

The Business

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Massive subsidies

While addressing a seminar held by the Pakistan Institute of Development Economics (PIDE), former Governor State Bank of Pakistan, Salim Raza has accused the private sector of living off massive subsidies, the cause of an inefficient private sector and 'pocket of industrialisation with big gaps. Molycodding the productive sectors through monetary and fiscal policies has been the hallmark of nearly all Pakistani governments which, over time, has contributed to 'elite capture' of all lucrative productive sectors/subsectors in industry and agriculture reflected by two elements. First, the pervasive influence of the elite on government's decision-making and, in the rare case of a government taking a policy decision at odds with the interests of the elite, massive protests and shutdowns that are followed by capitulation. By a sustained heavy reliance on indirect taxes, whose incidence on the poor is greater than on the rich, rather than direct taxes that are based on the ability to pay principle. The PTI government did not deviate from this basic flaw in the tax structure though an attempt was made to widen the tax base through plugging loopholes by appointing Shabbar Zaidi as Chairman FBR with firsthand knowledge of the means to avoid and/or evade taxes.

He failed to bring about reforms with explanations ranging from his ill health, to resistance of the FBR staff to reforms that he wished to undertake and lumping of these reforms with the overall reform exercise being proposed by an advisor to the prime minister. However, without doubt, another reason for his failure or his inability to override entrenched interest groups that possess the so-called 'shutdown power' before which the governments buckle under. At the end of his short tenure, as Chairman he, like his predecessors, was compelled to focus on raising revenue, no doubt as a consequence of the agreement forged with the International Monetary Fund by the then economic team leaders, and he too began to focus on revenue generation rather than instituting the direly needed corrections through reforms in the tax structure to make it equitable, fair and non-anomalous. This resulted in the continuing reliance on the low hanging fruit.

The previous Pakistan Muslim League-Nawaz (PML-N) tenure, the then government raised direct tax collections but unfortunately from withholding taxes in the sales tax mode through widening the tax differential payable between filers and non-filers on mainly consumer items and services. One would hope that the Shehbaz Sharif-led government makes the effort to reform the tax structure. Any attempt to change the existing set of incentives leads to a hue and cry followed by violent protests spearheaded by rich and powerful pressure groups. Raza during the seminar also criticised the utilisation of the otherwise laudable Temporary Economic Refinancing Facility of the State Bank of Pakistan by pointing out that bulk of it has gone into spinning, a little less into weaving.

The Kashmir files: Myth or reality

DR GHULAM NABI FAI

Early reviews in the Indian media had found the film deeply Islamophobic, dishonest, and a provocation. Sanjay Kak, Kashmiri Pandit filmmaker and writer. This movie feeds into cycles of hate and revenge. It collapses Kashmir's history and politics into an Islamophobic morality tale that is palatable and profitable to Hindutva India. Dr. Nitasha Kaul, Kashmiri Pandit novelist and academic.

"The Kashmir Files" written by Vivek Agnihotri is an Indian film which was released on March 11, 2022.

The focus of the film is the exodus of Kashmiri Hindus (Pandits) in Jammu & Kashmir. The conclusion of the film is that 1990 exodus of Kashmiri Pandits was a genocide. Among the many harms of the film is the intimate wrong it does to people from the Kashmir Valley. Both Muslims and Pandits bear the scars of conflict. Both communities need to share painful histories to get past them. These histories are not always of mutual recrimination but also of friendship and a common way of life lost in the armed conflict. The Kashmir Files seems to close off the possibility of a space where such longing may be expressed.

Is 'The Kashmir Files' myth or reality? The discourse needs to be supplemented with facts and figures. But before presenting my personal observations, let me put forth the analysis of some prominent Pandits (Kashmiri Hindus) and Indian scholars.

Sanjay Kak, an eminent and celebrated documentary filmmaker, and writer but more importantly a Kashmiri Pandit himself who wrote an opinion piece in Al-Jazeera under the heading, 'the dangerous 'truth' of the Kashmir files' on April 14, 2022. He said that 'early reviews in the Indian media had found the film deeply Islamophobic, dishonest, and a provocation.'

