



PAKISTAN
GOVERNANCE
FORUM

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GENDER AND WOMEN EMPOWERMENT

Women & Law

Government Files Appeal Against FSC Judgment

Responding to the repeated requests of National Commission on the Status of Women (NCSW), the federal government has filed an appeal against the judgment passed by the Federal Shariat Court (FSC), in which several sections of the Women Protection Act 2006 were declared illegal and unconstitutional. The NCSW has welcomed the decision and said that it shows the seriousness of the government towards women issues. The Commission was worried that the matter will be ignored due to security situation in the country but it was heartening to note that the government filed appeal in time. A delegation of the NCSW met the Law Minister Maula Bakhsh Chandio in connection with the judgment of the FSC. The delegation was informed by the minister that the appeal has already been filed by the federal government against this judgment. The government has also nominated prosecutors for this case.

The delegation has also requested the law minister to file review petition in Mukhtaran Mai's case. Last year the FSC had dismissed some sections of WPA, declaring them against the Islamic Laws. As a reaction, the present government came forward and vowed to challenge this judgment in the upper court of law. The verdict had perturbed the entire movement and struggle that had been launched against inhuman and unjust laws against women; those were promulgated in the darkest era of dictator General Zia-ul-Haq. The NCSW strongly appealed to the Prime Minister to stand by its agenda for the advancement of women and go into appeal before the date given by the FSC. The Commission also reminded the PM of his agreement that he has made during one of his meetings with women legislators.

[The News - May 28, 2011]

Women & Economics

Women Skill Development Centres Die a Silent Death in FATA

Thirty-one of the total 70 women skill development centres have been closed in Federally Administered Tribal Areas, indicating major turnaround in socio-economic sector in this poverty-stricken region. About 13 centres were set up in North and South Waziristan agencies but now all of them have been closed for good and robbers have taken away the machines, furniture and other equipment. A centre in Dabkot village had been completely destroyed. However, an official in Peshawar claimed that two centres were still functional in South Waziristan. Total 10 centres were set up in the militancy-ravaged area by FATA Secretariat. Similarly, in North Waziristan Agency all the three centres — one opened at the abandoned seminary of Maulvi Jalaluddin Haqqani near Touchi Scouts Fort in Miramshah — had been closed. Another centre in Cantonment area had also been closed. Tribal women were taking interest in learning these skills and mostly illiterate females were enrolling themselves thus showing the project was a success. Some 10,000 women had been imparted training at those centres so far. In fact women in tribal areas wanted to learn these skills, but they can't work in the hostile environment; regarding the closure of the some of the centres in the recent security scenario in parts of tribal region. Neither local women could come to the centres nor could officials in Peshawar visit the areas owing to insecurity.

The FATA Secretariat had established 70 women skill development centres in six frontier regions and seven agencies in FATA. A separate directorate was set up for establishing skill centres in tribal areas. Purpose of opening these centres was to encourage women in tribal areas to set up their own enterprises and earn livelihoods through self-employment. Tailoring, knitting, hand embroidery, machine embroidery along with home-need based activities like cooking, hygiene; sanitation; simple medication and child care were introduced at these centres as womenfolk were taking interests in learning the skills. An amount of Rs. 198.078 million was allocated for running these centres. Twenty students are enrolled for six months in each centre and two batches are trained every year. Later, FATA Development Authority took over these centres to run the project more efficiently. But lawlessness resulted in closure and destruction of these centres. Militancy has badly affected social and economic sectors in the tribal areas. The authorities had allocated an amount of Rs. 550 million for running the centres and annual cost was about

Rs. 40 million. Five more centres were in the pipeline and they would be run through public-private partnership. Some women, who had learnt skills at those centres, had set up their own outlets and successfully continued their business.

[Dawn – May 23, 2011]

Articles/Reports/Books on Gender

Report: Asia Leads World in Gender Inequality

A new report published by the Asian Development Bank and International Labor Organization estimates that 45 per cent of the vast productive potential of Asian women remains untapped compared to just 19 per cent for men. Asian women have certainly been an engine of region's economic dynamism and still make up the 'buffer workforce' both within labor markets and households as 'secondary earners' or 'added workers'. However, women themselves had few buffers against economic crises and the range and effectiveness of their buffers were inadequate. Even before the recent economic and financial crisis, Asia was estimated to be losing 42 to 47 billion dollars a year because of limits on women's access to employment opportunities and another 16 to 30 billion dollars a year as a result of gender gaps in education. Though the region's economic growth of 6.2 per cent in 2000-07 greatly exceeded the global average of 4.2 per cent, average growth in women's employment was just 1.7 per cent – below the world average of 2 per cent. South Asia had the highest rate of vulnerable employment among all regions in the world at 84.5 per cent for women and 74.8 per cent for men, suggesting that the sub-region's high rates of employment growth did not automatically equate to positive labor market trends.

Asia is unique in both its relatively low female unemployment rate and its positive male-female gap. The regional unemployment rate for women was 4.3 per cent in 2009 compared to 4.7 per cent for men. All other developing regions in the world show women to be disadvantaged compared to men when it comes to finding work. Asia is now leading the world in economic recovery. Conditions have improved but the recovery is still fragile for most workers and especially for informal women workers their vulnerabilities are far from over. While some progress has been made in past decades in advancing gender equality, it remains pervasive throughout the labor markets of the region. Gender inequalities are not only rooted in the socio-cultural norms of countries but also entrenched in the policy and institutional frameworks that shape the employment opportunities of Asia's female labor force of 734 million.

