

## Opposition, MQM slam Centre for oil price hike

### RECORDED REPORT

KARACHI: The Muttahida Qaumi Movement (MQM) on Monday said the GDP-growth crisis federal government should achieve its Rs 1,398 billion revenue target through slashing the non-development expenditures, imposing direct taxes and reviewing its fiscal policy and budget instead of taking IMF-dictated measures like increasing petroleum prices by 5 to 9 percent.

The remarks came from MQM's parliamentary leader in Sindh Assembly Sadiq Ahmed while commenting on the opposition-backed adjournment motion demanding the federal government to "immediately control the increasing prices of petroleum products".

Nusrat Sehar Abbas of PML-F under Rule 71 moved the motion that termed the recent 5 to 9 percent "massive" rise by Ogra in petroleum products a "petrol bomb" on the inflation and poverty-stricken masses.

In her speech, the PML-F lawmaker requested the federal government to review the price hike decision, which, she said, should be made through the parliament and not Ogra.

Deputy Speaker Shehla Raza saw red when treasury members Rafique Engineer and Bachal Shah took the floor in a bid to stamp the opposition member during her speech. Though very rare in a reconciliation-driven Sindh Assembly the move put on defensive the treasury members, who wily-nilly put their weight behind the issue of public concern with lots of ifs and buts.

Whereas other MQM lawmakers like Hoor Jinnat Sobro, Abdul Meed and Amir Khan adopted a diplomatic posture in supporting the people's friendly motion, Sadiq Ahmed bluntly criticised the past successive governments, including that of his former ally Pervez Musharraf, for focusing a GDP-growth and ad-bocum based policy approach that had widened socio-economic inequalities in the resource-rich country.

"From 1947 to 1955 we were running on ad-bocum with no fiscal policy since 1955 we are lacking a five-year plan and running after GDP growth, which is not a solution to the masses' problem," he recalled.



KARACHI: Provincial Minister for Local Bodies, Agha Saqib Tarsoom addressing at Sindh Assembly session, here on Monday. —Recorder photo.

According to Ahmed, the February 18 elections' result had proved that "the people want change... now we have to see if we are bringing major changes in our fiscal policy".

The MQM leader felt no reluctance to acknowledge that PPP's founding leader Zulfikar Ali Bhutto was the first to bring change aimed at reducing economic inequalities, but soon after his tenure the old bureaucratic practices were adopted.

"We are still under the enslavement of the IMF on whose suggestion we increased the prices (of petroleum products) to achieve the Rs 1,398 billion revenue target," he observed.

He proposed that the measures like reduction in non-development expenditures, converting the recent increase into subsidy, reviewing the fiscal policy and budget would help government achieve its fiscal targets and avoid such unpopular decision.

The MQM's lawmaker also flayed Islamabad for increasing the number of indirect taxes like sales tax, excise, custom duty etc, instead of direct ones, which he believes, would impact all segments of the society equally.

Law Minister Ayaz Soomro nodded when the MQM leader urged the need for bringing the budget to the provincial assembly for review.

The PPP legislators, including Shamim Aza Phanswar, Dr Sankar Munde, Shazia Mari, Makhdoom Jamiluz Zaman, Anwar Mehar, Bachal Shah, Ayaz Soomro and Pir Mutharraf Haque defended their side though underlining various people-friendly programmes of the PPP.

## KSE invites bids for membership rights

### RECORDED REPORT

KARACHI: Karachi Stock Exchange (KSE) has invited bids for the purchase of membership right/seats of the exchange from the eligible individuals and corporate bodies, financial institutions and banks (local & foreign).

In a notice issued here on Monday, the KSE said that any offer if accepted would be subject to the terms and conditions and the membership criteria of the exchange.

Any company or individual who fulfills the criteria and wants to take benefit of dematerialization may send bid(s) under sealed envelope marked as "Bid for Membership Rights" addressed to the Managing Director of the exchange latest by February 22, 2010 up to 5pm along with pay order for advance payment of 10 percent against the amount offered and drawn in favour of Karachi Stock Exchange (Guarantee) Limited. In case of non-acceptance of the offer, such amount would be refunded.