Sanjay Kak said that as a documentary filmmaker and writer whose work has centred on Kashmir for almost two decades, I have always been confounded by the facts – or the lack of them – of the departure of the community in 1990. My community, I should say, for, I am a Kashmiri Pandit. There is little clarity about even the most elementary things. We also know that early in 1990 some Kashmiri Pandit families began to flee in fear. Their leaving was probably intended as a temporary move though it was to

prove tragically permanent for most. We also know that despite all this, at least 4,000 Kashmiri Pandit families never left their homes.

They have continued to live in Kashmir, not in secure ghettos, but scattered across the valley. Living in what often feels like a war zone, without extended networks of family and community, their lives are not easy. But nor is life easy for their Muslim neighbours, with whom they live in what has come to be recognised as one of the most militarised zones in the world. The simplest questions fail to yield reliable answers, Kak warned. How many Kashmiri Pandits lived in the valley prior to 1990? The figures conjured up by the right-wing fluctuate between 500,000 and 700,000, although considered estimates place it at about 170,000.

How many of them left the Kashmir Valley after 1990? A recent response by the region's Relief and Rehabilitation Commissioner placed the figure at 135,426, although on inflamed television debates the needle again fluctuates between 500,00 and 700,000 and can inexplicably go up to a million.

Ipsita Chakraverty, an Indian artist, writer and activist wrote in Scroll. in, on March 19, 2022, "As for the numbers displaced, researcher Alexander Evans suggests there were 160,000-170,000 Kashmiri Pandits in the Valley in 1990, most of whom fled in the violence. Other scholars claim the numbers were lower. The Jammu and Kashmir government's website says 60,000 Kashmiri Hindu families migrated out of the Valley during the violence, which still does not match the five lakh figure. Sanjay Kak explained, "This is a film that brutalises its audience with scenes of such extreme violence that it eventually silences the possibility of considering alternative narratives that we know to be true. I could think of few: although terrible tragedies did happen to many individuals, most Kashmiri Pandit families were not betrayed by their Muslim neighbours.

While some properties were torched and destroyed, most temples and homes were not ransacked or looted, and many more have run to ruin over years of neglect.

Most critically, this myopic narrative succeeds in obscuring the fact that what happened in Kashmir in the 1990s was not centrally a conflict between Muslims and Hindus. It was an uprising against the Indian state." Dr Nitasha Kaul, novelist, poet, academic and a Kashmiri Pandit wrote an opinion in 'The News Minute' under the heading, "Kashmir is

not a file: Propaganda and politics in India" on March 24, 2022.

She said that this movie can show 'Free Kashmir' banners and refer to the plebiscite on Kashmir as a condition of accession that was never carried out – in order to debunk these things – but anyone else in real life who dares to seriously discuss these very things publicly in India risks being imprisoned or charged with sedition. Dr. Kaul added that the movie dwells on Kashmiri Pandit suffering alone and makes ample use of Islamophobic tropes – all Muslims in the movie are violent, barbaric or lecherous or devious or vile.

This movie feeds into cycles of hate and revenge, Dr. Kaul warned. It collapses Kashmir's history and politics into an Islamophobic morality tale that is palatable and profitable to Hindutva India.

It should offend all Indians, Hindus, Muslims, Kashmiri Muslims, men, women and others who have ever cared for humanity across religious lines.

Ajit Singh, an Indian educationist wrote an Op-Ed in 'Brown Girl Magazine' entitled, 'The Kashmir Files – Fabricated the Truth to Demonize Muslims' on March 24, 2022.

He said as far as Kashmiri Pandits are concerned, they have every right to present their version of the story, but they didn't need to hire an amoral sycophant who won't shy away from using every nasty trick in the fascist playbook to create irreparable fault lines that will ultimately help the incumbent political party to dismantle democracy in the garb of portraying the true accounts of victims.

Debasish Roy Chowdhury, an Indian journalist wrote in TIME on March 30, 2022, "But accuracy is not the film's priority, nor is it interested in justice and closure for the Pandit community.

