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NEWS OF THE DAY

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Karachi gives new energy, strength to Imran, improves his prospects

September 22, 2014

Chairman Pakistan Tehreek-e-Insaf (PTI) Imran Khan on Sunday vowed to rescue people of Sindh from ever-growing poverty, injustice and lawlessness after coming into power. Addressing a rally at Mazar-e-Quaid, which thousands attended waiving PTI and Pakistani flags, he pledged that he would also struggle for the rights of minorities in Sindh province, which, he said, have been facing injustice and social deprivation.

As Imran Khan set foot on the 80-feet high container-stage, the public jubilated his arrival, who were waiting to see him for several hours around Mazar-e Quaid. The participants raised high pitched chants which at times forced Khan to pause his speech. The enthusiastic women and youth had painted their faces with PTI flags colors.

Imran Khan said that PTI would introduce a new kind of local bodies' system to devolve power to grass root level and help the society attain bigger development and social and political harmony.

He assured the participants to continue his struggle for "Neya Pakistan" and urged Karachiites to voice against election rigging and step up for protection of their votes. He said that the new Pakistan would be corruption-free and united without ethnic and racial, religious and political discriminations.

Chairman PTI reiterated that his sit-in in Islamabad would continue till the resignation of Prime Minister Nawaz Sharif. "I want to make it clear to Nawaz Sahrif that this struggle will end with your resignation and it is our fundamental right to elect government and leaders through votes," he added.

Imran said that for the past 39 days the people of Pakistan had been struggling to make a Naya Pakistan and he believed that it was time for Nawaz to leave as now nobody including Saudi Arabia, US and Gullu Butt can save him.

Talking about Karachi's major issues, he said that target killing in the city was linked to the support within the government. "It (target killing) cannot be possible without the support within the government," he said, adding that police needed to be depoliticized to stem the long-continuing lawlessness in the metropolis.

"Police department in Khyber Pakhtunkhwa is free from political interventions where officials are appointed and promoted on merit. The PTI will bring apolitical policing system in Sindh to make the province peaceful," he vowed.

"I promised to end the target killing, extortion, land grabbing and water mafia from Karachi, if masses of Karachi support me. We have been divided in Sindhi, Baloch, Pakhtoon, Punjabi and Urdu speaking for political benefits, but now I am here to unite everyone," Imran added.

The PTI government in the KP province has already focused on reforming these institutions and allocated highest ever high budget for education sector compared to the budgets of other provinces. The PTI believed that educated masses can bring revolution in the country, he opined.

"We will make Pakistan a developed country, where law will be powerful instead of persons and everyone will get his right" he added.

Chairman PTI said that democracy cannot become stronger without a developed local body system, as this makes people more powerful, besides solving their basic civic problems.

Referring to the JUI-F Chief Maulana Fazlur Rahman's statement, Imran Khan said: "Neither he nor the nation will forgive him for his words against the women who came out to take part in his sit-in."

Addressing the gathering, PTI Vice Chairman Shah Mehmood Qureshi said that Multan's fate would be decided on October 16 and people would show their solidarity with PTI.

"Today is the 40th day of sit-in in Islamabad and now every citizen of Pakistan is chanting Go Nawaz Go," he said.

Imran has awakened a sleeping nation and today's gathering at Mazar-e-Quaid is also evidence that masses of Karachi have also wakeup on his call, he said.

Qureshi alleged that PTI President Javed Hashmi was now with PM Nawaz and said that Multan's fate would be decided on October 16, when re-election will be held on Hashmi's vacated seat.

"I invite cabinet members to come here and count the people in PTI's protest and I believed that they can't count these masses," Qureshi said.

Criticising Pakistan People's Party (PPP), he said that presently PPP is knows as Zardari's party, instead of Bhutto's party and people of Sindh were fed up with the commission culture. He urged people of Sindh to come out on the streets to oppose Zardari's power and policies.

On the occasion, AML chief Sheikh Rashid Ahmed, President PTI Sindh Nadir Akmal Laghari, Naz Baloch and others also spoke. Former cricketer Javed Miandad, former Olympian Samiullah Khan and several other celebrities were also present in the rally.

Nawaz to address UN General Assembly on September 26

September 22, 2014

Prime Minister Nawaz Sharif will leave for the United States on the 24th September to attend the annual UN General Assembly session. He will address the UN General Assembly on the 26th. In his speech, the Prime Minister was expected to focus on co-operation-based relationship with neighbouring countries. Pakistan's ties with India and Afghanistan will be given special importance in the speech.

This year too, the Prime Minister is expected to highlight the Kashmir issue at the UN General Assembly.

On the sidelines of the UN General Assembly session, Prime Minister Nawaz Sharif will participate in an energy conference also to be attended by the premiers of Norway and Denmark.

The conference will explore ways to acquire energy through non-conventional sources.

The Prime Minister along with the US Vice President and Japanese Prime Minister will co-chair a peace conference. The conference will review co-operation among international peaceful friends. Nawaz Sharif will also participate in a meeting on reforms in the United Nations. He will underline the need for harmonising the UN Security Council with the new global demands. The Prime Minister who will visit New York with a short entourage of 14 people, including security personnel, will leave for Pakistan on 27th of this month.

Ghani named next Afghan president, signs power-sharing deal

September 22, 2014

Former finance minister Ashraf Ghani was declared Afghanistan's next president on Sunday, hours after signing a power-sharing deal with his rival Abdullah Abdullah that ended a prolonged stand-off over the disputed result. Allegations of massive fraud in the June 14 vote sparked a political crisis as both candidates claimed victory, paralysing the country at a key moment with US-led troops winding down their 13-year war against the Taliban.

When the long-awaited "unity government" deal was finally signed, Ghani embraced Abdullah briefly at a low-key ceremony in the presidential palace that lasted less than 10 minutes. Abdullah will become "chief executive officer" (CEO), a role similar to prime minister - setting up a tricky balance of power as Afghanistan enters a new era. Neither candidate spoke at the palace ceremony, and it remained uncertain when they would address the nation or when the unity agreement would be officially published.

"The Independent Election Commission declares Dr Ashraf Ghani as the president, and thus announces the end of election process," commission chief Ahmad Yousaf Nuristani later told reporters. "During the election process fraud was committed from all sides. That has concerned people." In a move likely to trigger complaints over transparency, Nuristani gave no figures for the winning margin, turnout or the number of fraudulent ballot papers thrown out in an UN-supervised audit that checked every individual vote.

Ghani was widely acknowledged to be on the brink of the presidency after coming well ahead in preliminary results released before the audit began.

Under the constitution, the president wields almost total control, and the new government structure will face a major test as the security and economic outlook worsens.

Pakistan welcomes agreement

September 22, 2014

Pakistan on Sunday welcomed the agreement signed by the two Presidential candidates in Afghanistan regarding the establishment of a government of national unity. Foreign Office Spokesperson in a statement said, "Consistent with our support for a peaceful democratic transition, we regard the signing of this agreement as a positive development."

The spokesperson said this outcome has been possible due to the wise and sagacious leadership of Dr. Ashraf Ghani and Dr. Abdullah Abdullah.

"We congratulate the two leaders and the brotherly people of Afghanistan and reaffirm Pakistan's support for all their efforts to build a peaceful, stable and unified Afghanistan," said the spokesperson.

To dam or not to dam?

September 22, 2014

Energy-starved Pakistan relies on a multitude of dams and barrages to prevent Himalayan rivers from flooding and help meet its power needs, but their failure to prevent disaster four years running is making some experts question their utility. Every year since 2010, which saw the worst floods in Pakistan's history, the country has experienced catastrophic inundations that kill hundreds and wipe out millions of acres of prime farmland, harming the heavily agrarian economy.

Starting when the country was still a part of British-ruled India, engineers embarked upon ambitious projects to harness the water that flows from Kashmir through the length of the country to the Arabian Sea.

Today Pakistan is home to the biggest earth-filled dam in the world at Tarbela, just north of Islamabad, and more than 150 others classed as "large".

With more than 30 percent of its power coming from hydro-electric sources, such structures are also crucial to help alleviate a chronic energy crisis which has put a brake on industrial productivity.

But a campaign for non-structural measures to contain flooding is gradually gaining ground - with proponents arguing that man-made interventions can, counter-intuitively, exacerbate the floods.

There are two major arguments - the build up of sediment in a dam shortens its useful lifespan, while the slowing of rivers due to structures mean that silt accumulates, decreasing their capacity.

Kaisar Bengali, a career technocrat who advises the chief minister of Balochistan province, said: "Dams create floods, dams don't prevent floods.

"When the floods occur, if you have a storage area you can store the water in that area. Dams have a reservoir so they create a lake. Barrages divert the water into canals. They don't have a reservoir.

"But they don't just block water, they block silt as well and as a result the river bed rises. So in 2010 the water that passed through the Indus was less that in 1976 yet it created more flooding because the river had risen 6-7 feet." A 2000 research paper commission by conservation group WWF that looked at various countries warned of similar consequences and further noted the drainage of wetlands as well as deforestation associated with dams led to a loss of natural sponges.

Decisions on whether to release water are also subject to opposing concerns - dam managers may seek to keep reservoirs full for energy generation, whereas an early release could lessen flood impacts.

Mushtaq Gaadi, a water activist and academic at Islamabad's Quaid-e-Azam university, noted that some of this year's worst flooding occurred in the Chenab river, where a key structure has lost significant discharge capacity due to the build-up of sediment. "The most important and critical infrastructure at Chenab is Trimmu (barrage) which was constructed during the British era.

"Its discharge capacity has been drastically reduced. It was not capable of discharging more than 600,000 cusecs. Mainly due to the rising of the river bed level," due to silting.

Dams and barrages are difficult and expensive to de-silt and maintain, forcing Pakistan to turn to help from multilateral lending agencies such as the World Bank and Asian Development Bank.

With the World Bank's aid, Pakistan completed its renovation of the Taunsa barrage in central Punjab province in early 2010 at a cost of $144 million - only to see an embankment upstream of the structure catastrophically fail when the floods came in August.

This year, Pakistan was again forced to blow up protective dykes to divert flood waters away from cities to less-densely populated areas - which Gaadi said was another sign of a failing strategy.

Beyond their disposition to fail, dams are also responsible for luring people into harm's way by creating a false sense of security in areas that are naturally fertile flood zones. Many of 2014's almost 300 deaths could have been prevented had villagers not been living in such areas, said Gaadi.

Despite the noted shortcomings, the government believes that more, not fewer dams are the solution, and has vowed to press ahead with new projects - such as the Diamer-Bhasha Dam in northern Gilgit Baltistan, projected to cost some $14 billion.

Shafiq-ur-Rehman, an environmental sciences professor at the University of Peshawar, said it showed a lack of long-term planning. "First we build dykes and spend millions of rupees on them and then we blow them up and drown people to save cities or other areas," he said.

Water experts to inspect Himachal project

September 22, 2014

A three-member Pakistani delegation of water experts reached Himachal Pradesh town on Sunday to inspect an upcoming hydropower project in the Lahaul Valley, an official said. "The delegation, led by Pakistan's Indus Waters Commissioner Mirza Asif Beg, would visit the 120-MW Miyar hydropower project near Udaipur town in Lahaul-Spiti district on Monday," Central Water Commission regional director P. Dorje Gyamba, who is accompanying the team, told media here. The project is being commissioned by private firm, Moser Baer, in the Miyar Valley on a tributary of the Chandrabhaga River.

The Indian team accompanying the Pakistani delegation included Indus Water Commissioner K. Vohra and senior joint commissioner P.K. Saxena. The Indus Waters Treaty was signed in 1960 with the support of the World Bank to settle water issues between the two neighbouring countries.

Official sources said the purpose of the Pakistani team's visit is to ascertain whether any diversion has been made in the original flow of the Chandrabhaga, which later enters Jammu and Kashmir and there it's known as the Chenab.

"We are hopeful that India will show some flexibility on (Pakistan's) reservations over the building of new dams in India," Baig said.

During the five-day trip, the delegation will also visit four "controversial sites" on the Chenab

River where New Delhi is planning to construct new dams.

Reiterating that Pakistan's objections over the design of Kishanganga dam were logical, Baig said that some serious doubts pertaining to the controversial project - particularly regarding the Neelum distributary point and other dams on the Chenab River have already been allayed.

Inflation doesn't matter so much

September 22, 2014

ALI KHIZAR

By now we all know that the central bank has kept policy rate unchanged for the fifth consecutive MPS (or ten months). Indeed, inflation has come down substantially over the last ten months and if inflation was the sole anchoring factor, the rate would have been lowered today. But that is not the case.

In the previous review (July 2014), the expectations were of 'no change' followed by ease in September 2014. However, since then a few exogenous shocks have adversely affected the economic recovery and hence the expectations have shifted from 'no change' to a rate hike. Last week, BR Research contacted 20 research houses including 6 banks, 9 brokerage houses and 5 asset management companies; all of them were in favour of status quo, and therefore SBP's decision was as per market expectations.

According to these researchers and treasurers at banks and capital market operators, economic indicators are not favouring a rate cut this time. Slipping value of currency, pressures on current account, floods and ongoing political unrest hinting a rise in inflation in numbers in coming numbers, a delay in IMF tranche coupled with pressures from the IMF, deteriorating fiscal position were all calling for 'no change' in this monetary policy.

The press release issued by the State Bank has narrated similar sentiments. The survey, however, ruled out any chance of a hike in rates owing to ease in inflation and market participants could have been looking for a rate cut in November. But the story coming from horse's mouth is, rather, showing a dismal picture. Nothing is going right for the economy which was all poised to attain normalcy till the time political protests started in August.

While the PAT and PTI were busy planning their co-ordinated Dharnas, country managers were busy in Dubai on the fourth review with the IMF. The review was not concluded as the fund had apprehensions on government's reluctance over the planned increase in power tariffs, delays in structural changes and on a few other technical issues such as adjustment in NIR.

The situation would have been different had protestors not occupied the heart of Islamabad. The IMF mission would have come to Islamabad and the government could have easily increased the power tariffs, and possibly also resolved other issues at least partially.

By today, we would have cleared the fourth review and were anticipating fifth tranche ($550mn) in September. But that isn't the case, the fear of civil disobedience is putting the fund's loan at risk and now there are fears that even the fate of the next tranche might be in jeopardy as well. This means no IMF money flowing in till December.

To counter such fears, the economic managers at home ought to be more cautious. Probably, that is why, two independent economists were included in the decision making process. Asad Zaman, an econometrician, who is currently assuming the role of PIDE Vice chancellor and Qazi Massond, a professor from IBA, are government nominations. Asad was present in the meeting along with four directors of central board of State Bank to announce no change in the policy rate.

The decision is certainly influenced by the pending fourth review. The other shock that silenced the monetary doves is floods that have hurt economic output in Punjab and Sindh. Additionally, the delays in privatisation plans including OGDC's GDR ($800 mn) and Sukkuk issue ($1 bn) in the international market are putting pressure on external accounts. The impact of political chaos and economic slowdown is visible on the trade balance which has resulted in the slippage of current account deficit during August.

In a nutshell, private flows have been delayed due to ongoing political impasse and the delay in fourth review while there is disruption in output and supply chain of perishable food items which is not only hampering growth targets but also challenges the inflationary outlook. It's prudent to take these issues seriously and tread with caution. Hence, the SBP made a right decision by not to ease the monetary policy. The direction of next policy review is uncertain and its contingent upon how things will unfold in the coming two months.

IP gas pipeline: Iran urges government to expedite work

September 22, 2014

Iranian Deputy Oil Minister Ali Majedi called on Islamabad to expedite accomplishment of the 700-kilometer-long Pakistani side of the gas pipeline with Iran. "Iran is waiting for Pakistan's practical measures to complete the IP gas pipeline," Majedi said. He urged the Pakistani officials to try to remove the obstacles as promised before, and said, "It will certainly be a step forward."

Pakistan desperately needs to import natural gas from Iran to resolve its loadshedding challenge. Iran has already built its 900-kilometer share of the pipeline on its own soil and is waiting for the 700-kilometer Pakistani side of the pipeline to be built.

Iran and Pakistan signed an agreement over the construction of the gas pipeline in 1995. Later, Iran made a proposal to extend the pipeline from Pakistan into India. In February 1999, an accord between Iran and India was signed.

But due to the US pressure, India withdrew from the project in 2009.

Thousands rally worldwide over climate change

September 22, 2014

Celebrities, political leaders and the masses rallied in New York and across the globe Sunday demanding urgent action on climate change, with organisers saying 600,000 people hit the streets. Hollywood actor Leonardo DiCaprio, UN chief Ban Ki-moon and New York Mayor Bill de Blasio all marched down Sixth Avenue, in what was proclaimed the largest climate protest worldwide in history.

There were also colorful and boisterous rallies in several other major cities in Latin America and Europe to as far away as India and Australia, designed to build pressure ahead of a climate-change summit hosted by Ban in New York on Tuesday. In New York, where organisers said 310,000 people took part, elderly protesters - leaning on walking sticks and sitting in wheelchairs - joined young parents with children in pushchairs, adults in fancy dress and community groups.

"It's very important. Our climate is killing us," Coula Farris, an 88-year-old New Yorker, told AFP.

There were chants of "hey, hey, ho, ho, fossil fuels have got to go," as the colorful march snaked down Sixth Avenue with giant floats, balloons and banners with slogans such as "Urgent, Save our Planet."

Ban, wearing a baseball cap and T-shirt with the words, "I'm for Climate Action," praised de Blasio for announcing Sunday that New York would reduce its greenhouse gas emissions by 80 percent from 2005 levels by 2050.

The UN secretary general walked nine blocks in the parade with US former vice president Al Gore, who is now a climate advocate, de Blasio, French Foreign Minister Laurent Fabius and French Ecology Minister Segolene Royal, who wore a green suit and high heels.

"Our mission is to make this a decisive moment, a turning-point moment and I felt today that I was seeing history starting to be made," de Blasio said.

Rio to Melbourne

In addition to New York, another 270,000 people turned out at about 2,500 events around the world, organisers said.

In London, an estimated 40,000 people paraded past Trafalgar Square and the Houses of Parliament, including actress Emma Thompson, who likened the threat posed by climate change to a Martian invasion.

The pressure group Avaaz, which helped organise the rallies, said 30,000 people turned up in Melbourne and at least 15,000 in Berlin, where the crowd braved pouring rain, and another 5,000 in Rio de Janeiro.

In Paris, where police estimated that 4,800 people protested, many came on bikes with banners that read, "Climate in danger" or "World leaders, act!"

"Before we could say we didn't know. Now we know. Climate change is already under way," Nicolas Hulot, the French president's special envoy for the protection of the planet, told the crowd.

In Madrid, hundreds gathered in front of the environment ministry, brandishing signs with slogans including "There's no Planet B," "Change your life, not your climate," and "Our climate, your decision."

In Cairns, Australia, where finance ministers from G20 nations were meeting, more than 100 people wearing green paper hearts around their necks gathered outside the venue.

Hundreds also massed in Sydney and in New Delhi, where around 300 protesters carried placards that read "I want to save forests" and "Coal kills", as they shouted slogans and danced to pounding drum beats.

Ricken Patel, executive director of Avaaz, presented a petition signed by two million people to Ban in New York.

"The march numbers are beating our wildest expectations," Patel said.

Yemeni Prime Minister quits, Houthi rebels advance in Sanaa despite accord

September 22, 2014

Yemen's prime minister submitted his resignation to President Abd-Rabbu Mansour Hadi on Sunday amid chaos over reported advances by Shias Houthi rebels on some military buildings and government offices in the capital. The move by Mohammed Salem Basindwa added to the confusion in Sanaa, where Houthi rebels were due to sign a deal, brokered by U.N. special envoy Jamal Benomar, intended to end the fighting and pave the way for a new government within two weeks.

Sanaa residents said the Houthis had taken over several government sites including the prime minister's buildings, an army command centre and the state television compound after security forces withdrew - although TV broadcasts continued.

The fighting in Sanaa threatens a U.N.-backed transition to democracy that began after veteran President Ali Abdullah Saleh was forced to step down in 2012 after months of protests against his 30 years in office.

"I have decided to tender my resignation from the government (of national reconciliation) out of my concern to pave the way for any agreement reached between the brother leaders of Ansarullah (the Houthis) and brother Abd-Rabbu Mansour Hadi, the president of the republic," Basindwa wrote in the letter, a copy of which was seen by Reuters.

There was no immediate word from Hadi's office about the resignation. Basindwa took office as head of a national unity government in 2011 under a Gulf-brokered power transfer deal that saw Saleh agree to step down.

The Houthis, who stayed out of Basindwa's government, have pressed for a new administration. Last month, they began a wave of demonstrations in Sanaa to protest against a raise in fuel prices, a move that had been taken to curb the rising budget deficit. The protests later escalated into armed clashes.

Yemeni officials estimate that more than 100 people have died in the fighting, which has largely been concentrated in northern Sanaa near the headquarters of the First Armoured Division, a force loyal to an army general viewed by the Houthis as linked to hard-line Sunni Islamists hostile to them.

One resident in the area said on Sunday he had counted at least 10 bodies - six Houthi fighters and four uniformed soldiers - killed in the fighting. Benomar, who held talks with Houthi leader Abdulmalek al-Houthi in his home province of Saada on Wednesday and Thursday, announced late on Saturday that an agreement had been reached and was to be signed on Sunday.

The accord calls for the creation of a new national unity government which will bring in the Houthis and mostly reverse the unpopular decision to increase fuel prices.

Yemeni officials said Houthi's representatives flew to Sanaa to sign the deal at a ceremony expected to be attended by Hadi, who continues to support the deal despite the latest fighting.

The picture appeared murky but residents said Houthis gained control of some vacant government buildings, including the prime minister's building and a building belonging to the army general command after security forces vacated them.

The Interior Ministry's website said the minister has instructed security forces to avoid clashing with the Houthis. One Houthi rebel leader told Reuters late on Saturday his group had stepped up shelling of government forces and had driven soldiers out of the state television headquarters.