The applicants selected for the membership will have to pay the balance amount of their bid within 5 working days from the date of demand by the exchange, failing which the advance payment will be forfeited by the exchange.

## UBL Funds management quality rating upgraded

### RECORDED REPORT

KARACHI: JCR-VIS Credit Rating Co. Ltd. (JCR-VIS) has upgraded the Management Quality (MQ) Rating of UBL Fund Managers Limited (UBL Funds) from 'AM2' (AM-two) to 'AM1' (AM-one). Outlook on the rating is 'Stable'.

The rating upgrade takes into account the improvement observed in both the qualitative and quantitative parameters underpinning the management quality rating assessment.

Over time, UBL Funds has strengthened its organisational structure, adding both breadth and depth to staff and enhanced level of investment controls. The size and capabilities of risk and research staff has also been improved, providing support to the investment management function.

The management has envisaged the implementation of Global Investment Performance Standards (GIPS) during the on-going year.

In terms of the company's ability to manage different asset classes, the results have shown some degree of variance. Performance of funds with equity exposures has trended upward relative to peers, though some of this has also been contributed by the international exposures assumed by the funds. So far, international exposures have been taken by way of investment in mutual funds only and the company is largely reliant on secondary research resources.

Expertise in this area is also being developed in-house, alongside. In the fixed income category, the choice of assets has not been consistently superior fixed income research capabilities have nevertheless shown some maturity over time.

The company has six funds under management, including one closed-end scheme, with cumulative AUMs of Rs. 25.28 at November-09 end, translating into market share of 10.7 percent.

As is true for most industry participants, the funds feature high level of unit-holder concentration. The recent spate of events in the market has brought associated risks to the forefront and this is now actively discussed at Investment Committee level. The company has plans to enhance its geographical presence to increase retail penetration. So far, UBL and its affiliates are one of the largest investors in funds under management.

Placements by the funds with UBL were however limited. Furthermore, the company, by policy, does not enter into back-to-back arrangements with its clients.

The asset management industry has undergone significant stress over the past one and a half years and recovery in terms of fresh inflow of funds may remain slow. Furthermore, issues with respect to pricing of corporate debt instruments and lack of liquidity in the market also remain a source of concern. —PR

## How deep is corruption in Pakistan

# Some Rs50bn shared by 250 customs officials per year

### RECORDED REPORT

KARACHI: How deep corruption has seeped into Pakistan's revenue collecting departments can be judged from the fact that Rs 50 billion in the customs department alone is shared among 250 officials, which comes to an average of about Rs 200 million per person per year.

These figures have been queried by customs and Federal Board of Revenue (FBR) officials themselves on various occasions in the recent past, according to stakeholders here. In reality, more money flows to the higher ranks, indicating that collectors and Members of FBR are the main beneficiaries.

In its recent audit report Pakistan Automated Customs Computerised System (PaCCS) has strongly recommended continuation of the system as well as its rollout in other terminals after making necessary changes in the system, but some elements in the FBR appear to be delaying recognising this state-of-the-art system.

The biggest impediment in the way of implementing the system, according to stakeholders, appears to be corruption, which is only possible in an environment where two critical elements co-exist. One is the tax collectors' huge discretion which enables them to either collude with the corrupt elements and share the loot, or where they can raise frivolous objections against anybody and everybody. Unless the tax collectors are paid, work is delayed, or refused, causing great financial damage. Secondly, where the tax collectors could come in contact with the taxpayers so

that 'negotiations' are possible.

If either of the two features, i.e. discretion or contact between the taxpayers and tax collectors is removed, the circle of corruption collapses.

PaCCS does both. It creates an automated web-enabled environment, which means that all Customs laws, rules, tariffs are directly built into the computer, and the computer is directly connected to various stakeholders like banks, terminals shipping lines, Customs, FBR, importers and exporters, State Bank of Pakistan, etc.