For the period 2011-2015, an average of 1 million young people will enter the labor market each year in South Asia, adding pressure to the over-saturated labor market. The number of young people entering the labor market in East Asia and South-East Asia and the Pacific is expected to decrease. Youth unemployment rates are projected to fall in 2011, but the greater sensitivity of youth rates to the business cycle means the projected recovery of youth unemployment is more uncertain than that of adults as economic instability continues. In South Asia, unemployment rates fell slightly in 2010, but unemployment is not the main labor market challenge in the sub-region. The primary concerns are still the huge gap in male-female labor force participation rates; a youth unemployment rate of 20.7 per cent in the second quarter of 2010 and the highest rate of vulnerable employment among all regions in the world.

The job loss impact in Asia was severe because the labor-intensive export sectors were doubly vulnerable – in terms of both the sectors' share of exports which fell sharply and the high quantity but low quality of jobs including lack of social protection in these sectors. Male workers were not spared as the male-dominated sectors, such as automobiles and auto parts and construction, were also hard hit. Several Asian countries also experienced layoffs in financial services, ICT-based back office services and telemarketing – the sex composition in these sectors is fairly equal. The six service sectors in Asia where women accounted for more than 50 per cent of the workforce were health and social work, education, private households with employed persons, hotels and restaurants, and financial intermediation.

[Dawn - May 1, 2011]

FAFEN Report: Crimes against Women Rising

Punjab province saw a 21 per cent leap in officially recorded crimes against women in February 2011, compared to January 2011, according to Free and Fair Election Network's (FAFEN) collection of officially documented criminal cases in 69 districts across Pakistan. These crimes against women include honor killings, sexual harassment, compelling a woman to marry, rape and offenses related to marriage law. The offices of District Police Officers (DPOs) in 25 out of 28 monitored districts of Punjab reported 700 FIRs on crimes targeting women while the police administration of 23 out of 29 observed districts in the province reported 578 crimes against women. Crime statistics were collected by FAFEN Governance Monitors from the offices of DPOs in a total of 69 districts across Pakistan. To collect data, FAFEN governance monitors visited the DPO offices of 28 districts in Punjab, 18 districts in Khyber-Pakhtunkhwa (KP), 16 in Sindh, 6 in Balochistan and 1 district in Islamabad Capital Territory.

Nationwide, the police in 33 out of 69 districts observed reported 853 crimes against women. Four in every five cases of crimes against women were recorded in Punjab districts. This was a significant increase on Punjab's 67 per cent of crimes against women, even though only two more districts of Punjab shared information about these crimes. Monitored districts in Sindh on the other hand, managed to cut their share of crimes against women from 24 per cent to 12 per cent, despite the number of districts monitored in Sindh falling by only one fourth, from 12 to 9. Around five per cent of crimes against women were registered in KP, 0.3 per cent in ICT and 0.2 per cent in Balochistan. With 158 FIRs of crimes against women Lahore District displaced Faisalabad as the district recording the most crimes against women.

Punjab's share has increased by four per cent from January's figure. Sindh's share, on the other hand, decreased from 13 per cent in January to 10 per cent in February. K-P registered 8 per cent of the total FIRs in February while Balochistan and ICT reported 1 per cent each. Approximately 65 per cent of the total crimes of physical harm were reported in Punjab. Sindh followed with 19 per cent and KP with 13 per cent. Only 3 per cent of crimes of physical harm were recorded in monitored districts of Balochistan, and 1 per cent in ICT. Most of the crimes against property, 84 per cent, were also reported in Punjab. This was followed by 12 per cent in Sindh, and 1 per cent each in ICT, K-P and Balochistan. Similarly, the observed districts of Punjab, Sindh, K-P and Balochistan accounted for 91 per cent, 7 per cent, 1 per cent and 0.4 per cent respectively of the total 2,574 crimes of threat and fraud.

Accordingly, four of the five districts that reported the most crimes were in Punjab. Lahore District came top, with a huge 23 per cent of all recorded crimes in monitored districts being reporting in this district alone. This was almost twice the figure for the district in second place, Faisalabad, which recorded 13 per cent of crimes in monitored districts. Multan followed with 5 per cent and Rahimyar Khan with 4.1 per cent. Karachi district of Sindh came fifth, with 3.9 per cent of FIRs in monitored districts. The high rate of registration of crimes in Punjab, however, does not mean that crime is necessarily more prevalent in Punjab than in other provinces. It could be attributed to the province's large population, or to local people's trust in the state-run judicial system. On the other hand, a low rate of crime reporting in regions such as Balochistan and K-P does not necessarily represent a low crime rate there – other factors might be at work.

[The Express Tribune - May 18, 2011]

HR WATCH

Women & HR

Another Woman Falls Prey To ‘Acid Terrorism’

In another incident of ‘acid terrorism’ against the women, a woman has been victimized brutally by the gender-based violence of acid throwing in the federal capital one morning when a poor housemaid was going to her job. The completely defaced victim was shifted to Burn Centre of the PIMS Hospital. The acid-attacker was her husband who took revenge, as she was not ready to live with him and had filed a case in the court of law for divorce. The trembling incident occurred in broad daylight when the attacker carrying string acid in a bottle, intercepted the 24-years-old woman in a busy street and threw acid on her face and body and sped away. The SP said that the police have registered a case and started investigation, adding that severe action would be taken against the acid attacker according to the law of the land. He claimed that the accused would be arrested within 24 hours.

