabad, Punjab and Railways on the directives of District and Sessions Judge Raja Jawad Abbas. The case was registered under section 302/324,148/149 and 7 Anti-Terrorism Act of Pakistan Penal Code, they said.

The case was registered in response to a petition filed by PAT leader Umar Riaz Abbasi in a District and Sessions Judge's Court against the Secretariat police for not registering an FIR of the killings by police in Islamabad. On September 15, District and Sessions Judge Raja Jawad Abbasi directed Islamabad police to register an FIR against PM Nawaz, three federal ministers, CM Punjab and three IGs on the killing of PAT workers.

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## **60 percent targets of protest achieved: Qadri**

September 18, 2014

Pakistan Awami Tehreek (PAT's) chief Dr Tahir ul Qadri on Wednesday said that prime minister Nawaz Sharif has no moral high ground to stay in his office. Addressing his party workers, he demanded immediate arrest of Nawaz Sharif and others nominated in the FIR following the directives of District and Sessions Judge Raja Jawad Abbas.

"Prime Minister Nawaz Sharif must resign from his office as he has been charged with a murder and attempt to murder," he said. He said that after the registration of FIR against the Prime Minister under section 302 and Terrorism Act during his tenure, "fifty to sixty percent targets of the Inqalab March have been achieved." Qadri said that South Korean Prime Minister resigned on April 16, 2014 over a passenger ferry tragedy, although he had no connection with 300 deaths but he resigned on moral grounds. The PAT chief said that some 18 to 19 days ago, the Libyan Prime Minister resigned to end political crisis in their country.

Responding to the Prime Minister's remarks that how he could resign when people have given him a mandate, Qadri said: "You [Nawaz Sharif] should resign from your post as police opened indiscriminate fire on innocent people in your residential area [Model Town] that continued for well over 12 hours. It resulted in the deaths of 14 people and injured to several others, but you [Nawaz] did not even allow registration of an FIR. He further said that on August 30 five people were killed and several other injured due to police teargas shelling in front of the parliament house."

He also said: "you [Nawaz] should resign as thousands of people have become homeless due to floods because of incompetence of your government whereas over 4500 have been killed by terrorists in the last one year." Qadri also demanded that a Joint Investigation Team (JIT) team should be constituted to investigate Model Town and Islamabad shooting incidents.

Expressing anger over the rotten system of the country, he said the system should also be wrapped up along with the removal of Prime Minister and Chief Minister. He said that majority of the opposition member of the parliament has criticised the government for the poor performance and an undemocratic attitude during the joint session of parliament. "Most of the opposition leaders in the parliament told the government that they have supported them to protect democracy," he said. According to him, shows the opposition parties have indirectly supported PAT's agenda.

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# Punjab: nearly 2,000 educational institutions damaged

September 18, 2014

ABDUL RASHEED AZAD

Rains and floods have destroyed as many as 30,512 houses - 16,974 in Punjab, 8,893 in Azad Kashmir and 4,845 in Gilgit-Baltistan. According to the data released by National Disaster Management Authority (NDMA), flooding caused serious damages to about 2,000 educational institutions across the country. A total of 318 people lost their lives - 241 in Punjab, 64 in Azad Kashmir and 13 in Gilgit-Baltistan.

The number of the injured reached 468 mark - 413 in Punjab, 129 in Azad Kashmir and 26 in Gilgit-Baltistan. Punjab has been the worst-hit province due to rains and the subsequent floods where more than 1.7 million people have been affected. An estimated 2.3 million acres of cropped area has also been adversely affected. Over 1,900 schools across Punjab province were damaged and remained non-operational. According to media reports, 250 schools were affected in Jhang district alone.

On the directives of Prime Minister Nawaz Sharif, NDMA in collaboration with humanitarian organisations, has initiated an assessment drive to calculate damages in the districts of Mandi Bahauddin, Hafizabad, Chiniot, Jhang and Multan. The premier has been making daily visits to the flood-affected areas, promising aid and rehabilitation to the displaced people.

The government of Punjab has announced that it will financially compensate flood-hit growers. In this regard, final steps would be taken after the completion of a Multi-Sector Initial Rapid Assessment (MIRA) report being prepared by NDMA in collaboration with other partners, while the Punjab Agriculture department - on the instructions of chief minister Punjab - has already constituted various committees to assess the losses. The Punjab government has released a huge amount for disbursement among farmers losing crops owing to floods, which include cash payments, agricultural equipment along with soft term loans.

"The Flood Forecasting Division Lahore has intimated that according to the latest hydrological conditions and breaching of embankments between Qadirabad and Panjnad on River Chenab, the risk of high to very high flood levels at Guddu and Sukkur has decreased. Presently, Panjnad Headwork is witnessing high floods with water moving steadily downstream to Guddu.

In order to assess the situation, Chairman NDMA, Major-General Saeed Aleem visited Multan and Panjnad Headworks, where the NDMA officials briefed him about the latest flood situation including the damages caused, areas affected and the relief activities undertaken jointly by provincial and federal departments. A high flow discharge from River Chenab after crossing Panjnad Headworks is now heading towards Guddu barrage on River Indus.

The water level in River Indus at Guddu Barrage may affect the inhabitants of the katcha area due to which the government of Sindh is evacuating people to safe places. Chairman NDMA, who is presently in the flood-affected areas, will also be visiting the Sukkur Barrage where he

will meet the civil administration to assess the state of preparedness, response readiness and relief measures. NDMA is fully committed to providing all-out assistance to PDMA Sindh if so needed in emergency and is maintaining close liaison with all concerned provincial/local authorities to ensure fool-proof arrangements to deal with any ground reality.

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## **Xi sees factory China and back office India as global engine**

September 18, 2014

The "world's factory" and the "world's back office" could together drive global economic growth, Chinese President Xi Jinping said as he began a rare visit to India on Wednesday, playing down mistrust that has long kept the Asian giants apart. India's new prime minister, Narendra Modi, is determined to build closer relations with the world's second-largest economy, whose leader arrived on Modi's 64th birthday armed with pledges to invest billions of dollars in railways, industrial parks and roads.

"As the two engines of the Asian economy, we need to become co-operation partners spearheading growth," Xi wrote in a column in The Hindu newspaper before landing in India, where he received a warm and carefully choreographed welcome. He said that, together, China's strong manufacturing base and India's software and scientific skills had massive potential both as a production base and for creating a consumer market. Xi flew with his wife directly to Ahmedabad, the main city in Modi's home state of Gujarat, where the Indian prime minister greeted him with a handshake and a bouquet of lilies. Modi is keen on Chinese investment to help balance \$65 billion in annual trade that is heavily tilted in China's favour. He is also seeking more access for India's IT services and pharmaceuticals to China.

The visit coincides with a slowdown in China's economy, which has prompted Chinese companies to look abroad for growth opportunities. A \$6.8 billion deal to set up two industrial parks for Chinese investment in India was on the cards, a senior Chinese official said in New Delhi, at a separate event where another \$3.4 billion worth of agreements was signed between Chinese and Indian firms. Indian airline IndiGo, the country's largest by market share, said it had sealed a \$2.6 billion agreement on the sidelines of the summit with Industrial and Commercial Bank of China (ICBC) to finance more than 30 new aircraft.

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## US troops will have no combat mission in Iraq: Obama

September 18, 2014

President Barack Obama insisted Wednesday that US troops have no combat mission in Iraq, after his top general suggested some US advisors could join Iraqi forces to fight the Islamic State group. "The American forces that have been deployed to Iraq do not and will not have a combat mission," Obama told American troops at the headquarters of US Central Command in Florida.

Obama has repeatedly stressed that, despite ordering air strikes against IS in Syria and Iraq, he will not send US troops back to fight another land war in the region. Indeed, he has based much of the rationale of his presidency on getting American forces out of foreign entanglements. But his remarks here on Wednesday were lent added relevance by comments by General Martin Dempsey, Chairman of the Joint Chiefs of Staff on Tuesday.

Dempsey said that it may at some point prove necessary to send US advisors into action with the Iraqi troops battling IS, in what he called "close-combat advising". But the White House insisted the idea of US troops in battle was a "purely hypothetical scenario." It was not immediately clear whether Obama's comments in Florida precluded such an approach, but there appeared to be plenty of rhetorical space for Dempsey's scenario to play out while allowing the president to insist that American troops have no dedicated combat mission. The president did not repeat the frequent US characterisation of the evolving mission in Iraq and Syria that there will be no US "boots on the ground" - a term usually seen to refer to combat troops. Obama's short remarks at the rain drenched MacDill air force base also included a defense of his own foreign policy - which Republicans argue is collapsing around him.

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## NSA shared Americans communications with Israel: Snowden

September 18, 2014

Former US intelligence analyst Edward Snowden has accused the US National Security Agency of routinely passing private, unedited communications of Americans to Israel, an expert on the intelligence agency said Wednesday. James Bamford, writing in the New York Times, said Snowden told him the intercepts included communications of Arab- and Palestinian-Americans whose relatives in Israel and the Palestinian territories could become targets based on the information.

"It's one of the biggest abuses we've seen," Bamford quoted Snowden as saying. Snowden said the material was routinely transferred to Unit 8200, a secretive Israeli intelligence organisation. Bamford cited a memorandum of understanding between the NSA and its Israeli counterpart



outlining transfers that have occurred since 2009.

Leaked by Snowden and first reported by the British newspaper the Guardian, it said the material included "unevaluated and unminimized transcripts, gists, facsimiles, telex, voice and Digital Network Intelligence metadata and content." The memorandum indicates the data is routinely sent in raw form, without editing out names or other personally identifiable information, Bamford said. He noted allegations in Israel by veterans of Unit 8200, who in a letter to Prime Minister Benjamin Netanyahu last week accused the agency of using information it collects to politically persecute innocent Palestinians.

The data gathered by the unit included Palestinians' sexual orientations, infidelities, money problems, family medical conditions and other private matters that could be used to coerce them into becoming collaborators, they said. Snowden, a former NSA contractor, is wanted by the United States on espionage charges after leaking a mass of secret NSA documents. The 31-year-old fugitive is in asylum in Russia, where he has been granted a three-year residency that allows him to travel abroad.

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## THE RUPEE: more recovery

September 18, 2014

Further recovery was seen in the rupee's value against the dollar on the money market on Wednesday, dealers said. The rupee extended its overnight journey in relation to the dollar, gaining 13-paisa for buying at Rs 102.65 and it also gained 16-paisa for selling at Rs 102.68, they said.

**INTERBANK MARKET RATES: OPEN MARKET RATES:** The rupee also rose by 10-paisa in terms of the greenback for buying and selling at Rs 102.30 and Rs 102.50 respectively, but it showed no change versus the euro for buying and selling at Rs 132.50 and Rs 132.75, they said.

In the third Asian trade, the US dollar firmed, recovering from a setback in the previous session as investors awaited the Federal Reserve's latest guidance on US interest rates. The Fed's Open Market Committee will conclude its regular two-day policy meeting later in the session, at which it is expected to discuss the timing of the next US rate increase.

The dollar was trading against the Indian rupee at Rs 60.99, the greenback was at 3.2190 in terms of the Malaysian ringgit and the greenback was at 6.143 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: 06.25-08.25 percent (Previous 05.50-07.00 percent).

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 Open Bid   Rs.102.30  
 Open Offer   Rs.102.50  
 =====

**Interbank Closing Rates:** Interbank Closing Rates For Dollar on Wednesday.

=====  
Bid Rate Rs.102.65  
Offer Rate Rs.102.68  
=====

**RUPEE IN LAHORE:** The national currency showed stability as it stayed unchanged against the greenback on the local currency market on Wednesday.

According to the currency dealers, the dollar was opened at its overnight closing of Rs 102.65 and Rs 102.90 on buying and selling rate, respectively. The dollar did not observe any change in its demand and supply situation due to which the dollar was ended at the opening level.

The Pak rupee remained strong and was appreciated against the pound sterling. The pound's buying and selling rates were declined from Tuesday closing of Rs 166.50 and Rs 166.75 to Rs 166.00 and Rs 166.25, respectively, the dealers said.

**RUPEE IN ISLAMABAD AND RAWALPINDI:** The rupee remained firm against the dollar on the open currency markets of Islamabad and Rawalpindi here on Wednesday.

The dollar opened at Rs 101 (buying) and Rs 101.10 (selling) against same overnight rate. It did not observe further change in the second session and closed at Rs 101 (buying) and Rs 101.10 (selling) against.

Pound Sterling opened at Rs 168 (buying) and Rs 168.10 (selling) against same overnight value. It did not observe further change in the evening session and closed at Rs 168 (buying) and Rs 168.10 (selling).

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## **Flood tax: no proposal under consideration: FBR**

September 18, 2014

SOHAIL SARFRAZ

There is no proposal under consideration of the Federal Board of Revenue (FBR) to impose any kind of flood tax or flood surcharge like the one imposed in the past for generating revenue for flood-affected people. Sources told *Business Recorder* here on Wednesday that the imposition of flood tax is not possible without a Presidential Ordinance. At this stage there is no proposal to impose such tax through an Ordinance.

A tax expert was of the view that the Income Tax (Amendment) Ordinance, 2011 (Ordinance IV of 2011), promulgated on March 15, 2011, had levied a 15% surcharge vide section 4A of the Income Tax Ordinance, 2001 for a period of three and a half months. Through this measure, the Federal Board of Revenue (FBR) had estimated generation of Rs 36 billion for rehabilitation of flood-affected people. In September 2011, the Chairman FBR disclosed before the Parliamentary



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Standing Committee on Finance that actual collection under the head of 'flood surcharge' was just Rs 8 billion.

In the past, "Flood Surcharge" was not a one-time levy, but it was charged on a monthly basis for six months. At the same time, the FBR had issued Circular No 11 of 2011 on September 12, 2011 and SRO 977(I)/2011 on October 19, 2011 providing that surcharge of 15% under section 4A of the Income Tax Ordinance, 2001 "is payable for tax year 2011 irrespective of tax year ending on December 31, 2010, 30th June 2011 or any other date" and that "amount of surcharge payable on the income tax liability for tax year 2011 under section 4A shall be computed on the proportionate amount of income tax liability for three and a half months".

Expert said that in the past the 'Flood Surcharge' was charged on a monthly basis for a six-month period - January to June 2010, wherever applicable. Every salaried person, importer, advance taxpayer and commercial/industrial consumers of electricity were bound to pay 10 percent income tax surcharge on the tax payable. According to experts, all transactions of withholding agents including deduction of withholding tax on supplies and contracts were subject to a 10 percent 'Flood Surcharge' in the past. However, it was only applicable on the already tax deducted.

Sources said the importers were required to pay a 10 percent surcharge on each imported consignment. Within the withholding tax regime, all kinds of business transactions were covered under the 'Flood Surcharge' regime. The withholding tax deductions were liable to 'Flood Surcharge'. For example, the dividend earners were liable to pay the surcharge, major areas of withholding tax deductions including taxes on salary, contracts, services, profit on debt, dividends, royalties, etc, were subjected to 'Flood Surcharge'.

In the past, the taxpayers were liable to pay a 10 percent income tax surcharge for the Tax Year 2011. The taxpayers liable to pay 'Flood Surcharge' had declared their actual income in the income tax returns to be filed for the Tax Year 2011. The corporate sector paid the surcharge with the returns filed for the Tax Year 2011.

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## **Youth skill, health plans: BISP seeks more funds from ADB**

September 18, 2014

AAMIR SAEED

Benazir Income Support Programme Chairman Senator Enver Baig (Retd) has sought more funds from the Asian Development Bank with the objective of imparting training skills to youth and launching new health programmes for the vulnerable across Pakistan. While briefing ADB President Takehiko Nakao at the BISP Tehsil office Taxila on Wednesday, Baig said the programme needs more funds to initiate some viable programmes.

Nakao was greeted by Enver Baig, Secretary BISP, some beneficiaries of the programme and

other senior officials. "We would be grateful if the ADB could increase funds allocation for training and health programmes," Baig said, adding that the increased allocation would help BISP overcome some financial hiccups.

The chairman said the BISP has been struggling to reach a maximum number of deserving people across the country, but "cultural and religious problems in some areas still remain a stumbling block in our way." He also apprised the ADB president about recent developments in BISP, including Waseela-e-Rozgar. He said under the new government, the BISP is planning to turn Waseela-e-Rozgar into an effective graduation programme.

Elaborating on different initiatives of the programme, he said the BISP has signed a memorandum of understating with KATI, Sarhad Chamber of Commerce, Pizza Hut food chain, Daewoo Pakistan and other associations to help get jobs for the trained youth.

Baig said the MoUs would help BISP determine the needs of the market, initiate relevant training programmes and help beneficiaries graduate out of the programme through generation of employment opportunities. The chairman said the BISP was also working on different initiatives to send trained youth to Gulf countries for some lucrative jobs in construction industry.

