NA BODY ASKS GOVT TO REMOVE OBSTACLES TO IP GAS PIPELINE PROJECT

ISLAMABAD: A National Assembly panel was informed on Thursday that because of the International Monetary Fund's loans and the absence of a proper banking channel, Pakistan cannot import oil from Iran, as the country may also face $ 18 billion as a fine if it fails to complete Iran-Pakistan (IP) gas pipeline project by 2024.

The National Assembly Standing Committee on Foreign Affairs, which met with MNA Mohsin Dawar in the chair, asked the government to eliminate obstacles to the successful completion of the IP gas pipeline. The chairman of the committee expressed concerns that despite sanctions on Iran, some of the regional countries have been granted waivers vis-a-vis oil trade with Iran, but Pakistan could not secure such waivers to engage in a beneficial oil trade relation with Iran.

Emphasising the need for robust diplomacy, he urged the Ministry of Commerce and Ministry of Foreign Affairs to aggressively pursue options to secure waivers on oil trade with Iran like India and China. Senior officials of the Ministry of Foreign Affairs and the Ministry of Commerce briefed the committee on Pakistan-Iran political and bilateral trade relations. The committee was informed that Pak-Iran relations were deep rooted in cultural, historical, and religious linkages. They said that Iran was the first country that diplomatically recognised Pakistan and subsequently both countries evolved institutional cooperation under the umbrella of SEATO, CENTO, and RCD. Iran has always supported Pakistan's stance on Kashmir and Palestine. It was highlighted that sanctions on Iran precluded significant expansion in Pak-Iran's trade and economic relations.

On the import of oil from Iran, senior officials of the Foreign Office told the committee that Pakistan cannot avail the opportunity to get Iranian oil, "simply because of the IMF loans". They said that India, Japan, and China are importing the Iranian oil because they do not get loans from the IMF. They identified the absence of a proper banking channel as the major obstacle in enhancing trade with Iran, adding that the ministry, has on many occasions, suggested to the government to open a separate bank which can trade in Rial and Toman, the way India has dedicated a bank in Kolkata for trade with Iran.

On queries by the members, the officials said that Pakistan's refineries have agreements with Gulf States and they also give waivers to the country's refineries. Dawar questioned if Pakistan's refineries can reach agreements with Saudi Arabia and the UAE then why not with Iran?

In his response, Additional Secretary Ministry of Foreign Affairs Syed Ahsan Raza said that some matters are "sensitive" and cannot be discussed in presence of the media, adding that they could only respond to such questions in an in-camera session. "You call this a sensitive matter and if you try to keep things in secrecy from the people then how will they get to know how the policies are made? I believe that people should get to know how our policies are made.

POLICY RATE HIKED BY 300BPS TO 20PC TO TAME INFLATION

KARACHI: The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) on Thursday increased the key policy rate by 300 basis points (bps) to 20 percent with a view to taming inflation. The committee has also stressed on the urgent need for energy conservation measures to reduce pressure on the external account and meet the import requirements. Barring unexpected future shocks, the MPC noted that decision of monetary tightening has pushed the real interest rate in positive territory on a forward-looking basis. The MPC believed that this decision will help to anchor inflation expectations and steer inflation to theme medium-term target of 5-7 percent by end-FY25.

The emergent meeting of the MPC was held on Thursday and chaired by the Governor SBP Jameel Ahmed to review the economic indicator and take a decision on the key policy rate. As per schedule the MPC was due on March 16, however due to uncertain development on economic front, an emergent meeting was called on March 2 to address the risks to the economy due to higher inflation outlook. During the meeting, the MPC noted that the recent fiscal adjustments and exchange rate depreciation have led to a significant deterioration in the near term inflation outlook and a further upward drift in inflation expectations, as reflected in the latest wave of surveys.

In this context, the MPC emphasized that anchoring inflation expectations is critical and warrants a strong policy response. Accordingly, the committee decided to increase the policy rate by 300 basis points to 20 percent, which is the highest level of last 26 years. Previously, policy rate was 20 percent in Oct 1996. Overall, the policy rate has rose by 625 bps during this fiscal year as it was 13.75 in June 2022.

The Committee expects inflation to rise further in the next few months as the impact of these adjustments unfolds before it begins to fall, albeit at a gradual pace. The Committee has also revised the inflation outlook and now the average inflation this year is now expected in the range of 27-29 percent against the November 2022 projection of 21-23 percent.

According to monetary policy statement issued after the meeting, during the last meeting in January, the Committee had highlighted near-term risks to the inflation outlook from external and fiscal adjustments. Most of these risks have materialized and are partially reflected in the inflation outturns for February. The national CPI inflation has surged to 31.5 percent y/y, while core inflation rose to 17.1 percent in urban and 21.5 percent in rural basket in February 2023. On the external side, the MPC noted that despite a substantial reduction in the current account deficit (CAD), vulnerabilities continue to persist. In January 2023, the CAD fell to $242 million, the lowest level since March 2021. Cumulatively, the CAD stood at $3.8 billion in Jul-Jan FY23, down 67 percent compared to the same period last year.