A report said that Pakistan tops the list of incidence of acid attacks on women with nearly 150 incidents of nationally every year of which about 50 occur in Baluchistan. A report, entitled “Acid Terrorism against Women in Pakistan”, presents some incidents of this horrific crime. It is showing the extent of the gender-based violence in Pakistan and the concrete consequences of the misogynist mindset which is spreading within the Pakistani middle-class. The AHRC is working on those acid throwing cases as part of its involvement for denouncing human rights violations across Asia. There is a high survival rate amongst victims of acid attacks. Consequently the victim is faced with physical challenges, which require long term surgical treatment, as well as psychological challenges, which require in-depth intervention from psychologists and counselors at each stage of physical recovery. Depression and anxiety are common amongst all patients with large burn injuries; however, for victims with acid injuries the physical scarring can lead to feelings of shame and embarrassment, resulting in the survivor living a life in hiding due to fear of prejudice and stigma from their peers and the community. Many survivors continue to have vivid memories of the incident, which cause great levels of distress, especially when they know their attackers are free to attack again,” he added.

[The News - May 20, 2011]

Workplace Harassment: ‘Stop Blaming the Victim’

When there is a robbery people don’t ask whether the victim encouraged the robbers by carrying a lot of money or by not taking adequate security measures, because everybody thinks of robbery as a crime. Unfortunately, this is not so with sexual harassment especially at workplaces. To debunk the common perception that sexual harassment is inevitable when men and women work together. Instead of blaming the victim, people should concentrate on improving the workplace environment. Saleha Javed of Working Women’s Helpline, introduced character sketches at the presentation that had been developed after research into the behavior of men who harass women. One character was Mogambo Blackmailer, who harasses women and blackmails them. Keecher Teacher is a character that preys on his students. This character was in accordance with the Punjab University and Government College University professors who have been accused of raping female students. Luchar.com is an Internet predator that specializes in chatting with unsuspecting women online, unearthing their secrets and then using them against them. There were also some women who invited harassment. The Dukhayari Madhobala is a character that exaggerates her weaknesses and problems to exploit the male urge to help damsels in distress.

After the presentation a documentary titled Hamara Taqaddus was screened in which victims of harassment shared their experience of trying to pursue legal remedy. Experts on the subject then gave their views on the Protection against Harassment of Women at the Workplace Act 2010. All organizations must implement the law and educate their employees about it. Under the act, an organization getting a complaint of harassment must issue a notice to the accused. If the accused does not respond within 10 days, he or she is assumed to have accepted guilt. If he defends himself, an inquiry team must find the

facts of the case within 30 days. The accused can be punished by dismissal or a pay cut. If the victim is not satisfied with the decision, she/he can file an appeal with the ombudsperson, who must decide the appeal within 45 days. Laws promising to protect women from sexual harassment are useless unless they are implemented, and this requires greater political engagement. Almost 99% of women have been victims of sexual harassment. This issue cannot be addressed in isolation. There is a dire need to eradicate religious extremism from our society. We need to modify society's behavior through education.

[The Express Tribune - May 6, 2011]

Child Rights

Devolution of Ministry: Child Labor Issues in Limbo

After the passage of 18th Amendment enforcement of laws relating to elimination of child labor falls exclusively in the domain of the provincial governments. The International Labor Organization (ILO) has partnered with the European Commission (EC) for a five-year project to help Pakistan curb child labor and take 10,000 children out of hazardous workplaces. The project, as per ILO website, has faced numerous obstacles mainly due to the deteriorating security situation in the country. As a result, the establishment of the proposed institutional mechanism which should be in place to commence the core project took more time than expected. However, provincial coordination committees on child labor and provincial child labor units were established and made operational in all the four provinces. During the year 2008, about 12,000 child workers have been removed from hazardous occupations.

[The Express Tribune - May 6, 2011]

Conflict Watch

Missing Persons Remain Untraced Despite PHC Efforts

Majority of missing persons remain untraced as all the intelligence agencies, security forces and police have expressed ignorance in the Peshawar High Court (PHC) about their whereabouts. Family members of the missing persons have been approaching the PHC about the unlawful detention of their near and dear ones in the hope that the court would take serious notice and pressurize the intelligence agencies and police officials for their safe recovery. But the situation in the courts remained different and not very hopeful for the litigants. In all the forced disappearance cases the respondents including intelligence agencies, the police, paramilitary troops' commandants and political authorities while submitting replies on the affidavits claimed they don't know about the whereabouts of the missing people. In several cases, the petitioners produced the freed missing persons as witnesses in the PHC. They recorded their statements on oath about the presence of the petitioners' relatives in various detention cells run by the security forces, but the courts disposed of their cases after the interior and defense ministries submitted replies on affidavit that the missing persons weren't in the custody of the intelligence agencies.

The courts in such cases observed that the petitioners could again challenge the unlawful detention if they had any fresh information about the presence of the missing persons in some detention cell. PHC disposed of a habeas corpus petition challenging disappearance of six persons as the intelligence agencies and security forces expressed ignorance about them. A two-member bench directed the petitioner to file a fresh petition if he had any new information about the alleged detainees. All operating officers of the law-enforcing agencies shall clearly understand the constitution and law of the land that if these assertions made on affidavit are found false and the detainees were found in their custody, then they will have to face criminal prosecution. Director (Legal), Ministry of Defense, Lt Col Sarfaraz Ahmad appeared in the court and submitted an affidavit stating that the Inter-Services Intelligence (ISI) and Military Intelligence (MI) had informed him that the said missing persons were not in their custody. He had also submitted an affidavit on behalf of Col Adnan Qaiser, who also claimed that he was not aware of the detainees.