Because record is electronic, it cannot be destroyed, lost or burnt, and since there are no paper files, no individual file can either be delayed or expedited, or treated in a manner that differs with the law. This feature of PaCCS, i.e. First In First Out (FIFO), electronic record is backed up by automation so that the machine could do a lot of the work itself, or will not clear a consignment where duties have not been deposited in the bank, etc. Removing the discretion of the Customs officials makes all their deeds transparent and subject to post event scrutiny which obviously Customs does not do this.

Stakeholders explained that importers and exporters, or their agents, do their work from home over the internet in PaCCS, and never visit the Customs House or meet any Customs official. Taxpayers don't know the tax collectors, and the tax collectors don't know the taxpayers, as the system hides the identity of both and requires that decisions be made in per law and not on the basis of who is who. If someone has done something wrong the system requires that action

under the law be taken and not that tax collectors should take personal bribes and ignore the violation, the loss of contact with the taxpayers is reserved by Customs officials since they cannot negotiate with someone who is not there.

An idea of customs stakes could be had from its working. Customs handles around 2 million containers every year. Corruption takes two forms—Collusion and Speed money. Collusion is where Customs official actually participates with the importers or exporters in advance; duties and taxes are evaded and or import and export restrictions are waived. Examples are consignments of scrap and smuggling of alcohol in the country. In such cases the shipments are planned and the profits are shared. Customs accurately knows when and what will be coming and ensures that it is safely cleared. Like consignments of scrap actually do not have scrap and containers of alcohol are declared as something legal and cleared.

PaCCS is automated, so the computer automatically stops consignments that are considered risky, and automatically assigns consignments on 24x7 basis to any available official who has less work load at the time. Since the machine is totally unpredictable, customs does not have the discretion of selecting their favourite officials, which makes collusion under PaCCS very difficult.

The other way is Speed money. Since Customs gets over 2 million containers each year and the average per day demurrage on a container is about Rs

6000, if a container is delayed for a few days by Customs on any excuse the importer or exporter has to undergo losses in thousands or hundreds of thousands, specially where ships are missed.

How the structure is organised. Each collectorate of Customs is headed by a collector (BPS 20). The collector appoints about 15 people, depending on the size of the collectorate as principal appraisers (BPS 16). These officials head the 10 customs groups for assessments and other key positions like examination areas. Each post is negotiated with the collector by the principal appraiser (PA) for monthly payment.

The principal appraisers head the appraisers and the examiners and monitor each consignment on daily basis and every day the appraisers and examiners close the accounts with the PA. The PAs disburse the money on weekly basis. Some small amount goes to the Assistant Collectors/Deputy Collectors (ACs/DCs), roughly about Rs 100,000 to Rs. 300,000 per week, depending on the connections and capability of the officers. The Additional Collectors get from Rs 300,000 to Rs.500,000 per week, while the lion's share goes to the collector who gets from Rs 2,000,000 to Rs 5,000,000 per week.

PaCCS being an automated web-enabled system does not have a group system; it doesn't even have the collectorates, because people from all over the country file declarations over the web and there is no distinction of either groups or collectorates.

## JPMC chief protests against LEAs' failure

### RECORDED REPORT

KARACHI: Prof Tasnim Ahsan, Executive Director, Jinnah Postgraduate Medical Centre, has strongly protested against complete failure of crowd control by the law enforcement agencies, which seriously endangered the lives of the staff and the injured patients.

A statement issued here, while expressing grief, said that the staff of JPMC was saddened by the mass casualties as a result of the bomb blast at Nursery, and subsequently at Jinnah Postgraduate Medical Centre.

"We express our condolences with the bereaved families, and express our heartfelt sympathies with the injured patients."

"We also express our gratitude to all categories of staff of JPMC who treated the injured patients under very difficult circumstances. We salute their courage and dedication in deferring their services, despite the impossible working conditions." Prof Ahsan demanded that a security plan be instituted for all public sector hospitals, which should be in keeping with the magnitude of the threat posed to these hospitals.