The ADB President was also given a detailed briefing on BISP operations at Tehsil level which includes issuance of Benazir Debit Cards (BDCs) and complaint handling mechanisms. The president also met some beneficiaries of the programme to get an insight into the working of the BISP.

The Asian Development Bank has recently approved \$430 million programme for the BISP with the government of Pakistan for cash transfers, designing and implementing graduation programmes and technical assistance. In a brief chat to mediapersons, ADB President Takehiko Nakao lauded the efforts of the BISP management to alleviate poverty from the country through different welfare programmes. He, however, said the BISP should focus more on imparting technical skills to the youth instead of just relying on cash transfers. "The ADB is not only looking to invest in a cash transfer programme but also to support the BISP in developing comprehensive graduation mechanisms," he added.

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## **Altaf for trial of Kayani, other retired generals**

September 18, 2014

Muttahida Qaumi Movement chief Altaf Hussain has called for formation of small federating units in the country, says a private TV channel. He said that more provinces will have to be carved out for the survival of Pakistan. The MQM chief, who was addressing party workers on Wednesday, said that army generals who supported General Pervez Musharraf in carrying out the 1999 coup should also be tried under the Article 6 of Constitution.

He said a case should also be registered against General Ashfaq Pervez Kayani. Hussain said that

cases should also be registered against other generals or else Musharraf should be allowed to escape from a difficult situation. He said the Pakistan People's Party had supported the creation of more provinces in Punjab. It had also demanded creation of 'Hazara province', he added.

During Hussain's speech, PPP chairman Bilawal Bhutto Zardari posted a message on social networking website tweeter: "Marsoon Marsoon, Sindh Na Desoon (We will die but not give Sindh)." Responding to Bilawal's remarks, Hussain said "You are a kid, call your father". He said that 'Mr Zardari', the father of Bilawal, makes his son to utter words that he himself chooses not to say.

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## **Imran to address rally in Karachi on September 21**

September 18, 2014

Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan will make a visit to Karachi on Sunday as a part of his ongoing movement against Nawaz Sharif government. Khan will address a rally in the metropolis before flying back to Islamabad. The decision was taken by PTI's core committee in a meeting on Wednesday. PTI's Karachi leader Imran Ismail confirmed the plan. He said that the venue for the public meeting would be decided anytime soon.

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## **Police asked to quash FIRs against workers of PTI, PAT**

September 18, 2014

The Islamabad High Court (IHC) on Wednesday issued orders for quashing First Information Reports (FIRs) registered against the Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) workers in violation of Section 144. Chief Justice IHC Muhammad Anwar Khan Kasi issued this order while hearing a petition filed by Advocate Niazullah Niazi who had challenged the registration of cases against political workers under Section 144.

During the course of proceedings, Niazi contended that only a Deputy Commissioner can become a complainant in the case registered under 195 CrPC Section (i) (a); however, police are complainant in all the cases filed up till now, whereas it has committed gross violation of law. He told the court that police have not released all the arrested workers despite court's orders on the release of people arrested under Section 144.

He prayed before the court to order police for quashing FIRs against the arrested workers and release them as soon as possible. Opposing the arguments submitted by Niazi, District Attorney

Raja Khalid said that all the FIRs had been registered as per law. The CJ Muhammad Anwar Khan Kasi after hearing the arguments from both sides remarked that the court would not tolerate lawlessness, adding that it would not let the authorities make random arrests. He directed the authorities to quash all cases against political workers arrested for violating Section-144 in Islamabad. Earlier, police arrested around 650 PTI and PAT workers for violating Section 144.

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## Malik condemns 'VIP culture'

September 18, 2014

Rejecting accusations of causing a flight's delay, former Interior Minister Rehman Malik said he himself condemns the 'VIP culture' and will launch a public awareness campaign in this regard. Speaking to media persons outside the Parliament House on Wednesday, Malik maintained that he had not stopped the Islamabad-bound flight PK-370. "I told passengers that it was not my fault. I told them to have some mercy and don't do this," he said.

Malik said a case should be registered against a roudy passenger under anti-terrorism clauses. "I have got complete information of the passenger who threw minority affairs minister out of the flight," he stated. He explained that there can be no filming inside the plane under the aviation law and lamented that the PIA could not conduct an inquiry into the incident. The former interior minister, however, apologised to passengers who subjected him to humiliation. He also demanded that PIA tender an apology to all passengers for causing the delay.

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## Fed renews zero interest rate pledge, restates concern on labour market

September 18, 2014

The US Federal Reserve on Wednesday renewed a pledge to keep interest rates near zero for a "considerable time" and repeated concerns over slack in the labour market, standing firm against calls to overhaul its policy statement. Many economists and traders had expected the central bank to alter the rate guidance it has provided since March, given generally improving data on the economy's performance.

But the Fed repeated its assurance that rates would stay ultra-low for a "considerable time" after a bond-buying stimulus program wraps up. In a statement after a two-day meeting, it announced a further \$10 billion reduction in its monthly purchases, leaving the program on course to be shuttered next month.

The policy-setting Federal Open Market Committee also repeated its assessment that a "significant" amount of slack remains in the US labour market, a further sign it is no rush to raise benchmark borrowing costs. "On balance, labour market conditions improved somewhat further; however, the unemployment rate is little changed ...," the FOMC said in its statement. Dallas Fed President Richard Fisher and Philadelphia Fed President Charles Plosser dissented on Wednesday.

The Fed also released quarterly economic and interest rate projections from its 17 policymakers, extending out to 2017 for the first time. They suggested a faster pace of rate hikes than envisioned in the last projections in June. For the end of next year, the median of the projections

was 1.375 percent, compared to 1.125 percent in June, while the end-2016 projection moved up to 2.875 percent from 2.50 percent. For 2017, the median stood at 3.75 percent.

The Fed also released a new blueprint on its so-called exit strategy, outlining key measures it plans to take in moving from loose to more normal monetary policy. Among its plans, the Fed said that it expects to end or phase out reinvestments after it begins raising interest rates, depending on the state of the economy. Earlier on Wednesday, the government released data that showed consumer prices notched their first decline in nearly 1-1/2 years in August. The report also showed underlying inflation pressures were muted, which could bolster the Fed's resolve to keep a loose monetary policy in place.

Some Fed officials have stated publicly that the central bank should stand ready to move rates up sooner and faster than financial markets currently expect given the spate of mostly good news on the economy. Futures rates suggest traders are betting on an interest rate of 0.75 percent at the end of 2015. Prior to this week's policy meeting, several Fed officials said they were uncomfortable with the central bank's rate guidance, given that it was pegged to a calendar reference and not the economy's progress.

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## **French parliament approves jihadist travel ban**

September 18, 2014

France's parliament on Tuesday approved a new anti-terror bill aimed at preventing potential jihadists from travelling to Iraq, Syria or elsewhere by confiscating their passports. The travel ban on French nationals could be imposed "where there are serious reasons to believe that someone is planning to travel abroad to take part in terrorist activities, war crimes or crimes against humanity or in a theatre of operations of terrorist groups and in conditions likely to jeopardise public security upon their return to French territory", according to the text.

Under the scheme the travel ban may be imposed for six months, renewable for up to two years. Someone placed under the order would have their passport and French identity card confiscated. "Six months is a reasonable period because this is a serious measure," said Sebastien Pietrasanta, a deputy with the ruling Socialists, who introduced the bill. He was responding to an amendment put forward by the conservative opposition UMP party for an initial one-year travel ban. Anyone targeted by the new laws would have the right to legal redress, though the administration would not be able to reveal any classified information in relation to the case, Interior Minister Bernard Cazeneuve told parliament.

The French move echoes plans under way in neighbouring Britain where Prime Minister David Cameron wants to give border police powers to seize passports from suspected would-be jihadists at the border. His government is also drawing up measures to ban British nationals suspected of being jihadists from returning - but how this could be enforced is contentious.

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## Religion courses: Turkey Prime Minister denounces European court ruling

September 18, 2014

Prime Minister Ahmet Davutoglu on Wednesday denounced a European court ruling against Turkey's compulsory religion courses, calling them a necessary tool to fight Islamic radicalisation. The Strasbourg-based European Court of Human Rights (ECHR) ruled on Tuesday that compulsory religion courses in Turkish public schools violated educational freedoms, and called on Turkey to reform its school curriculum.

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## Clashes in Bangladesh after Sayedee spared death sentence

September 18, 2014

Bangladesh's highest court on Wednesday commuted the death sentence on a top Islamic preacher, triggering angry protests by both his supporters and secular opponents and clashes with police. In a surprise ruling, the Supreme Court said 74-year-old Delwar Hossain Sayedee should spend "the rest of his natural life in jail for crimes during the 1971 war".

Sayedee's death penalty passed last year by a war-crimes tribunal triggered the deadliest political violence in the country's history, and thousands of police were deployed before Wednesday's ruling. "We had expected that the court would uphold his death sentence," Attorney General Mahbubey Alam told AFP, adding that he was unhappy with the verdict.

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## Equities rangebound

September 18, 2014

A volatile session was witnessed at Karachi Stock Exchange Wednesday and the benchmark KSE-100 index shed 44 points to close at 30,137 points down from 30,180 points. Analysts said that market is still volatile following the political unrest in the country. "We expect the market to remain capricious due to the prolonged political uncertainty," they added.

Samar Iqbal, analyst at Topline Securities, said the market closed marginally down amid profit-taking in OGDC and POL with above average volumes. Overall, the benchmark index fell by 0.14 percent to 30,137 points. She said volumes were also on the decline, while the value remained at \$100 million (value Rs 10.55 billion).



"MLCF witnessed heavy selling after announcing lower than expected June quarter earnings and FABL saw a renewed interest as investors believe that the bank will continue performing better amid mid-tier banks," she added. During the intraday trading, KSE-100 index touched 30,267 points highest and 30,086 points lowest level. Following a negative trend, trading volume at the ready counter decreased by 21 percent to 153.39 million shares Wednesday compared to 195 million shares Tuesday.

Market capitalisation posted a slight decline of Rs 14 billion to reach Rs 7.018 trillion down from Rs 7.032 trillion. Trading took place in 403 companies, of which 188 closed in green zone, 187 in the red while 28 companies remained unchanged. Among top 10 volume leaders, five companies closed positive. Maple Leaf Cement emerged the volume leader with 20 million shares, losing Re 0.67 to close at Rs 27.81. Faysal Bank stood second, up Re 0.03 to close at Rs 18.65 on 8.6 million shares. D.G.K Cement ranked third with 7.8 million shares, gaining Re 0.68 to Rs 83.22. Some 6.8 million shares of Lafarge Pak were traded and the scrip moved up by Re 0.09 to Rs 16.19.

Pak Electron Ltd lost Re 0.51 to Rs 29.19 on 6.4 million shares. With some 5 million shares volume, B.O.Punjab closed at Rs 8.11, up Re 0.01. K-Electric decreased by Re 0.16 to Rs 8.29 on 4.8 million shares. Engro Fertiliser Ltd fell by Re 0.08 to Rs 54.26 on 4.6 million shares. With a trading volume of 4.5 million shares, Engro Corp declined by Rs 2.52 to close at Rs 174.98 and Askari Bank closed at Rs 21.80, up Re 0.02 on 3.8 million shares.

Rafhan Maize and Nestle Pak were the top gainers with Rs 300.00 and Rs 83.50 to close at Rs 10,700.00 and Rs 7,875.00, respectively. Unilever Foods and Indus Dyeing were the top losers with Rs 442.50 and Rs 15.70 to close at Rs 8,407.50 and Rs 750.55, respectively. Analysts said KSE on Wednesday opened its door for Engro Powergen Qadirpur Limited via provisional trading where the stock closed at upper limit of Rs 45.03 with only 3,500 shares traded. MLCF lost 2.4 percent as it posted a lower than expected result (EPS: Rs 5.36) due to higher effective tax rate, they added. LUCK again gained momentum due to reaction of local investors to its news of board's approval of equity investment for its 660MW coal-based project. A bullish momentum was seen in pharma sector due to the recommendation of Chairman of Pakistan Pharmaceutical Manufacturers Association (PPMA) to reduce tariffs on import of raw material (active ingredients) to zero, they maintained.

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## **Business and Economy: *Pakistan***

### **July-August 2014: OICCI expresses dismay over \$87 million poor FDI inflow**

September 18, 2014

The Managing Committee of OICCI, the premier body of nearly 200 leading foreign investors in Pakistan, expressed its dismay on the poor FDI inflow of only 87 million dollars reported by State Bank of Pakistan for the period July-August 2014. This is a significant drop of 37 percent compared even to the very low base of same period last year.

Commenting on the dismal FDI inflow, OICCI President Asad S Jafar said that it highlights the fact that "potential overseas investors are giving more weightage to security, energy shortages and transparency in governance, and ignoring the business friendly policies and the very good business potential in Pakistan." For the record, OICCI members annually invest over US one billion dollars from their retained earnings.

The Managing Committee of the OICCI while reviewing the business environment urged the federal and provincial governments to take emergency measures in order to attract higher FDI inflows as low FDI retards economic growth and has long term implications. OICCI offered to assist the authorities by sharing experience and expertise of members who have benefited from investments in Pakistan.

The MC also expressed concern on the current level of engagement by the relevant government functionaries with the investment and business community, including OICCI. They advised that interaction needs to be substantially increased as government and business needs to work in tandem to meet the challenges of a developing economy. The main reason for a substantial FDI inflow and the high economic growth rate of Asian countries was due to a transparent governance and sound physical and institutional infrastructure. Pakistan needs to improve substantially in these areas to compete with the region for attracting higher FDI.

OICCI advised that recurring concerns identified in the annual World Bank Ease of Doing Business surveys, the OICCI sponsored six-monthly Business Confidence Index and OICCI members Perception and Investment survey needs to be professionally and timely resolved by federal and provincial authorities.

In conclusion Asad S Jafar, once again urged the government to fill all the key vacancies in the Regulatory and State owned organisations and urged the federal and provincial governments to introduce a robust accountability mechanism to build confidence, check poor implementation of policies and help counter the negative image of the country amongst potential overseas investors, as all these actions will ensure that the country moves rapidly towards realising its true potential for economic growth, providing employment to the youth and development of the economy on solid foundations.-PR

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## Damage estimates by UN, donors: flood aid to be utilised after scrutiny: Dar

September 18, 2014

Finance Minister Ishaq Dar on Wednesday said that Pakistan received assistance offers for flood affected-people from many friendly countries and international agencies but the government wants to utilise the assistance only after thorough scrutiny of damage estimates by the United Nations and other donors.

"We have received offers from many friendly countries and international agencies for helping the flood affected people but we want to utilise their assistance only after thorough scrutiny of the damage estimates by UN and other donors," he said while talking to Jassim M Al-Khaldi, Charged" Affairs, Embassy of Kingdom of Saudi Arabia who called on him here.

Dar appreciated the concern of the Saudi diplomat about the destruction caused by flood and said the combined task of rehabilitating the IDPs and reconstructing houses of flood affected people of Punjab, AJK and GB would be quite huge. "But this will be completed by an independent committee formed for the joint management of reconstruction task in a fair and transparent manner," he added. Dar said that despite vast devastation caused by the floods in the country, the government was committed to its resolve to make Pakistan a success story in Asia and achieve growth targets in the years to come. Although the recent calamity has made it difficult to meet growth targets due to the damage caused to crops, houses and other infrastructure but we are firm in our resolve to make Pakistan a success story in Asia, we will achieve our growth targets in the years to come, he said.

The minister also conveyed greetings to the Saudi Ambassador for the Saudi National Day and greeted Khaldi and extended his best wishes for the current Haj season. On the occasion, Khaldi extended condolences from the Saudi Ambassador on the colossal losses suffered by Pakistan in the areas of Punjab, AJK and Gilgit-Baltistan in the recent floods. Khaldi, on behalf of the Saudi government, assured that it would extend all possible assistance for the flood victims.

Khaldi appreciated the resolve of the government to handle the current political situation in the country with utmost patience and concentrating more on the immediate relief efforts for the flood victims. The meeting was attended by Advisor to Finance Division Rana Assad Amin and Special Assistant to Finance Minister Shahid Mehmood Khan.

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# Political impasse: ADB warns economy could suffer

September 18, 2014

Asian Development Bank President Takehiko Nakao warned Wednesday an ongoing political impasse could damage Pakistan's recently stabilised economy, as the country's finance minister said Islamabad would miss its growth target due to recent floods. Speaking at a joint press conference, Nakao and finance minister Ishaq Dar praised the government of Prime Minister Nawaz Sharif for improving the macro-economic outlook and pursuing a liberalisation agenda.

"Today we are seeing the growth rate is picking up, the inflation rate is becoming more managed, and foreign reserve (has picked up) - and the exchange rate is becoming stabilised so it is really a remarkable achievement by the government," he said. "What is important is the...continuation of democracy. I am so glad to see the peaceful and democratic transition of government last year," he continued. Last year's general election was the first time a civilian government handed over power to another in a country that has been ruled for more than half its existence by the dominating army. Government has said the crisis has cost the exchequer billions of rupees (millions of dollars) and deterred foreign investment after ratings agency Moody's upgraded the country's outlook from negative to stable.

Speaking to AFP, Nakao said: "It's a very difficult to tell what should be the impact of this political impasse. We don't have any estimate about it. If it prolongs there is more damage and if it is solved quickly the damage will be more managed." Nakao added that the bank, which is set to provide \$5 billion to Pakistan over the next five years in assistance particularly in energy and infrastructure sector, would extend flood relief to the country after an assessment report was completed. At least 296 people have died in this years flooding, which has also damaged 2.2 million acres of farmland in the breadbasket Punjab.

Dar said the damage would affect Pakistan's growth target of five percent for the fiscal. "It will have a bearing on our GDP, we have a major agricultural loss in Punjab. We have budgeted for and projected (growth) at five percent," he said.

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# **Suspended ST registration: companies should not be included in voters list of chambers: DGTO**

September 18, 2014

SOHAIL SARFRAZ

Directorate General of Trade Organisations (DGTO) has declared that firms/companies whose sales tax registration has been suspended by the sales tax department should not be included in the voters list of corporate class of chambers of commerce and industry.

According to an order-in-original NO.09/2014 issued by the DGTO here on Wednesday, the directorate has disposed of complaints filed by Sahibzada Muhammad and others against Chamber of Commerce and Industry, Quetta pertaining to the objections raised against the voters list of both corporate and associate classes.

As per the order of the directorate, the voter list of associate members provided by the chamber shows that National TAX Numbers (NTNs) of a large number of members is incomplete or not valid, which needs to be corrected and those having non-verifiable NTNs, at the moment, shall be excluded from the voters list.

The DGTO said that the only that business concern which has completed two consecutive years in a particular class from the date of enrolment in the chamber's record is eligible to become a voter in that particular class. For example a corporate member who has completed at least two consecutive years as a corporate member of the chamber shall be eligible to be included in the voters list of corporate class. Only firms with a different NTN can have their voting rights for their respective class. A business concern with one NTN cannot vote simultaneously for corporate and associate class at one time. As Chief Executive of a company is also on the board of directors of the company, he is eligible to cast vote on behalf of the company.

Any business concern who has got its membership renewed in accordance with sub rule 5 of rule 11 of Trade Organisations Rules 2013 and has completed two successive years of membership in its class is eligible to cast vote in the election, DGTO said. Any business concern that has substantial business and also Head or branch office in Quetta can become member of the Chamber.

DGTO stated that the firms whose sales tax registration has been suspended by the Sales Tax Department should not be included in the voters list of corporate class. The voter list of associate members provided by the Chamber shows that NTN of a large number of members is incomplete or not valid, which needs to be corrected and those having non-verifiable NTNs, at the moment, shall be excluded from the voters list.

The firms who have applied and qualify to become corporate members of the Chamber be enrolled as corporate members of the Chamber. Since the certain firms have approached the office of Regulator for denial of corporate membership to them, their cases may be scrutinised

and if in order, be granted corporate membership: In order to hold election of the Chamber of Commerce and Industry, Quetta in a fair manner, voters list of both corporate and associate classes needs to be revised in a transparent manner. Therefore, it has been decided that voters list of both corporate and associate classes shall be revised by a scrutiny committee consisting of five members. The members of the scrutiny shall be provided all necessary assistance by the Secretary General of the Chamber. In case of failure to carry out the process smoothly, may lead to other actions, as per Trade Organisations Act, 2013, DGTO order added.

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## HDI puts Pakistan at 146

September 18, 2014

ZAHEER ABBASI

Pakistan stands at low level of 146 out of 187 countries in terms of Human Development Index (HDI) with staggering rate of poverty, high inequality and frequent natural disasters making millions of people vulnerable. The United National Development Programme (UNDP) report for 2014 launched here on Wednesday placed Pakistan HDI value for 2013 at 0.537, which is in the low human development category, positioning the country at 146 out of 187 countries and territories.

From South Asia, countries which are close to Pakistan in 2013 HDI rank and to some extent in population size are India and Bangladesh, which have HDIs ranked 135 and 142, respectively.

The UNDP country director Marc-André Franche, presenting the highlights of the report stated that the issue of vulnerability and resilience is unfortunately well-known and interiorized by Pakistanis. He added conflict with the militancy and other groups, sectarian violence, compounded by natural disasters including 2005 earthquake and 22 major floods since Pakistan's independence added to the regional tensions and political instability that have weakened institutions, blocked reforms, diverted resources and made millions more vulnerable. Those who were already the poorest and most excluded are living in areas which are disintegrated from the rest of the country.

The UNDP country director stated that persistent vulnerabilities create a vicious circle has undermined the progress and resources needed to recover increase manifold. He added that there are two main sets of vulnerabilities influencing human capabilities; (i) life cycle vulnerabilities as a result of lack of investment or poor outcomes at the early stage of life, which are prenatal and early childhood, have the highest impact on human development than investments made at old stage. Unfortunately in Pakistan, vulnerabilities at the early stage of life cycle are the highest with 43.7 percent of the children stunted an increase of 3 percent in 10 years. Malnutrition in children under five has shown no improvement in the last 46 years rather it has actually worsened. The second most important stage of the life cycle is youth here understood as those between 15-24 years old. In 2012, the global youth unemployment rate was estimated at 12.7 percent, almost three times the adult unemployment rate; (ii) Second crucial vulnerabilities are the structural ones, generated from social, legal institutions, power structures, political traditions and socio-cultural norms. Structural vulnerabilities are manifested through deep inequalities and

widespread poverty. According him, in Pakistan, 44.2 percent of the households live in multidimensional poverty.

The report proposes various ways to respond to the situation, making investment for resilience and to provide basic social services and safety nets. It also proposes to enact policies for full employment reducing vulnerabilities and securing livelihoods of the work force in the informal sector. Given the huge youth bulge, Pakistan needs to invest heavily in employment, engagement and empowerment of youth.

The head of Department for International Development (DFID) in Pakistan Richard Montgomery said that the health and education sectors are facing serious challenge and there is a great confusion about transfer of resources from federal to provincial level. He added that the malnutrition is silent enemy which is not being addressed. He also underlined the need of strengthening social safety nets. The Head of DFID added that this report can help debate on how best to build Pakistan's resilience, strengthen the way the State serves its citizens, and build a more inclusive economy and society. The launching of the report was followed by a panel discussion on the vulnerabilities of people in FATA and Khyber Pakhtunkhawa.

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## **Shabbir made chairman of FPCCI's standing body on CNG**

September 18, 2014

Zakaria Usman, President, Federation of Pakistan Chambers of Commerce and Industries (FPCCI), has appointed Shabbir H Sulemanjee as Chairman of the FPCCI's Standing Committee on Compressed Natural Gas (CNG) for the year 2014. The notification said: "I am pleased to appoint you as chairman of FPCCI's Standing Committee on Compressed Natural Gas for the remaining term of 2014 with effect from 6th September 2014." Shabbir is also currently the Chairman, of All Pakistan CNG Association (Sindh Zone) (APCNGA).

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## **MLCF earnings down 12 percent**

September 18, 2014

Maple Leaf Cement (MLCF) announced FY14 earnings of Rs 2.8 billion (EPS Rs 5.36) in FY14 against Rs 3.2 billion (EPS Rs 6.11) in FY13, down 12 percent. According to Topline Securities, in FY14, MLCF recorded revenue of Rs 18.9 billion as against Rs 17.4 billion last year which is up 9 percent mainly because of increase in net retention prices by approximately 11 percent.

However, gross profits increased by 8 percent to Rs 6.5 billion while gross margins declined by 1pps to 34 percent. Finance cost on the other hand witnessed a decline of 14 percent in FY14, as

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MLCF is aggressively paying down its Sukuk and syndicated debt obligations.

The MLCF restructured its Rs 12 billion debt back in 2010, which has now come down to Rs 8 billion. Although profit before tax in FY14 improved by 14 percent to Rs 3.6 billion, imposition of alternate corporate tax (17 percent of accounting profit) resulted in 12 percent decline in net earnings, the report said.

In 4QFY14 alone, the company reported EPS of Rs 0.79, which declined by 59 percent versus Rs 1.95 in 4QFY13 mainly due to higher effective tax rate. However, on pretax level, MLCF's profits improved by 11 percent versus corresponding period last year. On quarterly basis, profitability in 4QFY14 declined by 55 percent to Rs 0.4 billion compared to Rs 1.7 billion (EPS Rs 1.76) in 3QFY14, it said.

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## Pearl Continental renovated

September 18, 2014

Pearl Continental Karachi of Hashoo group has successfully completed renovation of rooms on the 1st to 4th floor. This renovation includes replacement of complete room furniture, curtains and other fixtures in the room. In the coming month 5th and 6th floors will also be renovated on the same lines.

Here it is pertinent to highlight that besides this PC management has also renovated lobby, which include installation of curtains, replacement of carpet and furniture. Beside this, management has also changed carpet of Ball Room, complete renovation of Marco Polo and Zaver Hall, construction of new toilets, changing interior decor of Marquee. This all will certainly enhance beautification of hotel which will result in customer satisfaction, trust and will attract valued customer.-PR

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## Activity at Karachi & Qasim ports

September 18, 2014

The Karachi Port handled 161,921 tonnes of cargo comprising 130,970 tonnes of import cargo and 30,951 tonnes of export cargo including 4,452 loaded and empty containers during the last 24 hours ending at 0700 hours on Wednesday. The total import cargo of 130,970 tonnes comprised of 38,628 tonnes of containerised cargo; 270 tonnes of general cargo; 33,303 tonnes of bulk cargo: 19,308 tonnes of coal; 7,161 tonnes of wheat; 4,647 tonnes of soyabean meal; 2,187 tonnes of rape seed and 58,769 tonnes of oil/liquid cargo.

The total export cargo of 30,951 tonnes comprised of 28,330 tonnes of containerised cargo and 130 tonnes of general cargo and 2,491 tonnes of oil/liquid cargo. As many as 4,452 containers



comprising 2,525 containers import and 1,927 containers export were handled during the last 24 hours on Wednesday.

The breakup of imported containers shows 1,215 of 20's and 540 of 40's loaded while 226 of 20's and 2 of 40's empty containers, whereas that of exported containers shows 896 of 20's and 262 of 40's loaded containers while 367 of 20's and 70 of 40's empty containers were handled during the business hours. There were three ships namely MOL Dignity, Tradewind and Han Yi carrying containers, oil tanker and general cargo respectively sailed out to sea during the reported period. There were five vessels viz. Cosco Kawasaki, Kota Kasturi, TDT-3, El Gurdabia and Maha-B carrying containers, oil tankers and general cargo respectively currently at the berths.

There were seven ships namely Captain Costas, KMTC Mumbai, Kota Kasturi, TDT-3, Ashahda, Ibis Bulker and Maha-B carrying containers, oil tankers, coal and general cargo respectively sailed out to sea on Wednesday, while two ships namely Cosco Kawasaki and El Gurdabia carrying containers and oil tanker respectively are expected to sail on Thursday.

There are three vessels viz. Ikan Jenahar, Jin Bo and RM Dynasty carrying DAP, steel and wheat respectively due to arrive on Wednesday, while six vessels viz. OOCL New York, APL Seattle, Santa Rosa, Nagoya Tower, Sinar Kutai and Sila carrying containers, cement and sulphur respectively are due to arrive on Thursday.

#### **PORT QASIM**

A cargo volume of 76,157 tonnes comprising 36,301 tonnes of import cargo and 39,856 tonnes of export cargo inclusive 1,953 loaded and empty containers (TEUs) was handled at Port Qasim during the last 24 hours on Wednesday.

The total import cargo of 36,301 tonnes includes 10,436 tonnes of diesel oil; 10,762 tonnes of coal; 4,750 tonnes of wheat and 10,353 tonnes of containerised cargo. The total export cargo of 39,856 tonnes includes 9,196 tonnes of cement and 30,660 tonnes of containerised cargo.

There were three ships namely CV Safmarine Ngami, CV Posen and CV Al Sabya with containers sailed out sea on Wednesday morning. A total number of seven vessels viz. CV Safmarine Ngami, CV Posen, CV Al Sabya, MV Ikan Salmon, MT Lito, MT Ever Mighty and MT RBD Anema-e-Core currently occupied berths to load/offload containers, cement, wheat, coal and furnace oil respectively during the last 24 hours.

As many as six ships namely CMA CGM Corneille, Sealand Washington, Maersk Atlanta, Mandrain Ocean, Amsel and Luxur SW with containers, rape seed, iron ore and rice are currently at the outer anchorage of Port Qasim. There were four vessels carrying containers, wheat and furnace oil took berths at Qasim International Containers Terminal, FAP Terminal, and FOTCO Oil Terminal respectively on Tuesday. There are three ships namely CV CMA CGM Corneille, CV Sealand Washington and CV Maersk Atlanta with containers due to arrive on Wednesday.

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## Swiss Airlines may resume operations

September 18, 2014

Consul General of Switzerland Emil Wyss has said that companies such as Swiss International Airlines are considering to resume their operations in Pakistan, while Swiss Business Council is also planning to have a trade show at the Karachi Airport where Swiss and Pakistani Businesses will be participating.

He expressed these views during his meeting with high-ups of Punjab Board of Investment and Trade (PBIT) along with head of Commercial Section Jordan James Din and Commercial & Administrative Officer Ajwat Arsalan Khan. He appreciated the efforts of PBIT for promotion of investment in Punjab.

According to the spokesperson of the PBIT earlier, the delegates were welcomed by CEO PBIT, Mohammad Ilyas Ghauri, Director General Policy, Projects and Research and Director Communication. A brief presentation on PBIT and Pakistan-Switzerland trade relations was given to the Consul General and his team. It was also proposed during the meeting that Swiss Business Consul and PBIT should sign a MoU, to further enhance co-operation between the two organisations.

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## Hasanabdal-Havelian: \$200 million ADB-funded expressway agreements signed

September 18, 2014

Prime Minister Nawaz Sharif Wednesday witnessed signing of \$200 million for the 59-km Hasanabdal-Burhan-Havelian Expressway (E-35) project here at the PM House, to be built with the co-operation of Asian Development Bank. The project, part of the National Trade Corridor, will connect existing M-1 Motorway at Hasanabdal with Havelian and will further extend it to Abbottabad and Mansehra.

The loan agreement was signed by Secretary Economic Affairs Division while the project agreement was signed by Chairman National Highway Authority. From the Bank's side, both the agreements were signed by Country Director ADB Pakistan, Werner Liepach. President ADB Takehiko Nakao was also present on the occasion.

The expressway will be constructed almost parallel to the existing N5 whose many sections have been urbanised. Due to high traffic volume and poor road conditions, construction of E-35 has become necessary to develop inter-provincial linkages to improve sub-regional connectivity within Pakistan.

Proposed project will create a north-south access controlled expressway system to link the

northern area of the country to existing motorway network and create better connectivity and linkages with neighbouring countries like China and Afghanistan and Central Asian States. Federal Minister for Finance Ishaq Dar, Secretary Finance and Secretary Communications also witnessed the ceremony. Earlier, President ADB called on the Prime Minister and discussed matters of mutual interest.

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## **Clifton flyover, underpasses: SHC disposes of KMC appeal**

September 18, 2014

The Sindh High Court (SHC) on Wednesday disposed of an appeal filed by the Karachi Metropolitan Corporation (KMC) through which it challenged the SHC single bench order that barred Bahria Town from carrying out construction work on a flyover and two underpasses in the Clifton area. On April 29, a single bench of the SHC had allowed the lawsuit filed by DHA while ruling that all construction work in relation to the project be immediately stopped.

The bench had asked the KMC to obtain a mandatory environmental impact assessment report from the Sindh Environmental Protection Agency (Sepa) on the project. The KMC filed an appeal in the high court challenging the SHC single bench order that restrained Bahria Town from carrying out construction on a flyover and two underpasses in Clifton. Farooq H Naik, who represented the KMC, submitted that the Clifton traffic project would help easing traffic congestion around the area of Park Towers and the shrine of Hazrat Abdullah Shah Ghazi.

He said a huge investment had been made in the project and entire excavation and a major portion of the work had been completed, adding that suspension of the work following the SHC orders was causing not only great inconvenience to the public but also a colossal loss to KMC. Besides, he said, a lot of hardship was being caused to commuters due to the suspension of the work. Abid Zuberi on behalf of the Defence Housing Authority (DHA) said that the KMC appeal has become infructuous as it has obtained the EIA report on the project in compliance of the court order. It should approach the SHC single bench for vacation of stay order on the construction work.

Earlier on September 02, a division bench headed by Justice Nadeem Akhtar had reserved verdict on appeal after hearing arguments from both sides. A three-page verdict announced by the bench disposed of the appeal of KMC for having become infructuous. It said, after passing of the impugned order dated April 29, the appellant approached Sepa for EIA approval which was subsequently granted and it had already filed an application in lawsuit for vacation of stay order on the construction work which was pending disposal. "The question whether the stay order granted through the impugned order is liable to be recalled or not can only be decided now in the lawsuit on the said application," the order said.

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## **Best Report Awards: ICAP, ICMAP to hold ceremony tomorrow**

September 18, 2014

Corporate governance contributes both to business prosperity and to accountability. The Institute of Chartered Accountants of Pakistan (ICAP) in collaboration with the Institute of Cost in Management Accountants of Pakistan (ICMAP) has been awarding the Best Corporate Report Awards since 2000 to encourage and give recognition to excellence in annual corporate reporting. Fourteen years later these awards have become a symbol of benchmark to promote corporate accountability and transparency.

With the introduction of the "Best Sustainability Report Award" in 2011 the institutes took the first step of promoting responsible reporting by companies covering economic, environment and social performance of the business becoming pioneer in the region. Both the awards are distributed in a ceremony largely attended by CEOs and CFOs of prominent companies, members of both the institutes and other professionals. This year the awards ceremony is scheduled to be held on September 19, at a hotel in Karachi.-PR

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## **Deputy Chairman NAB calls on Balochistan chief minister**

September 18, 2014

Deputy Chairman National Accountability Bureau (NAB) Admiral Saeed Ahmed (Retd) called on Chief Minister Balochistan Dr Abdul Malik Baloch. According to a handout issued here on Wednesday, they discussed the matters of mutual understanding. Chief Secretary Balochistan Saifullah Chathha was also present on the occasion.

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## Company News: *Pakistan*

### Quetta Textile Mills Limited

September 18, 2014

Quetta Textile Mills Limited (KSE:QUET) was incorporated as a public limited company on January 29, 1970. Its shares are floated on the Karachi stock exchange. The firm is engaged in the manufacturing and sale of yarn and fabric especially a wide variety of ring spun and open-end yarns and woven fabrics. The registered address of the company is Nadir House, Ground Floor, I I Chundrigar Road, Karachi.

The Quetta group's flagship business, QUET is a vertically-integrated spinning and weaving having a capacity to operate with 100,000 spindles, 2,000 rotors and 250 air-jet looms. QUET operates through three segments: spinning, weaving and power generation. During FY12, the capacity of the spinning unit was 29,438,125 kilograms, whereas the weaving segment has the capacity to weave 70,763,414 square meters. QUET has a wide group of customers across Europe, USA and the Far East.

**PERFORMANCE 9M FY14** The performance of QUET during 9M FY14 has been restrained due to abrupt slowdown in international textile markets, predominantly China. In spite of, costs been kept under tight control, the selling price of yarn and fabric kept declining in past three months, along with severe shortage of gas supply in Punjab.

QUET sales revenue declined about 0.9 percent year on year with net sales for the 9M FY14 clocking in at Rs 9.39 billion against net sales of Rs 9.48 billion as weaving business continues to face margin pressures owing to extremely competitive fabric market. The gross profit dropped by 23.3 percent year on year in 9M FY14 attributing to subdued top line performance and increase in cost of sales owing to furnace oil expense.

Moreover, QUET has shown net profit after tax deterioration of 42.4 percent year on year owing to surge in administrative expenses. The rise in administrative expenses was customarily due to rise in minimum wages. Additional support to bottom line is provided by decline in other expenses and distribution expenses of 21 percent year on year and 23 percent year on year, respectively. On the other hand, pressures have been observed with subdued growth in other incomes increasing by 1.5 percent year on year.

Waning profits have coxed to major declines on the return on shareholders' equity from 3.9 percent in 9M FY13 to 2.2 percent in 9M FY14. Moreover, the short-term capital status of the company is not good as the current ratio was 0.93. Moreover, QUET rewarded its investors by earnings per share of Rs 5.41 for the vis-à-vis previous financial year.

**FUTURE OUTLOOK** The operations of the firm have been undesirably impacted by the nation's deteriorating law-and-order situations as well as rising utility costs and continuous energy crisis.

The sudden appreciation in rupee against the dollar has hit exporters hard, especially QUET as

around 50 to 60 percent of its products have too been hit by this exchange rate fluctuations. The company is in the procedure of setting up its grid station with the investment of Rs 160 million. Thus, the management believes the effects of this investment will hopefully be felt starting from the next quarter. QUET has expanded its production for niche market products and hence it anticipates better profits in times to come.

=====9MFY13 9MFY14

Profitability

Gross profit margin	12.9%	10.0%
Operating profit margin	9.1%	6.8%
Net profit margin	1.3%	0.7%
ROE	3.9%	2.2%
ROA	1.2%	0.7%

Liquidity

Current ratio	0.88	0.93
Quick ratio	0.20	0.24

Turnover

Total asset turnover	0.93	0.94
Fixed asset turnover	1.86	1.87

Market

EPS - Rs	9.39	5.41
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## MLCF earnings down 12 percent

September 18, 2014

Maple Leaf Cement (MLCF) announced FY14 earnings of Rs 2.8 billion (EPS Rs 5.36) in FY14 against Rs 3.2 billion (EPS Rs 6.11) in FY13, down 12 percent. According to Topline Securities, in FY14, MLCF recorded revenue of Rs 18.9 billion as against Rs 17.4 billion last year which is up 9 percent mainly because of increase in net retention prices by approximately 11 percent.

However, gross profits increased by 8 percent to Rs 6.5 billion while gross margins declined by 1pps to 34 percent. Finance cost on the other hand witnessed a decline of 14 percent in FY14, as MLCF is aggressively paying down its Sukuk and syndicated debt obligations.

The MLCF restructured its Rs 12 billion debt back in 2010, which has now come down to Rs 8 billion. Although profit before tax in FY14 improved by 14 percent to Rs 3.6 billion, imposition of alternate corporate tax (17 percent of accounting profit) resulted in 12 percent decline in net earnings, the report said.

In 4QFY14 alone, the company reported EPS of Rs 0.79, which declined by 59 percent versus Rs 1.95 in 4QFY13 mainly due to higher effective tax rate. However, on pretax level, MLCF's profits improved by 11 percent versus corresponding period last year. On quarterly basis, profitability in 4QFY14 declined by 55 percent to Rs 0.4 billion compared to Rs 1.7 billion (EPS Rs 1.76) in 3QFY14, it said.

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## Taxation: *Pakistan*

### Underinvoicing termed 'a major issue'

September 18, 2014

Terming under invoicing 'a major issue', Chief Collector Customs (Appraisalment), South, Nasir Masroor Ahmed, claimed that there is hardly any genuine invoice. He was speaking at a meeting of Karachi Chamber of Commerce and Industry (KCCI) here on Wednesday. It was addressed, among others, by Collectors of Model Customs Collectorate, Muhammad Saleem, Najeeb-ur-Rehman Abbasi, Surriya Ahmed Butt, Additional Collector Irfan Javed, KCCI President Abdullah Zaki, Vice President Muhammad Idrees, Mohammad Saquir, Maqsood Ismail, A.Q. Khalil and Anjum Nisar.

Elaborating on the issue of invoices, the Nasir Masroor Ahmed said that the invoices did not reflect true picture and, as such, administrative action was required to curb under-invoicing and smuggling which posed a big threat to the economy. He advised business community to suggest measures to curb the practice of under invoicing. He also advised members of KCCI to come forward and collectively devise a mechanism for valuation rulings.

Referring to the KCCI president's demand of having uniform valuation rulings, he said: "We agree, in principle, that valuation rulings should be uniform across Pakistan as it would help in dealing with many issues emerging due to varying valuation rulings in various cities of the country." Respond to complaints about laboratory of Customs department, he admitted that the lab was not perfect and directed official concerned to improve the standard of the lab, besides looking into the complaints of businessmen.

Highlighting the role of Customs department, he said that the department, on the one hand, is required to ensure compliance of law and, on the other, it has to facilitate the traders. He also vowed to resolve the problems being faced by traders as early as possible.

In response to a query concerning theft of imported goods from ports, he said that they had received nine complaints of theft of imported from ports. Elaborating, he said that it was the responsibility of terminal operators to de-stuff the goods for Customs examination and hand over the same to importers after repacking the examined goods. Replying to a query, he said that invoices of imported goods are not found inside 88 per cent containers although under the rules heavy fine is supposed to be charged from importers if invoices are not found inside the containers of their goods, he added.

Earlier, expressing concern over higher valuation of goods by Customs authorities on Karachi-based importers, the KCCI President Abdullah Zaki said that such an act on the part of Customs officials resulted in shifting of the imported goods to other illegal sources which promoted smuggling through Afghan Transit Trade and, thus, causing decline in revenue collection.

Highlighting the shortcomings of Customs department, he said that no adequate equipment for testing various consignments was available at the lab, besides Principal Appraisers in WEBOC system were not reviewing the situation timely. He urged the Customs authorities to finalise its



valuation rulings policy after discussing it with KCCI. He also stressed the need for a collective effort to facilitate the business community. He also advocated the need for devising a clear market mechanism to prevent malpractices. He hoped that the Customs authorities would take remedial measures on priority to steer the business and industrial communities out of present crisis.

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## **FBR yet to bring sacrificial animals' merchants into tax net**

September 18, 2014

MUHAMMAD ALI

Federal Board of Revenue (FBR) even after a lapse of several years has not been able to evolve a mechanism for bringing merchants of sacrificial animals into the tax net who have been minting billions of rupees, each year, during Eid-ul-Azha. According to tax experts, although several initiatives are being taken to broaden the tax base, no heed has, so far, been paid to bring multi-billion cattle markets into the tax ambit.

It is reported that only Karachi's Superhighway cattle market had registered business transactions to the tune of over Rs 15 billion last year whereas the business dealings in remaining cattle markets in the city remained unrecorded during the said period. They said that this year, vendors of sacrificial animals at Superhighway cattle market were expecting to cross the last year's benchmark considerably. Similarly, hundreds of cattle markets which are set up in all the cities on the occasion of Eid-ul-Azha to earn millions of rupees, but the FBR, instead of taking measures to explore this untapped venue for revenue generation, is busy in squeezing the neck of registered tax-payers, the experts said. When contacted, high-ranking FBR officials, on the condition of anonymity, confirmed that FBR has no mechanism to collect income tax/withholding tax from the vendors of sacrificial animals.

They said that some amendments were required in taxation law to explore this untapped venue for revenue generation, saying that at present, all transactions at cattle markets were being made in cash hence board was unable to obtain proper particulars of buyers and sellers.

"If the authority is keen to impose levy on the transactions made in cattle markets, buyers of sacrificial animals will be required to make all their purchases through banking channel, which will not only help the department to generate substantial revenue, but also provide a platform to maintain the records of potential tax-payers". They said that though several prominent people, belonging to food, electronics, garments and other sectors, had started cattle-farming business, they did not mention the income earned through this source in their tax returns.

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# Cotton and Textiles: *Pakistan*

## Cotton market: prices likely to decline amid regular supply

September 18, 2014

Hectic selling was again witnessed by the growers and ginners on the cotton market on Wednesday in the process of trading, dealers said. The official spot rate was unchanged at Rs 5,550, they added. In the session, over 15,000 bales of cotton changed hands between Rs 5500 and Rs 5700, they said. In Sindh, rates recovered some lost ground, gaining Rs 100 to Rs 2550 and Rs 2650, in Punjab prices were at Rs 2300 and Rs 2550, they said.

Cotton analyst, Naseem Usman said that the growers and ginners were looking somewhat upset due to strong supply of seed cotton. They had hoarded phutti in expectations of increase in profit amid tight supply but now phutti arrivals improved significantly, this is factor, which is inducing them to sell huge stock below the psychological level. Report showing that China imported 204,500 tonnes of cotton in August down 25.9 percent from the same period last year said an industry website, citing customs data.

**Reuters adds:** cotton futures fell for the third straight session in active trading on Tuesday, amid mounting speculation that China, the world's top buyer, would soon announce details of this year's pilot subsidy program. The most-active December cotton contract on ICE Futures US dropped 0.29 cent, or 0.4 percent, to settle at 65.55 cents a lb. Cotton futures saw their biggest one-day rout in four months on Monday on concern about oversupply and waning demand from China.

The following deals reported: 1200 bales of cotton from Hyderabad at Rs 5500-5550, 2000 bales from Mirpurkhas at the same rate, same figure from Sanghar at Rs 5500-5575, equal number from Shaddadpur at the same rate, 1200 bales from Tando Adam at the same rate, 600 bales from Jhole at the same rate, 400 bales from Hala at Rs 5575, 1000 bales from Nawabshah at Rs 5575-5600, 600 bales from Rohri at the same rate, 200 bales from Marot at Rs 5575, 400 bales from Dipalpur at Rs 5600, 200 bales from Fort Abbas at the same rate, 200 bales from Burewala, 200 bales from Hasilpur all done at Rs 5600, 400 bales from Haroonabad at Rs 5625, 1200 bales from Chichawatni at Rs 5600-5700, 400 bales from Chinute at Rs 5625-5700 and 800 bales from Mian Chano at Rs 5700, they said.

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The KCA Official Spot Rate for Local Dealings in Pak Rupees

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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 16.09.2014								

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37,324 Kgs	5,550	150	5,700	5,700	NIL
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Equivalent

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40 Kgs	5,948	160	6,108	6,108	NIL
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## Assad Saifullah elected as APTMA KP chief

September 18, 2014

Barrister Assad Saifullah Khan, Director, M/s Kohat Textile Mills Ltd, Kohat has been elected unopposed chairman, Zonal, Regional Managing Committee All Pakistan Textile Mills Association (APTMA) Khyber Pakhtunkhwa Region. The elections were held in APTMA House, Tehkal Payan Jamrud Road, Peshawar. Barrister Assad Saifullah Khan is son of Salim Saifullah Khan and nephew of Anwar Saifullah Khan and Humayun Saifullah Khan, a well-known politician of Pakistan.

He is first cousin of Senator Osman Saifullah Khan former APTMA chairman KP zone. His uncle Dr Iqbal Saifullah Khan is well known heart Physician in Pakistan while Javed Saifullah Khan is prominent businessman. Barrister Assad Saifullah Khan is member board of directors of Saif Textile Mills Ltd, Saif Energy and Green Fuels Ltd. All office bearers and members of Zonal, Regional Managing Committee APTMA (KP Region) for the year 2014-15 including one representative Sikandar Kuli Khan Khattak, Director M/s Babri Cotton Mills Ltd, of the KP Zone/Region in the APTMA Central Executive Committee, Karachi, were elected unopposed.

Others who elected were included, Mohammad Taimoor Shah, Director M/s Sarhad Textile Mills Ltd, Gadoon as Vice-Chairman while, Ghulam Hussain, G M (Finance) M/s Babri/Janana De Malucho Textile Mills Limited as Treasurer and Raza Kuli Khan Khattak Chief Executive M/s Babri Cotton Mills Ltd, Afan Aziz, Chief Executive M/s A J Textile Mills Ltd, Gadoon and Fazle Subhan, G.M M/s ITHFZ Mills Ltd, Gadoon as members of the Zonal, Regional Managing Committee.

Speaking on the occasion, Barrister, Assad Saifullah Khan thanked the textile industry of the province for reposing confidence in him, saying Khyber Pakhtunkhwa is terrorism affected and pledged to leave no stone unturned for industrial development of the province. He also vowed to continue struggle for announcing a special relief package for the industries of the province and steps for the resolution of the problems of the members of association on priority basis.

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## Agriculture and Allied: *Pakistan*

### Tarbela Dam refilled to its maximum capacity

September 18, 2014

M RAFIQUE GORAYA

The Indus River System Authority (IRSA) refilled the Tarbela Dam on the Indus River to its maximum level of 1,550 ft with the storage of 6.45 million acre feet (MAF) on Wednesday by reducing the outflows from the dam after floods in the country.

Punjab Irrigation engineers told *Business Recorder* that water regulatory body had filled the dam on 19th August but due to below normal rains in the months of July and August, the water managers had to release additional quantities of water from the dam to irrigate the Kharif crops including rice, sugarcane, cotton, vegetables, fodder etc. Consequently, the water level in the dam fell by more than 23 feet prematurely creating up to 25 per cent water shortage for the winter Rabi crops.

Due to torrential rains in the catchment areas of Chenab and Jhelum rivers, the other big dam Mangla reservoir attained its maximum water storage level of 1,242 feet above mean sea level on the 12th September 2014 for the first time since completion of the Mangla Dam Raising Project.

Under the project completed in late 2009, the dam was raised by 30 feet, taking the maximum water level permissible to 1,242 feet. With the addition of 2.88 million acre feet (MAF), the storage capacity of the reservoir was thus increased to 7.4MAF. It has now become the largest water reservoir in the country, surpassing Tarbela, which has a live storage capacity of 6.45MAF.