Instead, the purpose of the Kashmir Files is to inflame hatred against Muslims; against secular parties that Modi's followers brand anti-Hindu; liberal intellectuals and activists, whose faith in India's inclusive democracy runs contrary to the supremacist tenets of Hindu nationalism; and against the liberal media that the Hindu right disparages as sold-out "presstitutes." ...Accordingly, Muslims are portrayed as uniformly evil, treacherous and predatory. Even little Muslim boys are shown as demonic." — (To be continued), First tranche of the four-part series.

The writer is Dr Ghulam Nabi Fai is the Chairman, Washington-based 'World Forum for Peace & Justice'.

Depleting SBP reserves a ticking bomb

FARRUKH SALEEM

Irfan Khan wants to take over Islamabad with 2 million of his supporters. Ch Fawad Hussain is talking about 'civil unrest'.

Sheikh Rasheed Ahmad is talking about a 'civil war'. Clearly, politicians are playing their dirty games in the midst of a serious economic crisis.

This is bound to result in disastrous consequences. The talk of 'civil unrest' must now be buried or the economy will have to be buried.

Liquid foreign exchange reserves with the State Bank of Pakistan (SBP), as of April 16, stood at \$10.885 billion-just enough for 7 weeks of imports. In August 2021, SBP had \$20 billion in liquid foreign exchange reserves. Over the past 8 months, SBP has lost some \$10 billion of liquid reserves. Lo and behold, SBP has been losing an average of \$1.2 billion a month, every month for the past 8 months.

Red alert: In the month of March SBP lost a wholesome \$5 billion in just one month. A closer scrutiny at SBP reserves reveals that the reserves actually include a \$3 billion Saudi loan, \$2 billion UAE loan, \$3 billion Chinese loan, \$3 billion Chinese trade facility, \$4.8 billion SWAPS and \$6.7 billion from the IMF.

The net-net reserves with the SBP thus stand at a negative \$11.7 billion. Depleting reserves mean that SBP is fast running out of dollars to buy \$15 billion worth of petroleum products, \$3 billion worth of LNG and \$10 billion worth of palm oil, tea, pulses, sugar and wheat.

Last year, Sri Lanka Maha Bankuwa, the Central Bank of Sri Lanka, experienced a fast depletion in reserves. By early-2022, power stations in Sri Lanka began running out of fuel.

On 1 March 2022, the Public Utilities Commission of Sri Lanka announced "nationwide seven-and-a-half hour daily power cuts, the longest in more than a quarter of a century, as its foreign exchange crisis leaves it unable to import oil."

On March 10, Sri Lanka's Commissioner-General of Motor Traffic told the media that plastic

used for drivers' licenses is imported from Austria and because of the ongoing forex shortages they have not been able to import plastic to issue drivers' licenses.

On March 20, Sri Lanka canceled "school exams over paper shortage as financial crisis bites." In April, BBC reported, "Doctors across Sri Lanka say hospitals are running out of medicines and essential supplies as the country's economic crisis worsens. They fear a health catastrophe if international help doesn't arrive soon."

Pakistan needs to replenish SBP's foreign exchange reserves-and do that as fast as possible.

PM Shehbaz Sharif has taken a very timely decision of rushing Dr Miftah Ismail, Minister of Finance, to the IMF. The good news is that Dr Miftah Ismail has successfully taken us back into the IMF's Extended Fund Facility (EFF) which was originally negotiated in 2019.

To be certain, getting back into the IMF's fold will not be enough-necessary but not enough. We need to raise roughly \$10 billion in the following 12 weeks to meet our debt servicing and fill the current account gap.

We are going to need Saudi Arabia as well-and the prime minister has already reached Saudi Arabia. We are also going to need China-plus all other friends.

'IMF Statement on Pakistan' released on April 24 states: "We agreed that prompt action is needed to reverse the unfunded subsidies."

What that means is that the Rs10 a liter subsidy on petrol and diesel announced by ex-pm on February 28 is 'unfunded' and thus cannot be sustained.

What that also means is that the price of petrol and diesel is soon going to hit the Rs200-a-liter mark. That means a new price spiral-for which we should all be prepared. Yes, prices are bound to go up.

If economic history is any guide then a PML-N led government will deliver relatively better economic growth. And better economic growth means a higher per capita income. And a higher per capita income will enable us to bear the

Secular terrorism

MUHAMMAD ABDUL BASIT

In an unusual attack inside Karachi University, a female suicide bomber killed herself and three Chinese nationals and their Pakistani driver.