PHC took exception to the continuous denial by the intelligence agencies about the whereabouts of missing persons and directed the ministries of interior and defense to produce their entire correspondence with these agencies. It was observed that relatives of the missing persons moved the court in the hope of tracing their relatives, but the government agencies were not cooperating in locating them. The court directed the counsel to produce the entire communication between the ministries and the

intelligence agencies to enable the bench to ascertain the efforts made in finding the missing persons. The courts were trying to recover the missing persons but were helpless due to claims by the intelligence agencies and the police that they were unaware about their whereabouts. If the courts wanted to make headway in these cases, they should take strict action against the station house officers of the police stations from whose jurisdiction the missing persons were being picked up.

[The News - May 23, 2011]

Target Killings

Following are some of the major incidents of target killings took place in Karachi during May:

- May 1: Around 11 vehicles were torched in incidents of violence, as complete strike was observed on the call given by the MQM to observe the day as the day of mourning against the incidents of target killings, in which sympathisers, workers and leaders of the party have been targeted.
- May 3: Three people, including an activist of MQM-H Amir Khan Group, were killed in separate incidents of target killing and violence in different parts of the metropolis. A young man was killed and a member of Kachhi Rabita Council (KRC) injured in Kamil Street within the limits of Kharadar police station.
- May 4: Three people, including an activist of the MQM, were killed in separate incidents of target killing in different parts of the metropolis. An activist of the MQM was gunned down near Noor Decoration House within the limits of Surjani police station. The incident took place near Noor Decoration, Sector 5-D Surjani Town when unidentified armed men on a motorcycle opened fire, resultantly a 24-year-old Arif, son of Irfan, received injuries and died after few moments.
- May 8: Target killings claimed three more lives on May 8, including that of an activist of Mohajir Qaumi Movement-Haqiqi (MQM-H) in separate incidents in various parts of the city. The corpse of a MQM-H worker was found from bushes in Korangi area within the jurisdiction of Awami Colony police station. Police officials said the deceased, 30-year-old Rashid Ansari, son of Raees Ansari, was found dead in Korangi No 2 ½ and was a resident of Sector 33-D, Korangi.
- May 21: Five people, including two lawyers, fell prey to target killing in different parts of the metropolis. Two real brothers were shot dead at Musharraf Colony within the remits of Mauripur police station. The victims were lawyers by profession. Advocate Altaf Hussain 40, son of Sardar Ali, was going to a court with his brother Nazar Hussain, 32, when their car reached near Al Akbar Mosque, unidentified armed men on a motorcycle opened fire on them. Both received severe bullet injuries and died on the spot. The culprits managed to flee from the scene.

Following incidents of target killings took place in Balochistan:

- May 5: At least eight people were killed and eight others wounded when unidentified assailants using rockets and guns attacked a group of Shias in Hazara Town of Quetta on Friday morning. Another woman died after suffering a heart attack on learning about the death of her son in the attack.

- May 1: Five more mutilated and decomposed bodies of Baloch missing persons, including the bodies of a former leader of the Baloch Students Organisation-Azad (BSO-Azad) and the Baloch National Movement (BNM), were found from Panjgur, Khuzdar, and the provincial capital.
- May 18: At least seven people, including a passerby girl, were killed and six others sustained bullet injuries in a targeted attack near Killi Kamalo, on the outskirts of the provincial capital. Police termed the incident as sectarian killing and have started investigating it. The banned religious outfit Lashkar-e-Jhangvi claimed responsibility for the attack and a spokesman of the group, Ali Sher Hadri, said they would carry out such attacks in the future as well against the Shia community
- May 24: Three more bullet-riddled dead bodies of Baloch missing persons were found from Morgab area of Kech district and Gowargo area of Panjgur. Morgab is the same area where two dead bodies were recovered on Monday, some 15 kilometres from Turbat City.

[The information has been compiled from different newspapers]

Terrorist Incidents in May

SR. NO.	DATE	PLACE	KILLED	INJURED
1.	May 1	Baizai tehsil/Mohmand Agency/FATA	25	8
		Pindi Gheb/Attock District	4	-
2.	May 2	Charsadda District/Khyber Pakhtunkhwa.	4	5
		Abbottabad District	4	-
3.	May 3	Landikotal/Khyber Agency/FATA	7	2
4.	May 4	Kurram Agency/FATA	10	8
5.	May 6	Datta Khel/North Waziristan Agency/FATA	17	-
		Quetta	8	15
6.	May 10	Nowshera District	4	4
		Munda tehsil/Lower Dir/Khyber Pakhtunkhwa	3	-
		Angoor Adda/South Waziristan Agency/FATA	3	-
7.	May 12	Datta Khel/North Waziristan Agency/FATA	8	-
8.	May 13	Shabqadar tehsil/Charsadda District	90	-
		Kharkamar/North Waziristan Agency/FATA	3	-
9.	May 14	Kharian/Gujrat District	6	10

		Suran Dara/Mohmand Agency/FATA	5	8
10.	May 16	Miranshah/North Waziristan Agency/FATA	12	4
		Quetta/Mastung District	3	1
11.	May 17	Peshawar/Khyber Pakhtunkhwa	17	-
		Quetta	-	-
		Degari/Dasht tehsil/Mastung District	4	-
12.	May 18	Killi Kamalo/Quetta	7	6
13.	May 20	Landikotal and Torkham/Khyber Agency/FATA	16	-
		North Waziristan Agency	6	-
		Ghunza/Orakzai Agency	5	-
14.	May 22	Orakzai Agency/FATA	8	-
15.	May 23	Suran Darra/Mohmand Agency/FATA	9	3
		Miranshah/North Waziristan Agency	7	-
		Zakha Khel/Khyber Agency	3	6
16.	May 25	Peshawar	9	39
		Balishkhel/Upper Kurram Agency/FATA	4	18
17.	May 26	Hangu Police Station	33	60
		Zakha Khel/Khyber Agency	4	5
18.	May 27	Orakzai/Kurram Agencies/FATA	23	-
19.	May 28	Salarzai/Bajaur Agency/FATA	8	11
		Matta tehsil/Swat District/Khyber Pakhtunkhwa	2	-
20.	May 30	Panjgur/ Bahawalpur District	3	1
21.	May 31	Mirkalam Khel and Akhon Kot/ Orakzai Agency/FATA	-	-