Notwithstanding this improvement, scheduled debt repayments and a decline in financial inflows amid rising global interest rates and domestic uncertainties, continue to exert pressure on FX reserves and the exchange rate.

The MPC noted that FX reserves remain low and concerted efforts are needed to improve the external position. In this regard, conclusion of the ongoing 9th review under the IMF's Extended Fund Facility (EFF) will help address near-term external sector challenges. Furthermore, the MPC stressed on the urgent need for energy conservation measures to alleviate pressure on the external account and meet the import requirements of other sectors. Recent fiscal measures including an increase in GST and excise duties, reduction in subsidies, adjustments in energy prices, and the austerity drive are expected to help contain the otherwise widening fiscal and primary deficits.

In addition, the envisaged fiscal consolidation is critical for economic stability and will complement the ongoing monetary tightening in bringing down inflation over the medium-term. The Committee emphasized that any significant fiscal slippages will undermine monetary policy effectiveness in the context of achieving the price stability objective.

The MPC also assessed the impact of further monetary tightening on financial stability and the near-term growth outlook. The Committee views that the risks to financial stability remain contained, given that financial institutions are broadly well capitalized. On growth, however, there exists a trade-off. The MPC, nonetheless, reiterated its earlier view that the short-term costs of bringing down inflation are lower than the long-term costs of allowing it to become entrenched.

The committee also decided to hold its next meeting on April 04, 2023 which was earlier scheduled for April 27, 2023.

Reuters adds: The key rate of the State Bank of Pakistan (SBP) now stands at 20%, its highest level since October 1996, with consumer price inflation now at its highest level for almost 50 years. Investors polled by Reuters had expected a rate hike of 200 bps. "We expect a further 200bps of hikes over the coming months," Capital Economics said in a note.

The SBP had brought forward its Monetary Policy Committee (MPC) meeting from an original date of March 16, with local media saying the rate hike was a key requirement to get the IMF funding released.

CPI RISES TO 31.5%

Suleman Maniya, head of advisory at Vector Securities, said that while the CPI could potentially increase more with fiscal actions related to subsidy removals and exchange rate weakness, the government needed to urgently focus on improving the supply side, especially of food and agricultural items. For its part, the government is trying to cut expenditure and increase revenue through taxes, and has allowed the rupee to depreciate.

Pakistan's consumer price index (CPI) jumped 31.5% in February year-on-year as food, beverage and transportation prices surged more than 45%. As per the ninth review of a previous deal with the IMF, the global lender is due to release a tranche of over $1 billion to Pakistan.

Pakistan's central bank foreign exchange reserves stood at $3.814 billion as of Thursday, the state bank said in a statement, up from the previous week. "...Scheduled debt repayments and a decline in financial inflows amid rising global interest rates and domestic uncertainties continue to exert pressure on FX reserves and the exchange rate," it said its policy rate statement.

It added that FX reserves remain low and concerted efforts are needed to improve the external position. The Pakistani rupee slumped nearly 6% against the US dollar on Thursday with no clarity on the IMF fund release. “Today’s slide in the rupee and policy rate hike can be seen as a step towards unlocking the next tranche from the IMF,” said Saad Rafi, head of equities at Al Habib Capital Markets.

The MPC also decided to hold its next meeting on April 4, rather than the previously scheduled April 27.

OVERNIGHT REVERSE REPO (CEILING) RATE FIXED AT 21PC

KARACHI: As the State Bank of Pakistan (SBP) has decided to increase “Policy Rate” (Target Rate) from 17 percent to 20 percent, the SBP Overnight Reverse Repo (Ceiling) rate will be at 21.00 percent i.e. 100 bps above the SBP Policy Rate.

The SBP Overnight Repo (Floor) rate will be at 19 percent i.e. 100 bps below the SBP Policy Rate. Accordingly, the Floor and Ceiling levels for the Interest Rate Corridor are 19 percent and 21 percent p.a. respectively (i.e. width of 200bps).

SBP will continue to ensure that the money market overnight rate remains close to the SBP Policy Rate (Target Rate). These changes will be effective from March 03, 2023.

PENSION, SUBSIDIES & CUT IN SOES’ LOSSES: ‘STRUCTURAL REFORMS’ BEING INTRODUCED THRU BUDGET UNDER PROPOSED AUSTERITY MEASURES: FM

ISLAMABAD: The government is to introduce structural reforms in federal budget 2023-24, which will also include some additional measures, especially pension reforms, subsidies/ grants and reduction in losses of State Owned Entities (SoEs). This information was shared by Finance Minister Ishaq Dar, during a recent meeting of Federal Cabinet when proposed austerity measures came under consideration.

The Cabinet was informed that work had been initiated on Single Treasury Account, by Finance Division, shall be implemented immediately. During discussion majority of the Members endorsed the proposed austerity measures, while some expressed various concerns. It was pointed out that few of the ministers had no other source of earnings and relied solely on their salaries.

In response, it was informed that the word ‘voluntary’ had been used, so in cases where a minister had no other means of income, an exception could be made by the Prime Minister in a confidential manner. On a query as to what would be the potential savings from these measures, figures of approximately Rs 70 billion saving in four months and Rs 200 billion annually were given. It was opined by some members that these measures were only symbolic in nature as the financial benefit was not substantial.