All hospital entry and exit points have to be secured to restrict entry of unauthorised people in the hospital, especially in the treatment areas. Security should be provided by the law enforcement agencies, as it is not within the existing capacity of these institutions to do so.

All encroachments must be removed from the premises of the hospital urgently, he said. All ambulances must be removed from hospital premises, and be directed to park outside the hospitals. He demanded immediate removal of Sanyal Trust activities from hospital premises as it has encouraged vendors, thieves and drug addicts and, possibly, terrorists to gain ground in the hospital permanently.

The Medical OPD building and Casualty building should be assessed professionally for structural damage and suitably rectified. In appreciation of the services rendered in the Accident and Emergency Department, Dr Soomro Jarral should be rewarded by conferring a presidential award.

JPMC, NICVD and NICH access roads should be cordoned off, like the access to a procession route is cordoned off during such events, and only ambulances with patient and 2 attendants should be allowed to pass through. The public statements given by government representatives, regarding shifting of patients to Aga Khan Hospital created great difficulties and chaos in the handling of these patients and also endangered their lives, as they were shifted without proper assessment for transfer.

All politicians and political party workers should be restricted from entering the A& E Department during the handling of casualties by their respective agencies. A concise, professional, well conceived security plan should be devised and implemented by adequately trained security staff, which should be appointed to secure the public sector hospitals in future.

NGO workers assisting in transporting injured patients must be restricted from entering the treatment areas in large numbers and contributing to the crowd.

Media should refrain from parking themselves in front of the A& E so to allow free access to the A& E Department, the statement said.

## Management quality rating of Al-Meezan upgraded

### RECORDED REPORT

KARACHI: JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has upgraded the management quality rating of Al-Meezan Investment Management Limited (Al-Meezan) from 'AM2' (AM - Two Minus) to 'AM1' (AM - Two). Outlook on the rating is 'stable'.

The company is managing seven funds, with the product offering catering to investors at both ends of the risk spectrum. Funds under management aggregated Rs. 16.2bn at end-December 2009. In relation to other AMC, decline in aggregate net assets was less pronounced in FY09, subsequent improvement in net assets has also been on the higher side.

Al-Meezan's funds carrying equity exposures have been amongst the top performing funds in their respective categories for the calendar year 2009. In the preceding year, the extent of capital erosion in Al-Meezan's pure equity funds was considerable though performance was better than the benchmark.

Analytical expertise in the area of fixed income securities has also matured over time, though there remains room for further improvement. Moreover, selection of fixed income securities is restricted on account of limited universe of Shariah Compliant instruments.

The philosophy of the Board has cascaded down to the management, who has now had a lengthy association with the company. While personnel at senior management positions are proficient in their area of operations, further strengthening in terms of additional staff may be required at second tier to provide continued support to the investment management function.

Size of retail base is open-end funds of the company is considerable in relation to peers. The franchise of Meezan Bank Limited has played significantly to the advantage of the AMC. The ability of the company to maintain their current franchise will depend both on performance trends and ancillary services. —PR

## Khairpur filter plant scheme

# Sindh fails to complete project despite Rs78m spending

### RECORDED REPORT

KARACHI: Despite spending some Rs 78.6487 million, the Sindh government has not been able to complete the years-old filter plant scheme in Khairpur, Sindh Assembly was informed on Monday.

The project, which was approved by the provincial government in 1995 to be completed under Tameer Sindh Programme at an estimated cost of Rs 82,792 million, would now be executed through the Asian Development Bank under its Sindh Cities Improvement Programme (SCIP).

This was disclosed by Muhammad Adil Siddiqui, Minister for Public Health Engineering while responding to question of Nadeem Ahmed Bhutto during Question Hour.

He said work on the Filter Plant 2.5 MGD (Rapid Gravity Filter) for Urban W/S Scheme

Khairpur was started in 1995. And the scheme was required to be completed in 1999 as per approved PC-I but Rs 47 million only were released upto June 1999, whereas the scheme remained unfinanced from 1999 to 2003 (for four years).