"We controlled a military unit east of the First Armoured Division .... and we continued heavy shelling of the division headquarters and the nearby Iman university in all directions," Ali al-Emad said.

Students and security guards at the university run by Abdel-Majeed al-Zindani, a prominent cleric who is on a US terrorism blacklist, were later forced to quit the campus due to the Houthi attacks, a university official told Reuters on Sunday.

Fighting raged throughout Saturday on the outskirts of Sanaa and the rebels said they had taken control of the headquarters of state television, though broadcasting continued from a different location.

THE RUPEE: modest recovery versus $

September 22, 2014

The rupee managed to resist decline in it's value against the dollar on the currency market, ended on September 20, 2014. In the interbank market, the rupee posted fresh gains of 20 paisa in terms of the dollar for buying and selling at Rs 102.75 and Rs 102.76.

In the open market, the rupee also picked up 15 paisa versus the dollar for buying and selling at Rs 102.60 and Rs 102.80, the national currency rose by Rs 1.25 in terms of the euro for buying and selling at Rs 131.50 and Rs 131.75, they said.

In the beginning sessions of the week, the rupee tumbled versus the dollar due to strong buying to meet the payment requirements, money experts said. They said that political instability in the country also played a role behind the erosion in the value of the local currency. Besides, on Saturday, the State Bank of Pakistan (SBP) has decided to keep the policy rate unchanged at 10.0 percent. Analysts were of the opinion that the rupee may trade in a narrow band versus the dollar in times to come.

INTER-BANK MARKET RATES: On Monday, the rupee came under pressure in terms of the dollar, dropping 45 paisa for buying at Rs 102.95 and it also shed 43 paisa for selling at Rs 102.98. On Tuesday, the rupee picked up 17 paisa in relation to the dollar for buying at Rs 102.78 and it also gained 16 paisa for selling at Rs 102.82.

On Wednesday, 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. On Thursday, the rupee slid in relation to the dollar, falling 10 paisa for buying at Rs 102.75 and it also depreciated by 12 paisa for selling at Rs 102.80.

On Friday, the rupee managed to sustain its overnight level versus the dollar for dollar at Rs 102.75 while it was up by four paisa for selling at Rs 102.76.

OPEN MARKET RATES: On September 15, the rupee depreciated versus the dollar, losing 40 paisa for buying and selling at Rs 102.75 and Rs 102.95. The rupee also gave up 25 paisa against the euro for buying and selling at Rs 132.75 and Rs 133.00.

On September 16, the rupee also picked up 35 paisa against the dollar for buying and selling at Rs 102.40 and Rs 102.60. The rupee followed same trend versus the euro, rising by 25 paisa for buying and selling at Rs 132.50 and Rs 132.75.

On September 17, the rupee also rose by 10 paisa in terms of the greenback for buying and selling at Rs 102.30 and Rs 102.50. The rupee showed no change versus the euro for buying and selling at Rs 132.50 and Rs 132.75.

On September 18, the rupee dropped by 15 paisa in terms of the greenback for buying and selling at Rs 102.45 and Rs 102.65. The rupee, however, lost 75 paisa versus the euro for buying and selling at Rs 131.75 and Rs 132.00.

On September 19, the rupee shed five paisa in terms of the greenback for buying and selling at Rs 102.50 and Rs 102.70. The rupee, however, picked up 25 paisa in relation to the euro for buying and selling at Rs 131.50 and Rs 131.75.

OPEN MARKET RATES: The rupee gave up 10 paisa in terms of the greenback for buying and selling at Rs 102.60 and Rs 102.80, they said. While, the rupee managed to hold the overnight levels in terms of the euro for buying and selling at Rs 131.50 and Rs 131.75, they said.

OVERSEAS OUTLOOK FOR DOLLAR: In the first Asian trade, the greenback held just below a six-year peak of 107.39 yen set on Friday. The euro was steady at $1.2965, having drifted up from a 14-month trough of $1.2859 last week.

The Australian dollar slid to a six-month low as worries about slower Chinese growth hit a nerve, but other major currencies held their ground ahead of this week's Federal Reserve policy meeting.

The dollar was trading against the Indian rupee at Rs 61.00, the greenback was at 3.2100 versus the Malaysian ringgit and the US currency was at 6.1393 in relation to the Chinese yuan.

Inter bank buy-sell rates for the taka against the dollar on Monday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-07.00 percent (Previous 05.50-06.75 percent) (revised).

In the second Asian trade, the dollar eased on Tuesday with investors reluctant to do much as they waited for fresh guidance on interest rates from the Federal Reserve, while the Australian dollar held above a six-month trough. The dollar index slipped 0.1 percent to 84.193, largely consolidating in a slim 84.035-84.519 range since its rally to a 14-month peak on September 9 ran out of steam.

The dollar was available at Rs 61.02 in terms of the Indian rupee, the greenback was at 3.2250 versus the Malaysian ringgit and the US currency was at 6.1483 in relation to the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Tuesday. 77.40-77.40 (previous 77.40-77.40).Call Money Rates: 05.50-07.00 percent (Previous 05.50-07.00 percent).

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).

In the fourth Asian trade, the dollar hit a six-year high against the yen on Thursday after the Federal Reserve's guidance on interest rates highlighted the diverging pathways between the

United States and other rich nations. The greenback raced to a high of 108.69 yen, its strongest level since September 2008. The dollar last traded at 108.58 yen, up 0.2 percent on the day.

The dollar was trading against the Indian rupee at Rs 61.11, the greenback was at 3.2410 in terms of the Malaysian ringgit and the US currency was available at 6.1443 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Thursday. 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 06.50-08.25 percent (Previous 06.25-08.25 percent).

In the final Asian trade, sterling sped higher on Friday after two early results from the Scottish vote on independence showed the unionist camp winning easily, reinforcing market expectations the country would remain in the United Kingdom.

The result in the small borough of Clackmannanshire was reported as 46.2 percent in support of independence, with 53.8 percent against.

The dollar was trading against the Indian rupee at Rs 60.79, the greenback was at 3.2365 in terms of the Malaysian ringgit and the US currency was available at 6.1378 versus the Chinese yuan.

At the week-end, the dollar gained against a basket of major currencies, posting its 10th consecutive week of gains, as investors bet US interest rates would rise more quickly than had been expected. Some market participants, however, said the dollar's move was overdone and its rally should pause fairly soon. Fundamentally, the dollar seemed to be getting just a marginal boost from positive US economic news, they added.

Delayed issuance of IT refunds: compensation to be computed from date of assessment order: ATIR

September 22, 2014

SOHAIL SARFRAZ

Appellate Tribunal Inland Revenue (ATIR) has ruled that the compensation on delayed issuance of income tax refunds will be computed from the date of deemed assessment order after expiry of 90 days.

Sources told *Business Recorder* here on Sunday that Appellate Tribunal Inland Revenue (ATIR) ruled that for the purpose of compensation, the refund becomes due on the date of order treated to have been made under section 120(1) of the Ordinance and compensation will be computed from the date of deemed assessment order after the exclusion of three months period.

Sources said that in a latest order issued by the ATIR it is held that section 171(2)(c) provides a legal fiction and does not overrides the term "when it becomes due" in section 171(1). It is cardinal principle of interpretation that deeming provision has to be strictly construed for which it is enacted. It requires strict interpretation and cannot be spilled over to other provisions in statute. It has to be interpreted strictly within the four corners of its object for which it is enacted.

When contacted, a Lahore-based tax lawyer Waheed Shahzad Butt told this scribe about the background of the case. He gave explanation to section 171(2) of the Income Tax Ordinance, 2001 inserted through Finance Act, 2013, which is effective from Tax Year 2014. The Supreme Court of Pakistan also held that any executive order/notification that is detrimental to a taxpayer can have no retrospective application. Even otherwise provisions of section 171(2)(c) of the Ordinance clearly provides a legal fiction of law and does not override the term "When it becomes due" as used in section 171(1) of the Ordinance. Explanation added to section 171 cannot be redundant the scheme of the law and specific deeming provisions of Ordinance governing the deemed assessment under the Universal Self-Assessment Scheme.

Waheed further added that an assessment once finalised under section 120(1) of the Ordinance is valid for "all purposes" under the Ordinance. A plain reading of the text of section 120(1) of the Ordinance makes it abundantly clear that "all purposes" includes the payment of refund and determination of compensation for any delay in making payment of refund, therefore, it is legally a perfect proposition that compensation amount is to be reckoned from the date of deemed assessment and not from the date of any order for the issuance of refund passed belatedly by the department.

The ATIR order stated that "Section 171(2)(c) provides a legal fiction and does not override the term "When it becomes due" in Section 171(1). It is cardinal principle of interpretation that deeming provision has to be strictly construed for the purpose it is enacted. It requires strict interpretation and cannot be spilled over to other provisions in statute. It has to be interpreted strictly within the four corner of its object for which it is enacted. We have already observed that the law as stands with regard to framing of assessment is that the assessment is deemed to have been made, if complete return of income is filed. It is worth noting that additional payment for delayed refund as provided under section 171 of the ordinance is not immediately payable unless 90 days limitation expires. Obviously, legislature has given sufficient time ie 90 days to avoid compensation for a determined refund.

For the purpose of section 171(1) of the ordinance, the refund becomes due on the date of order treated to have been made under section 120(1) of the Ordinance. It is directed that compensation will be computed from the date of deemed assessment order after exclusion of three months period: ATIR ruled.

When an assessment once finalised under section 120(1) of the Ordinance is valid for "all purposes" under the law then compensation amount should also be reckoned from the date of deemed assessment and not from the date of any order for issuance of refund passed belatedly by the department, Waheed added.

Mechanical mining of coal: Punjab government, Chinese company sign MoU

September 22, 2014

A MoU was signed between Punjab government and China Machinery Engineering Corporation (CMEC) for mechanical mining of indigenous coal in salt range here Sunday. Secretary Minerals Dr. Arshad Mehmood signed MoU on behalf of Punjab government while Vice President Jingkai on behalf of CMEC.

Punjab Chief Minister, Muhammad Shahbaz Sharif was the chief guest of the function held at Model Town. Under the agreement, renowned Chinese Company will carry out mechanical mining of coal through modern methods in salt range. Besides modern mining, Punjab government and CMEC will also extend co-operation to each other for development of indigenous coal and its economic use.

CMEC will use this coal obtained through modern mechanical methods instead of manual for the proposed power plants. The Chief Minister while terming the signing of MoU between Punjab government and CMEC a welcome step said that the friendship between Pakistan and China has converted into strategic partnership. He said that a number of Chinese companies are making investment in energy, infrastructure and other sectors.

Shahbaz Sharif said that 600 million ton coal reserves exist in Punjab which can be used in energy sector. He said that the agreement with regard to mining of indigenous coal through modern methods by CMEC in this regard is a good omen. He said that with the agreement of Chinese Company, indigenous coal will be used in energy sector.

Besides Chairman CMEC Sun Bai and senior officials of Chinese Company, Additional Chief Secretary Energy and concerned officials were also present on the occasion.

Sun Bai said that Chinese Company will extend full co-operation in mechanical mining of coal and installing energy generating projects in Punjab. He said that the agreement made with Punjab government in mining and energy sector will be implemented speedily.

Row over 'smuggled goods' between PIA & Customs staff: British currency & Iphone-6 recovered

September 22, 2014

A controversy stirred up at Lahore's Allama Iqbal International Airport on Sunday when the Customs officials recovered some smuggled items from PIA staff of the flight PK-758 that had arrived at the airport from London. Some staff members refused to fly the plane from Lahore to Manchester as a protest, but when some senior officials of the national airline intervened into the matter, they agreed to fly the aircraft.

PK-758 had arrived in Lahore from London. Customs officials questioned the pilot, the PALPA Chairman Aamir Hashmi, who had possessed more than the permissible 5000 British Pounds. Customs officials recovered 24 Iphone-6 mobile phones and other electronic goods from the flight crew.

After getting affirmation from the flight crew, Customs' officials allowed them to leave. But pilot of PK-709, which had to leave for Manchester from Lahore, refused to fly the plane as a protest and demanded the affirmation to be taken back.

Later, senior officials intervened to get the issue resolved and crew agreed to start the flight operation. Officials have assured to resolve the matter in legal way.

Nawaz, Shahbaz discuss political crisis and flood ravages

September 22, 2014

Prime Minister Nawaz Sharif and Chief Minister Punjab Shahbaz Sharif on Sunday discussed the ongoing political crisis and devastations by floods in Punjab during a meeting at Jati Umra, Raiwind. According to reports, the two leaders were of the opinion that the sit-ins should be brought to an end through political dialogue and welcomed the efforts of the opposition Jirga in this connection.

They however reiterated that the government would not accept any unconstitutional demand of the protestors. During the meeting, Shahbaz Sharif also briefed the Prime Minister about the floods in Punjab. The Prime Minister asked the Chief Minister to ensure fair and transparent compensation to the affected people at the earliest.

Cleric gunned down in Rawalpindi

September 22, 2014

Unknown gunmen on Sunday gunned down Mufti Amanullah, who was deputy chief of Darul Uloom Taleem ul Quran, Rawalpindi, near Wapada Gate in the jurisdiction of R A Bazaar police station. Police said that unidentified men riding a motorcycle attacked Mufti Amanullah, near Wapda Gate on Dhamial Road when he was on his way back home after laying the foundation stone of a Madrassah in Khurram Colony.

The police said that Amanullah was riding on a motorcycle along with one of his companion when two unidentified men opened fire on them as a result Amanullah died on the spot while his companion received bullet injures. The attackers made a good escape from the scene. Police shifted the body and injured to the Civil Hospital.

G20 vows to breathe new life into world economy

September 22, 2014

G20 nations including the United States and China said Sunday they can overcome geo-political tensions and financial risks to achieve extra combined growth of 1.8 percent, adding trillions of dollars to the world economy. Their two-day meeting in Cairns was focused on developing a suite of policies to reach an ambitious goal of raising the total GDP of the 20 major world economies by two percent above current projections over the next five years.

Finance ministers and central bank governors, including US Federal Reserve Chair Janet Yellen, want to take their plan to the G20 leaders' summit in Brisbane in November.

In a communique, they said that the 1,000 measures agreed so far - including to accelerate infrastructure investment, financial reform and encourage free trade - could add 1.8 percent to GDP and create millions of new jobs.

But more reforms were needed to meet the two percent goal, agreed in Sydney earlier this year. "Preliminary analysis by IMF-OECD indicates these measures will lift our collective GDP by an additional 1.8 percent through to 2018," they said.

"In the lead up to the Brisbane (leaders') summit, we will continue to identify a series of additional measures to meet our collective growth ambition.

"We will hold each other to account in implementing these policy commitments." International Monetary Fund chief Christine Lagarde hailed what she called "significant progress" despite increased geo-political tensions, including in Ukraine and the Middle East, since the ministers last met in February. "Despite the global recovery continuing, the pace of growth remains low and uneven, in part given increased geopolitical tensions and risks of financial market turmoil," she said.

"Promoting economic policies that can contribute to a more robust and job-rich recovery is therefore critical at this stage.

"I commend G20 countries for significant progress in developing growth strategies to lift medium-term growth." While welcoming developments, US Treasury Secretary Jack Lew said the world economy was facing headwinds, pointing to disappointing growth in Europe and Japan and a slowdown in emerging economies, including China.

"In light of these challenges to the global economy, the G20 has stressed the importance of immediate support for creating jobs, growing the economy, and implementing fiscal strategies flexibly to support demand," Lew said. The G20 also stressed concern over the human and financial costs of the Ebola epidemic sweeping through west Africa, which had potentially serious impacts on growth and stability in affected countries.

Australian Treasurer Joe Hockey, who was chairing the meeting, welcomed the "genuine measures" put forward but warned against complacency, pointing to high levels of global unemployment and subdued international confidence. "The G20 recognises that many of the decisions and actions to get the world economy moving are difficult," he said. "But we are determined to lift growth, and countries are willing to use all our macroeconomic levers - monetary, fiscal and structural policies - to meet this challenge."

To help shift from government-led growth towards private sector-led growth, a key G20 goal, the ministers agreed to establish a global infrastructure hub to share information between countries.

Cairo bomb blast leaves two police officers dead

September 22, 2014

At least two policemen were killed when a bomb exploded near a checkpoint outside the foreign ministry headquarters in Cairo Sunday, officials said, shattering a months-long respite from deadly attacks in the capital. The blast brought down a tree onto a car, metres from a congealing puddle of blood where one of the victims had fallen, an AFP correspondent said.

It came hours after President Abdel Fattah al-Sisi, the former army chief who has battled militants since he overthrew the ruling Islamists last year, departed to New York for the UN General Assembly where he is expected to discuss militancy in the region.

Two lieutenant colonels died and six people were wounded by the improvised bomb, Egypt's interior and health ministries said.

Police cordoned off the scene, in a crowded district in central Cairo along the Nile River, and scoured it with sniffer dogs for more bombs.

One of the officers, Mohamed Mahmud Abu Sarie, had testified in a court case on a prison break involving ousted Islamist president Mohamed Morsi in 2011, when he was an opposition leader jailed by former strongman Hosni Mubarak, a security official said.

IS fighters close in on Syria border town as thousands flee

September 22, 2014

Islamic State militants closed in on Syria's third-largest Kurdish town on Sunday as tens of thousands of people fled in terror across the border into Turkey. The UN refugee agency said as many as 70,000 Syrian Kurds had poured into Turkey since Friday, and solidarity protests by Turkish Kurds on the border prompted clashes with security forces.

Syrian Kurdish fighters backed by reinforcements from Turkey are battling to hold off a jihadist advance on the strategic border town of Ain al-Arab, known as Kobane by the Kurds.

The IS group has seized large parts of Iraq and Syria, declaring a "caliphate", imposing its harsh interpretation of Islamic law and committing widespread atrocities including beheadings and crucifixions. Local officials have warned of potential massacres should IS extremists advance on Ain al-Arab, and pleaded for an international intervention.

But despite promises by Washington to expand its air campaign against IS in Iraq to Syria, there were no signs yet of US strikes in the country.

UNHCR said it feared the massive influx of refugees would only grow, and said authorities were preparing for the possibility of hundreds of thousands of additional arrivals. IS fighters have been advancing on Ain al-Arab since late Tuesday, hoping to cement their control over a large part of Syria's border with Turkey.

On Sunday, they were within some 10 kilometres (six miles) of the town, after capturing more than 60 villages in the area, the Britain-based Syrian Observatory for Human Rights monitoring group said.

The fighting has killed at least 27 Kurdish militants and 39 IS jihadists. At the border on Sunday, Turkish security forces used tear gas and water cannon to disperse a solidarity protest by Turkish Kurds and later closed most border crossing points in the area, including one used by Kurdish fighters heading to Syria. Only two posts remain open, and the interior ministry will now register new arrivals.

Chinese warships in first call at an Iran port

September 22, 2014

Two Chinese destroyers have arrived at Iran's Gulf port of Bandar Abbas, in an unprecedented visit attesting to a new rapprochement between the two countries, Iranian media reported Sunday. The four-day visit is the first time a Chinese naval vessel has called at a port in the Islamic republic, across the Gulf from Bahrain where the US Fifth Fleet is based.

The two navies will conduct joint search and rescue exercises and training for maritime accidents, according to Admiral Hossein Azad, a senior commander of the Iranian navy, quoted by media. Iran's navy has boosted its international presence over the past few years, in particular to help guard commercial vessels in the Gulf of Aden against pirate attacks.

Ships from Iran's navy have called at Chinese ports in the past.

Iran and China have greatly enhanced their trade and economic relations in recent years. China has become Iran's largest trading partner.

Trade between them is this year expected to exceed $45 billion, despite the economic and banking sanctions against Iran because of its controversial nuclear programme. China is among so-called P5+1 states (the United States, Russia, China, France, UK and Germany) negotiating with Tehran in the hope of ending more than a decade of crisis over the nuclear issue.

Bundesbank warns of risky ECB 'change of course'

September 22, 2014

The head of Germany's powerful Bundesbank sharply criticised what he called a radical new approach by the European Central Bank of easy money, in an interview published Sunday. The central bank chief, Jens Weidmann, told Der Spiegel news weekly that the bank's recent moves of setting interest rates at record lows while pumping liquidity into the financial system set a risky precedent.

The package of measures marks "a fundamental change of course and a decisive change for the ECB's monetary policy", he said. "Whatever you want to say about the content of the decisions, the majority of the ECB Council is saying it is ready to go very far with monetary policy and break new ground." He said the policy went beyond encouraging banks to make private loans and amounted to pumping money directly into the real economy. He added that plans announced this month by the ECB to launch an asset-backed securities (ABS) purchase programme could, "depending on how it is set up", eliminate "risk to banks at the expense of taxpayers".

Pope says religion can't justify violence

September 22, 2014

Pope Francis warned during a visit to Albania on Sunday that religion can never be used to justify violence, making apparent reference to the bloodshed wreaked by Islamic State militants in Iraq and Syria. The 77-year-old pontiff said majority-Muslim Albania was an "inspiring example" of religious harmony, as hundreds of thousands thronged the streets of the capital Tirana to greet him.

In a speech to chiefs of Albania's religious communities - including Muslim, Orthodox Bektashi, Jewish and Protestant leaders - Francis took aim at extremists he accused of perverting religion for their own ends.

Volatility persists

September 22, 2014

After two consecutive optimistic weeks, the Karachi share market witnessed negative sentiments during the last week ended on September 19, 2014 amid uncertainty on political and economic front. The benchmark KSE-100 index shed 29 points (WoW) to close at 30,016 points end of the week compared to 30,045 points a week earlier. However, average traded volumes at the KSE surged by 25 per cent WoW as investors preferred to book profit.

An analyst at KASB said that volatility persisted in the market with the investors looking to book profits for larger part of the week. Lack of positive news flow amid floods and political impasse kept buyers and sellers on equal footing. However, the index managed to sustain its 30,000 level.

"Floods remained the cause of concern this week with the damage to cultivable land rising to 2.3 million acres, as per the latest data. While, politics remained in the back seat with a little movement in the stance of political parties," he added.