Women in terrorism is not a new phenomenon but this is the first of its kind by the Balochistan Liberation Army (BLA), an ethnonational secessionist terrorist group active in Balochistan.

The BLA has attacked Chinese nationals multiple times in the past, in addition to its terrorist activities against the state of Pakistan. Pakistan has many challenges from outside the border and perhaps even greater from within. Economic and political instability as well as religious and secular terrorism are matters that need acute and careful consideration.

To be clear, the term 'secular terrorism' takes into account the various dimensions of terrorism that do not have religious tendencies. The separatist groups, fighting for independence, fall in this category. Religious terrorism creates disruption in the social order but often fails to find massive success in achieving its political goals. On the contrary, secular terrorism can even lead to changing the world map. Nationalism is the most powerful political ideology on the planet. And that's why states resort to extreme means to contain subnational movements. States are always cautious of their territorial integrity.

A state-centric view always sees any secessionist group as terrorist, and arguably rightly so. In matters of security and territorial integrity, state behaviour is always, and without any exception, governed by the dictates of realism.

Pakistan has, unfortunately, been a land barren of investments for many decades. The China-Pakistan Economic Corridor (CPEC) provides enormous potential for the economic growth of the country. However, huge potentials do

not come without risks. Multiple religious-backed as well as non-religious terrorist outfits have attacked the project in the recent past. The recent attack on the Chinese, by religiously motivated or nationalist groups, may not send goodwill gestures to the only neighbour with which Pakistan enjoys cordial relations. Stability in Balochistan matters a lot for CPEC, and it cannot be maintained by repressive measures for long.

Such attacks jeopardize the progress of the CPEC project that is vital to Pakistan's economic growth. Investments in areas that have insurgencies remain at stake. Political stability precedes economic security. The BLA has attacked Chinese citizens multiple times in different areas of the country. Interestingly, the BLA recruits educated people for its nefarious activities.

There are some widespread myths regarding terrorism. Ask a common person what should be done to eradicate terrorism and the answer is most likely to be: educate people and make their financial situation better. In reality, most of these terrorists are well-educated and belong to financially stable families.

The case of this female suicide bomber is self-evident – an educated woman pursuing an MPhil degree and belonging to a financially well-off family. Many renowned terrorists, including Osama bin Laden, Aimen al Zawahiri, Khalid Sheikh Muhammad and Noreen Leghari were well-educated too. Moreover, engineers and doctors have a huge presence in the terrorist outfits.

A study by Diego Gambetta and Stefan Hertog indicates that among violent Islamists, the proportion of extremists with an engineering background was three to four times high. The reason: terrorist organizations need their services, and they are easier to be manipulated compared to students of other educational fields. Similar is the case with non-religious terrorist organizations.

They hire educated people too. When educated people find their society facing relative inequality, feelings of despair generate outrage.

In the bigger picture, when terrorists attack, the counterterrorism measures often result in collateral damage, which in turn bounces back in the form of graver resentment in the affected population that is already outraged because of the relative inequality. Balochistan does have its legitimate grievances. As long as they are not catered to, the challenges are destined to stay there. The problems of enforced disappearances, use of Balochistan's resources without development within the province and punitive measures leading to collateral damage are not helping the state reach peace. Instead, they push the disgruntled youth to join separatist groups.

Terrorism is neither irrational, nor abrupt. One does not become radicalized spontaneously. In counterterrorism measures, the long-term solution requires pulling the oxygen out – let the connection between the terrorist organizations and the citizens weaken to the maximum level and choke their support in the people. On the contrary, if citizens are not taken into confidence and their demands remain unmet, it becomes easier for terrorist outfits to cash in on the anger of the people and recruit them for their vicious plans. To conclude, Pakistan needs to adopt a people-centric approach and listen to the genuine issues of the people in the periphery. Political solutions can be fruitful and long-lasting. Taking the people into confidence, providing them with equal opportunities and resolving their issues would strangle separatist movements. And Pakistan needs that for smooth progress in CPEC and other economic activities.

The writer is a political scientist with a focus on international relations and sociopolitical issues. He can be reached at: