

The Business

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Hurdles in construction industry

Federal Information Minister Shibli Faraz has stated that the government is taking every possible step to mitigate hurdles facing the construction industry, which can jump-start a country's growth as it impacts positively on more than 40 sub-sectors while providing skilled and unskilled job opportunities to hundreds of thousands. In this initiative, the government has incorporated Prime Minister Imran Khan's pledge to provide housing for the poor and vulnerable requiring special incentives and/or subsidies. A Naya Pakistan Housing Authority has been set up for the purpose, the inclusion of the word naya (new) reminiscent of Pakistan Tehrik-i-Insaf's slogan, envisages one-window operation, subsidised credit availability of five percent for a five-marla house and seven percent for a 10-marla house and the direction by the State Bank of Pakistan to commercial privately-owned banks, as well as the few state-owned banks, to keep aside 330 billion rupees for 18 months for this purpose. And as per the Prime Minister, an amnesty scheme, the second during the PTI's 22 months in power, which would not require a builder/developer to reveal his source of income, would be available till the end of this calendar year.

This is not the first time that banks have been issued directives to dedicate a part of their loan portfolio to a specific sector, nor is it the first time that an administration has focused on providing housing to the poor. However, one lesson learned from the past is that while such directives were issued by the central bank yet their implementation on the ground was poor because subsidised credit was hijacked by the rich and the influential - a hijacking in which banks were complicit because they were naturally hesitant to extend credit to those with little or no collateral or credit history. A better lesson learned would have been to look at the models in Western countries where dedicated mortgage companies were set up focused on providing credit for house purchase.

It is not clear whether the government will accept the offer to construct these low-cost houses from a foreign-owned company, reports earlier this year sourced to the Prime Minister, indicated interest by Turkish and Chinese companies; however, it is relevant to note that the government may park this inflow under the coveted foreign direct investment yet it would imply a larger outflow in the medium term which in effect would raise our foreign exchange liability. For the second time in less than a year, insisted that the 'no questions asked' policy will be the very last on offer with the scheme expiring on December 31, 2020; however, would this imply that the Federal Board of Revenue (FBR) would not query or track the source of the funds at a later date?

Letters to the Editor

Solving KE

This refers to the letter, 'Benign dictator' by Arif Maheed. I had expressed the takeover of K-Electric by Shanghai Electric to be the preferred choice in relation to other options that are being discussed, like nationalizing K-Electric, splitting it into three sections to create competition or even separating power generation from transmission. Now discussing these options one by one, we know that considering the sorry plight of nationalized institutions, nationalizing K-Electric hardly seems sensible. Also, splitting K-Electric into three separate units was supposed to introduce competition. However, with the prevalent cartelization in our country, this could hardly work because, after all, having dozens of sugar mills has not really benefited the country.

Also, separating generation from transmission could result in the two blaming each other for the problem. Most of all, the rehabilitation of the electricity system of Karachi requires huge initial investment which no private sector company seeking immediate and excessive returns on investments would do. However, state-owned Shanghai Electric Company would have the financial resources as well as technical know-how to rehabilitate Karachi's electricity system and could wait for the return in due course. After all, Pakistan is already deeply linked with China through CPEC. The writer has proposed benign dictatorship to be the solution to Pakistan's problem. However, all the examples that he has quoted are from abroad. Having spent more than half of my working life in Europe and Africa, I can say that the real problem is that Pakistanis demonstrate least responsibility while electing our leaders. And while some vested interest groups stand up, agitate and even die for dubious causes, we fail to protest as a nation - simply because we have failed to develop into a nation.

S R H Hashmi
KARACHI

Declining numbers

In June, a couple of leaders of the PTI had speculated that the number of coronavirus cases might shoot up exponentially by August 2020. The number of cases nevertheless dropped miraculously. Experts differ on what to attribute the good news to - herd immunity or adherence to SOPs. The data on global position of the cases reveals that the average number of deaths per thousand persons in South Asian countries comes to two persons, one of the lowest in the world. However, there is no conclusive evidence on the role of herd immunity in lowering the numbers. The current trend nevertheless looks good for Pakistan.

Dr Najeem A Khan
LONGMEADOW

Iran embraces BRI

MIRZA ASLAM BEG

The fundamental blow has been delivered creating the Magical Realism. Some 45 years back, Prime Minister Bhutto established the strategic linkage with China by opening the Karakoram Highway across the Khunjerab Pass. That helped us to build the bed-rock of the "Strategic Pivot of our Defence Forces" which now anchors the CPEC Armada, known as Belt and Road Initiative - (BRI). Similarly, Iran, brutalized by 40 years of crippling sanctions and embargos, decided to embrace the BRI, creating shock waves, that have changed the Strategic landscape of the region. The objective, as defined in the draft is: "Two ancient Asian cultures, two partners in the sectors of trade, economy, politics, culture and security, with similar outlook and many mutual bilateral and multilateral interests will consider one another strategic partners."