He said that the index heavyweight, OGDC, (down 5.2%WoW) was under pressure with the CCOP approving divestment of 10 per cent of Government of Pakistan's holding.

"Lucky Cement (up 5.9%WoW) revised its investment strategy regarding the coal-power project by deciding to take up 100 per cent equity stake in it, compared to 75 per cent earlier, exhibiting increased focus of the company on diversification projects," he added.

In other news, the IFC has agreed with BAFL to invest 15 per cent in the equity of the bank, thus issuing 238 million shares at Rs28 per share. Moreover, with the government's planning to appeal the verdict of Supreme Court over the GIDC, it seems that the GIDC saga is far from over. Circular debt woes kept the PSO in the limelight with its receivables mounting up to Rs210 billion, with Rs186 billion owed by the IPPs, he mentioned.

Commenting about the market outlook, he said that a clarity over political uncertainty, commodity prices and impact of floods will remain key drivers of market direction going forward, he added.

Despite of negative sentiments, average daily value witnessed an upward trend and surged by 11 per cent to Rs 7.76 billion compared to Rs 7 billion a week earlier. Average daily volume also increased by 25.3 per cent to 164 million shares during the last week against 131 million shares a week earlier. However, the market capitalisation registered a Rs 16.57 billion decline to reach Rs 6.998 trillion down from Rs 7.0144 trillion.

Foreign inflows continued to support the market and clocked in at $13.2 million, down 29 per cent WoW.

"After the bullish momentum of the last two weeks, the market took a breather this week with the KSE-100 index staying flat (slightly declined by -0.1 per cent WoW)," an analyst at JS said.

Prevailing political impasse, mixed corporate results and wait and see approach of the investor community ahead of State Bank of Pakistan's (SBP) Monetary Policy Statement (MPS) resulted in the benchmark index staying in a tight range, he added.

Other news on domestic shores was underwhelming where Finance Minster hinted at a delay in the fourth IMF instalment, cotton arrivals reached 2.75 million bales till September 15, 2014, up 4.73 per cent YoY, the CCoP approving the OGDC transaction structure and foreign exchange reserves rising by $110mn from last week to $13.525 billion, he said.

Among five trading session, the market remained negative for the last three days, while initial two sessions share market was on upward side.

The Karachi share market on Monday closed higher led by cement and banking sector stocks on strong valuation and the benchmark KSE-100 index slightly up by 25 points to close at 30,070 points compared to 30,045 on Friday.

Sentiments at the Karachi share market on Tuesday stayed bullish led by investors' interest in selected stocks and market gained another 110 points to close at 30,180.

On Wednesday, a volatile session was witnessed at the Karachi Stock Exchange (KSE) and the benchmark KSE-100 index declined by 44 points to close at 30,137 points.

The Karachi share market continued to post a negative trend on Thursday as investors booked profits in select stocks across the board on prevailing political uncertainty and the benchmark index lost another 42 points Thursday to close at 30,094 points.

Sentiments at the Karachi share market were remained negative on last trading day and the benchmark KSE-100 index lost 78 points to close at 30,016 points Friday.

Futures spreads down by 1306 basis points

September 22, 2014

The futures spreads stood negative (-4.98 per cent) after a 1306 basis points decline during the outgoing week ended on September 19, 2014. However, despite some decline in futures spread trading activity on the future counter witnessed an upward trend and average daily volumes reached 19.77 million shares, up by 37.5 per cent.

Similarly, with an increase of 20 per cent, the average daily trading value stood at Rs 1.488 billion.

Policy rate unchanged at 10 percent, but easing bias remains

September 21, 2014

Persisting political uncertainty, non-quantification of flood damage as yet, an unexpected slowdown in privatisation proceeds, non-inflow of foreign exchange from Sukuk as well as a delay in the receipt of a scheduled tranche from the International Monetary Fund (IMF) were the major factors that forced the State Bank of Pakistan to keep the policy rate unchanged at 10 percent.

The central bank met under the Chairmanship of Governor Ashraf Mahmood Wathra, on Saturday, at the SBP head office in Karachi. The board went along with the advice of its Advisory Committee which had met earlier in the day with Asad Zaman of PIDE as External Member and four directors of SBP. The other external member of the advisory committee, Kazi Masood of IBA, was reportedly travelling and was therefore unable to attend the committee's proceedings.

The board felt that in the presence of so many unknown territories with a possibility of damage to sugarcane crop and likely poor off-take of fertiliser due to floods the targets for the year have become more formidable. Further, it was strongly felt that SBP's monetary policy was becoming increasingly less effective due to government's fiscal woes leading to higher borrowing.

The directors, however, advised the central bank to create conditions for Islamic Financing Institutions (Banks) to invest their excess liquidity in government paper so that shift of liquidity from treasury bills to Pakistan Investment Bonds (PIBs) could lead to lesser adversarial consequences.

SBP noted with concern that the high hopes its directors had with regard to a substantial improvement in the inflows of Foreign Direct Investment had not materialised and government's fiscal woes persisted despite a change in Islamabad 14 months ago. The spiral impact of 4th

Review by the Fund was also discussed. The anticipated balance of payment position was also brought under the spotlight while softening of inflation or CPI numbers was thought to be temporary.

A STATEMENT ISSUED BY SBP SAYS: "The post-July monetary policy decision period continued to witness stable macroeconomic conditions. This was most visible in the headline variable of inflation that declined to 7.0 percent YoY in August 2014, which is its lowest level since June 2013. Moreover, after recording an improved 4.1 percent growth rate in FY14, real economic activity is expected to continue in FY15. The other highlight of this stability is the gains on fiscal liberalisation: shrinking budget deficits, contained government borrowings, and improved debt profile.

"Following on the actual number of 8.6 percent in FY14, the average CPI inflation during July-August 2014 is recorded at 7.4 percent. This declining trend is broad based since both measures of core inflation, Non-Food Non-Energy (NFNE) and trimmed mean, also decelerated YoY to 7.8 percent and 7.14 percent in August 2014 as compared to 8.7 percent and 7.9 percent in June 2014, respectively. Although actual low inflation might weigh positively on market sentiments, it is the future path of inflation that matters for monetary policy decision. The current outlook of around 8 percent average CPI inflation for FY15 might change adversely if the subsidy to electricity is cut and Gas Infrastructure Development Cess is levied.

"After demonstrating low growth since 2008, real economic activity started to show signs of revival in FY14. Continuation of the current growth momentum, however, primarily hinges on agriculture productions in FY15. This is because Large Scale Manufacturing (LSM) growth might remain constrained due to continued energy shortages; reduced production capacity of independent power plants; low supply of gas to fertiliser plants; lower domestic and international prices in the sugar sector; and higher inventories and slower exports growth prospects in food and textile sectors, respectively.

"Incorporating the latest trends in exports and imports, oil payments in particular, trade deficit is going to dominate the composition of external current account deficit, even with a healthy growth in workers' remittances. Declining private capital inflows, foreign direct investments in particular, would present continued challenges in managing the balance-of-payments position. In this regard, realisation of expected privatisation receipts and issuance of dollar-denominated Eurobond/Sukuks would be important.

"In addition to the risks identified above, ongoing political impasse, delay in the finalisation of fourth IMF review, and the current heavy rains and floods, which have engulfed central and southern Punjab, threaten the nascent recovery in economic activity. The former two would weigh more on the private capital inflows. The latter can potentially disrupt the output and supply chain of the perishable food items, which challenges an otherwise benign inflationary outlook. While it is going to take some time before the full extent of damages arrive, initial opinions and past experiences suggest that the current floods would damage some kharif crops and may disrupt supply chain temporarily. Besides having implications for economic growth, floods can also create macroeconomic imbalances by putting pressures on fiscal and external sector. Moreover, supply of loanable funds in the credit to private sector market may also be adversely affected, at least initially. Reflecting these apprehensions indeed, there is a deterioration in SBP-IBA's Consumer Confidence Survey of September 2014 as well.

"Policy vigilance requires balancing the trade-offs between ensuring the continuation of macroeconomic stability, especially in the external sector, and assuaging the fallout of potential damages due to floods. Therefore, the Board of Directors, State Bank of Pakistan, has decided to keep the policy rate unchanged at 10 percent."

Financing of Fiscal Deficit (billion Rs)

FY15Budget Estimates FY14 FY132014-2015

Financing	1,422	1,389	1,834
1. External: of which	508	512	-2
Privatisation proceeds	198	-	-
2. Domestic: of which	914	877	1,836
Non-bank	686	553	378
Banking system: of which	228	324	1,458
Schedule banks	228	160	952
SBP	0	164	506

FBR Tax Collection (billion Rs)

TotalDirect Sales Customs FED7 taxes

FY12	732	809	218	122	1,881
Q1	137	190	51	22	400
Q2	195	202	57	30	484
Q3	160	202	62	27	452
Q4	244	247	69	41	601
FY13P	736	841	240	119	1,936
Q1	161	231	53	24	469
Q2	221	250	57	34	563
Q3	217	235	59	32	543
Q4	285	285	72	49	692
FY14P	884	1,002	241	139	2,266

Five percent levy: number of companies paying bonus shares declines: FBR

September 21, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) witnessed a sharp decrease in the number of companies that issued bonus shares in 2014 to avoid payment of a 5 percent tax imposed through the

Finance Act, 2014. Sources told *Business Recorder* here on Saturday that the FBR is compiling data of the corporate sector on issuance of bonus shares to shareholders. So far, the FBR has observed a decline in trend of bonus shares issuance to shareholders on the imposition of a 5 percent tax on these shares under Finance Act 2014.

The exact data of companies which issued bonus shares would be compiled in due course of time. Sources said that the companies have the option to pay a 5 percent tax on issuance of bonus shares or pay a 10 percent tax on dividends or increase their accumulative profits by not declaring dividends. It depends on a case-to-case basis keeping in view the functions and operations of companies.

FBR's trend analysis shows that a few companies which were declaring issuance of bonus shares every year have now stopped issuing the same due to the imposition of a 5 percent tax on such shares under the Finance Act, 2014. When a 5 percent tax was imposed on bonus shares in budget (2014-15), budget makers analyzed that bonus shares worth Rs 1500 billion were issued previous year, but no tax was collected. Around Rs 75 billion could be generated in the form of tax through bonus shares worth Rs 1500 billion. During previous year, a huge amount of bonus shares was issued in lieu of dividends; however, no tax on dividends or capital gains was received. At the same time, the FBR apprehended that the imposition of a 5 percent tax on bonus shares would force certain companies to stop issuance of bonus shares.

According to the Finance Act, 2014, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five percent of the bonus shares to be issued. According to the procedure on deduction of tax on bonus shares issued through Finance Act 2014, bonus shares withheld shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to five per cent of the value of the bonus shares issued to the shareholder including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books. Notwithstanding anything contained in any law for the time being in force, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five per cent of the bonus shares to be issued.

Finance Act said that the tax shall be collected by the company, within fifteen days of the first day of closure of books. If the shareholder fails to make the payment of tax within fifteen days or the company fails to collect the said tax within fifteen days, the company shall deposit the bonus shares withheld in the Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

The bonus shares deposited in the Central Depository Company of Pakistan Limited or the entity prescribed shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner, by way of credit to the federal government.

The issuance of bonus shares shall be deemed to be the income of the shareholder and the tax collected by the company or proceeds for the bonus shares disposed of and paid shall be treated to have been paid on behalf of the shareholder. Tax paid under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares. Finance Act 2014 had also issued procedure for bonus shares issued by companies not quoted on stock exchange.

India allows Pakistan to inspect disputed powerhouse in held Kashmir

September 21, 2014

A delegation headed by Pakistan Indus Basin Commissioner Mirza Asif Baig will leave for India today (Sunday) as India approved site inspection of the 140 megawatt Miyar Powerhouse on the River Chenab in Indian-occupied Kashmir. According to the Ministry of Water and Power, the delegates from Pakistan will at first reach New Delhi and later proceed to Kashmir. Changing the route of the Miyar Valley associated with the River Chenab, the site inspection of 140 megawatt powerhouse would continue from September 21 to 24.

Officials said Mirza Asif Baig will demand the data related to water flowing from the River Chenab at Salal and Baglihar during the flood season from his Indian counterpart Shri K Vohra. Pakistan has been insisting on Miyar powerhouse's inspection from the past two years. Earlier, Pakistan Indus Basin Commissioner Asif Baig Mirza had cancelled the scheduled visit to India over India's refusal to let Pakistan inspect the disputed proposed powerhouse on the River Chenab in Indian- occupied Kashmir.

India had reportedly finalised plans to build four powerhouses consisting 2,110 megawatts at part of the River Chenab that falls in Indian-occupied Kashmir. Pakistan had objected to all four power projects as per the bilateral Indus Basin Treaty and according to a mutual agreement in September last year, India had promised to let the Pakistan Indus Basin Commissioner inspect the site and the project.

Indian Indus Basin Commissioner Shri K Vohra was supposed to send his Pakistani counterpart the inspection schedule between March 2 and 4 this year but the inspection plan for the said 120 megawatt powerhouse was dropped. The Pakistan Indus Basin Commissioner has informed his Indian counterpart through a letter about the cancellation of his visit. The same letter proposes inclusion of the disputed powerhouse and holding negotiations during last week of March.

Business and Economy: *Pakistan*

Establishment of sports goods, leather, surgical instruments cities demanded

September 22, 2014

Local exporter community has appealed to the federal and provincial governments to set up "Sports goods, leather and surgical instruments" cities to facilitate the SMEs of this export-oriented city and hub of cottage industry of the country said Senior Vice President Sialkot Chamber of Commerce and Industry Mian Muhammad Anwar here Sunday.

Talking to *Business Recorder* he said Sialkot is earning foreign exchange more than US 1.6 billion dollars annually and strengthening the national economy despite various problems and power outage. At present the different industries were scattered and functioning in and around Sialkot as well as in residential areas which were creating problems for the dwellers, he pointed out.

Anwar was of the opinion that the setting up of these cities would not only help reduce the multifarious problems and difficulties being confronted by the SMEs but also help in enhancing the export volume from the city as well as provide all facilities to the business community under one roof.

The establishment of surgical and sports goods cities in this export oriented city would enable the SMEs engaged with sports, leather and surgical industries to establish the work places in these cities. In recent past the scenario of Sialkot has taken a very sharp turn after the functioning of Sialkot International Airport in the area that has opened new horizon of industrial development in Sialkot, Gujranwala and Gujrat areas as well as help in increasing the export volume he added.

The SVP further said the development of cottage industries in Sialkot has assumed a model status for the developing world. The city is sprinkled with thousands of small and medium enterprises, which are engaged in honouring their global commitments for export of valve-added quality goods such as sports goods, Surgical Instruments, Leather Goods, Gloves, Badge and Musical Instruments etc. The Sialkoties exporters are the "Roaming Ambassadors" of Pakistan which are not only travelling for fetching the highly valuable foreign exchange for the country but making efforts to introduce Pakistan through their products.

Surgical industry of Pakistan globally was enjoying the monopolistic position because no other country can produce surgical instruments in price ranging and quality and Pakistan made surgical instruments are most economical in the world coupled with unconditional guarantee of finest quality besides world-renewed companies of surgical are entering into joint ventures with Pakistani companies he said.

Mian Anwar said the Surgical industry represents manufacturers and exporters of surgical instruments, dental instruments, veterinary, pedicure and manicure items, tailor scissors, barber scissors and beauty saloon instruments and the industry was manufacturing about 100 million instruments annually besides the industry was also manufacturing disposable instruments which constitutes 60 percent of exports and reusable instruments is 40 percent of the export.

Leather and its products have also received appreciation in the world market despite being a relatively new industry. The leather garments, leather gloves, musical instruments and textile sports wear manufactured in Sialkot are competing with other countries in quality and price. The hand embroidered badges and uniforms accessories have also achieved good reputation in the international market he said.

The SVP said that industrial set up is facing serious hardships because of non-availability of skilled and semi-skilled labour and under the circumstance the government should take step for setting industry base training institutions' to facilitate the local industry. The induction skilled labour in industrial sector would not only help resolve the problem of the industry but also in improving the standard and quality of the products he said.

On voluntarily basis, the local business community is playing a tremendous role in bringing boom in exports besides fulfilling the social responsibilities and the uplift of the city. It is expected that government functionaries would pay proper heed on the proposal of setting up of Sports goods and surgical cities in Sialkot at earliest possible.

PAF Air University, FCCI sign MoU

September 22, 2014

KHALID ABBAS SAIF

The Inter Disciplinary Research Center of the Air University (AU) of PAF is fully prepared to play a proactive role in the industrial development by bridging industry-academia gap in Pakistan, said Air Commodore Afzaal Khan, Director of Research, Innovation and Commercialisation of AU.

He was addressing a ceremony after signing memorandum of understanding (MOU) between AU and the Faisalabad Chamber of Commerce and Industry (FCCI) here on Sunday.

He said that the AU attaches high priority to industry related research of practical nature instead of mere publication of research articles. He said the AU could play its role in the development of almost all segments of life with special emphasis on textile sector through its well-qualified faculty and research laboratories. He said the Inter Disciplinary Research Center was established in 2012 in AU with a mandate to forge much needed cohesion and integration in research and help industrial sector to consult it for their low cost technical solutions of practical nature.

"I personally do not believe in just signing of MoUs," he said and added that his ultimate objective was to make industry-academia relations purposeful and result oriented.

The Air Commodore said the AU henceforth worked on various strategic projects of Pakistan Air

Force (PAF) but now "we want to develop long lasting and mutually beneficial relations with civilian organisations".

In this connection, the AU has signed its first MOU with FCCI, he said and added that "we have potential to solve the problems of local industry and want to exploit this potential for our mutual benefit".

Responding to a question, he said the government was also making serious efforts to bridge the gap between industry and academia and hoped that initiatives taken by universities would yield positive results in the years to come.

Earlier, in his address of welcome, Suhail Bin Rashid, President of FCCI, explained in detail the role of Faisalabad in the overall socio-economic development of Pakistan and said that its 5,000 members have played a lead role in almost all sectors of life. He said textile was the mainstay of the national economy and 50 percent of textile related export was directly contributed by Faisalabad. He said Faisalabad has huge untapped potential and it could help in increasing our exports manifold only if energy related issues were resolved with proper policy making and necessary incentives.

Regarding industry-academia relations, he said the FCCI has already signed MoUs with FAST, LUMS, Ayub Agriculture Research Institute and NIBGE while more such agreements were expected with UAF and NTU within next couple of days.

The ceremony was attended by Riaz-ul-Haq, senior vice president, Chaudhry Muhammad Asghar, vice president, Ms Fazila Ali Qazi, Senior Faculty member, and Imran Shams, Manager of Industrial Collaboration AU, and others.

MCCI rejects SBP monetary policy stance

September 22, 2014

The Multan Chamber of Commerce and Industry (MCCI) has rejected the central bank's monetary policy stance of 'no change' in the discount rate, forecast more problems for businesses due to the ongoing political crisis and floods in the country.

The State Bank of Pakistan kept the discount rate unchanged at 10 percent for the fifth consecutive time in its September monetary policy statement issued on Saturday. MCCI President Khawaja Muhammad Usman flayed the SBP monetary policy decision, saying the central bank, instead of providing relief to the businesses at this crucial moment, is creating hurdles in boosting economic and trade activities across the country. He said businessmen and industrialists were already confronted with the issue of persistent increase in the cost of doing business for the last few years, primarily driven by power outages, weak governance and poor law and order situation. Similarly, despite softening inflation rate, the SBP's decision to keep the cost of borrowing flat would not have a positive effect on the economy nor businesses at all, he said. The credit to the private sector remains sluggish due to the tight monetary policy stance, he added. The central bank has identified the risks of political impasse, delay in the finalisation of the fourth IMF review and the current heavy rains and floods, which have engulfed central and southern Punjab, threaten the nascent recovery in the economic activity. Khawaja Usman said: "Floods are not only damaging the agriculture sector, but the entire industrial sector, but the State Bank does not seem to facilitating the affected businessmen, which are facing losses."

Fazal elected President SCCI unopposed

September 22, 2014

Fazal Jillani has been elected President of Sialkot Chamber of Commerce and Industry (SCCI) unanimously on Saturday evening. Similarly, Alamgir Meyer and Malik Naseer Ahmed had also been elected unopposed as Senior Vice President and Vice President of Sialkot Chamber of Commerce and industry (SCCI).

Meanwhile, newly elected President SCCI Fazal Jillani while talking to media said that adequate efforts would be made for the development and modernisation of industrial sector of Sialkot.

Special attention would also be focused on resolving the problems being confronted by the local business community he said. He pledged to continue the face-lifting of Sialkot and the completion of projects on top priority basis he said.

Increase in loadshedding duration for industries criticised

September 22, 2014

The business community of Southern Punjab has condemned the decision of Ministry of Water & Power to increase loadshedding from eight hours earlier to 10 hours a day for the Punjab industrial sector describing it unjust and detrimental to the industry. President of Multan Chamber of Commerce & Industry (MCCI) Khawaja Muhammad Usman has vociferously rejected the arbitrary decision of 10 hours loadshedding.

He added that the government had revised the electricity loadshedding schedule only for seven days and fallen back again to irrational and anti-industry schedule. He also apprehended that the industrial workers in Punjab would be on the roads that may lead to law and order situation. Usman said that Industrialists of South Punjab could not avail the facility of Generalised System of Preference (GSP) plus status granted by the European Union due to unjustified loadshedding of electricity and gas.

Maple Leaf Cement wins 'Best Corporate Report Award'

September 22, 2014

Maple Leaf Cement Factory Limited won the 'Best Corporate Report Award' amongst all sectors of Pakistan and ranked number one position. Maple Leaf Cement is a part of Maple Leaf Group, which also comprises Kohinoor Textile Mills Limited.

Keeping up the performance like previous years, both the Group Companies of Maple Leaf Group presented excellent performance in corporate reporting and both have been selected for the award.

Kohinoor Textile Mills Limited bagged award for the first position in Textile Sector and Maple Leaf Cement Factory Limited also bagged award for the first position in Cement and Sugar Sector in No 1 position for "Best Corporate Report Award 2013" in a award ceremony jointly hosted by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in Karachi.