The Cabinet was further informed that it could leave an impression in public that salaries and allowances of the ministers, advisers and SAPMs were a major burden on the national exchequer, whereas in reality it was quite to the contrary. Apprehensions were also expressed on the 15 percent cut in the current expenditure of Ministries/Divisions/Departments, which could negatively impact their performance. Similarly, the desirability of restrictions on foreign travel, especially of the Foreign Office, was also questioned.

Attention was also drawn to some of the measures, such as sale/utilization of official residences above 1000 sq yards in PPP mode, which fell in the domain of the provincial governments. It was, therefore, urged that instead of resorting to measures with optical value, the need of the hour was to undertake painful structural reforms, which were necessary to pave the way for sustainable economic recovery.

In this regard, tax reforms, a durable solution to energy sector challenges, addressing the issue of haemorrhaging SOEs etc. were stressed, besides reducing the size of the Cabinet by half. Stating that these austerity measures of the government, though symbolic in nature, were necessary to lead by example and show empathy and solidarity with the poor, the Prime Minister asserted that he was strongly in favour of structural reforms and the two were not mutually exclusive. He expressed his readiness to immediately reduce the size of the Cabinet and informed that he was already consulting the leadership of coalition partners in this regard.

The Minister for Finance drew attention to pare 4 of the summary, which clearly stated that at the time of formulation of budget for FY 2023-24, some additional measures, especially in the field of pension reforms, subsidies/grants and cutting down losses of SOEs would be included. He suggested that the words 'structural reforms' could explicitly be added to the Cabinet approval as well. He further assured that an Austerity Committee was in place to give exemptions in exceptional cases, so the concerns of the members would be adequately addressed. The 15 percent cut on current expenditure could apply only to non-employee related (Non- ERE) expenditure. He also clarified that the proposed sale/utilization of official residences above 1000 sq yards was not an encroachment on the domain of provincial governments but was restricted to properties owned by the federal government which the provinces may emulate.

The Minister for Finance requested the House that effective date for not allotting more than one plot to public / government servants be changed 'from March 1, 2023' to 'with immediate effect', so as to dispel any misgivings. In light of the clarifications given, the members were in complete unison that the proposed austerity measures should be adopted. After detailed discussion, the Cabinet decided that Ministry of Foreign Affairs expenditure on diplomatic mission abroad may not be subjected to 15 percent cut owing to the currency depreciation effect. It was also decided Finance Division shall include structural reforms among the additional measures to be proposed in the Budget for FY 2023-24.

SSGC SEEKS 26.9PC RAISE IN GAS PRICES

ISLAMABAD: The Sui Southern Gas Company (SSGC) has filed a petition for an increase of 26.9 percent or Rs83.16 per mmbtu in the prescribed gas prices for the financial year 2023-24.

In its estimated revenue requirement (ERR) for the next financial year, the gas company asked the Oil and Gas Regulatory Authority (OGRA) to raise the price from Rs308.53 per mmbtu to Rs391.69 per mmbtu. In its petition, the SSGC asked an increase of Rs391.69 per mmbtu or Rs98,310 million in indigenous gas business and Rs15,076 million or Rs32.62 per mmbtu in RLNG business with effect from July 1, 2023 in the SSGC's tariff for the financial year 2023-24.

The SSGC is supplying 34,182 mmbtu to RLNG 7761 commercial and industrial consumers and natural gas customer are 3,557,368 which are using 250,991 mmbtu natural gas.

The gas availability of 305,215 mmcf for the financial year 2023-24 have been worked out considering take and pay and projected gas off takes from existing and new gas fields and it has envisaged that it will decrease by 11.27 percent over the financial year 2022-23 estimates of 343,985 mmcf. Due to continuing moratorium on domestic new gas connections, no new connections have been projected for the financial year 2023-24. The sale gas price will be determined by the federal government.

USAGE OF 300 UNITS AND ABOVE: RS3.39/UNIT ADDITIONAL SURCHARGE ON THE CARDS

ISLAMABAD: National Electric Power Regulatory Authority (Nepra) on Thursday showed consent to put its stamp on proposed additional surcharge of Rs 3.39 per unit on consumers using 300 units and above across the country, a prior action for the ninth IMF programme.

The Authority, comprising Chairman Tauseef, H Farooqi, Member Sindh, Rafique Ahmad Shaikh, Member KP, Maqsood Anwar Khan and Member Balochistan, Mathar Niaz Rana and Member Punjab, Amina Ahmed quizzed Power Division and CPPA-G officials seeking Regulator's nod for imprudent costs related to Discos' inefficiencies given that in the past such costs were disallowed to Discos.

Power Division stated that it wants to impose additional surcharge of Rs 3.39 per unit from March 1 to June 30, 2023 in addition to existing surcharge of Re 0.43 per unit. However, additional surcharge will be Re 1 per unit plus existing Re 0.43 per unit (total Rs 1.43 per unit) to be recovered from July 1 to October 31, 2023 and November 2023 to June 2024.

The Authority also questioned that if it was powered to reject government's Motion of additional surcharge, an official representing CPPA-G replied that the Regulator had such powers.

The country's biggest chamber i.e. Karachi Chamber of Commerce and Industry rejected proposed additional surcharge, saying it would badly hit the industry and business.

Member KP inquired if industry, whose tariff would reach 35.52 per unit from Rs 32.13 per unit with increase of Rs 3.39 per unit, opts for off-grid solution then how would additional surcharge target be achieved by the government? Power Division representative CPPA-G said since this type question was not framed that is why he has no answer to this question.

Joint Secretary Power Division, Mehfooz Bhatti said the government extended subsidy of Rs 905 billion during the current fiscal year but the government would recover prudent cost from consumers. He acknowledged that it was difficult time for everyone. He further stated the government had paid subsidy of 0.7 percent of GDP, saying how much burden government could bear as it also had a limit. He said the government had to impose taxes on people to extend subsidy.

Chairman Nepra argued that issues of governance and recovery were not being resolved whereas losses were deteriorating with every passing day. “We all know what is wrong with power sector. We are not curing real illnesses and just focusing on subsidies and surcharges. Why don’t we take the bull by the horns,” he said and queried why quality Board Members were not being appointed.

Nepra, it was noted, has allowed losses of about 11 percent whereas actual losses are 16.06 percent, which implies that four percent losses are being recovered from those consumers who pay bills. One percent loss constitutes Rs 25 billion. Nepra directed Power Division to get advice from their law department if they can turn down Federal Government Motion. Mathar Rana, Member Balochistan maintained that it was the government’s decision with direction to Nepra to include it in its schedule of tariff. Member Punjab opined that the Authority was being asked to rubber stamp it. Tanveer Barry of KCCI said the chamber rejected federal government’s request to impose surcharge @ 3.39/unit. He said power theft in Pakistan was of Rs 380 billion which will reach Rs 520 billion but instead of taking measures to control it the government was imposing surcharge on those consumers who were paying bills. He further contended that Pakistan’s exports shrank to 19 percent in February, and inflation hit nearly a 50-year high. The government has discontinued zero-rated industrial package for export sector, questioning how industry will survive after imposition of additional surcharge and recovery of QTA. He requested Nepra not to accept federal government’s request of additional surcharge.

The Regulator conducted another public hearing for recovery of Rs 52 billion from consumers in eight instalments. The amount was deferred as FCA last year due to high electricity bills.

Nepra questioned as to how it can allow recovery of pending FCA in eight instalments as Supreme Court in its decision allowed recovery in only four instalments. During the hearing one of the participants revealed that the government approved imposition of additional surcharge of Rs 3.23 per unit to recover Rs 335 billion from consumers during next fiscal year aimed at ensuring the continuation of the IMF programme.

Power Division team, however, did not respond, saying that they can offer comments only on whatever proposal is before the Regulator.

SECP DIRECTED TO TAKE ACTION AGAINST FRAUDULENT MODARABA COS

ISLAMABAD: National Assembly Standing Committee on Finance, Thursday, directed the Securities and Exchange Commission of Pakistan (SECP) to take action against the fraudulent Modaraba companies involved in financial frauds and blackmailing to avoid scams such as “Double Shah” in future.

Sub-committee of the National Assembly Standing Committee on Finance and Revenue met at the SECP head office under the chairmanship of Chaudhary M Barjees Tahir on Thursday. Barjees Tahir directed the SECP that the Modaraba Companies and Modarabas (Floatation and Control) (Amendments) Bill, 2020 must be amended in such a way so that the frauds like “Double Shah” and Gujranwala and KP scams must not happen again. After a long period of 42 years, the government is amending the Modaraba law. No one should be allowed to blackmail investors as well as poor people in the name of Islam, he added. During the meeting, the committee recommended the SECP to provide protection to the investors in the Modaraba companies. Bills of rupees of the general public are still stuck up in the Modaraba scams. In the past scams like Double Shah and similar frauds have taken place which must be averted through effective legislation, committee members observed.

The SECP team made a presentation on the salient features of Modaraba Companies and Modarabas (Floatation and Control) (Amendments) Bill, 2020. Sub Committee, which includes MNAs Salahuddin Ayubi, Engr Sabir Hussain Kaim Khani, and Wajiha Qamar, made comments during a comprehensive review of the draft bill. Subcommittee agreed to endorse its reviewed draft to NA Standing Committee on Finance and Revenue.

The proposed Modaraba Companies and Modaraba (Floatation and Control) Ordinance, (Amendment) Bill, 2020 seeks to mitigate the reputational and operational risks and enhance the image and operational framework of modarabas as a pure Islamic financial institution of the country.

The proposed Modaraba Companies and Modaraba (Floatation and Control) Ordinance, (Amendment) Bill, 2020 seeks to mitigate the reputational and operational risks and enhance the image and operational framework of modarabas as a pure Islamic financial institution of the country. During the committee, the SECP officials further informed that the proposed Ordinance intends to amend more than 40 years old Ordinance and regulate the business of Modarabas and Modaraba Companies to provide protection to the investors, modaraba certificate holders and the public.

The bill provides incentives to entrepreneur and prospective investors to invest and carry out their businesses under the umbrella of regulated structure of Modaraba to earn halal profits on their investments.