There are nearly 100 projects cited in the document with Chinese investment, while Iran is to provide regular and heavily discounted supply of oil to China for the next 25 years. There are host of opportunities now for Iran to trade in Chinese currency known as Renminbi: Strategic Defence Partnership (SDP) will help develop operational capability of Iranian Armed Forces, as Pakistan was able to achieve during the period 1980-90. At present the high priority for Iran could be to defeat the threat from Israeli F35 aircraft, which reportedly have caused damage to Iranian nuclear facilities, particularly the one at Natanz. The draft also talks about "deepening military cooperation, with joint training and exercises, joint research and

weapons development and intelligence sharing." Sky is the limit. Infrastructure Development: China is to invest \$120 billion for upgrading Iran's road infrastructure beginning with 2,300-kilometre road that will link Tehran with Urumqi, already linked with Gwadar under the "New Silk Road". The road link when completed would have an ambitious plan to provide connectivity with whole of Central Asia, and thereafter via Turkey into Europe, a development, that soon may lead to political and economic integration of Eurasia. There are also plans to build the 628 KM - Chabahar-Zahidan road that will be extended to Zaranj, across the borders to Afghanistan. The development and electrification of the main 900 kilometre railway line connecting Tehran to Mashhad is on priority. Another project to be taken up, is the completion of Tehran-Qum-Isfahan, high-speed railway, extending north-west to Tabriz, which is home to a number of key sites relating to oil, gas and petrochemicals. It is also the starting point for Tabriz-Ankara gas pipeline.

Petro-Chemicals Industries. Major portion of the \$280 billion is earmarked for developing Iran's petrochemical, oil and gas industries which have suffered immensely as a result of US-led economic sanctions.

Telecommunication and Cyber Space. The draft agreement also talks about China building infrastructure for 5G telecommunication network in Iran. This would see Chinese telecommunications giant Huawei enter the Iranian market - a company that has come under severe US sanctions and banned by several countries. Chinese global positioning system, BeiDou, will also to assist Iran's cyber space in regulat-

ing what is already there in the country. Thus, potentially "paving the way for Iran to develop a China-like 'great firewall'".

There are several strategically important developments, such as bases at Djibouti and Keshm Island in the Persian Gulf; free trade zones in Maku, near Abadan; the proposed tie-up between Gwadar port and Chabahar; the offered interests to China in the Bandar-e-Jask port, 350 km from Chabahar and the duty free zone there. These developments pose a direct challenge to both Western and more specifically, American economic interests, creating new geo-political flashpoints.

The changing Strategic Landscape defines the contours of the new world order. Quote: "America's knee on Iran's neck has been lifted." "Dramatic changes in world political thought and balance of power have occurred." "With one of the highest literary rates, Americans are showing total disconnect between education and common-sense." "A new geo-strategic Economic Order, comprising China, Pakistan, Afghanistan, Iran and Central Asia is the emerging reality, which beckons Russia to join for easy reach to the warm waters of the Arabian Sea." "It all augers well for Pakistan."

America and India will soon face the coupe-de-grace in Afghanistan, as the Islamic Emirate of Afghanistan (IEA) becomes a reality. America is allergic to IEA. Since 1989, treacherously America has prevented the establishment of IEA. Recently, when it signed the Exit Plan from Afghanistan the words: "America does not recognize the Islamic Emirate of Afghanistan" appeared about a dozen times in the peace accord document. No US government official signed the

document, either. This gesture demonstrates America's crude diplomatic mannerism. The freedom movement in Kashmir will gain impetus after changes in Afghanistan, and the Jihadis return to Kashmir, as it happened in 1990, forcing India to quit or grant the right of self-determination, as the honourable option.

Options and Opportunities. Pakistan must fortify connectivity both with Iran and Afghanistan: "Complete the Pakistan-Iran gas pipe line as well as the parallel road and railway lines Upgrade the rail and road network from Quetta to Zahidan Extend and upgrade the road and railways from Quetta and Peshawar to Afghanistan and link up with Central Asia Remain mindful of the 'extreme pressure' expected from the US and its Asia-Pacific partners, trying to save the crumbling American Order. Iran-China Strategic Partnership has kicked up a geo-political storm, defining the contours of the New World Order, which promises interdependence, as key to economic and social progress. Indeed, China has succeeded building a financial system that bypasses the US. It is strategic defeat of the US and its "maximum pressure" policy. World is witnessing the dawn of a new era under the emerging logic of conflict: "China is the only country in recent decades that has become the world's second largest economy without resorting to warfare, colonialism or slavery whereas the US has waged unjustified wars and military operations in Iraq, Libya, Syria, Yemen, Somalia, Afghanistan and other Muslim countries, spending over \$6 trillion, causing over 800,000 deaths and displacing tens of millions."

- The writer is former COAS,

Political landscape of GB

Many in GB believe the process of forming a king's party has been accelerated during the last few weeks.

MUHAMMAD AMIR RANA

For the locals, the short summer of Gilgit-Baltistan (GB) may not be as vibrant and promising this year. While on the one hand, the coronavirus pandemic has badly hit tourism in the region, on the other, the



The Gilgit-Baltistan Empowerment and Self-Governance Order of 2009 was a major step towards mainstreaming the region, but the GB Legislative Assembly has demanded full provincial status.