Mohsin Naqvi, Group Director Finance, and Sohail Sadiq General Manager Finance representing the Maple Leaf Group attended the ceremony and received awards.

"The management of Maple Leaf Group has promoted accountability and transparency through provision of accurate, informative, factual and reader friendly Annual Reports on timely basis for the valuable stakeholders and these award points to their aim of providing more robust and informative reports, while improving metrics and goal setting," said Mohsin Naqvi while addressing the ceremony.-PR

Pakistani companies to seek economic opportunities in Denmark

September 21, 2014

From Monday, about seven Pakistani companies will spend a week in Denmark to seek new partners and business opportunities, stated a press release issued here on Saturday. The companies are engaged in the sectors of renewable energy and energy efficiency. During their stay in Denmark, they will meet prominent Danish companies within areas such as wind energy, water technology and solar energy and participate in site visits that show-case the most relevant Danish technologies

It is the Danish Embassy in Islamabad that has taken the initiative. The program is being carried out in collaboration with the Confederation of Danish Industries headquartered in Copenhagen.

The Ambassador of Denmark, Jesper Moller Sorensen said: "I am excited that we are organising this match-making trip for Pakistani companies to come to Denmark. The real potential for trade between our two countries is significantly higher than the current trade volume of around $425 million," he said.

Earlier this year, the Danish Government decided to make a new business facility available to Pakistan, Danida Business Instruments, which is part of the Danish development aid. The commercial counsellor at the Danish Embassy, Assar Qureshi, explains: "This facility aims to transfer Danish technology and knowledge to developing countries through commercial activities and partnerships between companies from our two countries. We see this as a great tool to help create closer business ties between our two countries, and thereby creating jobs and growth in Pakistan."

Punjab government approves seven uplift schemes

September 21, 2014

The Punjab government approved seven development schemes of different development sectors with an estimated cost of Rs 6455.373 million. These schemes were approved in the 15th meeting of Provincial Development Working Party (PDWP) of current fiscal year 2014-15 presided by the Punjab Planning and Development Board Chairman, Muhammad Irfan Elahi, says P&D spokesman on Saturday.

Secretary P&D Waseem Ajmal Chaudhary, Chief Economist Dr Khalid Mushtaq, members of the Planning and Development Board, provincial secretaries concerned and other senior representatives of the relevant Provincial Departments also attended the meeting. According to spokesman, the approved development schemes included poverty alleviation of poor women through provision of sheep and goat in Punjab at the cost of Rs 4223.400 million, construction of concrete silos 100,000 M Tons Capacity (Phase-II), (One at Fazilpur District Rajanpur, 30000 M Tons) at the cost of

Rs 426.062 million, construction of modern concrete silos 100,000 M Tons Capacity to Muzaffargrah and Bahawalpur Districts (Phase-I) at the cost of Rs 427.634 million, widening and improvement of Chakri Adda Harnianwala via Bilawal Road I-C Bridge Over Sill River length-20 km, District Rawalpindi at the cost of Rs 684.060 million, widening and improvement of road from Chakri to Kambrial via Dhadhumber up to Ganda Kass, Tehsil and District Rawalpindi at the cost of Rs 506.661 million, feasibility study for the project, dualisation of Khanewal-Lodhran Road (from Chowk Niazi Khanewal to Super Chowk Lodhran), (PC-II) (PPP-Mode) at the cost of Rs 88.170 million and third party assessment and validation of flood rehabilitation works in nine flood affected division of Punjab (PC-II) at the cost of Rs 99.386 million.

1,200 cases of SME sector: KPCCI lauds Smeda CEO for giving relief

September 21, 2014

President, Khyber-Pakhtunkhwa Chamber of Commerce and Industry (KPCCI), Zahidullah Shinwari paid tributes to the Chief Executive Officer (CEO), Small and Medium Enterprise Development Authority (Smeda), Mohammad Alamgir Chaudhry for giving relief in 1,200 cases of SME sector in Khyber-Pakhtunkhwa under Economic Revitalization of Khyber-Pakhtunkhwa and FATA (ERKF) project.

In a statement issued here on Saturday, the KPCCI chief said that the sitting CEO Smeda is running the affairs of the authority in a very professional manner and under his leadership the overall performance of the organisation in general and Smeda, KP in particular had improved and the SME sector had received relief.

Zahidullah Shinwari said the CEO Smeda, Mohammad Alamgir Chaudhry is giving big importance to the development of small and medium industries and business in the national economy and due to his hectic efforts SME sector across the country including in Peshawar is on path of development by leaps and bounds. He said Mohammad Alamgir Chaudry is promoting close co-ordination between Smeda and business community and particularly the business community of the whole country is thankful to him for taking measures for the development of SME sector in collaboration with chambers across the country. He was confident that Federal Government will utilise the best capabilities to develop SME sector in full manner.

Substandard helmets: PSQCA asked to cancel NOCs of firms

September 21, 2014

Chief of the Traffic Police Sindh ask Pakistan Standard and Quality Control Authority (PSQCA) for cancellation of NOCs of the firms which are manufacturing sub-standard helmets saying that these helmets are root cause of most of the death of motorcyclists as a result of road accidents.

Additional Inspector General of Police (AIGP) Traffic Sindh Karachi, Ghulam Qadir Thebo in a letter to Director General (DG) PSQCA expressed serious concerns on the basis of data of fatal road accidents that most of the victims (motorcyclists) died in such accidents as a consequence of penetrating of broken sub-standard plastic into their skulls. If the helmets had not been of sub-standard material, the loss of precious lives of the motorcyclists in such road accidents could have been avoided.

Apart from causing death of the motorcyclists, the other drawback of these sub-standard helmets is that they are also being used by the criminals to commit target killing/street crime because it is easy for the criminals to hide their faces behind the dark glasses of such helmets while robbing the citizens of their valuables on gunpoint, the letter said.

Thus the manufacturing and sale of these sub-standard helmets is a national hazard. Hence it is imperative to cancel the NOCs of the firms which are manufacturing and marketing such sub-standard helmets by notifying them a policy by your authority that only those firms manufacturing quality based helmets will be given NOC to market the same for use by the general public.

Such policy should make it binding upon the manufactures of helmets that they will use the durable material and fix transparent glasses in the helmets so that faces of those using such helmets could easily be seen, he advised. These measures will not only curtail the death graph of motorcyclists in the road accidents but will result in identifying and arresting the culprits involved in street crimes because the transparent glasses of the helmets will no more protect their identity.

I would, therefore, request that the NOCs of all the firms which are manufacturing and marketing the sub-standard helmets may please be cancelled thereby issuing a policy of passing the quality of the helmets which are of quality material having transparent glasses and meet the European standards.

Company News: *Pakistan*

'Daraz.pk aims to be Pakistan's Tmall,' Cofounder Muneeb Maayr

September 22, 2014

Muneeb Maayr is the co-founder of Daraz.pk at Rocket Internet. Muneeb Maayr is a graduate from the University of Virginia and a successful entrepreneur in his own right. Muneeb started his career as an investment banker in Bear Stearns but moved back to Pakistan to establish SNL Pakistan. In a short span of six years he was able to expand the company to over 600 people after which it was bought by SNL Financial in a cash & equity deal while retaining management control. Muneeb remained associated with the firm till August 2012 after which he joined Rocket Internet to help build Daraz, Pakistan's largest e-commerce venture. BR Research team recently sat down with Muneeb and discussed the e-commerce dynamics in Pakistan and Daraz's future plans. Following is an edited excerpt.

BR Research: what is Daraz.pk (Daraz) all about and what is the core philosophy behind it?

Muneeb Maayr: Daraz is basically an e-commerce entity, where we do end-to-end fulfilment. That means we are responsible to help fulfil the order from the time of its placement. Almost two-thirds is our inventory, which is housed in a warehouse in Karachi. Whereas, the remaining is what we call the 'managed marketplace', where suppliers have the inventory with themselves and we help fulfil it.

The idea is to try and become Alibaba's 'Tmall' for Pakistan. Alibaba is the Google, the advertiser and also the last mile fulfilment company, hence they are valued at what they are. There is a tremendous opportunity to do all of that in Pakistan because there is very little competition. The infrastructure does not really exist, which allows us to come in and be the formative player.

In terms of platform, Daraz is one of the very few here that generates its own content. We proudly have a self-generated content, unlike most others. Secondly, in terms of advertisement, there has been very little competition in terms of online advertising in Pakistan, which allows our teams to become one of the finest in the country.

Our online marketing is perhaps the most efficient in terms of spend to earning. Unlike others, we are actually able to see how many people have come in, seen a certain product, bought it and how many have we physically delivered to and completed the transaction. No one else can see that. For instance, someone like OLX can see how many people came in, but they would have no idea how many actually engaged in the actual transaction.

Our platform allows us to see end-to-end fulfilment and that is the business we want to get deep into. What you will see play out in the near future is that a lot of players such as Samsung, and other mobile phone companies will advertise, and then you will see our number. We want to be able to fulfil orders for all retailers' brands in the country.

BRR: What is the geographic break-up of your business outside the three major cities?

MM: The goal is to become the non-physical face of the brand and allow any brand to work with us. If you look at the order spectrum right now, over half the orders are from outside Karachi, Lahore and Islamabad, which is a very exciting proposition. The reality is that people now have more access and exposure in smaller cities, yet there is no retail infrastructure.

For instance, we get a lot of orders from Quetta because there are hardly any malls or retail infrastructure. Retail infrastructure is an expensive proposition and a time consuming one too, this is where we see the opportunity.

BRR: How do you differentiate yourself with Kaymu? Do you not face a threat of cannibalisation?

MM: Kaymu is meant to be a person-to-person platform, more like ebay and OLX. But when you come to Daraz, we want to know if you are an established retailer, will you be able to fulfil the orders and the readiness and ability to be able to supply. It is a different ball game from Kaymu.

We care about fulfilment, for which we have set up a separate company aside which takes care of logistics and warehousing. Right now we are doing end-to-end retail, and that is about to change as well very soon.

We are about to start a marketplace very shortly, which means that as long as you can prove you have the original stuff to sell, willing to hold the inventory at our warehouse or guarantee timely delivery, you do not have to be the brand yourself.

BRR: The electronic retail market has very few authorised retailers. So will that be an area you would be tapping?

MM: Yes, that is a huge market. We will be concerned about the originality and legitimacy of a certain product and not concerned whether it is the authorised dealer or not. Most brands in Pakistan do not have a website presence, and they do not even know how to manage and maintain the website, in case they do have one.

So this is a tremendous opportunity for us. We have actually gone in and made stores for certain brands. Most brands have a Facebook page, but their core purpose is engagement, whereas, we want to take care of the fulfilment aspect. When the marketplace comes up, there is massive opportunity for traders and small businessmen in Pakistan.

It enables anyone with the power to sell in Pakistan, without worrying about payment and fulfilment. We will be there to take care of that.

BRR: How much volume does Daraz generate currently and at what pace is it moving?

MM: It has been two years during which we had very little funding to grow. We did not have the money to pile inventory. If you look at comparable players in the region, e-commerce players essentially have ample inventories. So we spent whatever money we had on brand building, interface building and getting suppliers on board.

Our top line is a direct relation to the amount of inventory that we have relative to the amount of money that we spend. We are selling over a 1000 products per day, and we are the biggest in the country.

BRR: Where do you see the e-commerce market in the near future?

MM: I think in 2015, the market will probably be around $35-40 million. It will depend a great deal on the money spent on marketing. Still lots need to be invested on customer acquisition, the cost of which will eventually go down. The retail business in Pakistan does not have high margins, unlike west.

The goal right now is to grow market share, not profitability. Capturing the market is the aim at the moment. The market share will only reap fruits in the longer run.

BRR: What are Daraz's marketing plans if the goal is to grow the market?

MM: Probably by the end of this year, we will start advertising on television as well, in a bigger way than others have.

We always build in the customer lifetime value in our business model. The basic acquisition cost is always high; we then work on assumptions on repurchases over the lifetime that gives us profit. As long as we have the information and we can keep drilling the potential customer, and have the business rolling.

On a lighter side, eventually we want you to become lazy, use your phone and simply make the purchase at your convenience.

BRR: Are there any plans to make the payment mode any advance than just continuing with cash on delivery mode?

MM: We are one of the first companies in Pakistan in the retail sector to sign up with 1-link as well. As long as you have a bank account in Pakistan, you can transfer money to us through your mobile phone. We are also the only retail website in Pakistan that allows rupee denominated credit card transactions.

There are 20 million plastic cards in Pakistan, so now we are considering deploying machines with our riders, for those who are apprehensive of using online payment or paying cash. We are trying to crack the nut. We have a lot of dedicated people working on these projects. It is a matter of a year, and you will see an entirely different eco system. We are working day in day out to make retail more efficient for these brands and established MNCs.

Surely, we will not become profitable very soon. We are right now investing in intellectual capital. We want to have the leadership advantage of the market. We are working with various players on the payment front.

BRR: Where do you see your revenue and volume of transactions three years from now?

MM: I can guarantee you that it will be very close to three digit millions of dollars. That is because the amount of money we are going to put into this business in six months from now, will help us supersede anyone else. We are setting up the infrastructure.

We are getting into electronic gadgets full scale, starting from mobile phones to lap tops and whatever electronic gadget you can think of. Pakistan's internet audience is predominantly male and electronics is a good business to capture male audience.

We are looking at the future which lot of people are not seeing. Once 3G services spread and the costs get down, we will surely have a bigger audience, especially the female segment sitting at home. Once mobile banking becomes common and cheaper, we will not have to deal with cash, just as it happens in Kenya.

Taxation: *Pakistan*

Row over ''smuggled goods'' between PIA & Customs staff: British currency & Iphone-6 recovered

September 22, 2014

A controversy stirred up at Lahore''s Allama Iqbal International Airport on Sunday when the Customs officials recovered some smuggled items from PIA staff of the flight PK-758 that had arrived at the airport from London. Some staff members refused to fly the plane from Lahore to Manchester as a protest, but when some senior officials of the national airline intervened into the matter, they agreed to fly the aircraft.

PK-758 had arrived in Lahore from London. Customs officials questioned the pilot, the PALPA Chairman Aamir Hashmi, who had possessed more than the permissible 5000 British Pounds. Customs officials recovered 24 Iphone-6 mobile phones and other electronic goods from the flight crew.

After getting affirmation from the flight crew, Customs'' officials allowed them to leave. But pilot of PK-709, which had to leave for Manchester from Lahore, refused to fly the plane as a protest and demanded the affirmation to be taken back.

Later, senior officials intervened to get the issue resolved and crew agreed to start the flight operation. Officials have assured to resolve the matter in legal way.

Handling of radioactive material: customs officers unaware of international protocol, symbols

September 22, 2014

MUHAMMAD ALI

Customs officers, who are supposed to be trained to deal with radioactive material for ground handling and examination purposes, are reportedly unaware about international protocols and its indication signs; it is learnt here on Saturday.

According to sources, the lack of proper awareness campaign for customs staff regarding symbols for bio-safety has raised safety issues not only for customs staff but also for others.

They said that import policy restrictions and international protocols on cross border movement, ground handling of various elements and hazardous materials, entering Pakistan, had been neglected for long.

Even indication of symbols on imported radioactive material may also go unnoticed due to the lack of proper training and awareness, they maintained.

They said that customs department had never organised special training sessions for handling of radioactive material, saying that authority was keen to make its staffers aware about revenue collection instead of minimising human and environmental hazards.

When contacted, customs officials, on a condition of anonymity, confirmed the apathetic attitude of customs department regarding safety issues in past, saying that the authority had now realised the sensitivity of the matter.

They said that Appraisement Collectorate (West) had issued special guidelines to ensure precautions regarding the inspection, examination and clearance of radioactive materials.

Moreover, customs officials said that customs department through guidelines gave detailed briefings to its staff about international protocols and symbols of radioactive, toxic, corrosive, combustible and explosive materials.

On the other hand, sources said that the customs department by issuing such guidelines was trying to show its sense of responsibilities but only guidelines were not enough for the safety of its staffers and others.

They said that the customs department should adopt international practices to handle such cargo to minimise human and environmental hazards.

Delayed issuance of IT refunds: compensation to be computed from date of assessment order: ATIR

September 22, 2014

SOHAIL SARFRAZ

Appellate Tribunal Inland Revenue (ATIR) has ruled that the compensation on delayed issuance of income tax refunds will be computed from the date of deemed assessment order after expiry of 90 days.

Sources told *Business Recorder* here on Sunday that Appellate Tribunal Inland Revenue (ATIR) ruled that for the purpose of compensation, the refund becomes due on the date of order treated to have been made under section 120(1) of the Ordinance and compensation will be computed from the date of deemed assessment order after the exclusion of three months period.

Sources said that in a latest order issued by the ATIR it is held that section 171(2)(c) provides a legal fiction and does not overrides the term "when it becomes due" in section 171(1). It is cardinal principle of interpretation that deeming provision has to be strictly construed for which it is enacted. It requires strict interpretation and cannot be spilled over to other provisions in statute. It has to be interpreted strictly within the four corners of its object for which it is enacted.

When contacted, a Lahore-based tax lawyer Waheed Shahzad Butt told this scribe about the background of the case. He gave explanation to section 171(2) of the Income Tax Ordinance, 2001 inserted through Finance Act, 2013, which is effective from Tax Year 2014. The Supreme Court of Pakistan also held that any executive order/notification that is detrimental to a taxpayer can have no retrospective application. Even otherwise provisions of section 171(2)(c) of the Ordinance clearly provides a legal fiction of law and does not override the term "When it becomes due" as used in section 171(1) of the Ordinance. Explanation added to section 171 cannot be redundant the scheme of the law and specific deeming provisions of Ordinance governing the deemed assessment under the Universal Self-Assessment Scheme.

Waheed further added that an assessment once finalised under section 120(1) of the Ordinance is valid for "all purposes" under the Ordinance. A plain reading of the text of section 120(1) of the Ordinance makes it abundantly clear that "all purposes" includes the payment of refund and determination of compensation for any delay in making payment of refund, therefore, it is legally a perfect proposition that compensation amount is to be reckoned from the date of deemed assessment and not from the date of any order for the issuance of refund passed belatedly by the department.

The ATIR order stated that "Section 171(2)(c) provides a legal fiction and does not override the term "When it becomes due" in Section 171(1). It is cardinal principle of interpretation that deeming provision has to be strictly construed for the purpose it is enacted. It requires strict interpretation and cannot be spilled over to other provisions in statute. It has to be interpreted strictly within the four corner of its object for which it is enacted. We have already observed that the law as stands with regard to framing of assessment is that the assessment is deemed to have been made, if complete return of income is filed. It is worth noting that additional payment for delayed refund as provided under section 171 of the ordinance is not immediately payable unless 90 days limitation expires. Obviously, legislature has given sufficient time ie 90 days to avoid compensation for a determined refund.

For the purpose of section 171(1) of the ordinance, the refund becomes due on the date of order treated to have been made under section 120(1) of the Ordinance. It is directed that compensation will be computed from the date of deemed assessment order after exclusion of three months period: ATIR ruled.

When an assessment once finalised under section 120(1) of the Ordinance is valid for "all purposes" under the law then compensation amount should also be reckoned from the date of deemed assessment and not from the date of any order for issuance of refund passed belatedly by the department, Waheed added.

Five percent levy: number of companies paying bonus shares declines: FBR

September 21, 2014

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) witnessed a sharp decrease in the number of companies that issued bonus shares in 2014 to avoid payment of a 5 percent tax imposed through the Finance Act, 2014. Sources told *Business Recorder* here on Saturday that the FBR is compiling data of the corporate sector on issuance of bonus shares to shareholders. So far, the FBR has observed a decline in trend of bonus shares issuance to shareholders on the imposition of a 5 percent tax on these shares under Finance Act 2014.

The exact data of companies which issued bonus shares would be compiled in due course of time. Sources said that the companies have the option to pay a 5 percent tax on issuance of bonus shares or pay a 10 percent tax on dividends or increase their accumulative profits by not declaring dividends. It depends on a case-to-case basis keeping in view the functions and operations of companies.

FBR"s trend analysis shows that a few companies which were declaring issuance of bonus shares every year have now stopped issuing the same due to the imposition of a 5 percent tax on such shares under the Finance Act, 2014. When a 5 percent tax was imposed on bonus shares in budget (2014-15), budget makers analyzed that bonus shares worth Rs 1500 billion were issued previous year, but no tax was collected. Around Rs 75 billion could be generated in the form of tax through bonus shares worth Rs 1500 billion. During previous year, a huge amount of bonus shares was issued in lieu of dividends; however, no tax on dividends or capital gains was received. At the same time, the FBR apprehended that the imposition of a 5 percent tax on bonus shares would force certain companies to stop issuance of bonus shares.

According to the Finance Act, 2014, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five percent of the bonus shares to be issued. According to the procedure on deduction of tax on bonus shares issued through Finance Act 2014, bonus shares withheld shall only be issued to a shareholder, if the company collects from the shareholder, tax equal to five per cent of the value of the bonus shares issued to the shareholder including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books. Notwithstanding anything contained in any law for the time being in force, every company, quoted on stock exchange, issuing bonus shares to the shareholders of the company, shall withhold five per cent of the bonus shares to be issued.

Finance Act said that the tax shall be collected by the company, within fifteen days of the first day of closure of books. If the shareholder fails to make the payment of tax within fifteen days or the company fails to collect the said tax within fifteen days, the company shall deposit the bonus shares withheld in the Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

The bonus shares deposited in the Central Depository Company of Pakistan Limited or the entity prescribed shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner, by way of credit to the federal government.

The issuance of bonus shares shall be deemed to be the income of the shareholder and the tax collected by the company or proceeds for the bonus shares disposed of and paid shall be treated to have been paid on behalf of the shareholder. Tax paid under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares. Finance Act 2014 had also issued procedure for bonus shares issued by companies not quoted on stock exchange.

Cotton and Textiles: *Pakistan*

Southern Punjab: PCGA urges government to declare region a calamity-hit area

September 22, 2014

Pakistan Cotton Ginners Association's (PCGA) Vice Chairman Sheikh Aasim Saeed on Sunday demanded of the government to declare flood-affected region of Southern Punjab as calamity-hit area. He also demanded that all kinds of taxes and levies be waived to compensate the affected people, besides payment of utility bills should be deferred for at least two months without surcharge.

The PCGA vice chairman along with Group Chairman Haji Muhammad Akram, Shehzad Ali Khan and Rao Sadaruddin was speaking at a press conference here on Sunday. He also urged the government to immediately withdraw five per cent sales tax levied on oil-cake (Khal)to express solidarity with the flood-affected people.

He said that recent floods had devastated the cotton, sugarcane, fodder crops in Jhang, Muzaffargarh,Dera Ghazi Khan and Multan districts, besides destroying their livestock.

PCGA demanded immediate assessment of the financial and human losses caused by recent floods in River Chenab in Multan, Bahawalpur and Dera Ghazi Khan divisions and payment of reasonable financial assistance and compensation to the affectees so that they could stand on their feet.

PCGA said that a comprehensive survey of flood-hit areas of Muzaffargarh, Multan, Shujabad, Jalalpur Pirwala, Khangarh, Rangpur, Alipur, Shehr Sultan, Liaquatpur, Ahmedpur East, Uch Sharif, Bahawalpur, must be carried out immediately. The PCGA office-bearers also recommended that free seed, fertilisers should be provided to the farmers having up to 12.5 acres of land.

At the outset, the PCGA reiterated its demand for construction of small dams in Dera Ghazi Khan to store water of hill torrents and saving the millions of acres of land from the ravages of flood. PCGA said that delay in remission of taxes for flood-hit people would tantamount to add to their miseries. PCGA teams are preparing a comprehensive list of losses of cotton in Southern Punjab, they added.

PCGA election: Ginners Group candidates elected unopposed

September 22, 2014

Haji Hafez Anwar, Ramesh Lal and Rao Sadaruddin have been elected unopposed as Chairman ,Senior Vice Chairman and Vice chairman (North zone) of Pakistan Cotton Ginners Association (PCGA) for the year 2014-15 as announced by the election commission of PCGA. They belong to Ginners Group and they would administer the oath of their offices on September 27 in Multan. According to unofficial result no other candidate turned up for any office till eleventh hour.

Later addressing a press conference chairman of Ginners Group Haji Muhammad Akram, Shehzad Ali Khan (Spokesman), Shaikh Muhammad Saeed alongwith Chairman-elect Haji Hafeez Anwar and Vice Chairman North Rao Sadaruddin said that our 15 member of Central Executive Committee, Chairman and Vice chairman have been elected unopposed. They said that it was the victory of the democracy, honesty, dedication and commitment. They gratitude the ginners who reposed their confidence in the leadership of ginners group; they said that our opponents could not dare to contest the election and kept themselves away from the poll.

They demanded for remission of all taxes on the farmers and ginners who were fighting for their survival in the calamity. They announced to collect fund at district level for the help and rehabilitation of flood hit people. They reiterated their demand to declare the flood affected areas as calamity areas and waive all taxes. They said that PCGA was determined to resolve the issue of 5% General Sales Tax on oil-cake.

Cotton market: prices fall as phutti arrivals pick up pace

September 21, 2014

Both mills and exporters showed interest in fresh buying due to continued slide in the rates, dealers said on the cotton market on Saturday. The official spot rate was lower by Rs 50 at Rs 5,500, they added. In the session, over 15,000 bales of cotton changed hands between Rs 5450 and Rs 5675, they said. In Sindh, rates dropped by Rs 50 to Rs 2500 and Rs 2600, in Punjab prices also lost 150 to Rs 2300 and Rs 2525, they said.

Some analysts said that China's lack of buying interest is a major factor behind the soft trend in the prices. In India, prices are on decline with other international markets. Cotton analyst, Naseem Usman said that prices current account gap widening in the first two months of the fiscal year, now after rains and floods in the country giving an impression that export earning may come down due to damage to the crops in the field, rice and other crops are major source of foreign exchange earnings.

Reuters adds: ICE cotton hit the lowest since mid-August on Friday, after an industry website reported that Beijing may link a large amount of import quota to domestic cotton purchases, a move expected to crimp demand for foreign fibre in the world's top consumer. The benchmark December cotton contract on ICE Futures US dropped as low 63.70 cents a lb as volumes picked up before closing down 0.66 cent, or 1 percent, at 64.39 cents a lb.

The following deals reported: 3000 bales of cotton from Mirpurkhas sold at Rs 5475-5550, 2200 bales from Sanghar at Rs 5450-5550, 2000 bales from Shahdadpur at Rs 5500-5550, 2000 bales from Tando Adam at Rs 5500-5550, 1200 bales from Nawabshah at Rs 5575, 2000 bales from Khairpur at Rs 5550-5600, 400 bales from Chinute at Rs 5550, 600 bales from Haroonabad sold at Rs 5550, 200 bales from Bahawalnagar at Rs 5550, 200 bales from Sahiwal at Rs 5550, 200 bales from Toba Tek Singh at Rs 5550, 400 bales from Chichawatni at Rs 5550, 400 bales from Arifwala at Rs 5575, 200 bales from Jahania at Rs 5615, 200 bales from Mian Chano at Rs 5615 and 800 bales from Khanewal at Rs 5650-5675, they said.

The KCA Official Spot Rate for Local Dealings in Pakistan Rupees

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

MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate	Ex-Gin Upcountry Price	Spot Rate Ex-Karachi	Spot Rate Ex. KHI. As on 19.09.2014	DifferenceFor Ex-Karachi
37.324 Kgs	5,500	150	5,700	5,650	-50
Equivalent					
40 Kgs	5,894	160	6,108	6,054	-54

Eid-ul-Azha: rising cost of living causes drop in clothing sales

September 21, 2014

N H ZUBERI

Garment merchants on Saturday blamed the rising cost of living for a "sharp drop" in clothing sales ahead of Eid-ul-Azha. The shop owners complained that the demand for clothes was weak although Eid-ul-Azha festival is fast approaching. According to shop owners, sales are nearly 50 per cent lower compared with Eid Al Fitr. They noted that the sales used to peak in the days before Eid, when families traditionally buy new clothes for their children.

"This Eid is different from last year, as the purchasing power of consumers is getting weaker and weaker," they said. "We did not get our desired response from the buyers; we got a meager response from the buyers. However the affluent people who can afford readymade clothes buy cloth on Eid-ul- Azha as well which increases sale as compared to usual sale. Hasan Masood, owner of a store on Tariq Road, agreed, claiming that the rising prices of basic commodities hurt the clothing sector. "Prices of most items are going up while incomes remain stagnant," Hasan Masood said, noting that demand for clothes last year was "much better" than during the Eid period. Noting that sales have halved compared with last year's Eid-ul-Azha period, another shop owner said the majority of people that enter the store only ask about prices.

"Many people decided to skip buying new clothes in order to meet the expenses of sacrificial animals and other expenses of Eid. A quick look at the price tags of readymade garments in the windows indicates that shop owners decided to slash prices or hanged posters offering sale at reduced price to encourage customers.

Postponement of Xi visit: execution of Quaid-e-Azam Apparel Park delayed

September 21, 2014

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) on Saturday observed that delay in Chinese President Xi Jinping's visit to Pakistan has halted the execution of Quaid-e-Azam Apparel Park which has been notified as Quaid-e-Azam Apparel Park Company by the Punjab government now.

The newly-appointed chairman of Quaid-e-Azam Apparel Business Council Sajid Slim Minhas, who is also former central chairman of PRGMEA, stated that garment sector is the biggest loser due to delay in Chinese President's visit, as Xi Jinping was to formally inaugurate several garment industry projects and Joint Ventures worth Rs 12 billion. He asked the government to give a clear time frame to end sit-ins, as majority of export orders are shifting to Bangla Desh, Burma and India due to political tension.

"The Chinese Ruyi Group was set to install a Denim Mill of 100 million metre per day, a Dying Mill of 100 million metre per day, besides launching a Coal Power Plant of 150MW in Faisalabad Industrial Estate, as the company has already acquired 1,000 acre of land there. The real issue is that the plan has got late when every day is important as the buyer is diverting to our competitors."

Sajid Minhas said that presently Bangla Desh is far ahead of us in garment sector and now Burma, Cambodia and India are our competitors. All these countries have announced to provide land for garment city to China to start investment. He said the country could not afford politics of protests and sit-ins, as the protests in Islamabad are not only damaging the country's image but also hurting its economy.

The garment industry leader said the postponement of the Chinese President's visit had put on hold agreements worth $32 billion, including Rs 12 billion projects of garment sector. He observed that the country is already facing energy crisis and it needs huge investment to boost power generation to meet industrial and domestic needs. He said CM Shahbaz Sharif is busy in flood related activities due to which the formal opening of Quaid-e-Azam Apparel Park is pending though the whole documentation of the park is completed.

The whole government machinery is engaged in political affairs and no one is available to have meetings with industrial bodies to listen their issues. He said the production activities are badly affected, reducing to almost 60 percent due to the prolonged suspension in energy supplies. PRGMEA Senior Vice Chairman Jawwad Chaudhry said international media is monitoring the whole situation; therefore, it would be wiser on part of the political players to show responsibility and commitment toward the country.-PR

Agriculture and Allied: *Pakistan*

Increase in edible oil import bill burden on forex: PVMA

September 22, 2014

M RAFIQUE GORAYA

The three percent annual increase in edible oil consumption is a great burden on the country's foreign exchange, Atif Ikram Sheikh, newly-elected Chairman of Pakistan Vanaspati Manufacturers Association (PVMA), said on Sunday. In his first meeting with the stakeholders after being elected unopposed, he said the draining of for exchange reserves owing to import of edible oil, calls for increased availability of domestic and imported oilseeds, new edible oil refineries and better functioning of the oilseed extraction industry.

He stated that PVMA should strive to deliver better products on affordable rates to the people and make Pakistan self-sufficient in edible oil production through offering full co-operation to the government. The government should also pay attention to this critical industry to create employment opportunities, gain revenue and save over $2 billion per annum, he added.

Atif Ikram Sheikh said that Pakistan imported 2.2 million tonnes of edible oil from January to December 31, 2013; 60 percent was imported from Malaysia, while remaining from Indonesia, he said, adding that imported oil was meeting around 65 per cent demand of the consumers which must be tackled.

"The total demand for the edible oil in Pakistan currently stands at around 3.2 million tonnes of which 1.44 million tonnes palm oil products worth $1.34 billion are imported from Malaysia, making Pakistan the fifth largest importer of Malaysian palm oil. There are ample opportunities for the private sectors of the two countries to synergize, due to Pakistan's strategic geographical location," said Atif Ikram Sheikh.

He urged Indonesian and Malaysian companies to collaborate with Pakistani companies in developing other areas for the edible oil trade.

500,000 cusecs of water likely to pass through Sukkur Barrage

September 21, 2014

Water level is continuously rising in River Indus at Sukkur Barrage. A water torrent of 400,000 to 500,000 cusecs is expected to pass through Sukkur Barrage in the next 24 hours. Currently, water inflow at Sukkur Barrage is recorded at 340,792 cusecs while outflow is 252,697 cusecs. Kotri Barrage is receiving 99,854 cusecs while outflow is 56,958 cusecs.

According to Flood Forecasting Division in Lahore, 342,912 cusecs of water is passing through Guddu Barrage and water level is decreasing. All other rivers are flowing normal. Meanwhile, the District Administrations of Thatta and Sujawal have declared emergency on all protective embankments of Indus River in both districts and advised the residents of low lying areas to shift to safer places.

All protective dykes are being strengthened and are under strict vigilance round the clock. However, irrigation authorities have declared that there was no imminent danger to river embankments bunds as vulnerable points at Soorjani and Monarki bunds in Sujawal district have been strengthened.

Over 40 percent spent more on insecticides import

September 21, 2014

The country spent over 40 percent higher on import of insecticides during the last fiscal year 2013-14 to fight against diseases and pests to protect human lives and crops, Pakistan Bureau of Statistics (PBS) revealed. According to PBS, country's import of insecticides remained higher to 122.942 million dollars in the last fiscal year 2013-14 up by 35.352 million dollars from 87.590 million dollars in the corresponding fiscal year 2012-13.

In June 2014, the country's import of insecticides posted 0.064 million dollars (0.53 percent) growth to 12.126 million dollars from 12.062 million dollars in June 2013. In term of volume, insecticides import was up by 1,229 metric tons (56.09 percent) to 3,420 metric tons in June 2013 from 2,191 metric tons in June 2013, PBS mentioned.

Vanaspati manufacturers' body elects office-bearers

September 21, 2014

Pakistan Vanaspati Manufacturer's Association (PVMA) in its 330th Executive Committee meeting held on Saturday at Islamabad has elected a new set of office-bearers, who will assume their offices w.e.f. October 1. According to a press release issued by the PVMA here on Saturday, Atif Ikram Sheikh, an Islamabad-based leading industrialist, has been elected un-opposed as Chairman for year 2014-15. Likewise, Mian Tassaduq Rasool and Awais Karni elected for the slot of Senior Vice and Vice Chairman respectively.

In his maiden speech, Atif Ikram Sheikh reiterated the importance of industrial sector in job creation and provision of vegetable Ghee/cooking oil (a staple food item) to masses at affordable price without any interruption. He also spelled out guiding principles encompassing his strategy.

It is worth to note that PVMA leads the edible oil sector of Pakistan, whose annual imports of two million tones exceeds a bill of two billion dollars per annum. Likewise, the manufacturing sector consumes the edible oil extracted from local and imported oil seeds to the tune of one billion dollar. Hence cumulatively the sector's annual turn over hovers around Rs 500 billion per year. The sector, directly and indirectly, contributes over Rs 100 billion to the national exchequer as well in the shape of duty/taxes and other levies.

The Annual General Body meeting of the PVMA was attended by leading manufacturers of ghee and cooking oil from all over Pakistan. The forum also discussed the measures to maintain the quality of products and tackle the multifarious problems faced by industry. It was also stressed to take on board the Government regulators in maintaining the quality and ensuring the adulteration to be removed by apprehending unregistered/unscrupulous elements, press release added.-PR

Prices of kitchen items remain high in twin cities

September 21, 2014

TAHIR AMIN

The prices of most of the essential kitchen items remained on high side during the week past as compared to the preceding week, revealed a survey conducted by *Business Recorder* here on Saturday. According to the traders and wholesalers in different markets of twin cities, the recent torrential rains and floods destroyed standing crops including vegetables and fruits, disrupting the supply chain.

Due to widening gap between supply and demand, fruits and vegetables prices are registering sharp increase for the last several weeks. The sit-ins of Pakistan Awami Tehreek (PAT) and Pakistan Tehreek-e-Insaf (PTI) have significantly increased prices of food items, resultantly traders and wholesalers have jacked up food items prices. The survey noted about 20 to 30 percent price differential in the posh and common localities of the twin cities.

The prices of rice, flour, ghee/cocking oil, sugar and milk remained unchanged during the week past as compared to the preceding week. However, chicken price witnessed an increase of Rs 5-10 per kg and was available at Rs 140-150 against Rs 135-140 per kg and chicken meat registered an increase of Rs 5-15 per kg from Rs 220 per kg to Rs 235 per kg in different markets of the twin cities during the week past as compared the preceding week. Meat was being sold at different rates in the twin cities of Rawalpindi and Islamabad, as mutton was being sold at Rs 640-660 per kg against Rs 620-640 per kg while beef was available at Rs 370-420 per kg against

Rs 360-400 per kg past week as compared to preceding week.

Further in absence of any check, LPG was sold at Rs 170-180 per kg against the official rate of Rs 130 per kg. The survey observed that most of the vegetables' prices remained unchanged but some remained on high side. Vegetables prices decrease in this part of the year following good supply from Sindh and Punjab; however this time significant increase was observed in its prices. Tomato was available at Rs 80-90 per kg against Rs 70-80 per kg, onion at Rs 60-65 per kg against Rs 55-60 per kg, potato at Rs 80 per kg against Rs 70 per kg, pumpkin at Rs 60 per kg, okra at Rs 60, shimla mirch at Rs 80-90 per kg against Rs 75-80 per kg and cucumber at Rs 80 per kg during the week past as compared to the preceding week.

Further, rice prices remained firm as super colonel was available at Rs 140-155 while basmati at Rs 80-120 per kg during this period. Pulses prices also remained stable during this period as no significant changes were observed in prices during this period.

During the period under review, it was noted that fruits no decline was occurred in fruit prices as it remained unchanged while some prices increased. Banana (Pakistani) was available at Rs 80-100 per dozen, banana (Indian) at Rs 180-200 per dozen (no change), guava at Rs 80 per kg against Rs 70 per kg, mango at Rs 120-180 per kg against Rs 100-150 per kg, peach at Rs 80-100 per kg, grapes at Rs 120-150 per kg while apple at Rs 100-200 per kg depending on quality in different markets of the twin cities.

PSM production raised by 25 percent, Dar told

September 21, 2014

As a result of a Rs 18.5 billion financial package approved by the ECC for the revival of Pakistan Steel Mills, its regular production has since been gaining momentum. The production capacity of the country"s premier steel production unit, has now risen to 25 percent from a paltry 3 percent in May 2014. The CEO, Pakistan Steel, Major General Zaheer Ahmed Khan (Retd), briefed the Federal Minister for Finance Ishaq Dar about the progress of Pak Steel at a review meeting here on Saturday.

He apprised the Minister that the production is expected to touch the 30 percent mark by the end of September and should touch 40 percent in October this year. It is expected to escalate to 77 percent of the total 1.1 million ton per annum capacity by end December 2014 which would be a break-even point, nullifying the losses occurring to the Mill, Zaheer Khan added.

The CEO also briefed the Minister about some issues faced by Pakistan Steel including the imposition of 5 percent duty on import of iron ore. The Minister responded that the issue would be considered at ECC meeting and appropriate decision taken in this regard. The CEO also requested for relaxation in the condition of advance payment of GST on each imported shipment of raw material.

He said it would be easier for Pak Steel to pay the GST on the finished products. Finance Minister gave instructions to FBR to submit the case for decision regarding allowing three months time to Pak Steel for payment of GST. Other relevant administrative matters were also discussed during the meeting. The Minister appreciated the surge in the production at Pakistan Steel and asked Zaheer to keep up the good spirit, hoping Pak Steel would achieve the goals and targets that have been set for its complete revival.-PR

Shahnawaz elected PSRMA chairman for 2014-15

September 21, 2014

Shahnawaz Ishtiaq on Saturday was elected Chairman of Pakistan Steel Re-Rolling Mills Association (PSRMA) while Mian Muhammad Shoaib Arshad Senior Vice Chairman, Sufi Muhammad Azeem Vice Chairman (Lahore Circle) and Hanif Jewani Vice Chairman (Karachi Circle) for the year 2014-15.

The results of the newly elected office-bearers were announced at 53rd Annual General Meeting of The Pakistan Steel Re-Rolling Mills Association held here at Lahore Chamber of Commerce and Industry. Steel industry leaders Hafiz Mohammad Akbar, Murad Ashraf and a large number of steel industry businessmen were present on the occasion. The Executive Committee members elected for the year 2014-15 are (Lahore Circle) Mian Manzoor Ahmad, Mian Muhammad Saeed, Mian Arif Mahmood, Karim Aziz Malik (Karachi Circle) Dewan Abu Obaida Farooqui, Akhtar Saeed, Khurram Ishtiaq and Siraj Chatoor.

Earlier, Pakistan Steel Re-Rolling Mills Association newly elected Chairman Shahnawaz Ishtiaq called for downward revision of electricity, gas tariff. He also invited the attention towards shortage of electricity and gas that was badly hampering the production of steel re-rolling mills. He said because of energy crisis, productions nose-dived. He said the government should also implement some foolproof strategy to stop power and gas pilferage as the power and gas theft are hitting the entire steel industry very badly and jacking up the graph of unemployment.

He said double taxation inclusion of sales tax in the gas bills despite of full and final discharge of sales tax liabilities in electricity bills. He said Pakistan Steel Mills Karachi where from billet of standard quality was obtained is totally out of picture. Resultantly in order to meet international standard billet has to be imported as such any proposal for change of duties on imported billet must be avoided. He said the existing turn over tax at one percent comes to Rs 700 (approximately) which is at a very higher side. Since profit is approximately Rs 500/= per tonne which comes to Rs 175/= by applying maximum slab of 35 percent. He proposed that for Steel Industry, rate of turn over tax should be reduced to 0.25 percent.

The outgoing Chairman of the Association Asmat Pervaiz said steel industry should be exempted from load shedding and curtailment of gas. Increase in electricity tariff should be withdrawn and unreasonable high prices of electricity and gas should be minimised up to possible extent for the survival of industry. The out-going Chairman presented a detailed report about the challenges faced by the Re-rolling industry during preceding year.

Fuel and Energy: *Pakistan*

Water experts to inspect Himachal project

September 22, 2014

A three-member Pakistani delegation of water experts reached Himachal Pradesh town on Sunday to inspect an upcoming hydropower project in the Lahaul Valley, an official said. "The delegation, led by Pakistan"s Indus Waters Commissioner Mirza Asif Beg, would visit the 120-MW Miyar hydropower project near Udaipur town in Lahaul-Spiti district on Monday," Central Water Commission regional director P. Dorje Gyamba, who is accompanying the team, told media here. The project is being commissioned by private firm, Moser Baer, in the Miyar Valley on a tributary of the Chandrabhaga River.

The Indian team accompanying the Pakistani delegation included Indus Water Commissioner K. Vohra and senior joint commissioner P.K. Saxena. The Indus Waters Treaty was signed in 1960 with the support of the World Bank to settle water issues between the two neighbouring countries.

Official sources said the purpose of the Pakistani team"s visit is to ascertain whether any diversion has been made in the original flow of the Chandrabhaga, which later enters Jammu and Kashmir and there it"s known as the Chenab.

"We are hopeful that India will show some flexibility on (Pakistan"s) reservations over the building of new dams in India," Baig said.

During the five-day trip, the delegation will also visit four "controversial sites" on the Chenab River where New Delhi is planning to construct new dams.

Reiterating that Pakistan"s objections over the design of Kishanganga dam were logical, Baig said that some serious doubts pertaining to the controversial project - particularly regarding the Neelum distributary point and other dams on the Chenab River have already been allayed.

IP gas pipeline: Iran urges government to expedite work

September 22, 2014

Iranian Deputy Oil Minister Ali Majedi called on Islamabad to expedite accomplishment of the 700-kilometer-long Pakistani side of the gas pipeline with Iran. "Iran is waiting for Pakistan"s practical measures to complete the IP gas pipeline," Majedi said. He urged the Pakistani officials to try to remove the obstacles as promised before, and said, "It will certainly be a step forward."

Pakistan desperately needs to import natural gas from Iran to resolve its loadshedding challenge. Iran has already built its 900-kilometer share of the pipeline on its own soil and is waiting for the 700-kilometer Pakistani side of the pipeline to be built.

Iran and Pakistan signed an agreement over the construction of the gas pipeline in 1995. Later, Iran made a proposal to extend the pipeline from Pakistan into India. In February 1999, an accord between Iran and India was signed.

But due to the US pressure, India withdrew from the project in 2009.

Mechanical mining of coal: Punjab government, Chinese company sign MoU

September 22, 2014

A MoU was signed between Punjab government and China Machinery Engineering Corporation (CMEC) for mechanical mining of indigenous coal in salt range here Sunday. Secretary Minerals Dr. Arshad Mehmood signed MoU on behalf of Punjab government while Vice President Jingkai on behalf of CMEC.

Punjab Chief Minister, Muhammad Shahbaz Sharif was the chief guest of the function held at Model Town. Under the agreement, renowned Chinese Company will carry out mechanical mining of coal through modern methods in salt range. Besides modern mining, Punjab government and CMEC will also extend co-operation to each other for development of indigenous coal and its economic use.

CMEC will use this coal obtained through modern mechanical methods instead of manual for the proposed power plants. The Chief Minister while terming the signing of MoU between Punjab government and CMEC a welcome step said that the friendship between Pakistan and China has converted into strategic partnership. He said that a number of Chinese companies are making investment in energy, infrastructure and other sectors.

Shahbaz Sharif said that 600 million ton coal reserves exist in Punjab which can be used in energy sector. He said that the agreement with regard to mining of indigenous coal through modern methods by CMEC in this regard is a good omen. He said that with the agreement of Chinese Company, indigenous coal will be used in energy sector.

Besides Chairman CMEC Sun Bai and senior officials of Chinese Company, Additional Chief Secretary Energy and concerned officials were also present on the occasion.

Sun Bai said that Chinese Company will extend full co-operation in mechanical mining of coal and installing energy generating projects in Punjab. He said that the agreement made with Punjab government in mining and energy sector will be implemented speedily.

India allows Pakistan to inspect disputed powerhouse in held Kashmir

September 21, 2014

A delegation headed by Pakistan Indus Basin Commissioner Mirza Asif Baig will leave for India today (Sunday) as India approved site inspection of the 140 megawatt Miyar Powerhouse on the River Chenab in Indian-occupied Kashmir. According to the Ministry of Water and Power, the delegates from Pakistan will at first reach New Delhi and later proceed to Kashmir. Changing the route of the Miyar Valley associated with the River Chenab, the site inspection of 140 megawatt powerhouse would continue from September 21 to 24.

Officials said Mirza Asif Baig will demand the data related to water flowing from the River Chenab at Salal and Baglihar during the flood season from his Indian counterpart Shri K Vohra. Pakistan has been insisting on Miyar powerhouse''s inspection from the past two years. Earlier, Pakistan Indus Basin Commissioner Asif Baig Mirza had cancelled the scheduled visit to India over India''s refusal to let Pakistan inspect the disputed proposed powerhouse on the River Chenab in Indian- occupied Kashmir.

India had reportedly finalised plans to build four powerhouses consisting 2,110 megawatts at part of the River Chenab that falls in Indian-occupied Kashmir. Pakistan had objected to all four power projects as per the bilateral Indus Basin Treaty and according to a mutual agreement in September last year, India had promised to let the Pakistan Indus Basin Commissioner inspect the site and the project.

Indian Indus Basin Commissioner Shri K Vohra was supposed to send his Pakistani counterpart the inspection schedule between March 2 and 4 this year but the inspection plan for the said 120 megawatt powerhouse was dropped. The Pakistan Indus Basin Commissioner has informed his Indian counterpart through a letter about the cancellation of his visit. The same letter proposes inclusion of the disputed powerhouse and holding negotiations during last week of March.

Nepra chief''s post: six candidates interviewed

September 21, 2014

A Special Committee headed by Federal Minister for Finance Senator Mohammad Ishaq Dar comprising Secretary Finance, Secretary Establishment, Secretary Water & Power and Additional Secretary, Cabinet Division as members, had interviews with prospective candidates for the slot of Chairman, Nepra on Saturday. Six short-listed candidates appeared for interview. A decision regarding final selection would be taken in due course.

Fuel and Energy: *World*

China Sinopec unit to sell 30 percent stake

September 22, 2014

Chinese oil giant Sinopec will sell a 30 percent stake in its marketing arm to outside investors for more than $17 billion, the company said, as the government pushes key economic reforms. China's Communist Party pledged at a meeting in November to allow the market to play a "decisive" role in the allocation of resources through a number of policies, including prodding state companies to operate on more commercial terms. The move by Sinopec, initially proposed by the firm in February, has been hailed by state media as the first among the nation's three largest energy firms to introduce more diversified ownership.

"The sale of its marketing arm "is in line with their policy of privatisation and to introduce more private capital in the economy", independent financial analyst Francis Lun told AFP.

Separately, Sinopec parent China Petrochemical Corp will purchase assets from Sinopec Yizheng Chemical Fibre Company, worth 6.49 billion yuan ($1.06 billion), both firms said. The move is part of a plan by China Petrochemical to float its oilfield assets without the cost of a separate listing.

However, investors were not impressed. In Shanghai, Sinopec was down 0.71 percent at the close on September 15, while its Hong Kong-listed shares sank 6.76 percent.

But Yizheng Chemical's shares soared more than 80 percent in Hong Kong, while the benchmark Hang Seng Index fell 0.97 percent.

"It's purchasing assets from Yizheng Chemicals that are losing money, that's something that the market doesn't like," Simsen International Financial Group associate director Jackson Wong told AFP.

Yizheng saw a net loss of 1.75 billion yuan in the first half of the year.

Under the terms for Sinopec's marketing arm, 25 investors will buy a combined 29.99 percent share in the marketing company, leaving Sinopec with 70.01 percent, for 107.09 billion yuan ($17.42 billion), Sinopec said in a statement to the Hong Kong stock exchange.

The marketing unit is engaged in the distribution of petrol, diesel and jet fuel through more than 30,000 service stations, it said.

The stakeholders were mainly Chinese investment firms and insurance companies, including vehicles of Shanghai-based conglomerate Fosun, Internet giant Tencent and China Life Insurance Co, the list showed.

California to begin selling CO2 permits with Quebec

September 21, 2014

California will hold its first carbon permit auction with the Canadian province of Quebec on November 19, a milestone for the state's nearly two-year-old climate change program, officials said on Friday. California has long sought partners for its cap-and-trade program, where the government sets an overall limit on the economy's output of heat-trapping greenhouse gases and gives businesses the ability to buy and sell excess emissions permits on the open market to meet the target.

Although governors in US states such as Oregon and Washington have said they would like to price carbon emissions, they have yet to join the California market. Other states are concerned that climate change programs will raise energy prices. But the political willpower has been stronger in Quebec, which held its first auction in late 2013 with an eye toward eventually linking to the larger California market. Adding Quebec to the California market will grow the market's size by about 20 percent, according to market analysts.

"This joint auction is a logical next step in our efforts to develop a cost-effective, inter-governmental model for reducing greenhouse gases," said California EPA Secretary Matt Rodriquez. Under a linked market, businesses in either territory can use the more than 23 million permits covering 2014 emissions offered at the November auction to meet their compliance obligation.

The announcement of the joint auction had little impact on front-month California carbon prices in the secondary market, traders said Friday, since it was anticipated. California carbon allowances (CCAs) for December 2014 delivery were valued at $12.09 a tonne, unchanged from Thursday's closing price on the IntercontinentalExchange. One carbon allowance broker said sentiment has been stronger in the last two weeks because California's program is set to expand to include transportation fuels next year, which should boost secondary market activity.

Clearsource taps growing demand for western oil in Asia

September 21, 2014

Growing interest among Asian refiners to buy western oil is creating opportunities to ship Atlantic Basin crude to Asia, commodities trading firm Clearsource said, as buyers benefit from the US shale boom. Clearsource is in talks to bring Libyan and possibly west African crude to Asia, in particular to south-east Asian refiners who have widened their crude diet to include western grades, chief executive Mike Scott told Reuters.

"You generally did not see these grades being talked frequently in south-east Asia three to five years ago," said Scott, a former managing director at Trafigura who started Clearsource 18 months ago. "This has grown in prevalence as we see excess oil production in North America."

Clearsource is one of a raft of start-up commodities firms in Asia in recent years, although many are struggling with razor thin margins due to a slowdown in commodities demand in Asia. Scott said the company is expected to quadruple its revenue to about $200 million in its first full financial year that ends this month, although this falls short of its initial target of $500 million due to delays in completing some crude oil transactions.

He said more Atlantic Basin crude, displaced by the US shale oil boom in the United States, is heading to Asia amid weak demand in Europe. The supply glut depressed prices and attracted buyers from Taiwan to Thailand that do not usually buy African oil. Vietnam issued its first tender last week to buy crude from Africa and Mediterranean.

Clearsource, which has a team of seven traders, has also started marketing Husky Energy's crude oil production in China, Scott said, and has added biomass in its portfolio. Scott said a bigger portion of revenue was also coming from base metals trade where transactions have grown. "Probably there will still be shortages in zinc, aluminium and in nickel and there will be opportunities there," he said.

The company is also upbeat about China's demand despite data pointing to slower growth this year. Clearsource could also look at opportunities to store metals in China when the Qingdao scandal settles. Banks have tightened financing for commodities trading firms in China following an alleged fraud at the Qingdao port. "We still have ample financing at the moment," said Williem Klaassens, Clearsource's chief financial officer. "I'm sure in the next 6-12 months, there will be opportunities for us to store the metals in China."

US natural gas drops to 13-year lows on mild weather

September 21, 2014

Next-day natural gas markets in the Eastern United States collapsed on Friday, with prices at key New York and Dominion South hubs dropping to 13-year lows on forecasts for mild autumn weather and continued record Marcellus shale production. On the IntercontinentalExchange (ICE), next-day gas at the Dominion South hub in the Marcellus shale region in south-west Pennsylvania fell 26 cents to average $1.72 per million British thermal units, while New York dropped 42 cents to $1.69.

US gas futures, meanwhile, shed almost 2 percent on Friday after losing 2.5 percent on Thursday, wiping out gains for the week. The losses came after a government report on Thursday that showed another hefty build in weekly stockpiles and after weather forecasts for mild temperatures. Front-month gas futures on the New York Mercantile Exchange closed down 7.3

cents, or 1.9 percent, at $3.837 per million British thermal units.

Traders noted the October front-month ended below both the 14-day moving average of $3.90 and the 40-day moving average of $3.88. The front-month ended down 1 percent for the week, down 6 percent for the month, and off 9 percent for the year. Analysts forecast utilities added 95 billion cubic feet of gas into storage this week, topping builds of 90 bcf the previous week, 82 bcf a year earlier, and a five-year average of 79 bcf.

MDA Weather Services forecast warmer-than-normal autumn temperatures over much of the United States over the next 15 days. US weather models also predicted above-normal but mild temperatures over the next two weeks with 92 cooling degree days (CDDs), up from 86 CDDs on Thursday, and compared with a normal 84 CDDs for this time of year, according to Thomson Reuters Analytics. On the NYMEX, spot Appalachian coal prices fell to a new nine-month low of $54.80 per ton on Thursday from $55.98 on Wednesday.

General Electric happy with weak Synchrony IPO debut

September 21, 2014

General Electric chief executive Jeffrey Immelt said Monday he was happy with the market launch of Synchrony Financial last week, despite its struggle to maintain its $23 IPO price. "Given the day, the market at the end of the week, I think they did a good job with Synchrony," he told AFP. Shares in Synchrony, GE's retail finance arm which includes credit-card ventures with Amazon, Gap and Wal-Mart Stores, sank after hitting the New York Stock Exchange Thursday, in a general equity sell-off.

GE raised $2.9 billion in the initial public offering, pricing it at the low end of the projected range as the markets turned down after a long bull run.

BR Research: *All*

The return of BoP worries

September 22, 2014

BR Research

The balance-of-payment concerns are back again. The central bank reports that 2M FY15 current account deficit stood at 2.8 percent of the GDP, compared to 1.4 percent in the year-ago period, as payments for petroleum imports stoked total imports whereas exports dropped by 11 percent year on year.

According to data released by the State Bank of Pakistan, current account deficit for the first two months was $1.37 billion, more than double of what it was in the same period of last year. Remittances continued with its growth spree—up 13 percent year on year-–whereas balances on trade in services bettered by 31 percent to a deficit of $409 million in 2M FY15.

Recall that the current account deficit had stood at 1.18 percent of the GDP for the full year in FY14, as against 1.06 percent in FY13. Commenting on full year numbers in July, this column had cautioned that "growth in exports isn't just going to take off, unless the much-needed reforms are rolled out soon in the energy sector, and there are improvements in law-and-order and the security situation".

Sadly, the prophecy seems to have come of truth, though at this point it is difficult to say what exactly caused the most damage to exports.

Exports for 2M FY15 are down by $461 million year on year. From amongst known components, it is textile that saw the biggest decline-–about $75 million year on year-–as gains in knitwear, bed ware, ready-made garments, and made-ups were offset by declines in cotton yarn, cotton cloth and raw cotton. This was followed by a $23 million decrease in non-basmati rice exports, and a $38 million fall in jewellery exports.

Still, that only explains so much. The biggest decline came in what SBP classifies as 'other exports' that stood at a negative $178 million in 2M FY15, as against a positive number of $179 million in the same period of last year. The SBP says that 'other exports' include "land borne export, export of samples, export processing zone, outstanding export bills and refund and rebate, goods procured on ports by carriers less freight on exports". The central bank's export dataset released last week does not mention any commodity for these 'other exports'.

While this column awaits some clarity about exports, situation at the import front is clear: imports rose by about $1.02 billion in 2M FY15 year on year, of which the biggest contribution ($550mn) came from petroleum group. Imports of petroleum products rose by $306 million whereas that of petroleum crude increased by $244 million. Other major increases in import came from iron and steel segment, assorted food items, whose import rose by $93 million and $97 million, respectively year on year.

In its latest monetary policy, the central bank expects if latest trends in exports and imports are any guide; the trade deficit will dominate the story of external account deficit, despite healthy growth in workers' remittances. Add to that the declining private capital inflows, especially foreign direct investments, and what we have is a balance-of-payments position that should be giving worries for some time to come.

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CURRENT A/C - KEY COMPONENTS ONLY

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$ (mn)	2MFY15	2MFY14
Exports of goods FOB	3,749	4,210
Imports of goods FOB	7,908	6,885
Balance on trade in goods	(4,159)	(2,675)
Exports of services	1,041	645
Imports of services	1,450	1,242
Balance on trade in services	(409)	(597)
Workers remittances	2,978	2,644
Current account balance	(1,372)	(580)
As % of GDP	(2.82)	(1.41)

Source: SBP

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New waves in insurance industry

September 22, 2014

BR Research

Good times seem to have come to mark the insurance industry. Investors are wild-eyed about investing in the sector while mergers and acquisitions are gaining momentum. To recall, in April 2014, IGI Insurance acquired a controlling stake in American Life Insurance (ALICO). Later Rosewood, a Switzerland based venture capital, expressed its intentions to acquire 74.9 percent stake in TPL Direct Insurance, which was then followed Bestway's expression of interest to attain 12.23 percent stake in UBL Insurers.

Whether the latter two deals materialise or not is another debate; but the point is that Pakistan's insurance sector is being considered as a sector with huge potential. Thanks to the unfolding regulatory mechanism, the industry is lining up to catch up with the pace. Mind you, owing to sluggish growth and dearth of innovation, Pakistani insurance industry is ill-rated when compared to the growth in insurance industries elsewhere in the world. In terms of insurance penetration, Pakistan is ranked as the lowest in the region.

Low insurance penetration coupled with major attempts taken by the regulator to improve insurance regulations, is helping the insurers to hunt for innovation. In this context, the whopping growth in Bancssruance network, the allowance of takaful window operation for conventional insurers, introduction of microinsurance regulations have been the major triggers.

Moreover, with the insurers collaborating with telecommunication companies and asset management companies to expand their outreach, the industry is unveiling alternative modes and channels to tap the untapped segment of the population, which has remained the key culprit behind insurance industry's lackluster growth over the past many years.

Also, the recent SAARC conference organized by SECP, where delegates from a number of countries were invited, also warrants some brownie points as it helped the regulators from different countries to share their viewpoints on the potential opportunities and the hurdles in existing mechanism.

Rosewood, Bestway and IGI Insurance seem to be smart enough by deciding to capitalise on the opportunities at the right time. Over the last three years, insurance sector's aggregate profitability grew by a decent average annual growth of 33 percent and with the insurers entering into takaful and microinsurance along with making use of technological development to introduce alternative distribution mechanisms, the growth rate doubling over the next 5-10 years appears to be within reach.

Cement: a jolly good year!

September 22, 2014

BR Research

While the government's claims on economic growth may be an eye-wash, there is reason to believe that not all is dull when it comes to business growth. Or so suggest the numbers from one of the leading LSM sectors, cement and construction.

In an earlier column, it was highlighted that FY14 had proved to be rather good year for the sector, with local sales volumes reaching record heights (see BR Research column 'A ripe year for cement sales' dated July 9, 2014). But more importantly for cement makers, their earnings seem to have kicked off well too, signalling attractive avenues for institutional investors.

A recent report by Topline Securities sheds light on the performance of the cement sector, accounting for 97 percent of the total listed cement companies' market capitalization. Of the 19 companies, 12 were included in the sample, with the remaining ones being those who either haven't announced their results yet or have been under losses.

According to the report, the sector registered 13 percent earnings growth accumulatively, posting Rs42 billion in net profits during FY14. Higher cement prices propelled revenues through the year, contributing 12 percent to the sector's net sales.

Recognizing rising costs, including electricity tariff and power hikes, prices were raised by 13 percent during the year. Consequently, profit-before-taxation rose by 18 percent, amounting at Rs56 billion. At the same time, average profitability was subdued by up to six percent due to the increase in effective taxation.

However, an important element in supporting net margins has been a widespread decrease in financing costs owing to smooth deleveraging (finance costs came down by 28 percent). Furthermore, other operating income also rose by a significant 49 percent.

Thatta Cement, Bestway Cement, and Fauji Cement turn out to be the stellar performers this year, registering 101 percent, 36 percent and 27 percent growth, respectively. Lucky Cement, holding the largest market share, posted growth of 16 percent.

The sector indeed seems to be performing well locally, while exports markets continue to shrink. This has led quite a few players to pursue expansion plans, thereby increasing the total capacity of the sector. Aside from the activities in the public and the private spheres, the sector will also get a boost from the nature as reconstruction activities take foot once the floods recede. Mother Nature is generous in ways more than one!

Urbanisation and human development

September 22, 2014

BR Research

Pakistan's human development rankings are slipping further down the abyss. The Mahbub ul Haq Human Development Centre Pakistan launched its 17th annual regional report titled Human Development in South Asia 2014 recently, and the subject this time is the relationship between urbanisation and human development.

The briefing paper summarizes the report pretty well, dividing it into four distinct sections: How South Asia is least urbanised region in the world, economic benefits of urbanisation in South Asia, the growing urban divide in the region and the rise of Karachi as a mega city.

A lot has been discussed and talked about the rapid urbanisation in Pakistan, which has led to industrialisation and globalisation, but has it been inclusive, pro-poor and environmentally sustainable?

The key points of concern for the region are the fastest growing rate of unplanned urbanisation, the increasing rural-urban migration, and the disparities within urban centres. And thus the emphasis in the inauguration ceremony held at Lahore University of Management Sciences was with the focus on governance and decetralisation of power in Pakistan—the two lacking areas in other macro and micro level decisions in the country.

It must be noted that it is not a myth that urbanisation leads to improvement in human development outcomes. However, it is these different facets of well-planned, equitable urbanisation that present the opportunities for policy makers to take decisions that mend the social, economic and environmental factors.

Some key recommendations that the study offers include the focus on the growth of medium and small sized cities, enhanced connectivity to ensure spatial distribution of urbanisation, increase incentives to reduce migration, and balanced rural and urban budgetary allocations for the provision of public services.

Miscellaneous News

E-Commerce: Major players see increase in size of pie

By Farooq Baloch / Photo: Ayesha Mir

Published: September 22, 2014

KARACHI:

Almost non-existent around five years ago, Pakistan's e-commerce sector has grown significantly as new players, including international companies, enter the market.

With revenue growth clocking in double digits, the sector is likely to cross the $1-billion mark in the next three years, estimate major players.

Despite all the challenges facing the online retail sector, which is not even 5% of the country's retail market, size of the pie has been increasing courtesy aggressive marketing strategies of new entrants, driving the growth by creating awareness among masses.

Major e-commerce portals, *The Express Tribune* surveyed, witnessed between 15% and 30% year-on-year growth in their sales last year. In one case, the number goes as high as 80% on a quarter-on-quarter basis.

Some of the major players who have set up a brand name and expanded include Homeshopping.pk, Symbios.pk, Rocket Internet, olx.com.pk, Tohfay Group, Shophive.com, Galaxy.com.pk, Dealtoday.pk and Eatoye.

Though there is no official data available to measure the current size of the country's e-commerce market, a conservative estimate, based on the combined sales of all major players, yields a range between $25 million to $30 million. One company even says that it will alone gross $10 million this year if iPhone 6 sales meet their expectations.

"We can become the region's second largest [e-commerce] market after India," said Shayaan Tahir, Chief Executive Officer at Homeshopping.pk.

Tahir is not alone in his optimism about the sector's growth. Almost every major player had similar expectations. "The industry is projected to expand by hundreds of millions of dollars as consumers become more aware and top brands push their products on e-commerce," Saman Javed from Daraz.pk replied in an email.

Even in the short-term future, most players believe the industry will achieve the billion-dollar milestone. "I can see it [e-commerce] growing 100 times – to over $2 billion from the current $25 million – in the next five years," said Tohfay.com's Mehdi Hasnain.

To understand the current scenario and make reasonable assumptions about the future, Tohfay Group's chief said the growth cycle needs to be understood. The e-commerce industry in any new region follows a four-phase cycle from infancy to maturity, according to Hasnain.

Giving examples, he said that China has entered the third phase, while India is close to finishing the second.

In Pakistan, the industry got a boost before stabilising to a pattern, he said. This is where the key players get traction and new, smaller players make the move with sustainable efforts, he added.

"In a few years, we could see the real foundation of a broader industry with 15% to 18% of consumers using the channel," Hasnain said. "To achieve that, we could see some years of even 700% to 800% growth."

The industry's projections seem practical. Mobile phones, tablets, fashion accessories, apparel and food are the top-selling categories across the industry.

While these categories mainly drive the industry's revenue, they keep switching in terms of top-selling category for different operators. For example, Tohfay's best sellers are decorated flowers, chocolates, cakes and sweets that make 40% to 50% of its sales.

Galaxy.com.pk, on the other hand, deals in mobile phones and high-end electronic devices while Eatoye and Foodpanda focus exclusively on food. Similarly, fashion accessories and apparel remain the top category for Daraz.pk.

Suffice to say that the future looks bright for the e-commerce industry.

Challenges facing the sector

While the underlying confidence of major players remains, several challenges could slow down, if not hinder, growth.

Slow rollout of next-generation mobile internet services, lack of a dedicated online payment gateway such as Paypal and bottlenecks in distribution and delivery channels to rural areas – which is where the true potential of e-commerce can be unleashed – are some of the main challenges, according to Saman Javed of Daraz.pk.

Despite a huge mobile phone user base, about 85% of consumers still use desktop computers to access websites, according to statistics compiled by the industry. Increase in broadband penetration through 3G could increase customer base, said Shayan Tahir of Homeshopping.pk.

In the absence of an online payment method, Tahir said the vendors have to wait for two weeks to receive payments from courier services — their partners who deliver the product and charge customers on delivery.

Another is lack of venture capitalist activities, believes Hasnain, Tohfay's chief. There has been an increase in such activities but its scale is small compared to the Indian market, he said. "There are several big players in India who are looking to invest because they see the potential for growth. In contrast, Pakistan possesses fewer players who are willing to go the whole nine yards.”

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E-Commerce: Making inroads before roads are built

By Shahram Haq

Published: September 22, 2014

LAHORE:

The fact that most of Pakistan’s population is concentrated in rural areas makes that particular market segment crucial to the growth of e-commerce.

Major players state that they have witnessed high growth that is likely to continue — at least for now. But, like any industry, the room for growth would remain limited if e-commerce services remain restricted to urban centres. Its true potential lies in the rural areas where there is an absence of shopping malls.

And this is what some players are now focusing on.

An overwhelming response from semi-urban and rural areas is helping these portals to simultaneously shift their paradigm to such areas as part of their future growth strategy. Some leading portals are using all possible measures to address issues faced while delivering orders in rural areas.

“The positive response from second-tier and other rural areas forced us to streamline issues including logistics and mode of payment,” said Kaymu.pk’s Regional Managing Director Asia Ahmad Khan.

The main mode of payment in these areas remains cash on delivery, which is the model portals follow in urban centres as well. However, some of them are also engaging cellular mobile operators (CMO) to facilitate rural customers as they are better-versed with this kind of method. The International Monetary Fund’s survey already revealed Pakistanis’ financial access remains limited.

This level of engagement with CMOs not only facilitates customers in rural areas but also benefits the online portals in sorting out, to some extent, their cash flow problem. In addition, some groups like Rocket Internet are also in the process of introducing their own payment solutions to further facilitate masses.

But like any other model, this penetration depends on the company itself. The major beneficiaries continue to be shopping portals that provide a wide array of items, ranging from apparel to electronics.

Khan said that the penetration in rural areas is likely to be higher with increasing awareness.

It is tough to find a consolidated figure of how many online portals have penetrated into rural areas. However, Kaymu.pk says that 29% of their orders are placed by customers in rural areas including areas in Sindh, Punjab, Azad Kashmir. On the other hand, Daraz.pk says that around 48% of their orders are from second-tier cities or other rural areas in the country.

A potential market that is yet to make inroads is the food delivery market. Due to obvious reasons, they are yet to gain popularity.

Real estate portals have just recently entered this market segment and it would take a while for them to make their presence felt.

"It would be a few years before these second tier cities shifted from the conventional mode to the online mode," said Zeeshan Ali Khan, co-founder and chief executive officer at zameen.com. "These markets are less educated and we have to educate them as we did in mega cities."

Industry experts now believe that the booming period has started with rural Pakistan due to play a huge role.

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E-Commerce: IT-intensive logistics provider sees room to expand

By Saad Hasan

Published: September 22, 2014

KARACHI:

There is every reason for Imran Baxamoosa to think big about his business. A few years ago, he along with few other like-minded individuals started a company that helps connect customers with vendors like Liberty Books.

Now as people spend more time online – thanks to spreading mobile phone coverage – he sees previously unimaginable opportunities.

"It took a couple of years for the buyers to use e-commerce," says Baxamoosa, CEO of BlueEx. "Pakistan is still in the transitional phase. So this online shopping trend will set in slowly."

BlueEx, an IT-intensive logistics provider, took inspiration from the food delivery model. "We improvised on that, helping sellers like a clothing vendor from Zamzama to reach a broader clientele in another city," says Baxamoosa.

A company that started with just four entrepreneurs, BlueEx now employs 500 people, most of them associated with operations side of the business.

Improvising on the peculiarities of the domestic market has been a key for the company, he says. “For us, e-commerce has a broad meaning. It’s a transaction that involves online booking, telephone orders and cash-on-delivery.”

But anyone having the slightest idea of how the logistics and distribution business works, would know that controlling costs could be a particular challenge, especially when products have to be moved around the country.

While some large logistics companies have finances to support warehouses at strategic locations like airports, BlueEx and some others are relying on IT solutions to keep the cost down.

“It’s a mix of call centre, IT infrastructure and in-house solutions that help us cut the cost,” Baxamoosa says. “For instance, the vendor doesn’t need to call us to tell where the product has to be delivered. As soon as people provide the input, the system does the calculation.”

The company does keep inventories, spreading them over different stations, depending on the nature of the product.

Baxamoosa says the most important outcome of e-commerce penetration has been the opportunities provided to small-sized entrepreneurs. “Women who used to make clothes at home didn’t have a wide market. We helped them reach a large customer base by building websites for them.”

This is the side of the business, which offers vast potential for growth, he says. “The future of e-commerce lies in international penetration. Imagine how much Pakistan’s economy will benefit when someone from here can easily sell a product to someone in Australia.”

Even though e-commerce in Pakistan mostly banks on cash-based transactions, Baxamoosa says that wouldn’t hamper growth in any way.

“This is a cultural problem in this region. Interestingly, 70% of the online deliveries in China involve cash. So instead of getting bogged down, we should use this to our advantage,” he said.

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Debt turns equity: HBFC eyeing to turn a new leaf

By Kazim Alam

Published: September 22, 2014

KARACHI:

This would be the best time to stock up on the shares of House Building Finance Company (HBFC) had the public-sector giant been a listed company.

But why would anyone want to have a stake in an entity that is often likened to the proverbial white elephant that gobbles up state resources every year without yielding any monetary benefits? After all, HBFC has all the characteristics of a typical state-owned organisation.

For example, it has not published its financial statements for the last two and a half years. Its board of directors has long been non-existent. Its key management positions lie vacant. Its non-performing loans (NPLs) constitute over 53% of its outstanding portfolio. And its unionised employees fight doggedly for their ‘right’ to annual increments regardless of their performance.

In short, it is a loss-making entity and continues to survive only because of annual bailouts from federal authorities.

Yet HBFC is expected to turn the corner in coming months. Here is why.

The State Bank of Pakistan (SBP) held a 37.5% stake in HBFC until June 2011, according to its latest financial statements. Incessant losses have forced HBFC to seek loans from the central bank every year. But a recent understanding among all stakeholders turned that debt into equity, thus increasing the SBP’s shareholding in HBFC up to 98%.

Leaving semantics aside, it can be argued that Pakistan’s sole specialised housing bank is now effectively a sister company of the country’s central bank.

In an ideal free-market economy, the idea of a regulator competing against private entities by owning the largest player – with a 24% market share – would be received with deep scepticism.

But a pro-active, hands-on approach by the government tends to receive better acceptance in a country like Pakistan, where private banks are eager to lend money to the government while the mortgage-to-GDP ratio languishes at 0.5%.

Speaking to *The Express Tribune*, HBFC Managing Director Pervez Said said the increase in the SBP’s shareholding will bode well for HBFC. “We’ll receive infrastructure support from the SBP, as housing is one of the areas the SBP especially focuses on,” he said.

Is a turnaround at hand?

After a gap of two and a half years, the Ministry of Finance has finally nominated members of the HBFC board and they are currently undergoing the ‘fit-and-proper test’ by the SBP. “I can’t reveal their names right now, but I can say confidently that no other public-sector company has so strong, clean and experienced people as board members,” Said noted.

The Ministry of Finance appointed Said as MD early in May. He has over 34 years of professional experience. His last assignment was as the CEO of Burj Bank.

With regard to the likely composition of the HBFC board, Said said it will consist of up to eight members, with an SBP nominee holding its chairmanship.

Renowned advisory company, Ernst & Young, has already been hired as a consultant to identify and plug system-wide loopholes at HBFC. “We’re soon going to have centralised, technology-based systems and controls to increase efficiency and eliminate leakages,” he said.

Unlike past many years, the company is expected to post a profit in 2014, according to Said. One of the major reasons for the expected positive bottom line in the current year is the massive reduction in the company's debt servicing costs after the conversion of SBP loans into equity.

Said said he is going to be singularly focused on the promotion of affordable housing, especially through financing for builders and developers. It means that instead of going to private banks for their liquidity needs, housing developers will have enhanced access to financing from HBFC.

In other words, HBFC will provide liquidity to both builders and purchasers of housing units. It will then be able to control risk and ensure better discipline on the part of housing developers, he noted.

"Financing the developer will mean greater influence for HBFC, which will be used for the promotion of affordable housing for low-income groups," he added.

HBFC's non-performing loans

HBFC's NPLs decreased 12.1% to Rs6.5 billion during the 12-month period ending on March 31, according to the latest SBP Housing Finance Review. About 53% of its total outstanding housing finance constitutes NPLs while its share in the industry-wide NPLs is over 40%.

These figures may sound huge at first, but they represent NPLs of HBFC since 1952 – the year it was set up as a social lending institution. In other words, not a single loan has ever been written off in HBFC's entire history for some inexplicable reason.

"Take my word. More than 50% of the balance sheet is bound to be affected if any financial institution follows the no-loan-write-off policy for so many decades," Said noted.

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Protective regime: Inputs and outputs – a glimpse from commanding heights

By Ali Salman

Published: September 22, 2014

ISLAMABAD:

The central planners of the defunct Soviet regime seriously believed that they could predict and plan the exact amount of inputs required by all sectors of the economy to produce the desired level of outputs.

They saw economic activity from a commanding height and issued detailed instructions to firms, all state-owned, for the desired level of production. Despite their splendid infrastructure and advanced technological breakthroughs, the Soviet business model miserably failed and the economic machinery licked the dust of history, leaving behind crony capitalism, corruption and highly skewed growth.

Once a world superpower, Russia today takes pride in being considered an emerging economy.

There are several institutions and policy-makers in Islamabad who still view economic activity from a commanding height. There is a central planning agency which maintains what is ostensibly called “Input-Output Coefficient Office”.

This office collects data of inputs required by hundreds of manufacturing firms, rations it, issues a permissible wastage level for thousands of products and defines a level of desired output. This function is boastfully run by what we know as the Engineering Development Board (EDB).

There is a 56-page document uploaded on the EDB website through which this government organisation defines an ideal ‘waste ratio’ of more than 1,000 manufacturing-related imported items.

It keeps the data and uses these trends to administer quotas for granting permission to the manufacturing concerns. This forces all engineering firms and manufacturers of the country in selected sectors to seek EDB approval for how much they can import.

On a typical day, one can witness senior business executives sitting in front of input-output coefficient officials, who have the audacity, or the bliss ignorance, to instruct the firms about the permissible level of imports.

When a business executive shares growth plans of his firm, requiring higher levels of import, the input-output coefficient officer would take previous year’s level of output as a benchmark. Indeed bureaucrats are trained by precedence and entrepreneurs are trained by future plan.

At the same time, this negotiation between the government official and business executive creates immense rent-seeking opportunities in which actual business decision-making is compromised.

EDB has no role to play

In order to fix this problem, at the very least, this input-output coefficient function should be immediately abandoned, and in the long run, the EDB must be abolished. Firms should be at complete liberty to import the inputs they need.

Such a demand is not being raised for the first time. Former deputy chairman of the Planning Commission, Dr Nadeemul Haque, is on record expressing his plans to at least curtail the discretionary powers of EDB.

According to Garry Pursell-Ashraf Khan study, out of the 1,006 products which the EDB lists as “locally produced”, 91% have only one producer, 4.5% have two producers and only 4% have three or more producers. This indicates a highly protective regime for these industries that has badly hurt the consumers, particularly in the auto sector.

To protect these industries, the EDB in liaison with different ministries is effectively involved in import licensing of inputs which are subject to a concessionary regime and in some cases prohibitive final product tariffs are used against import competition.

It is commonly believed that a major reason for failure of the central planning regime is its inability to accumulate, transmit and analyse complex information which market forces generate. Central planning failed in Russia and it continues to do Pakistan much harm.

Restricted imports

The rationing of imports not only protects selected industries, but it also hampers innovation, productivity and efficiency in firms. Managements of firms feel more secure on the desk of a section officer instead of concentrating in their workshops.

It is a norm in bureaucratic and media circles to place the blame for corruption and exploitation on the business firms. However, the opportunities of rent-seeking are created by the law. EDB has statutory powers to control levels of inputs and thus it is essentially a political decision.

On the other hand, business firms have an incentive in status quo instead of reforms. In this quagmire, larger economic surplus should become the criteria by considering the implications for the market as a whole instead of producers or consumers.

This will be a gigantic challenge for a government, which is considered pro-business, but not yet pro-market.

The writer is the executive director of PRIME Institute, an economic policy think tank based in Islamabad

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Core component: Water mismanagement set to drown country

By Saad Amanullah

Published: September 22, 2014

KARACHI: Water is one of the primary sustainers of life and ironically one of the scarcest resources in the country.

Unfortunately, despite possessing glaciers, Pakistan remains one of the world’s most water-stressed country.

Why is that? One simple conclusion is our failing water management strategies.

A further cause for alarm is the rapid rate of global warming. Nearly one-fifth of the glaciers in this region have disappeared over the last 30 years and in the next 20 it is expected that they will disappear completely.

Impact will be devastating as the entire population downstream depends on them for food, energy and cultivation.

Despite knowing that the sword is hanging over our heads, the administration and politicians continue to procrastinate.

At the time of partition, India had 344 dams while Pakistan had only 1. Today, India has 4,710 completed large dams and 390 are under construction, while Pakistan has only 143. To meet our current needs, we need over 500.

Pakistan's storage capacity today, which should ideally be around 1,000 days given its climate and resources, stands at a meagre 30-day supply.

Due to lack of water storage capacity, Pakistan loses 13 million cusecs every year into the Indian Ocean, which also creates huge devastation through yearly floods.

On the other hand, during periods of reduced water flow, seawater damages up to 100 kilometres of cultivable lands. Being a country where 90% of the water resources are used for agriculture, poor water management can be devastating.

Since the Indus Water Treaty (IWT) signed in 1960, India has taken undue advantage and has created more dams than allowed to worsen the water situation in Pakistan. It is reported that Pakistan deliberately did not show up at the last IWT dispute hearing at the International Court of Arbitration in Geneva, thus permitting India with the over construction of Kishanganga Hydropower project on river Neelum in violation of IWT.

Addressing the water crisis is necessary to ensure future economic development as well as the survival of the growing population. Global warming, climatic changes and regional politics further exasperate our situation.

Being an agriculture-based country, our food security continues to deteriorate since 2003; in 2014 we stood at 77th position among 107 on Food Security Index. Food security is inadequate in 61% of the districts. Pakistan's economic and social stability depends on how well we can overcome this imminent water crisis before it is too late to do anything.

We need to appoint qualified and trustworthy people to protect and guard Pakistan water rights as envisioned in the IWT. Bottomline, we desperately need a comprehensive yet sustainable strategy to cope with this life-threatening challenge to our very existence.

The writer is associated with the corporate sector

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Status quo: Central bank leaves policy rate untouched

By Our Correspondent

Published: September 21, 2014

KARACHI:

In line with market expectations, the State Bank of Pakistan (SBP) on Saturday kept the policy rate unchanged at 10% – a decision based on what the bank said were "stable macroeconomic conditions" after July.

The policy rate – which is announced every two months – is the interest rate at which commercial banks borrow from the central bank's discount window. The central bank uses this tool to control inflation by changing the level of money supply in the economy.

According to a statement issued by the SBP, stable macroeconomic conditions were most visible in the headline inflation that dropped to 7% on a year-on-year basis in August, which is the lowest level since June 2013.

The SBP expects growth in real economic activity to continue in 2014-15, with the shrinking budget deficit, contained government borrowings and an improved debt profile.

Speaking to *The Express Tribune*, Standard Capital Securities Equity Research Analyst Rajesh Kumar Maheshwari said the decision to keep the policy rate on hold would not have any significant impact on the market. However, it would be largely positive for the banking sector, he added.

According to the SBP, the declining inflation was broad-based since both measures of core inflation – non-food non-energy and trimmed mean – also decelerated year-on-year to 7.8% and 7.14% in August respectively compared to 8.7% and 7.9% in June.

Noting that the future path of inflation matters more for the monetary policy decision, the SBP said the current outlook of around 8% average CPI inflation for 2014-15 might change adversely if electricity subsidy was cut and gas infrastructure development cess was levied.

It noted that real economic activity started to show signs of revival in 2013-14 after recording a low growth since 2008. "Continuation of the current growth momentum primarily hinges on agriculture production," it said.

"This is because large-scale manufacturing (LSM) growth might remain constrained due to continued energy shortages, reduced production capacity of independent power plants, low supply of gas to fertiliser plants, lower domestic and international prices in the sugar sector and higher inventories and slower export growth prospects in the food and textile sectors, respectively."

The SBP is of the view that trade gap is going to dominate the composition of external current account deficit, even with a healthy growth in worker remittances. Declining private capital inflows, foreign direct investment in particular, would present continued challenges in managing the balance of payments position.

"In this regard, realisation of expected privatisation proceeds and issuance of dollar-denominated eurobond and sukuks would be important."

The SBP also noted that the ongoing political impasse, delay in finalisation of the fourth IMF review and heavy rains and floods threatened the nascent recovery in economic activity.

The first two would weigh more on private capital inflows, the SBP said, adding floods could potentially disrupt the output and supply chain of perishable food items, which challenges an otherwise benign inflationary outlook.

Besides having implications for economic growth, floods could also create macroeconomic imbalances by putting pressure on fiscal and external sectors, the SBP said. "Moreover, supply of loanable funds in the credit to private-sector market may also be adversely affected, at least initially."

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Higher UFG level: ECC seeks views on shifting Rs49b burden

By Zafar Bhutta

Published: September 21, 2014

ISLAMABAD:

The Economic Coordination Committee (ECC) has directed the petroleum ministry to seek views on the impact of the proposed shift of Rs49-billion burden onto gas consumers on investigations into the Ogra scandal being conducted by the National Accountability Bureau (NAB), sources say.

Earlier, the ministry had sought general opinion, but the economic decision-making body of the cabinet asked it to come up with specific views about the effect on the NAB probe into an old scam at the Oil and Gas Regulatory Authority (Ogra).

NAB, which revealed in the Supreme Court a Rs82-billion scam, has reduced its size to Rs26 billion in a reference submitted to the National Accountability Court.

Following an increase in the unaccounted-for-gas (UFG) ceiling, which covers theft and leakage, from 5% to 7% by Ogra, then headed by Tauqeer Sadiq, the state-owned gas transmission and distribution firms earned an additional Rs49 billion. NAB, however, termed it a scam.

The Ministry of Petroleum and Natural Resources is proposing fresh policy guidelines, suggesting that gas consumers should bear the burden of Rs49 billion, otherwise the utilities will collapse financially.

However, the Finance Division argues the ministry's plan should not come in the way of investigations into the Ogra scandal.

The ECC, in a meeting held `on the summary tabled by the petroleum ministry and asked it to bring the document again after re-examination.

In remarks submitted to the ECC, the Finance Division pointed out that the petroleum ministry and Ogra should ensure that the provisional arrangement proposed in the summary would not violate the judgment of the Lahore High Court in the matter and also would not adversely affect NAB investigations.

The ECC now wants the opinion of the law ministry before taking any decision on the policy guidelines to be issued to the regulator to pass on the multi-billion-rupee burden to the consumers.

A senior government official pointed out that the socio-political programme of the government that provided gas to untapped villages had increased the ratio of retail consumers compared to bulk users. "This has caused an increase in UFG levels."

Apart from this, he added, the law and order situation had also its effects and if the government did not bail out the distribution companies, they would collapse financially.

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Fruits and vegetables: Russian officials agree to support Pakistan's exports

By Our Correspondent

Published: September 21, 2014

KARACHI: Pakistani fruit and vegetable exporters have announced that Russian quarantine officials have agreed to support their companies in an attempt to increase exports to the country.

This was stated by the exporters after they returned from an exhibition in Russia.

Both parties also agreed to sign a Memorandum of Understanding (MoU) to help keep track of their activities, while the Russian government official also said that a visit to inspect facilities in Pakistan would also be made.

A group of 20 exporters went to Russia this week to participate in the 23rd 'World Food Moscow', Russia's premier international exhibition for the food and drink industry, where participants from 70 countries took part.

"We informed the Russian officials about the progress Pakistan had made in improving the quality of its fresh food exports to the European Union (EU)," said PFVA Co-Chairman Waheed Ahmed. "They were also informed how Pakistan Fruits and Vegetables Association (PFVA) successfully avoided the looming ban from the EU on fruit and vegetables exports. "Now that they have seen that Pakistan is following the protocol to increase its fresh food exports, they will visit to explain local companies about the Russian quality requirements."

Shedding more light on the MoU, Waheed said it would help Pakistani exporters resolve export-related issues promptly and pave the way for a greater share in the Russian market where doors have been closed for the EU, US, Australia and Canada.

"Improved trade relations with Russia would also benefit the whole chain including farmers, traders and definitely exporters," Waheed said.

A delegation, led by Waheed, also had a fruitful meeting with the Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rossellkhoznadzor) Head Alexander Isayev.

According to fruit and vegetable exporters, lack of understanding and collaboration between Russia and Pakistan on quarantine protocols has often created problems for Pakistani exporters. Despite huge potential, Pakistani exporters have been unable to overcome their shortcomings.

Pakistan's noticeable exports to Russia are kinnow (mandarin) and potato while some other fruits and vegetables are also sent to Russia but in small quantities.

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Gunned down: Three friends killed at breakfast, one injured

By Our Correspondent

Published: September 22, 2014

KARACHI: Three friends were killed in a targeted attack in District Central while a man was shot dead in Lyari on Sunday.

The friends were shot dead when armed motorcyclists opened fire at them in Hussainabad within the limits of Azizabad police station. Another friend of theirs and a hotel employee were also injured in the firing.

They were having breakfast at the Bismillah Lasani Lahore Hotel when the firing happened. They were taken to the Abbasi Shaheed Hospital where Imran Karim, 27, Sajid alias Mastana and Naveed Anis were pronounced dead. Their friend, Bilal, is being treated for his injuries at the hospital.

Witnesses said that at least four men on two motorcycles were responsible for the attack. “The men were busy having their breakfast at the hotel when the assailants opened fire at them,” said the witnesses. “The assailants were four young men but only two of them opened fire at the deceased.”

Police officials said that the two of the three people – Imran and Sajid had criminal records. “Basically, these two were expelled from a political party,” claimed Azizabad SHO Asimur Rehman. “They were working with extortionists such as Ali and Ghulam Patni.” The officer added that the police was looking for the criminal record of the two other men. A case has been filed and an investigation is being carried out.

Separately, an unidentified young man was gunned down in Lyari. Police officials said that unidentified men kidnapped and shot him. The body was moved to Edhi morgue in Sohrab Goth for identification after the medico-legal formalities were completed at Civil Hospital, Karachi.

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Democratic devolutions: Experts stress need for more provincial autonomy

By Our Correspondent

Published: September 22, 2014

KARACHI: Political and economic experts believe that provinces will progress and become stronger, both politically and economically, if more autonomy is granted to them by the centre.

Speakers at the two-day workshop, ‘Consolidating Democratic Devolution in Pakistan’, organised by the Forum of Federations at the Pearl Continental Hotel on Sunday, said that the on-going issues would only be resolved if provinces were stronger.

Unfortunately, politics has divided people in Pakistan,” lamented Prof Syed Jaffar Ahmed, director of the Karachi University’s Pakistan Study Centre. He said that secular and nationalist forces in Balochistan and Sindh were also struggling for provincial autonomy.

Prof Ahmed also spoke on certain sections of the Constitution, claiming that if all citizens were equal before the Constitution, why was a non-Muslim not allowed to become the prime minister or president of the country. “There is no chance a non-Muslim will catch a bigger slot as about 97 per cent of the population is Muslim.”

Speaking about the benefits of the 18th Amendment, he said that Punjab was now generating more revenue than ever before. He stressed for the capacity building of officials of provinces and the centre, adding that the amendments were not being implemented completely even now.

Speaking about the importance of fiscal management, Dr Ikramul Haq, an advocate of the Supreme Court and an international tax counsel, said that financially stronger provinces were in favour of a stronger Pakistan. “The provinces should generate their own funds,” he urged. Dr Haq lamented that people [business community] were ready to pay indirect taxes, such as extortion, but do not wish to pay direct taxes.

“Canada has several similarities with Pakistan,” said Dr Rachel Laforest of the Queens University, Canada. “It is diverse, ethnically and culturally, like Pakistan,” she said.

Speaking on the importance of negations between the centre and provinces and among provinces, Dr Laforest said that the process of dialogue should be continued.

“Federalism is a dynamic process,” she explained, adding that inter-governmental machinery is an importance space for dialogue and deliberation. “The implementation of decentralisation may require flexibility and asymmetry.”

Dr Laforest stressed that provincial leaders must meet each other and share as it would enhance their capacity. “The civil society groups are important mediating structures between the state and citizens,” she added.

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Money matters: Nine years on, Badin’s thalassemia centre plagued by financial crisis (Karachi city)

By Z Ali

Published: September 22, 2014

HYDERABAD: The only thalassemia centre in the lower Sindh region has been constantly under dire financial constraints ever since its inception around nine years ago. This has inevitably had an adverse effect on the quality of healthcare it offers its patients.

The 16-bed daycare Badin Thalassemia Care Center, inaugurated in June 2005, is providing health services to patients from around half-a-dozen adjoining districts. It currently has over 500 registered patients receiving free healthcare, including medicines.

Between 25 to 30 patients receive blood transfusion daily, while the outdoor patient department sees to between 25 to 40 patients, according to the centre’s in charge Dr Muhammad Haroon Memon.

Since its inception, the centre has been running on special grants from the finance department. It received a sum of Rs20 million during the last fiscal year and the same amount is expected for the budget year, 2014-15.

"The grant is released quarterly in equal installments," Dr Memon told *The Express Tribune*. However, like several times in the past, the grant for the July-September quarter has still not been given to the center, which employs around 25 people.

The financial constraint has not only resulted in the non-payment of salaries to the 22 contract staff members for two months, the shortage of blood bags and medicines has begun to affect the quality of healthcare too.

"I have brought my son twice to the centre for blood transfusion but there is a shortage of blood bags," says Sharifan Bibi, a resident of Jhok Sharif in Thatta district. She was told that due to financial constraints, they could not arrange the blood group required for her son.

Most thalassemia patients require transfusions every two to four weeks. Many patients at the center, however, are reportedly receiving belated transfusions.

The patients treated for iron overload, which causes accumulation of iron in vital organs resulting in several critical health conditions, are also encountering delays. "I have spent Rs2,000 on transport but the medicine to reduce 'solid material' in my son's blood is not available," claimed Wali Nohrio, a resident of Tharparkar. According to him, he has been asked to revisit the center after a few days, when the drug will hopefully be available.

The center's Dr Almas Junejo said that most of these patients are given Desferal vials, which are administered via intravenous infusion pumps. She added that though the centre has managed to save some stock, it is not enough to meet the quantity of patients who require the dose.

What needs to be done

The Sindh government will have to pass a bill in the provincial assembly to give the centre the status of a government health facility. This move will also get an annual budget sanctioned to the center. Dr Memon says they have been assured time and again by MPA Dr Sikandar Mandhro, and MNA Dr Fehmida Mirza, both of whom belong to Badin, in this regard. However, no initiative has been taken so far.

The status will also regularise the services of the contract staff who have been working without an adequate salary and other allowances. A sum of between Rs2 to Rs2.5 million is annually spent on the staff's wages.

Currently, the centre cannot even afford fuel for the power generator and the ambulance which is mostly used to shift the more critical patients to Karachi. The medicines are purchased each quarter by a committee constituted by the district health department.

"The center's budget sanction and regularisation of the staff is overdue. The more we delay, the more it will affect the quality of health services we are offering in an underdeveloped semi-urban city," said Dr Memon.

According to him, the centre is the sixth in Pakistan to have a genetic laboratory, which was established in December 2013 with the help of MPA Dr Sikandar Mandhro's special grant.

The centre also has 60 registered patients suffering from sickle-cell anaemia and another 20 suffering from haemophilia.

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Exploitation of farmers: SCA asks for crop procurement rates

By Our Correspondent

Published: September 22, 2014

HYDERABAD: The Sindh Chamber of Agriculture (SCA) urged the provincial government to announce the procurement rates of the four major crops – sugarcane, wheat, rice and cotton – by early August every year during a meeting on Sunday.

“Doing this will remove uncertainty among the farmers, who suffer at the hands of the mills and traders exploiting the belated announcement of the crop prices,” said SCA president Dr Nadeem Qamar.

Farmers’ representatives attended the meeting from Hyderabad, Karachi, Sukkur, Ghotki and Sanghar via video links. They regretted that despite having promised a rate of Rs3,200 per maund for cotton and Rs1,000 per maund for a particular variety of rice two months ago, the government had still not issued an official notification of the rates.

“The growers are consequently being forced to sell cotton at the much lower rate of Rs2,400 per maund, and rice at Rs900,” said Qamar.

The SCA also pointed out that the provincial government had announced that the growers would be given solar tube wells in its budget for 2014-2015. However, they complained, the government had not yet taken any initiative in this regard.

The farmers requested the government to provide at least 10 solar tube wells in each of the 25 districts of Sindh during the ongoing fiscal year.

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Disaster averted: Fire interrupts movie show at cinema

By Our Correspondent

Published: September 22, 2014

KARACHI:

A small fire erupted at the Atrium cinema, creating panic during the film screenings at the mall in Saddar on Sunday.

"We were watching the movie when the lights suddenly went off and we could smell something burning," said a person who was present at the cinema. "The staff, however, managed to systemically evacuate the people." He added that the cinema's staff, along with the security personnel immediately responded and no one was injured in the incident.

Speaking to *The Express Tribune*, the cinema's floor in-charge said just as the show of movie 'Dukhtar' was about to end, a small fire erupted in the generator room. He maintained that the situation was quickly brought under control and no one was hurt during the incident. The Edhi control also confirmed his version, adding that the cinema staff managed to douse the fire on their own.

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Encounters and arrests: Two gang members shot dead

By Our Correspondent

Published: September 22, 2014

KARACHI: Two alleged gang members from Lyari were shot dead while over half a dozen suspects, including gangsters, were apprehended during targeted raids on different parts of the city on Sunday.

The two gang members were killed in an alleged encounter with the Rangers in Lyari. The encounter took place when the Rangers conducted a raid at the gang's hideout in Rangiwara, Lyari. The Rangers initially faced resistance from the gang members but started retaliating with full force. According to the Rangers spokesperson, two of the gang members were killed in an exchange of fire. The bodies were taken to Civil Hospital, Karachi where they were identified as Aziz alias Chawwani and Zakir alias David. The Rangers claimed that the men were affiliated with the Mullah Nisar group which works with the Uzair Jan Baloch group in Lyari. They added that the deceased were involved in several target killings, extortion and kidnapping cases. One of their accomplices was also arrested.

Four other alleged gang members were arrested in raids conducted in Musharraf Colony. The Rangers spokesperson said that the arrested men belonged to gangs in Lyari and were involved in several criminal cases.

A gang member was also arrested during a raid in Macchar Colony, Mauripur after an exchange of fire. The police said that Shah Alam was involved in many criminal cases.

Two suspects identified as Imran and Zulfiqar were arrested by the Surjani police. The police officials said that the accused were involved in target killings and seized weapons from their possession.

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Debate: Where does Karachi need more high-rise buildings?

By Mahim Maher / Creative: Jamal Khurshid / Creative: Omer Asim

Published: September 22, 2014

KARACHI:

Karachi needs more vertical expansion, declared former president Asif Zardari in 2012. He wanted it to be easier for builders to get permission to construct high-rises in Karachi and across the province. The reasoning was that high-rises would jumpstart economies.

He wanted more work done based on a new law, the Sindh High Density Development Board Act, passed in 2010. The new law declared a major part of Clifton a high-density zone up to the Mauripur waterfront. Before the law was passed, the Sindh government asked many urban planning experts to give their recommendations. Few, if any, were incorporated.

Just to give you an idea of the government's intentions look at the people who sit on the High Density Development Board: the governor, the chief minister, the local government minister, the chief secretary, secretary for local government, the nazim and EDO concerned for the area in question, and the director-general of the Sindh Building Control Authority. Not a single town planner or urban planner is on the board. The late Ardeshir Cowasjee wrote about this extensively in an article titled, 'Castles of Dung Heaps', in 2011.

Is it enough to have a new density law? What about the Karachi Building and Town Planning Regulations of 2002? Shouldn't the Sindh Building Control Authority be deciding Karachi's policy on vertical growth? Is density the only concern when planning ahead for our cities?

After experts Roland deSouza of NGO Shehri and architect Arif Belgaumi gave a public presentation critiquing the new law, which *The Express Tribune* published on July 8, a debate was started by Lahore-based urbanist Ahmad Rafay Alam. In the second installment of this five-part series, we bring him together with two urban experts to ask whether Karachi needs more high-rise buildings or density and if so, how and where.

DAY 2

Rafay Alam

Lawyer, environmentalist and activist

The [Sindh High Density Development Board Act, 2010] does appear to give far too much importance to this one factor—density—which appears to be one of the problems with the law. Cities are concerned with other things too. Not just density. There should be setbacks (the distance which a building is set back from the street, scales, utility services, pedestrianisation, retail and so on. Density on its own is no way to plan a city.

But what if density was made one of *several* considerations in granting planning approval? What if the regulation of the law was given to a more representative authority? Would the law be better then, or is just bad?

Arif Hasan

Architect & planner, activist, teacher, social researcher & writer

It depends on what constitutes a more representative authority. The local government experience of Karachi has not been a good one. Would the law be better then, or is just bad? You can make whatever law you want but unless you can make land available at appropriate places for low-income residents of the city, the disturbing unequal densities between high- and low-income settlements will remain and increase.

At the same time, you will have to raise densities for high-income areas. This can be done by a land ceiling act but the market mantra does not permit it. In many countries neoliberal politics have done away with such laws. Such a law existed in India, it never really worked. They have also done away with it.

Arif Belgaumi

Practising architect and teaches architectural design at the Indus Valley School of Art and Architecture

It is highly unusual, perhaps unheard of, to draft a law addressing a single aspect of urban development as an end in itself. The law reads that, "It is expedient to provide for creation of a High Density Development Board…" Perhaps the word expedient is the most appropriate word to use here. Laws are usually created to address a need or a problem and all possible solutions to that problem are allowed to remain available for consideration.

This is a highly unusual law that is written to promote a singular solution to urban development. The issue of density needs to be seen in the context of the overall vision for the city. What kind of city do we want to live in? That question should be the constant quest for a representative expert authority. That authority can define the need for density and the extent to which it needs to be pursued. The issue of density is not within the purview of a building regulatory authority but rather the responsibility of a central master-planning and zoning authority. Currently, in Sindh, every municipal jurisdiction is implementing its own zoning and building regulations.

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Red and green: PTI supporters look for change

By Our Correspondent / Photo: Athar Khan

Published: September 22, 2014

KARACHI:

Rehana Naz, 38, travelled all the way from Taleemi Bagh, changing three buses and walking for half an hour to hear the promises Pakistan Tehreek-e-Insaaf (PTI) chief Imran Khan had to make to the people of Karachi at Bagh-e-Jinnah

"I have come here to find out what tabdeeli (change) Imran Khan has in mind for us," said Naz, with hope in her eyes. "I want to ask him what tabdeeli Karachiites will see if Prime Minister Nawaz Sharif resigns."

Disillusioned with the country's situation, the promise of change is what many of the thousands of people who turned out for the PTI rally at the Mazar-e-Quaid came for. Dadabhoy Nauroji Road and New MA Jinnah Road overflowed with cars, buses and motorcycles as PTI supporters thronged towards the venue to see and hear their leader and to register their protest against Nawaz's government.

Dozens of young men clambered up the trees near the stage from where Imran and other party leaders were delivering their speeches, trying to get a good view of the PTI chief. One tree became so overloaded with red-and-green-clad PTI supporters that it toppled over; luckily, no one was hurt.

Those who were a bit further from the stage craned their necks and swarmed up against the people in front of them, held back by PTI security teams and iron barriers. So great was the crowd that a container set aside for media cameramen and photographers was hard to reach.

PTI Karachi committee member Aftab Jahangiri and senior party leader Ashraf Qureshi pleaded with the participants of the rally to step back from the stage and the poles supporting the disco lights. "Please move away from the poles and the sound system or they will stop working," Jahangiri requested from the stage. "Security, please push people back from the lights and the sound system." Ladies made themselves comfortable on the right side of the road, while the men moved to the left. From People 's Chowrangi to Guru Mandir and Teen Hatti, a sea of red and green stretched as far as the eye could see, with almost everyone present waving a party flag or sporting caps, face paint or stickers of 'Go Nawaz Go'. DJ Butt played Sindhi singer Ahmed Mughal's Jea Sindh Jea Sindh Wara Jean, rousing the crowd to fever pitch.

Scores of policemen armed with batons, AK-47s and MP-5s guarded the rally while PTI volunteers checked all those who entered the venue. Two police sniffer dogs, a Labrador and a German Shepherd, were tied to the grills of Mazar-e-Quaid behind the stage, panting after a day spent sweeping the area with the bomb disposal squad. When the security personnel went off for lunch, some of the rally's participants tossed pebbles and wrappers at them.

"I am tired of watching the faces of the same rulers," said 66-year-old Abdur Rasheed, a resident of Qasba who drove to the rally on his 1980 model motorcycle. A popcorn seller, Rasheed quit a political party and joined PTI after Imran's rally at the same venue in December 2011.

Electrical engineer Amjad Ali sat in his wheelchair on the men's side, having driven from SITE Two on his four-wheeled motorcycle. "I am here because I agree with Imran's ideology and thinking," he said, explaining his presence at his first ever political rally. "There are flaws in our system, but if we get sincere leaders, we can perform marvels."

Ali was paralysed in a bomb blast at an imambargah in Peshawar's Qissa Khawani in 2007, and came to the rally with his wife Razia and little daughter Aima Zehra. "Imran Khan is the only hope for our country," he said. "Even Musharraf, a dictator, was better than the present government of Nawaz Sharif."

Cricketer Mohsin Hasan Khan told the participants that they would free the country from corrupt rulers. "Imran is my friend," he declared. "He worked for our cricket and now he is working for our country." As he spoke, the slogans started up again and he joined in too, shouting 'Go Nawaz Go'.

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Voices heard: Govt concedes to Hindu demands

By Press Release

Published: September 22, 2014

KARACHI:

The Sindh government has finally lent an ear to the demands of the Hindu protestors who gathered outside Karachi Press Club on Saturday to protest the killings of the Umerkot traders.

The demonstrators, led by parliamentarians such as Pakistan Tehreek-e-Insaf's Lal Malhi and Pakistan Muslim League – Nawaz's Ramesh Kumar, and representatives of the Hindu Council, gave an ultimatum to the government of one hour to negotiate with them.

Lengthy discussions followed between the representatives of the Hindu community and the provincial government. All demands of the protestors have been accepted.

Hindus were assured that Sanaullah Abbasi's inquiry report will be shared with the affected families on Monday. If the families express dissatisfaction on this report, a judicial inquiry will be requested as an alternative arrangement. Also, the government agreed to set up an inquiry under a reputable police officer if the judicial commission was not formed.

It was announced that the sitting SSP will be sent on leave. Moreover, compensations will be paid to the victims' families within two weeks. The government agreed to set up a Citizens Police Liaison Committee in Umerkot in compliance with the demands.

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OPEN MARKET FOREX RATES

Updated at: 22/9/2014 7:14 AM (PST)

Currency	Buying	Selling
Australian Dollar	91.6	91.85
Bahrain Dinar	270.75	271
Canadian Dollar	93.35	93.6
China Yuan	16.55	16.7
Danish Krone	17.6	17.75
Euro	132.25	132.5
Hong Kong Dollar	13.05	13.15
Indian Rupee	1.66	1.68
Japanese Yen	0.972	1
Kuwaiti Dinar	357.25	357.5
Malaysian Ringgit	31.4	31.65
NewZealand $	83.5	83.75
Norwegians Krone	15.95	16.1
Omani Riyal	265.25	265.5
Qatari Riyal	27.75	28
Saudi Riyal	27.25	27.5
Singapore Dollar	80.5	80.75
Swedish Korona	14.2	14.35
Swiss Franc	109.5	109.75
Thai Bhat	3.15	3.17
U.A.E Dirham	27.85	28.1
UK Pound Sterling	167	167.25
US Dollar	102.7	102.95

INTER BANK RATES

Updated at: 22/9/2014 7:14 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	91.77	91.94
Canadian Dollar	93.49	93.67
Danish Krone	17.78	17.82
Euro	132.38	132.64
Hong Kong Dollar	13.21	13.24
Japanese Yen	0.9376	0.9394
Saudi Riyal	27.3	27.36
Singapore Dollar	80.75	80.91
Swedish Korona	14.46	14.48
Swiss Franc	109.69	109.91
U.A.E Dirham	27.88	27.93
UK Pound Sterling	168.86	169.19
US Dollar	102.4	102.6