According to minister, the same was revised in 2003 for Rs 90,380 million and scheduled to be completed in June 2004, but again the scheme could not be completed because funds were not released as per approved PC-I.

The work on scheme had been carried out up to June 2008, after which it stopped due to non-availability of funds, he added. The expenditure incurred so far is Rs 78.6487 million," said the provincial minister.

He went on to say that now the government had proposed that the scheme would be executed and completed by ADB under

SCIP. Moreover, to a query of NPP's Arif Mustafa Jatoi Karachi Abadis Minister Rafique Engineer told the house that according to Sindh Karachi Abadis Authority's (SKAA) inventory, on the basis of information supplied by the defunct Karachi Municipal Corporation (KMC), total 539 settlements were identified as Karachi Abadis in Karachi.

He said the inventory was based on the cutoff date 23rd March, 1985 as provided under Section 19 (1) of Sindh Karachi Abadis Act 1987.

According to Rafique, in Karachi city there were 30 Karachi Abadis, spread over an area of 876.19 acres on the land owned by the agencies such as Karachi Port Trust, Pakistan PWD, Evacuee Trust Property Board, Pakistan Railways, Defence and PTCL.

## Meezan bank's profit after tax increases

### RECORDED REPORT

KARACHI: The profit after tax of Meezan Bank Limited has increased to Rs 1,023,351 million in the year ended December 31, 2009 as compared to Rs 621,187 million earned in the corresponding period in 2008.

The starting per share of the bank has increased to Rs 1.71 in the period under review against Rs 1.22 recorded in the same period a year back.

The board of directors of the bank in its meeting held on Feb 5, 2010 in Dubai, UAE, has recommended issuing bonus shares in the proportion of five ordinary shares for every 100 ordinary shares held, i.e., five percent.

According to the financial results, the bank's profit/return earned on financing, investment and placements increased to Rs 10,102 billion in this period against Rs 6,803 billion in the same period last year.

The return on deposits and other due expenses stood at Rs 4,969 billion against Rs 3,088 billion. The bank's profit before tax increased to Rs 1,739,723 million in 2009 against Rs 992,311 million registered in 2008.

## Call for holding referendum on changing name of NWFP

### RECORDED REPORT

ISLAMABAD: Renowned social worker of Chitral, Peer Danish Hussain has called for holding a referendum on changing the name of NWFP and said that calling NWFP 'Pakhtunkhwa' in the parliament was a sheer violation of the constitution.

In a statement issued here on Monday, he said that Chitral had never opposed the demand to rename NWFP, but nevertheless a referendum should be held on whatever name was suggested for the province.

He went on saying that ANP should demonstrate broadmindedness and present its just demands within the constitutional parameters. "If it (ANP) is so serious about renaming the NWFP, it should come up with a good name, which should be acceptable to all the people of the province", he demanded.

The province, he added, should not be given a controversial name because everyone has a right on the province. Criticism for the sake of criticism should be avoided as it would further destabilise the province.

He said that both federal and provincial government should address the core issues of military, lawlessness, unemployment and poverty in province before its renaming.

We do not accept renaming of NWFP as 'Pakhtunkhwa' or 'Pakhtunkhwa' as it will not help resolving the major issues confronting the province. Through this step, the ANP-led government wants to run the NWFP affairs on ethnic and language basis, he added.

If the ANP remains stick to its gain is renaming the NWFP without taking all the people into confidence, he cautioned, they would not let the ANP rename NWFP as it is not the demand of majority of people living in the province.

Our forefathers had rendered sacrifices for creation of this country and that the ANP's move might destabilise the country, he said, adding that a majority percentage of the NWFP people are in favour of the province renaming. The people who favour renaming the province should respect the referendum of the pre-partition era and accept it as NWFP, he maintained.



RAWALPINDI: Vice Chairman Fakh Memon, Seth Hameez Ullah Burtak along with Chairman Quai Group of Companies, Shehbaz Mehmood Quai inaugurating display center of Hero motorcycle here on Monday. —Recorder photo