Source: South Asia Terrorism Portal

GOVERNMENT WATCH

Legislative Business

Following Parliament Acts and Bills were passed by the National Assembly during May:

Acts of the Parliament

- May 3, 2011 – The Election Laws (Amendment) Act, 2011
- May 10, 2011 – The Industrial Development Bank of Pakistan (Reorganization and Conversion) Act, 2011
- May 14, 2011 -- The National Defence University Act, 2011

Bills Passed by National Assembly

- May 10, 2011 -- The Criminal Law (Amendment) Act, 2011
- May 11, 2011 -- The Carriage by Air Act, 2010
- May 12, 2011 -- The National Vocational and Technical Training Commission Act, 2011

[Source: www.na.gov.pk]

Policies of Federal & Provincial Governments

18th Amendment Implementation: 7 Ministries Set To Go In Provincial Hands by June 30

Due to delay in devolving ministries of sports, environment and women development under the third phase of the process, the implementation commission on the 18th Amendment has decided to devolve them under the fourth phase, along with four other ministries. The commission has decided to simultaneously launch the third and fourth phases of the ministries' devolution and complete the process by the end of June. Meanwhile, it was earlier decided that the Environmental Protection Agency would not be devolved to the provinces.

The transfer of health ministry to the provinces is likely to create new challenges, particularly for the PML-Q since their newly-inducted health minister Riaz Hussain Pirzada was assured by the party leadership that his ministry would not be devolved for at least a year. The commission is scheduled to meet again for a briefing from officials of the health ministry. Since Pirzada was recently reallocated the portfolio of the health ministry after he refused to take charge of the ministry of minorities' affairs, its devolution may trigger a new turmoil in the ranks of the PML-Q. Differences had earlier emerged between members regarding the devolution of the Higher Education Commission, provoking Senator Ishaq Dar of the PML-Nawaz to resign from the post of deputy chairman of the implementation commission in protest.

Commission's Task: Earlier, Rabbani had said that no employee of the devolved ministries would be rendered jobless nor placed in the surplus pool. He had said that they would all be accommodated in other ministries and departments operating under the federal government. The commission will examine the existing administrative structures of the federal government relating to the subjects being devolved and suggest a mechanism for a smooth transition of ministries to the provinces.

[The Express Tribune - May 18, 2011]

NA Body Opposes Food Ministry's Devolution

The National Assembly's Standing Committee on Food and Agriculture recommended that the Ministry of Food and Agriculture should not be devolved to the provinces under the 18th Amendment since food security is a burning issue. The committee met under the chairmanship of MNA Javed Iqbal Warraich at the Parliament House. It asked the Planning Commission to allocate funds to the agriculture ministry

under the Public Sector Development Programme (PSDP) 2011-12. The committee members asked the ministry officials to prepare a draft for the Implementation Commission about keeping the ministry with the Centre. It recommended that federal research departments should remain with the federal government and all irrelevant projects should be abolished immediately. Ministry officials said that 24.21 million tons of wheat production has been achieved this year against the target of 25 million tons. According to the document presented before the committee, an improvement of 3.13 per cent was recorded against last year's production of 23.3 million tons.

[The Express Tribune - May 24, 2011]

New Ministry Proposed To Keep Certain Entities from Devolving

The implementation committee and the federal health ministry are flirting with the idea of forming a new ministry under which most entities that are not devolved to the provinces will be regulated. If this proposal is accepted and implemented, the debate over the fate of Jinnah Postgraduate Medical Centre (JPMC) and the National Institute of Child Health (NICH) will then be subjected to the rules and regulations imposed on the new ministry. The newly appointed Minister for Health Riaz Husain Pirzada is hoping that the hospitals are not devolved to the province. Pirzada said that institutions are not made to be broken, especially hospital and educational centres. They are an integral part of the constitution and cannot be split up through an executive order, but must be done so through a parliamentary act. Parties supporting the devolution should take the nation's sentiments into consideration.

The example of the Higher Education Commission's devolution when the people came out on to the streets and the Supreme Court supported them (the people). The court will support a move to keep these institutions from being handed over to the provinces. According to him, the process of devolving the ministry of health, particularly the hospitals, will not occur for at least another two years — around the time for the next election.

[The Express Tribune - May 24, 2011]

Proposal for Setting up Apex Federal Body Moved

With the Implementation Commission trying to meet the deadline for devolution process, the Ministry of Environment has presented a set of proposals, including constitution of an apex federal body to deal with foreign donor agencies and ensure consistency in environmental laws, sources told this scribe. A total of eleven proposals were presented to the Implementation Commission for consideration before finalization of devolution of the federal environment ministry. The draft proposals mention Article 143 of the Constitution, stating that there should be no inconsistency between federal and provincial laws. Therefore, it is necessary that an apex federal body should be constituted to act as a focal institution to fulfill international obligations regarding global environmental protocols and agreements.

There is also a proposal to establish a commission on climate change and sustainable development to perform functions mandated to the federal government under Sections 3, 15, 16, 27, 32, 35 and 57 of the Federal Legislative List (FLL) at the federal level. The draft stated that Alternative Energy Development Board (AEDB) along with Enercon should be placed under the single federal body, as synergies exist between these two institutions, which are working for green economy. The Ministry of Environment has urged the Implementation Commission to facilitate it in participating in international environmental negotiations and maintaining institutional memory, ensure liaison with international donors and deal with GEF operations-negotiations and One UN Joint Programme on Environment.