The existing Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 was promulgated by the Federal Government in 1980 since inception, no substantial changes have so far been introduced except the inclusion of some administrative powers for the Commission and the Registrar Modaraba.

The bill focuses on the growth of the modaraba sector through the introduction of various reforms such as the concept of establishment of unlisted modaraba, empowerment of the certificate holders through the introduction of the concept of annual general meetings to ensure maximum participation of certificate holders in decision-making process of a modarba and providing an enabling environment for ease of doing business. It will facilitate the growth of the economy in general and the Islamic financial sector in particular by providing simplified procedures for ease of starting and doing business, greater protection of investors and augment corporatisation in the country.

The proposed bill seeks to mitigate the reputational and operational risks and enhance the image and operational framework of modarabas as a pure Islamic financial institution of the country. In order to give immediate impetus to the Islamic financial industry and to stimulate economic growth, there is an emergent need to promulgate the proposed Modaraba Bill, 2020 to provide incentives to entrepreneur- and prospective investors to invest and carry out their businesses under the umbrella of regulated structure of modarba to earn halal profits on their investments, the SECP officials added.

R 3-3-2023

EXPERTS DISCUSS WAYS TO DE-CARBONIZE POWER SECTOR

Renewable energy officials and experts in an international webinar organized jointly by Agora Energiewende, Germany and Institute of Policy Studies (IPS) reviewed and discussed the '2030 solar and wind roadmap for Pakistan' chalked out by National Power Regulatory Authority (NEPRA) under its Indicative Generation Capacity Expansion Plan (IGCEP) 2022-31. The speakers included Shah Jahan Mirza, CEO, Alternative Energy Development Board (AEDB), Ali Zain Banatwala, deputy managing director, National Transmission & Despatch Company (NTDC), Tobias März, German climate activist and solar engineer associated with '8.2 Renewable Energy Experts', Hassan Jafar Zaidi, CEO, Power Planners International (PPI), Naila Saleh, project manager, Agora Energiewende, and Lubna Riaz, researcher, Energy, Water & Climate Change Program, Institute of Policy Studies (IPS). Shah Jahan Mirza reiterated the government's commitment towards lessening reliance on fossil fuels and de-carbonization of the power sector by ambitious targets of renewable energy uptake as outlined in the Alternative and Renewable Policy 2019, which aims to boost the renewable energy share to 30 per cent by 2030.

The government is motivated to make the necessary transit to renewable energy sources on a war-footing basis. Also, many mega-scale and distributed generation projects based on solar PV are in the pipeline and AEDB was committed to their timely execution, he said. Sharing the government's vision to uptake the renewable energy share, Banatwala highlighted that the renewable energy integration with the grid may cause some issues with the system operations of the grid due to the intermittent nature. However, he said, NTDC is playing its role by carrying out a detailed analysis of the scenarios of renewable energy uptake mandating the collective efforts of de-carbonization of the power sector at the earliest.

The RE experts discussed the results of an ambitious solar and wind roadmap performed by '8.2 Renewable Energy Experts' and 'Power Planners International' offering recommendations for accelerating the development of wind and solar power beyond the governmental target adopted in the IGCEP.

The study titled "Beyond IGCEP 2022" reviews the 10-year generation expansion planning for Pakistan and analyzes if a more ambitious pursuit of solar and wind power ("VRE") by 2030/31 would be possible and beneficial.

Based on the hourly dispatch of the year 2030, it comes to the conclusion that an increase of the planned total VRE capacity from 20 GW to 33 GW by 2030 would be possible by adding minor grid infrastructure reinforcements. Furthermore, this would reduce energy generation total emissions by 50 per cent and the average energy generation costs by 15 per cent. The study recommends including this more ambitious target in the next iteration of the IGCEP (due for June 2023), pursue a strategic reinforcement of the road infrastructure (including the HVDC link to Chaghai in Balochistan), put a strong focus on the flexibilization of the operation of hydro and coal units as well as implementing a stringent and localized annual tender plan for auctioning out the 33 GW of solar and wind power throughout the next ten years.

In this scenario, the rooftop solar system has a huge potential and can be a win-win providing sustainability, security of supply, and affordability, highlighted Saleh. For Pakistan, rooftop solar makes a compelling case as it can help in meeting local demands, reduce capacity payment burden and transmission and distribution losses, and manage daytime peaks. She emphasized the need to design suitable business models which ensure a viable business case for involved stakeholders and address the prevalent challenges in the socio-technical system, e.g. high upfront cost, finance mobilization problems, regulatory gaps, and lack of facilitative organizational, business, and finance models. With this, it becomes evident that the socioeconomic development of the communities is highly dependent on access to energy. While enhancing grid infrastructure to the off-grid areas, in which about 50 million of the population resides, has remained a strangled issue, mini and micro-grids (MGs) provide a favorable option for electrification, underscored Riaz.

These grids provide a midway between standalone and grid systems as they operate like autonomous and decentralized electricity networks capable of functioning separately from a national grid. This would improve rural livelihood and increase local business growth by adding value creation to local products and services. Moreover, RE-dominated MGs present much more financial feasibility as compared to conventional fossil-fuel-based generation, she added.

PO 3-3-2023

SHC CALLS FOR ESTABLISHMENT OF COMMERCIAL COURTS IN PROVINCE

KARACHI: The Sindh High Court on Wednesday called for setting up commercial courts in the province, particularly in Karachi, to address the grievances of litigants with regard to trade disputes and to reduce the backlog of cases from higher judiciary.

A two-judge bench comprising Chief Justice Ahmed Ali M. Shaikh and Justice Yousuf Ali Sayeed made these observations while disposing of two petitions filed against curtailment of pecuniary jurisdiction of district courts in Karachi.

The bench ruled that commercial courts had already been established in Punjab on an initiative of the Lahore High Court and there was no reason as to why such “a salutary step may not be taken in this province”.

The commercial courts in Punjab were established in 2021 following promulgation of the Punjab Commercial Courts Ordinance, 2021. “Indeed, in view of its history, the Original Side could readily be restructured as a commercial court, subject of course to suitable definition of what constitutes a ‘commercial case’ and a ‘commercial dispute’, with the jurisdiction to hear commercial suits above a pecuniary threshold. “As in the Punjab, a network of courts could then also be established at the district level in Karachi (subject to a pecuniary limit) and at such other locations where the need is determined, without that pecuniary limitation,” it added.

In its verdict, the bench said that the need for commercial courts had been recognised since long as the same was observed in a report prepared by the Law and Justice Commission of Pakistan (LJCP) at the time of enhancement of the pecuniary limit from Rs500,000 to Rs3 million in 2002.

Currently, the pecuniary jurisdiction of subordinate judiciary of Karachi is at Rs65m, which was enhanced in December 2021 from Rs15m. The bench directed the provincial government to give immediate consideration to the overwhelming pendency of civil cases at the high court and to eliminate the exception to the pecuniary jurisdiction of district judiciary of Karachi. It was pointed out in the petitions such a curtailment was discriminatory as such pecuniary jurisdiction was otherwise unlimited across Sindh and in fact throughout the country. Also, the Sindh Bar Council, Sindh High Court Bar Association, Karachi Bar Association and Malir Bar Association all unequivocally supported the conferment of unlimited pecuniary jurisdiction upon the district judiciary at Karachi.

As the per a report of the LJCP, the law reform commission (1958-59) headed by Justice S. A. Rehman had recommended conferring of unlimited pecuniary jurisdiction upon the civil judge at Karachi and for commercial cases especially trained commercial civil judges be posted at Karachi.

The law reform commission (1967-70) headed by Justice Hamood-ur-Rehman also recommended that commercial courts presided over by especially trained senior judicial officers should be set up at Karachi, Lahore, Multan, Faisalabad and Hyderabad as commerce and trade including international trade were fast developing in the country and with the progressive increase in commerce and trade, disputes arising therefrom are also on the increase, the report stated.

The SHC in its judgement stated, "We are cognizant that commercial courts have already been established in the Punjab under the initiative of the Lahore High Court, and see no reason why such a salutary step may not be taken in this province, especially when Karachi is well recognised as a centre of commerce and the economic engine of the country." It noted that besides pecuniary jurisdiction of district judiciary of Karachi, there was still a genuine purpose to be served by preserving original side jurisdiction of the SHC to the extent of suits involving commercial disputes.

"Obviously, such measures require legislative steps. Accordingly, in view of the foregoing, we dispose of these Petitions while directing the Provincial Government to give immediate consideration to the overwhelming quantum of pendency on the Original Side, as reflected in Schedule-1, and consider such remedial action as it thought best, whether through tabling an amendment to Section 7 and other related provisions of the Ordinance to eliminate the exception to the jurisdiction of the District Judge in respect of Karachi District, or limit that exception to encompass only those civil suits and proceedings that fall above the prescribed pecuniary threshold and at the same time are of a commercial nature, involving commercial disputes," it concluded.

Dawn 2-3-2023

PBA LAUNCHES A NATIONAL, BLOCKCHAIN BASED, E-KYC PLATFORM FOR BANKING INDUSTRY

KARACHI-Pakistan Banks' Association (PBA), on behalf of all its member banks, signed the project contract for the development and execution of Pakistan's first, blockchain based, national eKYC banking platform with the Avanza Group. The signing ceremony was held at the PBA office in Karachi on March 2, 2023.

The ceremony was attended by PBA Chairman, Muhammad Aurangzeb, who is also President HBL; Akhter Javed, Director BPRD, SBP; Tawfiq Hussain, CEO PBA, the signatory for PBA; Waqas Mirza, CEO Avanza Innovations; and Omer Khan, CEO, Avanza Solutions (Pvt) Ltd; the signatory for Avanza.

The eKYC (electronic Know Your Customer) project is part of SBP's ongoing efforts to strengthen the control infrastructure for Anti Money Laundering (AML)/Terrorist Financing (TF) in the country. PBA has been overseeing the planning and management of the project on behalf of the banking industry, under the aegis of the State Bank of Pakistan. In addition to strengthening AML controls, the deployment of this platform will bring about efficiencies at participating banks and will result in improvement in customer experience, especially at the time of account opening, thus facilitating financial inclusion.

Avanza Group's eKYC platform, 'Consonance', is being implemented for PBA. The platform will use blockchain technology through which banks will be able to standardize and exchange, with customers' consent, their details via a decentralized and self-regulated network. This will be a support platform for Pakistan's banking industry and all participating member banks will be able to perform assessments of their existing, as well as new customers, by utilizing information/data available with any other bank on 'Consonance'. Once performed by a member bank, the eKYC data can be utilized by other banks for Customer DueDiligence (CDD), thus minimizing cost and effort in customer onboarding and improving the customers' account opening experience, thus facilitating financial inclusion.

Nation 3-3-2023

NADRA LAUNCHES SERVICE TO PROTECT PERSONAL DATA OF CITIZENS

ISLAMABAD: The National Database and Registration Authority (Nadra) on Thursday launched 'Ijazat Aap Ki' service, a revolutionary initiative that puts citizens in charge of their personal data. "This cutting-edge service will enable citizens to give their consent before verification of the Computerised National Identity Card (CNIC), ensuring that their sensitive data is protected and secure at all times," said Nadra Chairman Tariq Malik at the launching ceremony.

Nadra guarantees the confidentiality of citizens' data by taking effective measures to protect it. Now, by giving citizens real and effective ownership and restricting unauthorized access, the authority has taken an unprecedented step.

Chairman Nadra Tariq Malik, while launching the service, said that consent management is a digital mechanism in line with his vision to protect citizens' privacy and strengthen data security. "Your data is your personal property, and just like your physical property, citizens are from now onwards empowered to control access and protect against misuse or unwarranted use," Malik said. "We are moving from a world where data is used against people to a digital realm where data is used to empower the citizens and give ownership rights of their own data. Citizen's data is not for sale, it is a valuable asset, and Nadra protects it passionately. Informed consent will be required from citizens to use personal data by a product or service providers from now on," said Tariq Malik.

From March 2, all verification transactions will require a 6-digit passcode sent to the citizen's registered mobile number to seek their consent to proceed with data sharing. The pin number will be presented for authentication and will be deemed as the citizen's consent to get his/her ID number verification from Nadra.

Nadra collects citizen's mobile numbers at the time of registration for the ID card. The authority has also launched an SMS service <8009>, enabling citizens to enroll their mobile number. Citizens can send a text message containing their 13-digit ID card number on a short code <8009> to enroll their mobile number with Nadra. In response, Nadra will send a confirmation message to incase the enrollment is successful.

E-COMMERCE SCAMS: META PARTNERS WITH PTA, TDAP TO RAISE AWARENESS

LAHORE: Meta, formerly the Facebook Company, has partnered with the Pakistan Telecommunication Authority (PTA) and the Trade Development Authority of Pakistan (TDAP) to raise awareness about e-commerce scams and share tips on how to stay safe online.

Pakistani content creators like Romaisa Khan and Bilal Munir were also collaborating with Meta to alert their followers on Facebook and Instagram, dsiclosed a Meta spokesperson here on Thursday. Starting from February 7, Safer Internet Day, and continuing in the month of March, the creators would share tips in Urdu on their social channels reminding both buyers and sellers to watch out for online scams.

Commenting on the partnership, Beth Ann Lim, Meta's Policy Programmes' Director for the Asia Pacific region, said that at Meta, they were committed to connecting people, including making it easier for sellers and buyers to find each other online, but some people take advantage of others by running scams online. "We were pleased to partner with PTA and TDAP, as well as local content creators, to promote responsible use of the internet and support all users in Pakistan to connect with their favorite businesses safely." Kamran Gandapur, Director General Web Analysis Cell of PTA, said that e-commerce scams continue to be an obstacle for businesses and consumers alike. "We were pleased to partner with Meta to raise awareness among people in Pakistan so they can be better equipped to protect themselves from scams, as they navigate the digital space for buying and selling and building their online communities," he added.

In the month of March, PTA and TDAP will share messages on account security and identifying scams, reaching a wider audience and helping to create more aware digital citizens.

PEMRA, PID, PBC, APP AND OTHER ACTS: MINISTRY DIRECTED TO SUBMIT DRAFT LEGISLATION APPROVED BY CABINET

ISLAMABAD: A meeting of the National Assembly Standing Committee on Information and Broadcasting directed the Ministry of Information to submit all the draft legislation, approved by the federal cabinet, pertaining to the Pakistan Electronic Media Regulatory Authority (Pemra), the Press Information Department (PID), the Pakistan Broadcasting Corporation (PBC), the Associated Press of Pakistan (APP) and other related Acts in the next meeting for consideration of the committee.

The committee was held under the chairmanship of MNA Jawaria Zafar. The Standing Committee on Information sought a detailed briefing regarding Arshad Sharif's murder. She said no briefing has been given to the committee regarding Arshad Sharif's murder, so far.

The committee condemned the violence against journalists in Islamabad High Court (IHC). The chairman said the journalists were prevented from carrying out their responsibilities by the police. The committee was told that the bill regarding the protection of journalists would also be considered in the upcoming meeting.

The Information Minister, Marriyum Aurangzeb, said that a meeting had been held with the Ministry of Interior on the issue of violence against journalists in the IHC. She said journalists were prevented from going to the IHC.

The interior minister sought a report on the incident of violence against journalists, Marriyum Aurangzeb said. MNA Naz Baloch said that legislation should be made regarding journalists so that journalists should not feel unsafe. The campaign against women journalists should also be discussed, she added.

While briefing on the matters raised by the MNAs regarding increasing obscenity on electronic/print media, the secretary Ministry of Information apprised the committee that the PEMRA is not a censoring body, however, in order to monitor the transmission of private satellite TV channel licensees, a state-of-the-art monitoring system has established. She informed at present, the PEMRA is monitoring the content of all its licensed satellite TV channels. In case, if any channel airs immoral, obscene or objectionable content in violation of the PEMRA Laws, Rules and Code of Conduct, action is taken against the violator as per PEMRA laws. Moreover, the PEMRA has issued various guidelines to satellite TV channels on drama, morning shows and Ramzan transmission etc, she added. The Chairperson (Javaria Zafar Aheer, MNA) and the committee members were of the view that proper legislation should be made to prohibit all licensees from propagating obscenity/indecency through their programs, dramas, and advertisements. The federal minister said that legislation has been completed and approved by the federal cabinet. Members of the committee expressed their concern over content against social values in dramas and TV commercials.

The information secretary said that every province had a Council of Complaints. The Council of Complaints was authorised to hear complaints. There was no board to censor plays, only film censor board, the secretary said.

Since 1972, the fee for censoring a film was Rs250 and now it was being increased to Rs1,000. If the government wanted to make legislation regarding censoring dramas, it could, the information secretary said. Jawaria Zafar said the content of this drama should be watched before the drama comes on the air. Information Minister Marriyum Aurangzeb said the legislation would be made regarding censoring dramas.

27 advertisements which were against social values have been banned, Chairman PEMRA Salim Baig said. Media houses get injunctions from courts, he said.

The committee directed the director general (PBC) and the press information officer (PID) to brief the committee about the working and performance of their respective departments for the last five years. Later, the Committee deferred the private member's bill, titled, "The Indecent Advertisement Prohibition (Amendment) Bill, 2022" (moved by Muhammad Jamalud Din, MNA) along with other legislative business and decided to consider the same in the next meeting.

The meeting was attended by Nadeem Abbas, Kiran Imran Dar, Dr Nafisa Shah (through vide-link), Zulfiqar Ali Behan, Naz Baloch and Prof Shahnaz Naseer Baloch, MNAs. The Federal Minister for Information and Broadcasting (Marriyum Aurangzeb) attended the meeting through video-link. The senior officers from the Ministry of Information and Broadcasting, the Ministry of Law and Justice, PEMRA, PID, and PBC were also present in the meeting.

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ELECTRIC VEHICLES' IMPORT IN JEOPARDY OVER LC ISSUES: ENVOY

ISLAMABAD: Import of EU-origin electric vehicles is in jeopardy as the State Bank of Pakistan (SBP) is declining to open letters of credit (LCs) through commercial banks, stated a letter of German ambassador Alfred Grannas to the federal minister for Economic Affairs of Division (EAD).

The letter also drew the attention of the EAD minister to a difficult situation of official importers of Mercedes-Benz, BMW, and Audi in Pakistan who identified electric vehicles best suited to the vision towards the environment protection and placed the orders accordingly. "However, the State Bank of Pakistan is constantly declining to open LCs," it stated.

The German ambassador mentioned that a positive regulatory framework for electric vehicle imports had been a major step in that direction. “Additionally, this promises to reduce Pakistan’s reliance on imports of petroleum products which are nearly $22 billion, out of the country’s total import bill of $72 billion approximately.”

The envoy in the letter stated that Germany had been the most significant and largest trading partner of Pakistan in the European Union by volume and value. The LCs issue could contribute in casting a shadow over the good and friendly business relations between the two countries, he feared.

The letter also mentioned that declining the opening of LCs was against a common spirit to boost mutual trade, and was strictly contrary to GSP+ and its unilateral benefits for Pakistan. “Pakistan runs the risk of losing further on being benefited by GSP+ and its successor regime if German companies’ imports are blocked and this becomes known to an enlarged public.”

The German-Pakistan Chamber of Commerce and Industry (GPCCI) has also earlier written a letter to the SBP governor, sensitising that a false campaign was being run against the auto brands. “Fabricated and inaccurate news is being spread that LC’s are being established for German automotive brands operating in Pakistan with ludicrous sums, which are far from the ground realities,” they said. GPCCI stated that German brands were specifically being targeted with an agenda that could adversely affect the long-standing relationship between Germany and Pakistan. “As a result, official importers of Audi, BMW, and Mercedes-Benz are being humiliated by commercial banks in Pakistan,” they lamented.

The data about vehicle imports of the first six months of the current fiscal shows that 64.80 percent of ICE vehicles have been imported by the grey market, and 35 percent of electric vehicles imported by official distributors, and 0.2 percent of ICE vehicles by companies.

The letter to the SBP governor read that commercial banks operating in Pakistan were refusing to establish LCs (irrespective of the amount) for any imports of both vehicles and spare parts.

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