The Supreme Court judgement of Jan 7, 2019, for providing GB provisional representation in parliament, subject to the settlement of the Kashmir dispute, has provided a veiled cover for provincial status on a provisional basis. The PML-N government introduced the GB Order 2018, but it was not sufficient to provide fundamental rights to the people of the region. However, the ruling PTI outright rejected the possibility of introducing any amendment to the Constitution that was needed to give Gilgit-Baltistan a provincial status even on a provisional basis. Prime Minister Imran Khan has rejected the proposal on the basis of the same old excuse that such arrangements will undermine the Kashmir dispute and Pakistan's international obligations.

It is not sure on what grounds and with what manifesto the PTI will contest the election in GB. The corruption mantra will not be an attractive one in a region that has very limited financial resources and control. Secondly, identity is a major issue for the people of the region, and it is linked with the political grievances of the people. Development and a proper share in CPEC is the second major demand of the people of GB.

As the king's party is being created, rumours are being spread through local media outlets that the government is seriously considering the possibility of introducing some provisional constitutional arrangement for the region before the election; this is also being cited as the reason for the delay in the election. However, no such considerations are being heard in Islamabad.

Against the CPEC backdrop, a few observers think that Pakistan can take such an initiative to consolidate its constitutional position in the region. It will address the apprehensions of Chinese investors as their investment would get proper legal cover under Pakistan's legal jurisdictions. Azad Kashmir can protest such a move as they consider GB a part of their own area. There are also rumours that the government is preparing an amendment in Kashmir's provisional constitution of 1974 under which Azad Kashmir will get more administrative and political powers. Political observers do not give weight to the perception that Pakistan will take such action under the influence of the Indian move to provoke the special status of Jammu and Kashmir as Pakistan has taken legal and constitutional measures without compromising on the UN resolutions on Kashmir. For them, this could be purely an internal decision to bring all the territories under its constitutional, administrative and political domain.

This is essential for addressing the grievances of the marginalised communities. If these are not merely rumours or gimmicks for electoral purposes, nothing would be better for the people of Gilgit-Baltistan.

PML-Q LEADERS LAUNDERED MONEY, BUILT ASSETS: NAB



Restructuring NAB

DR FARRUKH SALEEM

The World Bank and the IMF define corruption as "the abuse of public office for private gains". Dr Robert Klitgaard, the established guru of academic anti-corruption research, has a formula: "Corruption equals discretionary authority minus accountability". Yes, "corruption is a major obstacle to economic development". Yes, corruption "reduces domestic investment, discourages foreign direct investment, inflates government spending, and shifts government spending from education and health...towards less efficient (more manipulable) public projects."

The Government of Pakistan buys goods and services worth Rs7.5 trillion (\$45 billion) a year, every year. Yes, the Government of Pakistan buys goods and services worth Rs250,000 a year every year on behalf of each and every Pakistani family. As a matter of fact, Pakistani public office holders have a lot of discretion - and there's little accountability. As per Klitgaard's formula the result would be corruption. Yes, corruption has been a major obstacle in our economic development. Yes, corruption has reduced domestic investment, discouraged foreign direct investment, inflated government spending and has shifted government spending from education and health towards more manipulable public projects.

White-collar crime is a "crime committed by a person of respectability and high social status in the course of his occupation". The FIA is Pakistan's premier agency for curbing financial crimes. FIA has a conviction rate of 6.6 percent.

NAB is "Pakistan's apex anti-corruption organisation....charged with the responsibility of elimination of corruption." NAB has a conviction rate of around 8.5 percent. Hong Kong's Independent Commission Against Corruption (ICAC) has a conviction rate of 84 percent; the Corrupt Practices Investigation Bureau (CPIB) of Singapore 97 percent

and the Malaysian Anti-Corruption Commission (MACC) 80 percent. NAB should not be disbanded - Rs7.5 trillion of Pakistani taxpayers' money is at stake. NAB must be restructured. To begin with, NAB has three missions: prevention, detection and punishment.

NAB has completely failed on at least two counts - prevention and punishment. As far as the staff is concerned, there's no specialized training, no skills, no integrity reviews and compensation is low. Then there are questions in the public mind over political interference into what NAB does or doesn't do - and how NAB is used to achieve political ends.

To be certain, NAB is going nowhere with its current staff quality. NAB needs to recruit intelligence technicians, financial records examination experts, training coordinators, cyber crime specialists, financial investigation experts, transaction pattern specialists, qual-

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itative data experts, forensic accountants, researchers, white-collar crime prosecutors and enforcement analysts. Currently, NAB is trying to investigate multi-billion rupee white-collar crime with blue-collar staff. This approach has been a complete failure.

NAB's impartiality and credibility are both very low in the public eye. Research within NAB is non-existent. NAB must establish at least three performance indicators - conviction rate, efficiency indicators and productivity indicators. To be certain, for an anti-corruption entity, the conviction rate is considered to be the primary performance indicator. And NAB's conviction rate is one of the lowest in the world.