After storing about 14 MAF water in the reservoirs, IRSA is now releasing all the run of river water in Indus, Kabul, Jhelum and Chenab downwards to the Indus delta. According to Wednesday's report regarding water situation across the country, 76,400 cusecs water is flowing at Chashma barrage, 67,300 cusecs at Taunsa, 3,90,700 cusecs at Panjnad, 300,000 cusecs at Guddu barrage, 178,600 cusecs at Sukkur and 50.843 cusecs at Kotri. The Sindh Irrigation is releasing 11,000 cusecs water into the Indus delta downstream the Kotri barrage.

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### Daily trading report of PMEX

September 18, 2014

On Wednesday at Pakistan Mercantile Exchange (PMEX) value traded was recorded at as PKR 3.566 billion compared to PKR 3.014 billion registered on Tuesday, up by 18.31 percent. The

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number of lots traded was 14,767 and PMEX Commodity Index closed at 2,991. Major business was contributed by crude oil amounting to PKR 3.037 billion - up 49 percent, followed by gold amounting to PKR 490 million and silver at PKR 39 million - up 12 percent.

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## Poor security may discourage buyers to visit Maweshi Mandi

September 18, 2014

MOHAMMAD BILAL TAHIR

Despite the tall claims of ensuring proper security arrangements at the Asia's biggest Maweshi Mandi (cattle market), the buyers and merchants carrying heavy sums of cash might be deprived of their valuables as miscreants, robbers and muggers have set up their dens around the Mandi, it is learnt.

During a visit to the cattle market, this correspondent did not witness any formal deployment of the law enforcement agencies including police and rangers. However, organisers claimed to have installed CCTV cameras at different points of the market set up at 650 acres of land. On Wednesday, according to organisers, some five persons involved in illegal activities were handed over to police by the administration. These miscreants were found conning innocent merchants by selling them free plots and freely available water.

Although, the administration is also monitoring the entire canteen contractors for the smooth supply of food items but *Business Recorder* learnt that the command and control room to monitor the activities in the market could not be made fully operational as yet despite thousands of people are visiting the market every day.

Due to the deteriorating law and order situation in the city, visitors have expressed apprehensions over lack of proper security arrangements inside and outside the market. "Government should make fool proof security arrangements at the market," a visitor said, adding that people feared to visit the market because it is situated in the suburbs of the city. Thus, he said, poor security arrangements could discourage the faithful to buy the animals from biggest cattle market.

Administrator Mandi Sohrab Goth Rana Imran said that besides having these conmen arrested, the administration of the Mandi had also penalised shopkeepers who were overcharging customers and expelled one of them from the Mandi for selling goods on higher price than the rates fixed by the administration.

Imran said that the complaint cell in Mandi was operational round the clock and took immediate actions on the complaints. He added that all the shops and canteens' owners had been instructed to ensure supply of clean and hygienic food and beverages. Moreover, he added, a team is randomly checking the quality of foods and prices of the goods. He also advised the people to inform the management or complaint cell regarding any harassment from the miscreants. "We

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have proper arrangement to deal with such people while Rangers and police are also patrolling in and outside the mandi," he added.

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## **ADB President becomes cautious on Bhasha dam**

September 18, 2014

TAHIR AMIN

The Asian Development Bank (ADB) President Takehiko Nakao has not confirmed any financial assistance to the construction of Diamer-Bhasha Dam and stated that the major role of lending agency in the consortium for financing the dam is pre-mature. The ADB President was visiting the country from September 15-17 on the request of the government of Pakistan made officially in June, as stated by the Finance Minister Ishaq Dar.

Addressing a joint press conference with Finance Minister Ishaq Dar Wednesday, ADB president termed Diamer-Bhasha Dam a vital project of Pakistan, which would help in irrigation, power generation and flood management. However, he said that the Bank could be in a position to say anything about playing a lead role once a consortium is finalised.

He made it clear that ADB could lend only \$1 billion to the country for the development projects, which included National Income Support Programme and infrastructure development programmes. "Diamer-Bhasha Dam is an important project for Pakistan, which will be completed with a cost of \$13 billion. We have to carefully look into it," said the ADB President, adding that ongoing political impasse could damage the country's economy.

Nakao hoped that Pakistan's leadership would resolve the on-going political impasse by finding a peaceful solution of the crisis. "I did not cancel my visit to Pakistan due to the on-going political impasse prevailing in the country," he added.

Speaking on the occasion, Ishaq Dar said that government has decided to construct both Diamer-Bhasha and Dattu Dams as the country cannot afford to further delay them. Replying to a question, he said that the issue of an NoC for the Diamer-Bhasha has been resolved in 2012 and now there is no such issue with respect to the concerns of the neighbouring country.

He said that the USAID would organise an international conference where Pakistan would be marketing Diamer-Bhasha Dam for funding. The conference would be attended by multinational institutions and business tycoons in Washington from October 12, 2014. "We will be moving forward even through our own resources if any funding shortage occurs," he added. He said 4500MW electricity would be produced from Diamer-Bhasha Dam. Besides, Diamer-Bhasha Dam matters a lot in controlling floods in the country. He further said that ADB would cooperate with Pakistan in the construction of Diamer-Bhasha and Dattu dams. Dar said that ADB expressed satisfaction over the pace of progress and development in Pakistan. He said that the country's GDP growth target of 5.1 percent for the ongoing financial year is likely to be



impacted by the damages done by floods to crops, houses and other infrastructure.

Nakao expressed his sympathy over the loss of life and damages caused by floods and said that ADB would continue to support the people of Pakistan during these testing times. "It will work with the government to rebuild infrastructure and restore the livelihoods of people affected by these terrible disasters," he maintained. Following the 2010 floods, ADB also provided assistance for floods emergency reconstruction. Nakao said that Pakistan has improved its macro-economic performance last year by reducing the fiscal deficit, keeping inflation to a manageable level, and rebuilding foreign exchange reserves. The government is carrying out structural reforms in the energy sector to ensure reliable and affordable electricity supply. It is also improving the efficiency of public sector enterprises.

He further appreciated the government's efforts to put Pakistan's economy on a sustainable growth trajectory and encouraged continued reforms to boost development and bring low-income groups out of poverty. "With a young population, rich natural resources, and strategic location in South, West and Central Asian connectivity, Pakistan presents tremendous opportunities in areas such as agriculture and agri-business, high value-added textiles, sports goods manufacturing, and mining," Nakao said. "But progress depends on the government's efforts to strengthen infrastructure investment, enhance tax revenue, spend more on health and education, and improve the business environment to attract investment."

Nakao visited the country at a time when ADB and Pakistan are charting a new Country Partnership Strategy (CPS), through which \$5 billion would be earmarked to support the country over the next 5 years. The CPS, to be prepared in line with Pakistan's own strategic framework Vision 2025, will address key infrastructure sectors such as energy, transport, water resources, and urban development, as well as economic reforms. Replying to a question, Nakao said that ADB is holding negotiations with all the concerned countries regarding TAPI gas pipeline project which would be finalised sooner or later.

Dar said that international community would be engaged in the reconstruction and rehabilitation of the flood-affected people and Internally Displaced Persons (IDPs).

"We have received offers from many friendly countries like Japan, Turkey, Saudi Arabia and international agencies; they want to help the flood-affected people but we will utilise their assistance only after a thorough scrutiny of the damage estimates by the World Bank, Asian Development and UNOCHA," said the Finance Minister.

Pakistan would engage the international community in the rehabilitation of the IDPs and the flood-affected people. The government is carrying out relief operations for the flood-affected people and the IDPs of North Waziristan Agency's military operation; he said and added that government has already provided Rs 35 billion to the NWA operation and relief operations for the IDPs.

Dar said that the government would bring transparency in the funds to be provided by international community for the rehabilitation of the IDPs and flood-affected people, as there should be no wastage of money. Talking about the sit-ins of PTI and PAT, the Finance Minister said that country had faced a huge loss due to the political uncertainty that delayed the three important transactions worth of \$2.4 billion, including issuance of Sukuk, divestment of OGDCL shares and the next IMF tranche. The government has planned to issue Sukuk bonds worth one



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billion dollars, generate \$800 million from the privatisation of OGDCL and receive \$550 million as the next IMF tranche. "The government will miss its secret target of \$15 billion foreign exchange reserves by the end of September due to political impasse," he remarked.

"Pakistan cannot afford to face such big losses," said Dar and added that the government would have to once again rebuild the confidence of the foreign investor, as the sit-ins have sent a negative message to investors. "How Japan's Jetro can give a message now that Pakistan is the second safest country for investment amid political uncertainty," he added. The government would recover the losses once the sit-ins are called off. He made it clear that government will not use force against protesters of the Pakistan Tehreek-I-Insaf and Pakistan Awami Tehreek, as they are using children and women as human shield.

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## **Mangla outflows: PWC sees mismanagement**

September 18, 2014

ZAHID BAIG

Punjab Water Council (PWC) has alleged that "uncontrolled" outflows of the Mangla dam, which impounds River Jehlum, added to the high flows of River Chenab, which created havoc causing huge losses to life and crops in Punjab province. PWC President Hamid Malhi in a letter to the Prime Minister Nawaz Sharif has claimed that the recent floods have caused huge losses to life and crops in the Punjab and claimed that much of the destruction could have been averted if Mangla filling was managed properly.

"The uncontrolled outflows of Mangla added to the high flows River Chenab and created this havoc," Malhi claimed. He demanded that the culprits behind mismanagement of Mangla filling be brought to book and the affected farmers compensated for the losses that they have suffered. "While there were clear alerts of the Met Office about these flash floods developing in the catchment areas of Mangla & Chenab Rivers, the filling of Mangla Dam to its fullest capacity and low outflows of 45000, 30000 and 15000 cusecs on 3rd , 4th & 5th September, 2014 and high outflows of 282,000 and 128,000 cusecs on 6th and 7th September from Mangla were the real cause of these high floods which could not be contained in the embankments of the Chenab at Trimmu and downstream where they joined with those of Chenab (maximum flow of 563,000 cusecs on 7th September at Marala Headworks) to cause this devastation," PWC President adds in his letter.

Malhi further said the loss in filling the Dam could have been compensated but the loss of lives and crops had left the rural sufferers in a state of sheer misery for the rest of their lives. Punjab Water Council head held WAPDA wholly responsible for this blatant mismanagement and said its managers need to be put behind bars for ruining the lives of thousands of villagers.

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## Water torrent reaches Guddu barrage

September 18, 2014

Dozens of settlements have been submerged, while crops and livestock got swept away in flood as the water torrent from River Chenab made its way through to Guddu barrage in Sindh on Wednesday. The water level decreased in Punjnad Headworks whereas it rose above 300,000 cusecs at Guddu barrage. The nearby crops stretched over a huge area therefore got washed away.

The amount of water reaching at Sukkur Barrage and Gothki barrage has risen up to 178,000 cusecs and 50,843 cusecs, respectively. The water torrent has sunk many of the villages and disrupted land communication completely that has left many people stranded. Khangarh and Shujaabad areas of Alipur have also drowned in flood water.

Dozens of settlements in Thatta Sial, Moradabad and Bhattapur including Muzaffargarh have been submerged in flood water whereas the rupture of Shoria Canal dyke at Shekhani in Dera Ghazi Khan caused the flood water to engulf a vast area. Meanwhile, the Army troops on Wednesday rescued 2,700 stranded people in flood-affected area of Alipur near Muzaffargarh. Thirty boats and two helicopters were employed for evacuation.

A medical camp has been established there and 700 kilogram of ration was also distributed. In Punjab, 21 ton ration and food was carried by means of 13 flights of the helicopter of Punjab chief minister Mian Muhammad Shahbaz Sharif for the flood affectees.

For this purpose, the helicopter flew continuously for seven hours and carried the food items for the flood affectees in the areas including Head Muhammad Wala, Sher Shah and Shujaabad. To assist flood affected people, donation camps have also been established by Pakistan Army at Rawalpindi, Gujranwala, Lahore, Multan and Karachi. At Rawalpindi, relief donation points have been established at following locations.

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## 'All rivers in Punjab flowing normal'

September 18, 2014

All rivers in Punjab are normal and the flow of water in river Chenab at Punjnad is 3, 50,000 cusecs which will further reduce to 2, 80 000 cusecs within next 12 hours. The repair work of breaches made in the dykes will be completed within next 24 hours. Rehabilitation work in the affected districts is continuing and the assessment of losses had begun by the committees headed by DCOs.

This was stated at a press conference on Wednesday jointly addressed by Chairman Cabinet Committee on Flood Relief Colonel Shuja Khanzada (Retd), Punjab Minister for Food Bilal Yasin and the spokesman for Punjab government Syed Zaem Hussain Qadri. Relief

Commissioner Nadeem Ashraf and officers of different departments also present on the occasion.

Zaeem Hussain Qadri said that rescue operation has been completed in Sialkot, Mandi Bahaduddin, Gujranwala and Hafizabad. He said that according to Planning and Development Department, floodwater has caused loss of more than 10 billion rupees to infrastructure. He said the Punjab government has no shortage of resources and food. He said that 274 persons were killed in rains and flood and cheques of financial assistance for Rs 16 lakh each have been paid to the heirs of 80 percent deceased persons.

Shuja Khanzada said that besides Punjab government, Army, Navy, Air Force, NGOs, male and female students took part in rescue operation in 21 districts. He said that breaches were made in the dykes at 193 places and repair work had been started which will be completed within next 28 hours. He said that Chief Minister Relief Fund has been set up for the assistance of flood affected people and members of the provincial cabinet, assembly of PML-N will donate their one month salary. Similarly, officers from grade 16 to 22 will give their three days salary while government servants of grade 1-15 will donate their one day pay. He further told that 1, 37, 000 houses were damaged by the flood while 2,847 villages were affected. Similarly, crops have been destroyed over 2.38 million acres. He said the assessment of losses is being made with the help of the Suparco.

Punjab Minister for Food Bilal Yasin said that tents are being distributed among flood affected people while cooked foods are also being supplied to relief camps. He said that 366 mobile teams of Health Department and 566 medical camps have extended treatment facilities to 1, 61, 000 patients.

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## Fuel and Energy: *Pakistan*

# PSO registers highest ever turnover of Rs 1.4 trillion in fiscal year 2014

September 18, 2014

MUHAMMAD RIAZ

Pakistan State Oil Limited has recorded highest ever turnover of Rs 1.4 trillion in the FY 2014 against Rs 1.3 trillion in FY 2013 showing an increase of 9 percent besides maintaining overall market leadership by 62 percent, despite higher finance cost borne by the company owing to the burgeoning circular debt. PSO Deputy Managing Director and Head of Finance and IT, Sohail Ahmed Butt said this while speaking at a Corporate Briefing Programme held at the Lahore Stock Exchange (LSE) on Wednesday.

PSO Managing Director Amjad Pervaiz Janjua and LSE Managing Director Aftab Ahmed Chaudhry also spoke on the occasion. He said the company also achieved all-time high performance benchmarks without any increase in margins during the year. The company with the highest contribution owing to the national exchequer has recorded the best ever key financial indicators; comprising of turnover, operating profit and after tax earnings, he added.

The company's gross profit has also been increased from Rs 34.1 billion of 2013 to Rs 36.8 billion, showing a gain of 8 percent while normal profit has been also jumped by 31 percent to Rs 18.8 billion compared with Rs 14.4 billion of 2013. The profit after tax has been improved by 73 percent to Rs 21.8 billion in 2014 against Rs 46.5 billion in 2013 while taxes to the government have also been increased by 10 percent from Rs 262 billion of 2013 to Rs 289 billion in 2014. The earning per share was moved up by 73 percent to Rs 80.3 in 2014 against Rs 46.5 of 2013 while market capitalization stood at Rs 106 billion as of June 30, 2014 compared with Rs 79 billion of the corresponding period of 2013, he added.

The Deputy Managing Director said that the PSO's furnace oil market share is 73 percent with 9 percent increase in volume (Rs 566 billion against 506 billion, denoting an increase of 12 percent. The Mogas market share is 49 percent with an increase of 11 percent in volumes (Rs 274 billion against Rs 225 billion with 22 percent increase). Similarly, the HSD constitutes 54 percent market share with 6 percent decline in volumes (Rs 489 billion against 491 billion showing 1 percent decrease), he added.

He said the power sector receivables will continue to put pressure on liquidity. However, PSO's management is constantly following up the matter with the ministries concerned. He further said that the focus would remain on lubricant and LNG business in future.

Talking about the oil industry, Sohail Butt said the overall industry volumes in financial year 2014 have been increased by 9 percent to 21.25 MMT as compared to 19.53 MMT in the financial year 2013. Black oil (FO) demand goes up by 13 percent, white oil demand increased by 5 percent in 2014, while Mogas and High Speed Diesel (HSD) rose by 15 percent and 1

percent respectively.

He also shared the company has plans for further expansion in Pakistan and has increased its shareholding in Pakistan Refinery Limited from 18 percent to 22 percent for increasing its backward integration for improving the supply chain of the product. Speaking on the occasion, Amjad Pervaiz Janjua paid tributes to the investors for leading the company to surpass Rs 100 billion mark of market capitalization resulting in positioning PSO as one of the few Index heavy weights in the domestic capital market. He said the company has also outshined its performance globally by entering the prestigious club of world's biggest publicly-traded companies on the Forbes 2000 list.

Responding to newsmen, Janjua said that no initiative has so far been taken for privatisation of PSO. About the financial status, he said that with the release of Rs 20 billion by the government, the company's financial health would further be improved.

Aftab Ahmed Chaudhry has urged the listed corporations to make use of the corporate briefing programme to create a strong bond with their investors. He said that such regular communication with the investors would help the companies in their capital structure planning as the companies would be able to assess the mood of the investors and plan further capital raising through secondary public offering or the right shares. He said that LSE considers it essential for the companies to participate in such programmes so that there is no information asymmetry regarding our listed companies.

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## **Shabbir made chairman of FPCCI's standing body on CNG**

September 18, 2014

Zakaria Usman, President, Federation of Pakistan Chambers of Commerce and Industries (FPCCI), has appointed Shabbir H Sulemanjee as Chairman of the FPCCI's Standing Committee on Compressed Natural Gas (CNG) for the year 2014. The notification said: "I am pleased to appoint you as chairman of FPCCI's Standing Committee on Compressed Natural Gas for the remaining term of 2014 with effect from 6th September 2014." Shabbir is also currently the Chairman, of All Pakistan CNG Association (Sindh Zone) (APCNGA).

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# Nepra Act 1997 violated, accepts Khilji

September 18, 2014

IQBAL MIRZA

Transparency International Pakistan has thanked National Electric Power Regulatory Authority's Vice-Chairman Habibullah Khilji for accepting the fact that Nepra has violated Nepra Act 1997, and condoned (illegally) the period of 15 days allowed to the Federal Government under Regulation 3(2) of Nepra (Review Procedure) Regulations 2009, by more than eight months, ie from June 30, 2013 to February 11, 2014.

In a letter sent to him on September 15 Chairman, TI-Pakistan, Sohail Muzaffar had brought to his notice a complaint against allegation of Rs 1.5/unit heavy hike in the upfront tariff of the coal power plants and lucrative incentives/benefits for installation of coal power plants in the country, eg increase in capital cost on 13,000MW Coal Power Projects by \$400,000/MW, resulting in unjustified Rs 500 billion increase which consumers will have to pay in tariff.

He said it was all over the place that by revising the capital cost of coal power projects by \$400,000/MW, Nepra has caused additional expenses at the cost of consumers of Rs 500 billion on 13,000MW coal power plants. This alleged illegal act of Nepra may result in declaring the May 20, 2014 revision in the determination of Upfront Tariff Based on Coal as null and void, as the Nepra Act 1997 does not empower four members to sanction any exemption, as it may open hundreds of such exemptions in future.

After revision of tariff determined and announced on May 20, 2014, and details notified on June 6, 2014, Nepra by committing this alleged illegal act of accepting MOW&P time barred request after seven months, has created suspected apprehensions in media of the biggest fraud/scam in Pakistan's history, which has endangered setting up of a single coal power plant in Pakistan.

TI-Pakistan has also noted that surprisingly Nepra has removed its press release from its website, and during Transparency International Pakistan reconfirming the complaint, it is noted that Nepra has substituted the pdf file of the press release, which was also enclosed with Transparency International Pakistan letter to the Vice-Chairman on May 25, 2014, with another pdf file of the "Decision of the Authority in the Matter of Fuel Price Adjustment for Hub Power Company Ltd.

It is also noted that minimum efficiency requirement of 660MW plant in June 2013 was 42 percent, and now reduced to 39 percent in May 2014, and for less than 660 MW, efficiency is reduced to 37 percent. This change from 660MW to 659MW perhaps is a benefit provided to companies, to accommodate secondhand/ redundant plants of lesser efficiency.

In Nepra reply it has been stated "to protect the interests of consumers and the companies providing electric power services and it cannot refuse to exercise jurisdiction where justified and is in the interests of both consumers and the companies." But this tariff determination is clearly against the interest of consumers, and only for the benefit of few industrialists.

The grounds of revision in coal tariff by Nepra are misleading and may amount to be



concocted/false. This revision has resulted in serious doubts on the credibility of Nepra, and all its past Tariff Determinations of all IPPs have also become debatable. Nepra is regularly been reported and blamed in press that its decisions are always anti consumer, and has always been giving undue favors to IPPs, which has in last couple of years have caused unprecedented increase in electricity tariff.

It was reported in Transparency International Pakistan letter that Nepra has bypassed its procedure and not issued the full determination of tariff document, which most probably is the first time in Nepra history, in order to favour some parties who have already announced setting up 660MW coal power plants at PQA in April 2014. From the detailed determination this complaint is proven to be correct.

Nepra is in the business of determining the tariff since 1997, and by revising its own determination of Coal Tariff within eight months, appears to be an act of anti Consumerism, and giving undue favors to companies, Hubco (Hussain Dawood Group), Sinohydro Resource Ltd in partnership with Al Mirqab Capita (sponsored by Saif ur Rehman Ex-Ehtisab Chief), as quoted in Nepra's own document of September 2014. Nepra has failed to clarify/justify the grounds on why the June 2013 lower rates declared by Nepra, have been substantially increased in May 2014.

The letter said those increases were from Rs 7.5/KWH increased to Rs 9/KWH, capital costs by \$400,000/MW, ie from \$1.06 increased to \$1.45, higher min requirement of efficiency 42 percent reduced to 37 percent, low Interest parentage during construction IDC of 20 percent in first two years increased to 33.33 percent, Sino-sure cost increased from upto one percent, to seven percent is the additional cost on the outstanding principal amount in case of Chinese financing and increased and guaranteed rate of return on equity increases from 17 percent to 27 percent.

How can there be 700 percent increase in the Sino-sure fee of Chinese financing in only eight months time and why Nepra in June 2013 did not know it that it is seven percent and not one percent? Why and who is responsible for the six percent increase in cost of Chinese funding from June 2014 to May 2014. On announced MoU between Pakistan and China of \$32 billion, this increase Chinese loan for projects in Pakistan will cost additional amount of \$1.92 billion to be paid by consumers.

The details of June 6, 2014 give an impression that Nepra's determination of Coal Tariff in June 2013 were due to inaccurate calculations by Nepra. And in this case when Sino-sure fee of Chinese financing of one percent was taken by Nepra in 2013, and according to EPRA it is now seven percent, and thus Nepra committed as mistake in 2013, then the question arises that what is the reliability of other tariff determined by Nepra in last many years.

TI-Pakistan observed from the Nepra determination chart that only due to 70 percent increase in the interest rate of IDC for two years, and six percent increase in Sino-sure cost, in a 220MW plant capital cost has increased by \$133,680/MW. It was noted that Nepra has allowed 30 percent increase in capital cost between Coal Power Project in India and Pakistan, a disadvantage stated to be due to technical disadvantage of Pakistan over India in para 25 of its report. How can Nepra justify such general statements, based on which Nepra has tried to justified \$300,000/MW increase in capital cost?



Neptra has neglected by just citing outdated papers from 2008 such as "coal-fired power plant construction costs by David Schlissel et al", but has not commented on the table quoted by Transparency International Pakistan in its May 2014 letter from the 2014 International Energy Agency (IEA) report on "Fossil Fuel Power Generation, pg 37-38", which shows that none of the recent Coal Power Plants is of less than 41 percent efficiency and that plant costs, of even for ultra super critical are between \$0.58 million/MW to \$1.1 million/MW.

Why the project costs were increased, while efficiency was reduced from 42 percent to 37 percent which allows cheaper/used plants, when it is a well known fact that by reducing the efficiency by five percent, the cost of production will increase substantially as coal consumption will increase, and more pollution will be created due less efficient plants.

TI-Pakistan requested Neptra to address all the above issues, and keep on hold the gazette notification of Coal Tariff of July 2014, to clear all doubts on the transparency in coal upfront tariffs, capital costs, IDC, 700 percent increase in Sino-sure in case of Chinese Financing and reduced efficiency of 37 percent. Neptra has already endangered the investment climate in Pakistan Energy Sector, like in RPPs in 2006 and 2008, by causing serious doubts on its own credibility.

Copies of the letter have been forwarded for information and appropriate action under the mandate vested to: Secretary to Prime Minister, Islamabad, Khurshid Shah, Leader of Opposition & Chairman, PAC, National Assembly, Islamabad, Chairman, NAB, Islamabad, Minister of Finance, Islamabad, Minister of Water & Power, Islamabad, Registrar, Supreme Court of Pakistan, Islamabad, and Anwar Kamal Law Associates, Lahore.

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## Fuel and Energy: *World*

# Oil prices fall on EIA report of big US crude stocks build

September 18, 2014

Crude oil futures fell on Wednesday after a government report showed crude stocks rose sharply in the United States last week and as a strong dollar continued to create headwinds for dollar-denominated commodities. US crude stocks rose 3.7 million barrels last week, against expectations for a drop, the Energy Information Administration said, as refineries cut capacity utilisation and imports jumped. Brent November crude slipped 8 cents to settle at \$98.97 a barrel, recovering from an intraday low of \$98.51.

-- Libya's El Sharara field shut after tank damage

US October crude fell 46 cents to settle at \$94.42, falling intraday to \$93.74.

"It looks like we've got extra oil hanging around - that was the initial shock of the number," said Phil Flynn, an analyst at the Price Futures Group in Chicago. "The number indicates the imports were pretty darn good last week, (which) may be in part because we had a pretty strong dollar situation, I think that's why the number was so big."

The recent strength of the dollar has been a significant headwind for oil, as it makes commodities priced in dollars more expensive for buyers using other currencies. Brent and US crude initially extended losses after the Federal Reserve's policy statement on Wednesday renewed a pledge to keep US interest rates near zero for a "considerable time" but issued projections that suggested the central bank may raise borrowing costs a bit quicker than it had been thinking a few months ago.

"The recent dollar strength and commodity weakness from that strength should continue, as a result," said John Kilduff, partner at Again Capital LLC in New York. Crude prices rose on Tuesday when Abdullah al-Badri, the Secretary General of the Organisation of the Petroleum Exporting Countries (Opec), said that the group could trim its 2015 output target by 500,000 barrels per day (bpd).

On Wednesday, others in Opec were cautious. It was too early to say and the group may not need to cut its oil output target at its meeting in November, a Gulf Opec delegate and other Opec sources said, as stronger demand in the Northern hemisphere winter should support oil prices. Many Opec countries need oil prices above \$100 a barrel to meet budget needs and analysts say Saudi Arabia, Opec's biggest producer, could cut in an effort to support prices. Any Opec cut would be the group's first since 2008.

"It makes sense for Saudi Arabia to curb supply," Michael Poulsen, oil analyst for A/S Global Risk Management, said. Libya's El Sharara field was shut after a tank was damaged at the Zawiya refinery, which the field supplies, in fighting between armed groups, an oil ministry

official said on Wednesday. Output from El Sharara was first curbed on Tuesday, adding lift to oil prices and limiting losses on Wednesday, brokers and traders said. In Opec-member Nigeria, oil workers are on strike, another potentially supportive factor for crude.

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## **Maersk shares close at all-time high**

September 18, 2014

Shares in A.P. Moller-Maersk rose over 3 percent on Wednesday and closed at an all-time high of 15,200 Danish crowns each after Nordea increased its price target by over 20 percent, a trader said and Reuters data showed. The shares, which were floated on January 2 1985, have risen just under 30 percent since the start of the year compared to a 19 percent rise in the main Copenhagen index, Reuters data shows.

Nordea increased its price target to 19,000 Danish crowns from 15,500, saying the Danish shipping and oil company's continued drive to cut costs would help earnings and could boost future dividend payments.

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## Markets

# Ripple Effects of Protests & Sit-ins on Pakistan Real Estate Sector

Wednesday, 17 September 2014 18:43

Posted by Imaduddin

Though the beginning of 2014 was marked by slow economic activity, yet the majority of the Pakistani business sector was expected to pick up the pace later in the year. However, the ongoing political unrest in Pakistan is adversely affecting the economy, causing investors to shy away, which serves to isolate the country from the global investment stage.

The friction between the government and opposition seems to have put Islamabad, the federal capital, under siege, creating economic & political instability as well as security issues. Political stability and regional security are two fundamental concerns for any investor. Therefore, the protests and sit-ins in Islamabad do not seem to benefit the current economy.

“Pakistan’s real estate sector has a lot of potential, in which investment can be made,” stated Yaseen Anwar, Governor State Bank of Pakistan, during a recent seminar in Singapore. It is a fact that Pakistan’s real estate sector has always shown some form of activity throughout the year.

However, the ongoing political unrest in the federal capital has diminished the confidence of potential investors, forcing many to hold off on their investments till the political situation in Pakistan stabilises. Due to the political situation, a steep decline in the prices of properties has been recorded in Islamabad. To a lesser degree a similar decline has been observed in the prices of properties in other cities such as Lahore and Karachi.

“The sit-ins have apparently barred the daily-life activities in Islamabad but have virtually paralysed the real estate sector throughout the country,” said Asad Mirza, Director of HomesPakistan.com, the best property portal in Pakistan. The year 2014 began with a slow activity in the real estate sector but it was expected to pick up later in the year, especially after annual budget announcement by federal government. “It is seen that the mid-year budget announcement always acts as a huge catalyst for the entire investment sector, but it specifically affects the realty sector,” he further said.

Expatriates and wealthy investors generally gear up activity in the market by aggressively investing in Pakistan’s real estate sector. However, this year the market did not mark a roaring come back or show stellar performance due to the recent political turmoil.

“HomesPakistan.com noted a significant decrease in the property prices not just in Islamabad but in Lahore and Karachi as well and decline in the property investment queries,” Asad added. “On our portal, Lahore, Karachi and Islamabad are the three most popular and most searched

locations, for real estate investment. Local as well as international investors leave their queries at our portal for investment advice.”

However, the current statistics drawn from HomesPakistan.com indicate that the search queries for these leading locations showed a downward trend, in the second half of 2014. “One can confirm this trend from any authentic source such as all legitimate real estate agents in our network, operating in Lahore, Karachi and Islamabad endorse the fact,” he said. It is because investors want some kind of surety and political stability in the region before investing their hard-earned money in Pakistan’s realty sector.

Though every sector seems to be affected by the recent happenings, the three major business hubs are being directly influenced by these events. However, Karachi’s and Lahore’s real estate markets seemed to have warded off these effects to some extent, but not completely.

A slight decline has been noted in the search queries related to investment in these both cities on HomesPakistan.com. However, the effect is not as devastating as it is witnessed in Islamabad’s realty market. One thing is common in all these cities that potential investors are hesitant to take risk with their investment and even sellers are also not willing to sell their properties in these circumstances.

From the statistics and available information, it can be concluded that the progress of Pakistan’s real estate sector is directly related to the region’s secure condition and political stability. Simultaneously, one thing is for sure that PML-N is considered as a pro-business government in Pakistan and since general elections of 2013, positive investor sentiments have been observed. Based on this fact, real estate investors say that no matter, how long it takes to settle down the political issues between government and opposition, its impact on Pakistan real estate sector will be short-lived. The sector will bounce back immediately, as potential investors are just waiting for the right time.

By Khadija Aslam

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## **ISE-10 index stays bearish**

Tuesday, 16 September 2014 18:32

Posted by Imaduddin

ISLAMABAD: The Islamabad Stock Exchange (ISE) on Tuesday witnessed bearish trend as the ISE-10 index was down by 4671.91 points to close at 4632.10 points.

A total of 47,000 shares were traded, which showed a negative growth of 38,000 shares, when compared with previous day's trading of 9,000 shares.

Out of 152 companies, share prices of 79 companies recorded increase while those of 73 companies decreased and no company remained stable in today's trading.

The share price of Sanofi- Aventis Pak. increased by Rs.31.09 while that of Bhanero Textile decreased by Rs.430.01 per share.

Maple Leaf Cement, PICIC Investment Fund, Hub Power remained the top trading companies with 25,000, 10,000 and 7,000 shares respectively.

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## BR Research: *All*

# More gas for transport-not again

September 18, 2014

BR Research

When the Chief Minister of Punjab, who likes to call himself Khadim-e-Aala, was asked a short-while ago whether it made more sense to spend Rs200 billion on education than Metro Bus Projects, he was quick to respond "if there is no transport, how will pupils reach schools?" And we are not even making it up!

There are priorities, and then there is PML-N. So very little surprise then the Petroleum Minister, Shahid Khaqan Abbasi, was elated informing how the imported LNG will be used solely for the transport sector.

If the Minister is to be believed, the LNG project is in advanced stage and will soon become a reality. Lets leave this point for some other day, but what the Minister had to say along with the CNG Association office bearers, is nothing short of appalling and confusing.

Recall that the LNG infrastructure being built would cater for 200mmcf initially, and later graduate to 500mmcf in five years from the day of commencement.

The confusion starts right here. The transport sector currently consumes 275mmcf natural gas, about eight percent of the total pie. So another 200mmcf gas would elevate CNGs share to 13 percent.

But, at the same time, government gives the impression that only the imported gas will be used for transport sector and the existing share would be diverted to other sectors. That essentially means that CNGs share would rather shrink from the present levels. Surely, the CNG association is not that naïve to be appreciating that.

Way to go, one would say. But in the very next breath; terming it a "game-changer", the Minister says it would save around \$2.5 billion in terms of fuel savings to the exchequer. How so? Going by this logic, it appears likely that 200mmcf would be offered in addition to the existing share, which is nightmarish to put politely.

If anything, there is a need to curtail or at least halt the mushrooming growth of CNG usage, but the government has in fact allowed import of CNG kits. The association people further endorse that measure by adding that this would help in job-creation, further going on to demand sales tax and cess exemptions. An idea that got the nod from Abbasi!

Add to that the pricing issue, which is far from settled, yet the Minister had the audacity to say that the imported LNG for CNG sector would be priced at only 5-8 percent premium to current rates. Whereas, natural gas in Pakistan is priced way too low, nearly half the international rates. Maintaining the current differential with petrol rates, would definitely include an element of



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subsidy--something which is completely uncalled for, for reasons well known.

While it is a good thing that LNG import is being fast-tracked, the government should show preparedness in terms of tariff rationalisation. Imported component needs to be built in the overall cost through a weighted average formula, and gas allocation must be prioritised in accordance with the National Energy Policy.

Pakistan has had enough of inefficient use of precious resources, and playing in the hands of lobbies is no more an option. Here is hoping, Islamabad is listening.

## Schooling returns

September 18, 2014

BR Research

Education is indeed an investment. A recent World Bank policy paper, "Comparable Estimates of Returns to Schooling around the World" has some interesting insights about the interplay between schooling and earnings. Using 819 household surveys from 139 countries in the period 1980-2013, private rates of schooling returns, of the monetary nature, are examined for salaried employees.

An additional year of schooling can make a lot of difference, the paper notes. For this sample under study, which includes Pakistan, the authors found that every additional year of schooling leads to an average return of 10 percent. Overall, tertiary education returns are superior while secondary education returns are inferior. Returns decline as overall schooling years in a country increase.

Latest period data show that low-income and developing countries reap superior returns compared to developed world due to an existing shortage of skills in the former. Five highest returns in the sample were reported for African countries: Rwanda, South Africa, Ethiopia, Namibia and Burundi.

In terms of regions, Sub-Saharan Africa (SSA) tops the chart with a 12.4 percent return for an extra school year, followed by East Asia and the Pacific with a return of 9.4 percent, Latin America 9.2 percent, South Asia 7.7 percent, Eastern Europe 7.4 percent, and Middle East and North Africa (MENA) 7.3 percent. Primary schooling has the highest return in MENA (16%) whereas both secondary and tertiary schooling find the highest returns in SSA (10.6% and 21%).

There are comparatively more returns for females (11.7%) compared to males (9.6%). Rate of schooling returns for females exceed males on all three levels: primary, secondary and tertiary. Females have the highest primary school returns in MENA region (21.4%), secondary school return in SSA (12.7%) and tertiary return in South Asia (23.3%).

Global trends are visible in South Asia as well (see illustration). Latest period data show that Pakistan has the highest return for another year of schooling (10.8% in 2010) among its regional peers. Secondary schooling returns for both genders, where the region and the world at large inferior returns, Pakistan does comparatively better. Its primary and secondary education returns

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are superior in the region, but tertiary female education returns are low.

The study recognizes some of its limitations. For instance, it does not include informal sector workers and self-employed people, so the economic returns of an additional year of schooling will remain blurred for a country like Pakistan that has a large informal sector. Then, the educated unemployed are also excluded. Besides, social returns of education may need to be incorporated as well to give a clear overall picture.

But, this study is a good attempt in understanding schooling returns. By breaking returns down to the three education levels and gender types, it provides policymakers and parents with food for thought and reason for action. In case of Pakistan, clearly, the gains on primary and secondary female education need to be translated to the tertiary level. That will happen when more females are encouraged to enroll in higher education, seek employment and stay in the labour force.

## Sit-ins and floods clip petroleum sales

September 18, 2014

BR Research

Yet another adverse impact of the ongoing political sit-ins in Islamabad has been seen on the energy sales. Energy volumes witnessed a drop in sales of eight percent in August 2014 versus July 2014, which primarily stemmed from a month-on-month retreat in volumes of major petroleum products.

High Speed Diesel (HSD), which is also used in transportation besides agriculture, has been the largest victim of the ongoing political unrest in the country. Volumes of this fuel shrunk by 18 percent month on month as transportation of goods have been disturbed by the use of containers for political reasons.

Furnace oil sales dropped by five percent month on month; however, volumes remained stagnant on a year-on-year basis as heavy rains in Punjab and Khyber-Pukhtunkhwa propelled hydro generation.

Motor gasoline, the third major component of petroleum products, registered a drop one percent in August 2014 versus July 2014, whereas year-on-year growth rate was a mere two percent. Though CNG curtailment ensures a stable growth in motor gasoline volumes, the recent decrease in power outages may also have dragged down petrol consumption used in generator.

Despite climbing demand from the power and transportation sector, petroleum sales did not pick up drastically as FY15 began. Furnace oil and Motor gasoline both remained at similar levels in 2M FY15 versus the two months of FY14, while HSD edged up by six percent.

With the close of the first quarter of FY15, it is expected that HSD sales will further recede in September, whereas motor gasoline will jack up as power load shedding returns. Furnace oil has mixed forecast that rests on increased hydro generation for some time and return of circular debt to high levels. How long these sit-ins prolong is another deciding factor for the industrys energy sales.



## MLCF: lagged growth

September 18, 2014

BR Research

A skyrocketing increase in annual taxation charges put a drag on net earnings for the Maple Leaf Cement Factory Limited (KSE: MLCF) this year, despite the top line increase. While selling and distribution costs have experienced a significant 32 percent increase year on year, sales growth across the cement sector is also attributed to the increase in cement prices witnessed during last year.

Operating margins have also been affected by an increase in administrative expenses. MLCF has also posted a notable increase in finance costs, which, along with taxation charges, have rendered pressure on net margins.

Another element to have contributed to the increase in cost of sales has been the increase in gas tariff and electricity prices. However, the company's Waste Heat Recovery (WHR) plant would have been instrumental in absorbing the extent of these price shocks.

In fact, till the third quarter of FY14, operating margins were doing relatively well due to efficient operations of the WHR.

MLCF's board has also approved investment of up to Rs300 million as loans/advances in Kohinor Textile Mills Limited (KTML), a holding company of MLCF.

The decision is subject to approval of the shareholders and is meant to meet the working capital requirements of KTML.

As one of the largest cement manufacturers in the country, MLCF would indeed be looking forward to greater realisation of PSDP allocations to infrastructure development in order to retain greater business volumes.

### MLCF-key financials

Rs (mn)	2014	2013	Chg
Net sales	18969	17357	9.3%
Cost of goods sold	-12446	-11312	10.0%
Gross margin	34.4%	34.8%	-
Other income	81	41	95.2%
Operating margin	26.7%	28.0%	-
Profit before taxation	3590	3163	13.5%
Taxation	-760	62	-1324.6%
Net margin	14.9%	18.6%	-
EPS-basic & diluted (Rs)	5.4	6.1	-12.3%



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## Crime News

# Rawalpindi: ANF recovers 446kg charas & 5kg heroin

**RAWALPINDI:** The Anti-Narcotics Force (ANF) recovered 446 kilograms of charas and 5 kilograms of heroin in 8 operations conducted at Rawalpindi, Lahore, Peshawar, Abbottabad, Sukkur and Hyderabad.

During these operations, the ANF arrested 10 persons and seized 3 vehicles. Most of the seized drugs were being smuggled for local use.

The ANF Karachi stopped a Suzuki van near Hyderabad and recovered 400 kilograms of charas from its secret cavities. Two drug smugglers, Shahid Raza and Muhammad Imran, were taken into custody. They were bringing drugs from Balochistan and wanted to take it to Karachi.

The ANF Karachi stopped a Suzuki Mehran car (AYW-019) near the City Point Chowk, Sukkur, and recovered 40 kilograms of charas concealed in its secret cavities. Two drug smugglers, Ali Gohar, resident of Khairpur, and Muhammad Ismail, hailing from Shikarpur, were arrested. The drugs were being taken for handing them over to street sellers.

The ANF Rawalpindi apprehended Hamid Allauddin, a resident of Karachi, after recovering 4 kilograms of heroin concealed in his bag. He was arrested in an operation conducted at Ghausia Bus Stand, Pirwadhai Morr, Rawalpindi. He was carrying drugs for local supply.

The ANF Lahore in an operation conducted near Allah Hoo Chowk, Johar Town, apprehended a drug peddler, Shamoon, belonging to Lahore, after recovery of 2 kilograms of charas from his personal possession. He was local supplier of drugs.

The ANF Lahore seized a parcel from DHL Courier Service Office, Gulberg, and recovered 970 grams of heroin concealed in a pair of boxing gloves. The parcel was intended for Canada.

The ANF Peshawar during search of a Suzuki van, recovered 3 kilograms of charas and apprehended three drug smugglers, Yasir Ali, Zia-ur-Rehman and Nasir Ali, all residents of Abbottabad. The operation was conducted near Ayub Medical Complex, Abbottabad.

The ANF Peshawar Road team during routine checking stopped a Hiace van (LES-6025) and recovered 500 grams of charas from possession of a passenger, Sardar Ali, hailing from Peshawar.

The ANF Peshawar seized a parcel from DHL Courier Service Office and recovered 110 grams of heroin concealed in a baby suit. The parcel was intended for Italy.

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## Karachi: 5 killed, 6 terrorists arrested

**KARACHI:** Five people, including a woman, were killed in different incidents of violence in Karachi on Tuesday whereas six alleged terrorists were arrested during an operation in the SITE area of the metropolis.

A former counselor and his son were shot dead near a hotel in Orangi Town's Sabri Chowk. The victims were shifted to Abbasi Shaheed Hospital. Following the incident, panic spread in the area. Meanwhile, three bodies, including one of a woman, were recovered from the areas of Gulbahar, Memon Goth and Korangi Zaman Town. Separately, Crime Investigation Department (CID) personnel carried out raids in the SITE area of the city and arrested six suspected terrorists belonging to the banned militant outfit Lashkar-e-Jhangvi. Moreover, weapons were also recovered from the alleged terrorists' possession.

## Principal arrested for corruption in Peshawar

**PESHAWAR:** The National Accountability Bureau on Tuesday arrested the principal of Governmental Vocational and Technical Training Centre on charges of alleged corruption, malpractices and misuse of authority.

Bakhat Zamin was charged with embezzlement while implementing scheme of vocational training under the FATA Rural Development Project, a statement issued by NAB office read.

The FRDP was implementing various initiatives for the uplift of FATA during 2008-2011. Zamin and others allegedly embezzled millions of rupees reserved for hostel accommodation of poor students of FATA (Khyber, Mohmand and Bajaur agencies) and prepared nine fake rent agreements with various hotel owners/property dealers.

“Similarly, he used to give cash amounting to Rs 20,000 to Rs 30,000 to the training coordinators for purchase of necessary items, but he placed bogus invoices in the record claiming millions of expenditure,” the NAB statement said.

“This is highly regretful that a person of higher educational level responsible for imparting education gets involved in corruption and corrupt practices. This is a reflection on moral degradation of our society,” the NAB said.

“The principal being drawing and disbursing officer (DDO) embezzled around Rs 33 million by misusing his authority. Investigation is under process.”

## 2 outlaws arrested in Hangu

**HANGU:** The police arrested two outlaws and recovered weapons from them in the limits of Doaba Police Station in Hangu district on Tuesday, official sources said.



The sources said acting on a tip-off, the **police barricaded road** near **Mamo Khwar** and **arrested** and **recovered eight Kalashnikovs** and a **rifle** after arresting **Noor Shah** and **Najebullah**. Further **investigation** is underway.

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## Miscellaneous News

# Off the radar screen: PSO unlikely to be privatised anytime soon

By Shahram Haq

Published: September 18, 2014

LAHORE:

**Pakistan State Oil (PSO) does not expect the government to kick off its privatisation process anytime soon as the company has not got any clue so far despite the fact that it is on the current privatisation list, says the company's managing director, Amjad Parvez Janjua.**

“The biggest setback for the oil marketing company is the growing circular debt, which may haunt some future projects if it remains unsettled for a longer period,” Janjua said while speaking during a corporate briefing arranged by the Lahore Stock Exchange on Wednesday.

Investors were conscious of the growth the company notched up in the last fiscal year ended June 2014 and its future prospects where privatisation and circular debt were their key concerns.

According to details provided by the company, total receivables of PSO stand at Rs186 billion, of which Pakistan International Airlines (PIA) owes Rs10 billion. On the other hand, PSO has to pay Rs12 billion to refineries and has borrowed Rs106 billion from banks to bridge the deficit.

“It actually is a unilateral build-up not a circular debt, which has piled up, the situation today is much better than a couple of months ago as power producers have launched a joint effort in collaboration with us to clear the receivables,” Janjua said.

Also, the government has released some money and the company hopes that things will get better soon. However, “we cannot promise when this debt will be cleared as nobody is giving assurances.”

Janjua made it clear that according to an agreement reached with private power producers PSO was under no compulsion to supply oil on credit. In fact, the company should seek advance payments before making oil shipments, but for the sake of national interest it is bearing the burden.

“We purchase oil from our own sources and sell, in fact supply on credit to various sectors. We seek payment of all our receivables from the power sector and the government to streamline our operations.”

Earlier, PSO Deputy Managing Director Finance and IT Sohail Ahmad Butt stressed that from an investment point of view, this was the best time to pour money into PSO as its shares were undervalued.

In the domestic market, PSO's share dropped to 62% in fiscal year 2013-14 compared to 64% in the previous year, but sales volumes increased 5%, Butt said.

The company recorded the highest-ever turnover of Rs1.4 trillion in 2013-14, a rise of 9% than the previous year. After-tax profit for the year stood at Rs21.8 billion, up 73%.

Market capitalisation of the company was Rs106 billion in 2013-14, up 34% year-on-year. It contributed Rs289 billion to the national coffers in the year, nearly 10% of the budget. With the surge in earnings, the company has entered the Rs100-billion club.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **Exhibition in India receives ‘Alishan’ response**

By APP

Published: September 18, 2014

**ISLAMABAD: From food to furniture to fashion, all products displayed at the four-day Alishan Pakistan – the second edition of the lifestyle Pakistan exhibition in New Delhi – were sold out in the first three days of the event that began on September 11.**

*The Hindustan Times*, while discussing the response to the exhibition, stated that traders and businessmen from Pakistan felt that no matter how the diplomatic ties were between the two nations, the common man in both countries had no hatred against each other.

“The Trade Development Authority of Pakistan organised the expo comprising 260 stalls, which received an unprecedented response from the people of India as all products were sold on the first three days of the event,” said Federation of Pakistan Chambers of Commerce and Industry former vice president Hameed Akhtar Chadda.

“Pakistan-made products, especially women’s clothing, have now become very popular in India because of their high quality,” said Chadda, who was also one of the participants of the expo.

He explained that women’s clothing and fabric had become a hot item since a large number of Indian women thronged the stalls and purchased them on cash payments.

The exhibition showcased Pakistan’s top-quality textiles, including high-end designer wear, and that was not the only item, furniture was also exhibited, he said.

The lifestyle expo was first held in April 2012 in New Delhi.

“With a trade potential of billions of dollars between the two countries, the event not only offered a unique opportunity to the trade community of India to interact with their Pakistani counterparts but also gave a first-hand opportunity to the customers to feel and own best-quality products,” he said.

He said the Federation of Indian Chamber of Commerce and Industry, Confederation of Indian Industry and Saarc Chamber of Commerce and Industry besides the Indian government provided best facilities to the Pakistani participants.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **Investor sentiment : OICCI expresses concern over falling FDI**

By Our Correspondent

Published: September 18, 2014

KARACHI:

**The Managing Committee of Overseas Investors Chambers of Commerce and Industry (OICCI) –the premier body of nearly 200 multinationals operating in Pakistan – has expressed its dismay on the poor Foreign Direct Investment (FDI) inflow that clocked in at just \$87 million during the first two months of the ongoing fiscal year.**

Data released by the State Bank of Pakistan (SBP) showed that FDI during July and August of 2014-15 dropped by a significant 37%.

The OICCI stated that this was a significant drop in FDI since it was compared to an already low base in the same period of the previous fiscal year.

OICCI President Asad S Jafar said overseas investors were attaching a lot of importance to various issues in Pakistan. “It highlights the growing importance of issues such as security, energy shortages and governance levels,” said Jafar.

The managing committee, while reviewing the business environment, urged the federal and provincial governments to take emergency measures in order to attract higher FDI inflows, in an effort to avoid long-term implications.

In an attempt to assist authorities, the OICCI offered to share the experience and expertise of members who have benefitted from investing in Pakistan.

The committee also expressed concern at the current level of engagement between relevant government functionaries and the business community, including the OICCI. It was suggested that challenges facing the developing countries can be overcome if two worked in tandem.

“The main reason behind the heavy inflow of FDI in various Asian countries was good governance along with sound physical and institutional infrastructure.”

The committee suggested that urgent improvement was required in these areas while Jafar urged the government to fill all the key vacancies in the regulatory and state-owned organisations.

Additionally, the official said that the federal and provincial governments needed to introduce a robust accountability mechanism to build confidence and help counter any misperception regarding Pakistan’s international image.

All these actions would ensure that the country moves towards realising its true potential for economic growth, stated the OICCI.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **Corporate results: Maple Leaf Cement’s profits drop 12%**

By Our Correspondent

Published: September 18, 2014

KARACHI:

**Maple Leaf Cement has announced a net profit of Rs2.8 billion for the year ending on June 30, 2014, down 12% compared to Rs3.2 billion in the previous fiscal year.**

Earnings per share (EPS) declined to Rs5.36 in the fiscal year (FY) 2013-14 against an EPS of Rs6.11 in FY13.

In FY14, the company recorded revenue of Rs18.9 billion against Rs17.4 billion last year, which was up 9% mainly because of the increase in net retention prices by approximately 11%.

However, the company’s gross profits increased by 8% to Rs6.5 billion while gross margins declined by 1 per cent point to 34%.

On the other hand, the finance cost witnessed a decline of 14% as Maple aggressively pays down its sukuk and syndicated debt obligations. To recall, Maple restructured its Rs12 billion debt back in 2010, which has now seemingly come down.

Although profit before tax in FY14 improved by 14% to Rs3.6 billion, imposition of alternate corporate tax (17% of accounting profit) resulted in a 12% decline in net earnings.

In the fourth quarter of FY14 alone, the company reported an EPS of Rs0.79, which declined by 59% against Rs1.95 in the same period of the preceding year mainly due to a higher effective tax rate.

However, on the pre-tax level, the company's profits improved by 11% against the corresponding period of last year.

On a quarterly basis, profitability in the fourth quarter of FY14 declined by 55% to Rs0.4 billion compared to Rs1.7 billion or an EPS of Rs1.76 in the earlier quarter of the same year.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **Economy package: Pakistan Post promoting cottage industry**

By APP

Published: September 18, 2014

ISLAMABAD:

**Pakistan Post has been helping cottage industries, small and medium business concerns to help them flourish by offering economical rate package for sending and exchanging their trade patterns or sample of merchandise.**

An official of Pakistan Post told APP that this package has been successful in encouraging and creating favorable economic conditions for cottage industries to play a significant role in economic development.

He said that Parcel was also one of the traditional services of Pakistan Post and enjoys strong brand recognition. "It caters the need of bulk users — both commercial and personal," he added.

He said that the weight of an unregistered parcel should not exceed 5 kilogrammes. However, in case of registered parcel a customer could send up to 50 kg.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **ICCI elections: Founder Group wins elections unopposed**

By Our Correspondent

Published: September 18, 2014

**ISLAMABAD:** The Founder Group has won the Islamabad Chamber of Commerce and Industry elections for the year 2014-15. Hussain Sabri has been elected president, Muhammad Shakeel Munir will be the new senior vice president, and Ashfaq Hussain Chatha will be the vice president. Oath taking will take place on September 30 and they will take charge on October 1.

The newly-elected leaders said they would try to perform up to the expectations of stakeholders and use the platform to promote the interests of the business community.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*



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## Extending support: ADB to assist BISP in creating job opportunities

By Our Correspondent

Published: September 18, 2014

**ISLAMABAD:** The President of the Asian Development Bank (ADB), Takehiko Nakao, has said the bank is not only looking to invest in a cash transfer programme but would also extend support to the Benazir Income Support Programme (BISP) in creating job opportunities for the beneficiaries.

While appreciating BISP's efforts for providing financial support to people and creating job opportunities, Nakao said ADB would also lend support to BISP in developing a comprehensive graduation mechanism. He said this while visiting BISP's Tehsil Office in Taxila on Wednesday.

BISP chairman Enver Baig informed the visitors about the recent developments in the organisation, especially about the Waseela-e-Rozgar programme, under which the government aims to turn Waseela-e-Rozgar into an effective graduation programme. "Our aim is to make people stand on their feet."

Sharing details of the programme, Baig said BISP has signed a memorandum of understanding with the Sarhad Chamber of Commerce, Daewoo Pakistan and other organisations for creating employment opportunities following their trainings in respective fields. He said that BISP needed assistance in health and technical training sectors.

Nakao was further briefed over the BISP operations at the tehsil level, including issuance of Benazir Debit Cards and complaint handling mechanisms. He also met beneficiaries of BISP to get some insight into the programme.

Recently, ADB has signed a \$430 million programme with the government which will be utilised in providing cash transfer, designing and implementing graduation programmes and technical assistance to BISP beneficiaries.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

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# Risks and vulnerabilities: Govt urged to take concrete steps to build resilience, rehabilitate IDPs

By Shahzad Anwar

Published: September 18, 2014

**ISLAMABAD: The government needs to commit to the universal obligation of provision of basic social services and security benefits to citizens to build their resilience against multiple risks and vulnerabilities. This was the consensus among development practitioners and panelists at the launch of the United Nations Development Programme's (UNDP) human development report (HDR) 2014 here on Wednesday.**

They also called for taking measures to rehabilitate the more than one million internally displaced persons (IDPs) of North Waziristan and other areas besides improving administrative capacities for the sustainability of steps regarding their revival and rehabilitation.

According to the report, staggering rates of poverty, high inequality and frequent natural disasters and crises threaten the progress of human development in developing countries. Addressing these challenges, according to the report, require a host of initiatives including universal provision of social services and a strong system of social security benefits to the citizens.

The panelists largely focused on the Federally Administrated Tribal Areas (Fata), where people were deprived of their basic human and constitutional rights, which in turn has turned it into one of the least developed regions in the country.

The report, "Reducing Vulnerabilities and Building Resilience", includes the human development index (HDI) for 187 countries. The HDI is calculated using economic and human development indicators. Pakistan stands at 146 out of 187 countries measured in the HDI rankings. For comparison, India and Bangladesh stand at 135 and 142 respectively, while Sri Lanka, despite decades of civil war, is ranked 73rd.

The report says that despite overall gains in human development, progress in all regions decelerated between 2008 and 2013 when compared to the 2000 to 2008 period. According to the report, the annual growth in HDI declined from two per cent between 2000 and 2008 to almost zero during the latter period.

In the last two decades, most countries have registered significant improvements in human development, the report says, adding that vulnerability and impact of crisis and disasters were undermining the hard won progress or slowing down its growth.

The report says that progress could not be sustained without building resilience of the people.

UNDP Country Director Marc Andre Frache presented the key recommendations of the report. Department for International Development (DFID) Pakistan Head Richard Montgomery said that the report could help generate debate on how best to build Pakistan's resilience and a more inclusive economy and society.

Federal Minister of Ministry of States and Frontier Regions (SAFRON) Major-Gen (retd) Abdul Qadir Baloch reiterated the government's commitment to work for the rehabilitation of the IDPs.

The panel members included journalist Zahid Hussain, Joint Political Parties Committee on FATA Reforms member Bushra Gohar, FATA Reforms Commission Chairperson Ejaz Qureshi and others. Journalist Sidra Iqbal moderated the discussion.

The panelists discussed the possible reforms required to establish the rule of law and efficient institutions in Fata. The opinions highlighted the measures that could be taken to cope with recurring risks and vulnerabilities in Fata.

The report says that those who face multiple risks and vulnerabilities were especially at risk of falling back into poverty if disasters or crises continue to occur.

"Pakistan's investments in resilience today are the ultimate win-win, reducing adverse impact and costs freeing resources for additional investments where it matters."

Bushra Gohar termed Fata the "federally abandoned tribal areas", saying the British Raj promulgated the Frontier Crimes Regulation and successive Pakistani governments continued with the colonial regulations.

Ejaz Qureshi said that 60 per cent of IDPs were women and children and many women have not yet gotten their Computerised National Identity Cards due to illiteracy, conservatism and other issues.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## **Fire hazards: PAT workers start cooking their own food**

By Sehrish Wasif / Photo: Muhammad Javaid

Published: September 18, 2014

ISLAMABAD:

**The homesick Pakistan Awami Tehreek (PAT) workers have resorted to cooking their own food at the Constitution Avenue by arranging gas cylinders, stoves, cooking pots and other utensils.**

This new turn of events, however, has worried people at the same venue as the proximity of cylinders to tents could be dangerous in case of a fire.

“It is dangerous to keep these gas cylinders next to the tents,” said PAT worker Mohammad Zahid.

Talking to *The Express Tribune*, he said that most of the tents being used in the area are made of flammable material.

Zahid further said many children play around the stoves and cylinders, which is also dangerous.

“We do not have any firefighting equipment, so we all are at a risk in case of a fire,” he said.

The families however, pled that they have been away from home for over a month and miss home-cooked meals.

They added that they have been provided three free meals-a-day by PAT but they still crave home-cooked food.

“My children were craving aloo bhujia, so I cooked it for them,” said Shahida, a PAT worker from Sargodha.

She added that the family was buying additional food from local vendors for the past month, but it was causing stomach problems for them.

Just outside her tent, Nasreen Bibi from Chakwal was busy making daal for her family of seven.

“For the past few days we have been getting two meals-a-day, so we are sharing our party chief’s burden by cooking our own food,” she said.

She further said that since the start of the sit-in, they have eaten rice every day and now want to add more variety to the menu.

Nadir, another PAT worker, opined, “When we can afford to cook our own food, it is better to do so and let those who cannot afford it have the free food being distributed twice or thrice-a-day”.

He added that his female relatives want to go back to their routine daily schedules and preparing breakfast and lunch for their families is part of it.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

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# Assessing needs: Advisory body discusses education overhaul

By Our Correspondent

Published: September 18, 2014

ISLAMABAD:

**The federal education ministry held its “advisory committee” meeting on Wednesday to discuss a document, which has been prepared with the output of all stakeholders, envisioning overhauling the current education system in the country.**

The document, titled “overall education standard for improved learning outcomes and school effectiveness—assessment of examination and assessment systems in Pakistan” was discussed in threadbare under the chair of Minister of State for Federal Education and Professional Training Muhammad Balighur Rehman and Advisory Committee Convener Chaudhry Munir Ahmed. Advisory body members, eminent educationists, representatives of the GIZ and senior officers of the education ministry were also present.

Nighat Lone from GIZ informed participants about the document, which has been developed in coordination with federal and provincial governments and area education departments. She said that the document has been developed with the approval of all governments and emphasised the need for its effective implementation.

Haroona Jatoi presented recommendations of the advisory committee on reforming the evaluation and examination system.

While highlighting the importance of the evaluation system, she said that higher cognitive abilities such as problem-solving and analytical skills were rarely touched.

“Analysis of question papers set by various boards of intermediate and secondary education reveal that more than 60 per cent of questions assess mere students rote learning, which is one of the main reasons for poor quality of education and its ultimate product.”

Dr Masoom Yasinzai during his presentation on “Research and Development and Innovation” emphasised the need for developing strong linkages between research institutes and the industry in order to translate innovation to implementation.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

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## Exceptional research: QAU awards four professors

By Our Correspondent

Published: September 18, 2014

**ISLAMABAD:** The Quaid-e-Azam University (QAU) on Wednesday conferred “Young researcher awards 2013” on four researchers in recognition of their contributions to research work in different fields. Gold medals and cash prizes were given to Assistant Prof of Plant Sciences Dr Tariq Mehmood, Assistant Prof of Economics Dr Abdul Jalil, Assistant Prof of Chemistry Dr Afzal Shah and Assistant Prof of Biotechnology Dr Bilal Haider Abbasi. QAU Vice-Chancellor Dr Eatzaz Ahmed said that the purpose of the award was to promote research culture among young researchers. He said the awards will be presented annually to the selected faculty members who will make exceptional contributions in research. He urged the young scientists that research should closely be liaised with the indigenous needs uplift the socio-economic conditions of the people.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*

## Cross-border floods: AJK premier offers to send aid

By Our Correspondent

Published: September 18, 2014

**MUZAFFARABAD:** The Azad Jammu and Kashmir (AJK) prime minister, Jamaat-e-Islami leader Abdur Rashid Turabi and local leaders of the All Parties Hurriyat Conference (APHC) have offered more than Rs10 billion of AJK’s development budget for the rehabilitation of flood victims of Indian Kashmir.

Addressing a press conference on Tuesday, AJK Prime Minister Abdul Majeed said the situation in the ‘occupied’ valley which was hit by flash flood is severe and in these difficult times, we want to send relief goods to Srinagar and other flood-hit areas of Jammu.

“India is distributing relief goods and rescuing non-local Hindus and is ignoring the stranded Kashmiris who are without food and clean drinking water for the last week which is unfortunate,” said the premier.

While sharing details of the damage and destruction in Indian Kashmir, Majeed said more than two million people were affected by the natural calamity and nearly one million Kashmiris were made homeless, around 400,000 residents of Srinagar city among them.

He said the damage in Srinagar is more than that occurred in the 2005 earthquake and on this occasion the world community and the govt of Pakistan should help us send relief goods to Srinagar.

*Published in The Express Tribune, September 18<sup>th</sup>, 2014.*



# OPEN MARKET FOREX RATES

Updated at: 18/9/2014 7:22 AM (PST)

Currency	Buying	Selling
Australian Dollar	92.5	92.75
Bahrain Dinar	270.5	270.75
Canadian Dollar	93	93.25
China Yuan	16.5	16.65
Danish Krone	17.5	17.65
Euro	132.6	132.85
Hong Kong Dollar	13.1	13.2
Indian Rupee	1.65	1.67
Japanese Yen	0.96	1.06
Kuwaiti Dinar	356.25	356.5
Malaysian Ringgit	31.65	31.9
NewZealand \$	83.5	83.75
Norwegians Krone	15.85	16
Omani Riyal	265	265.25
Qatari Riyal	27.65	27.9
Saudi Riyal	27.3	27.55
Singapore Dollar	80.5	80.75
Swedish Korona	14.25	14.4
Swiss Franc	109.25	109.5
Thai Bhat	3.16	3.18
U.A.E Dirham	27.8	28.05
UK Pound Sterling	166	166.25
US Dollar	102.65	102.9





# INTER BANK RATES

Updated at: 18/9/2014 7:22 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	92.81	92.99
Canadian Dollar	93.22	93.4
Danish Krone	17.79	17.83
Euro	132.49	132.75
Hong Kong Dollar	13.2	13.22
Japanese Yen	0.9542	0.9561
Saudi Riyal	27.27	27.33
Singapore Dollar	81.08	81.24
Swedish Korona	14.36	14.39
Swiss Franc	109.65	109.87
U.A.E Dirham	27.85	27.91
UK Pound Sterling	166.5	166.83
US Dollar	102.3	102.5

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

As on Thu, Sep 18 2014, 03:30 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	40,391	47,062	125,633	
Palladium	XPD	27,318	31,830	84,971	
Platinum	XPT	44,578	51,941	138,656	
Silver	XAG	611	712	1,901	

## Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
 Australian Dollar	AUD	439	511	1,364	
 Canadian Dollar	CAD	433	504	1,346	
 Euro	EUR	305	356	950	
 Japanese Yen	JPY	42,685	49,735	132,768	
 U.A.E Dirham	AED	1,444	1,682	4,491	
 UK Pound Sterling	GBP	242	282	752	
 US Dollar	USD	393	458	1,223	

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

# Gold Rates & Silver Rate from major cities of Pakistan

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

Sep 17, 2014

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

City	24k per 10gm	24k per Tola	22k Per 10gm	21k Per 10gm	Silver
Karachi	40,971	47,800	37,557	35,850	634
Lahore	40,971	47,800	37,557	35,850	634
Multan	40,971	47,800	37,557	35,850	634
Faisalabad	40,971	47,800	37,557	35,850	634
Rawalpindi	40,971	47,800	37,557	35,850	634
Hyderabad	40,971	47,800	37,557	35,850	634
Gujranwala	40,971	47,800	37,557	35,850	634
Peshawar	40,971	47,800	37,557	35,850	634
Quetta	40,971	47,800	37,557	35,850	634
Islamabad	40,971	47,800	37,557	35,850	634
Sargodha	40,971	47,800	37,557	35,850	634

Source: Karachi Saraf.