It underlined the need to enable the environment ministry to continue supervision of seven institutions, including Pakistan Environmental Protection Agency (Pak-EPA), Zoological Survey Department (ZSD), National Energy Conservation Centre (Enercon), National Council for Conservation of Wildlife in Pakistan, Global Change Impact Study Centre, Pakistan Forest Institute and AEDB. The other proposals included harmonization in environmental standards, laws, acts and policies at national level; surveys-assessments and statistics on national environmental indicators; development and implementation of national environmental strategies and action-plans; policies for trans-boundary and regional environmental issues; coordination between inter and intra-provincial governments and promotion of research and technical cooperation in the field of environment.

Meanwhile, sources claimed that after sorting out financial and legal complexities the stage is now all set to devolve 44 subjects of the federal environment ministry, which would involve transfer of administrative control of institutions, regulatory bodies, staff and resources to provinces except for those falling in the jurisdiction of the capital. It is pertinent to mention here that the concerned authorities are yet to provide a clear roadmap about how to deal with and act in line with the 14 international conventions and protocols on environment so far signed by Pakistan because there is still no word about establishment of any federal wing for this purpose. The fate of the Environment Protection Council, an apex body to govern environmental management headed by the prime minister, also hangs in the balance, as it is still not known what would happen with this body after devolution of the ministry. The high-ups of in the Ministry of Environment have also revealed that it is also not yet known whether provinces would own recently prepared national policies, including Drinking Water Policy, National Forest Policy, National Rangeland Policy, National Environmental Policy, National Water Policy, Pakistan Clean Air Programme, Clean Development Mechanism (CDM) National Operational Strategy, National Sanitation Policy and National Resettlement Policy.

[The News – May 23, 2011]

Government Announces Amnesty for Young Taliban

Interior Minister Rehman Malik announced amnesty for the young Taliban, advising them to work for the betterment of the country. He said no one would be allowed to insult the masses' mandate given to the government for a five-year rule. He said the government was planning to give civil defense training to 25,000 youth. No single political party but parliament is to be credited with the constitution of the independent commission on the Abbottabad incident. He urged the political parties to play their vital role in fostering harmony in the country by setting aside their differences.

[The News – May 30, 2011]

Punjab to Give Up Foreign Aid

Punjab Chief Minister Shahbaz Sharif said reliance on foreign aid would have to be given up to achieve national prosperity and independence. He said it was time to break the begging bowl and be self-reliant and that the Punjab cabinet would give practical shape to this resolve by sending a proposal to PML-N Quaid Nawaz Sharif. Shahbaz said even though refusing foreign aid was not easy, every Pakistani desired self-sufficiency. He expressed the hope that his decision would prove to be the starting point of a national movement for economic independence. He said history was witness to the fact that nations that took difficult decisions succeeded. Shahbaz reiterated that Pakistan was being subjected to drone attacks because it received so much foreign aid. He said that drones and other kinds of attacks can't be stopped by adopting resolutions or staging rallies, especially if we continue to rely on foreign assistance. Foreign aid is the root cause of all our problems while trade will help revive our economy. Look at the agreements signed with China and other countries; these are based on trade, not aid.

[The News - May 17, 2011]

Political Parties Updates

Javaid Hashmi Quits PML-N

In an expected move, the PML-N senior leader Javaid Hashmi has resigned from the party's CEC membership and offered his party's leadership to also quit from the National Assembly. The resignation was handed over to Mian Muhammad Nawaz Sharif in person after a two days' marathon session of the party on the prevalent political scenario. Javaid Hashmi has a long history of struggle during the Musharraf regime and spent several years behind the bars. He is the person who led and motivated the party at a time when the Sharifs were in exile. The Makhdoom of Multan developed differences with the party's leadership on several issues, and was totally ignored by the party when Sharifs were at last in a comparatively comfortable position. The last point of difference was his demand from the PML-N and other parties to tender a public apology for supporting martial laws. His resignation was not accepted till the filing of this report and Nawaz Sharif and Chaudhry Nisar held meetings with him requesting him not to leave the party.

[Daily Times - May 12, 2011]

PPP, PML-Q Clinch Deal

According to the announcements from the Presidency and by PML-Q leaders, the two parties inked a power sharing agreement under which the latter will be included in the federal cabinet and the two parties will jointly contest the next general election in 2013. Under the deal, the PML-Q will send to the cabinet a "senior minister", four federal ministers and six ministers of state. The slot of senior minister will go to Chaudhry Pervaiz Elahi, the former Punjab chief minister. Three advisers to the prime minister will also be taken from the party. The Q League has also been promised the office of deputy prime minister, which will be created after some amendments to the Constitution. If the post is created, Pervaiz Elahi will become deputy prime minister. The office of deputy prime minister will be created after necessary amendments in the Constitution.

The meeting also decided to persuade the disgruntled coalition partner, MQM to return to the federal cabinet. Following the agreement in principle, the PML-Q agreed to form a coalition government with the PPP at the centre headed by the PPP Prime Minister. The two parties had also "agreed to cooperate" in the next elections. They agreed to work together and cooperate for strengthening democracy, ensuring electoral changes, carry out reforms in Federally Administered Tribal Areas (FATA), carving out of new provinces, especially in Southern Punjab (Seraiki belt) and in the Hazara division of Khyber Pakhtunkhwa. But the decision will be done only after ascertaining the approval of all stake holders. The two parties agreed to cooperate in a number of areas of concern to the people, including economic uplift, controlling inflation, issues in power shortage, transparency and accountability and strengthening of the law and order situation in the country. The PPP required PML-Q to ensure comprehensive majority in the parliament especially after two coalition partners MQM and JUI-F parted ways with the government. The PPP said according to the draft agreement two parties will make seat adjustment in the next general elections, senate polls, which will be held on 2012, and Punjab provincial assembly elections. It has been agreed that the sitting MNAs of the PPP and the Q-League will be given tickets from their respective constituencies and provincial assembly tickets will be given in contrast with national assembly seats. The PPP said there was some resentment within the PPP over the alliance as a result President Zardari had started a consultative process of PPP leaders to seek their consent and support over Q-League's induction in the government to have a comprehensive majority in the parliament.

[Dawn - May 2, 2011]

Local Government System

PPP, MQM Agree To Keep LG System in Sindh

The Pakistan People's Party and Muttahida Qaumi Movement have decided to keep the local government (LG) system of Gen (Retd) Pervez Musharraf in force in Sindh. They said that the commissionerate system would not be introduced in Sindh because the two parties (PPP and MQM) had reached a fresh understanding which led the MQM to announce that it would rejoin the federal cabinet. PPP had once decided to table the commissionerate system bill in the provincial assembly after the MQM parted ways with the government. The proposal to change the local government system in Sindh was believed to be one of the main differences between the PPP and MQM. Besides replacing the old LG system, the commissionerate system envisaged the division of Karachi into four districts as had been done in Hyderabad, but the MQM has opposed the proposal. The commissionerate system bill was to be tabled in the provincial assembly but the MQM put pressure on the PPP not to change the LG system. Other three provincial governments have already wrapped up the local government system, but have not come up with an alternative so far.

[Dawn - May 09, 2011]

ECONOMIC GOVERNANCE

Federal Budget 2011-12

Salient Features of the Federal Budget 2011-12

The budget 2011-12 has the following main salient features:

- The total outlay of budget 2011-12 is Rs 2767 billion. This size is 14.2% higher than the size of budget estimates 2010-11.
- The resource availability during 2011-12 has been estimated at Rs 2463 billion against Rs 2256 billion in the budget estimates of 2010-11.
- Net revenue receipts for 2011-12 have been estimated at Rs 1529 billion indicating an increase of 11% over the budget estimates of 2010-11.
- The provincial share in federal revenue receipts is estimated at Rs 1203 billion during 2011-12 which is 16.4% higher than the budget estimates for 2010-11.
- The capital receipts (net) for 2011-12 have been estimated at Rs 396 billion against the budget estimates of Rs 325 billion in 2010-11.
- The external receipts in 2011-12 are estimated at Rs 414 billion.
- The overall expenditure during 2011-12 has been estimated at Rs 2767 billion of which the current expenditure is Rs 2315 billion. Current expenditure shows an increase of less than 1% over the revised estimates of 2010-11, while development expenditure will increase by 64.4% in 2011-12 over the revised estimates of 2010-11.
- The share of current expenditure in total budgetary outlay for 2011-12 is 84% as compared to 90% in revised estimates for 2010-11.
- The expenditure on General Public Services (inclusive of debt servicing transfer payments and superannuation allowance) is estimated at Rs.1660 billion which is 71% of the current expenditure.

The salient features of the PSDP 2011-12 are as under:-

- The size of Federal Public Sector Development Programme (PSDP) for 2011-12 is Rs. 300 billion. While for Other Development Expenditure an amount of Rs.97 billion has been allocated. The PSDP shows an increase of 53% over the revised estimates 2010-11.
- The provincial PSDP for 2011-12 has been approved at Rs.430 billion against revised estimates of Rs.266 billion.
- An amount of Rs.10 billion has been allocated to ERRA in the PSDP 2011-12.
- Within the resource available, allocations have been made to maximize economic impact of the development programme and to achieve core objective of growth reducing poverty and to ensure balanced development.
- The proposed federal development programme places an equal emphasis on physical infrastructure sector (55%) and social sector (44%).
- Water sector has been allocated Rs.36 billion i.e. 12% of total federal PSDP. Raising of Mangla Dam including resettlement Satpara Multipurpose Dam, Gomal Zam Dam, Kachi Canal, Raini Canal and other water sector projects have been provided appropriate funds.
- To overcome energy shortage, investment would be made for power generation, distribution and conservation by the government in WAPDA during 2011-12 at Rs.115 billion which include Rs.32.5 billion through budget. This will help in reducing power shortage in the country.
- For Basha Diامر Dam, Rs.18 billion has been allocated from budget while WAPDA will arrange Rs.2.5 billion from the market. In addition, Neelum Jhelum
- Hydro Power Project, Gudu Steam Power Project and Combined Cycle Power Plant at Chechoki Malian are being implemented by WAPDA.
- In addition to hydel projects, nuclear sources would also be used for power generation. An amount of Rs.22 billion has been allocated to Pakistan Atomic Energy Commission.

- Transport and Communication Sector has been allocated Rs.55 billion. NHA has been allocated Rs.40 billion and Rs.15 billion has been allocated to Railways.
- This would ensure economic integration and balance regional development.
- Health sector will be devolved to the provinces by June, 2011, however, to implement CCI decision, Rs.15 billion has been proposed to finance different vertical health programmes.
- HEC and Population Welfare Programme will also be financed by federal government with an allocation of Rs.14 billion and Rs.4 billion respectively.
- Allocation for Special Areas (AJK, GB and FATA) is at Rs.28 billion with a view to accelerate development activities in less developed areas.
- Allocation for special programmes (People Works Programme-I and People Works Programme-II) an allocation of Rs.33 billion has been made.

[Source: Ministry of Finance]

Details of Federal and Provincial budgets would be addressed in a separate supplement early next month.

Facts & Figures on Pakistan's Economy

Remittances worth \$1.03b Received In April

Overseas Pakistanis remitted \$1.03 billion in April 2011, the second consecutive month that the figure has crossed the mark of \$1 billion. Remittances sent home by expatriate Pakistani workers have already crossed the \$9 billion target set for FY11 as they have reached \$9.05 billion in the first 10 months (July-April), showing an increase of \$1.74 billion or 23.81 per cent compared with \$7.31 billion received in the same period last year. In March, \$1.05 billion was sent home by expatriate workers compared to the \$8.91 billion sent last year during same time. The monthly average of remittances for the July-April period comes to \$904.66 million compared to \$730.66 million in the same corresponding period of last year, registering an increase of 23.81 per cent.

[The Express Tribune, May 11th, 2011]

Foreign Investment Falls 9% during July-April

Foreign investment totaled \$1.68 billion in the same period last year. Foreign direct investment fell 28.6 per cent in the July-April period to \$1.23 billion from \$1.72 billion in the same period last year. An uncertain security situation and power shortages have put off long-term investors. However, with emerging markets increasingly on the radar of fund managers, Pakistan has seen a flow of foreign investment in the Karachi stock market. Foreign portfolio investment rose 749.5 per cent to \$302 million in the first 10 months of 2010-11, compared with an outflow of \$46.5 million in the same period last year. The government has struggled with an economic slowdown and an International Monetary Fund (IMF) emergency loan package agreed in November 2008 helped it avert a balance of payments crisis and shore up reserves. It received the fifth tranche of \$1.13 billion of the \$11.3 billion loan in May 2010. Pakistan and IMF authorities are in Dubai to discuss the release of the next tranche and budget targets for the 2011-12 fiscal years.

[The Express Tribune - May 17, 2011]

Current Account Records \$748m Surplus in 10 Months

The current account of the government posted a surplus of \$748 million in the first 10 months of the fiscal year 2011, supported by a strong growth in exports and inflow of a record volume of remittances. Last year, the current account recorded a deficit of \$3.46 billion in the 10-month period, according to figures released by the State Bank of Pakistan. In April alone, the surplus stood at an encouraging \$716 million.

The country's exports stood at more than \$2 billion each over the last three months, taking the total figure to \$20.53 billion for July-April 2010-11 compared to \$16.17 billion in the corresponding period last year. Better cotton, yarn and textile exports due to attractive prices in the international market have been the key driver behind the strong growth in overall exports. The government is now anticipating that exports will reach a record \$24 billion at the end of the current fiscal in June compared to around \$19 billion worth of exports last year. However, cotton prices have dropped sharply over the past few weeks, leading to

closure of some factories in the country due to inventory losses. This may also threaten the expected level of exports as the drop in cotton prices has brought down textile prices in the international market.

Importers are now asking for supplies of textile products at reduced prices, which will cause losses to the exporters, who had purchased the raw material at higher prices earlier. The other factor that has kept the current account in surplus is the record high remittances sent home by overseas Pakistanis. Expatriate Pakistani workers living in the Middle East are sending more money back home in the wake of concerns caused by the political turmoil in the Middle East and North Africa region. Remittances have soared 24 per cent to \$9.05 billion in 10 months (July-April) of the current fiscal year compared to \$7.31 billion in the same period last year. Swift transfer of money through legal channels, crackdown on the illegal Hundi and Hawala systems and flow of charity money after floods last year were the other factors that drove remittances to such highs. According to the current account data, current transfers also increased to \$12.91 billion in the July-April period compared to \$10.46 billion in the same period last year.

[The Express Tribune – May 18, 2011]

Reserves Likely To Drop 47% to \$9.9bn in 2013-14

The doubts in materializing fresh International Monetary Fund (IMF) loan programme, the Finance Ministry projected that the gross official foreign exchange reserves of the country will fall from existing \$18.8 billion in 2010-11 to just \$9.9 billion by the end of fiscal year 2013-14. Similarly, the public debt-to-gross domestic product (GDP) ratio is expected to come down to 49.8 percent in medium-term by end of fiscal year 2013-14. Many parliamentarians at present being consulted on budget making have expressed their serious concerns over this situation and questioned that fall in gross official foreign exchange reserves would badly impact the rupee and dollar parity and it would become hard to stop downslide of the rupee against the dollar and other major currencies in the next three years. In its Budget Strategy Paper 2011-14, the Ministry of Finance said that as a result of recommended measures, the inflation is likely to come down to 12 percent in 2011-12 and economic growth to accelerate to 4.2 percent of the GDP. The public debt-to-GDP ratio is expected to fall in the range of 50 percent over the medium-term.

Public debt-to-GDP ratio stood at 58.1 percent in 2008-09 and increased to 58.4 percent in 2009-10. Original estimates of the public debt-to-GDP ratio were projected at 58.1 percent for the 2010-11. However, revised estimates suggest that public debt-to-GDP ratio will likely be 57.7 percent of the GDP in the ongoing fiscal year. Public debt-to-GDP ratio is likely to be brought down to 56.1 percent in 2011-12, 52.3 percent of the GDP in 2012-13 and further reduction to 49.8 percent of the GDP in 2013-14. Consolidated fiscal deficit (excluding grants) that was projected at 4.0 percent of the GDP is now revised upward and is likely to be 6.5 percent of the GDP and it would be brought down to 4.5 percent of the GDP in 2011-12, 4.0 percent in 2012-13 and finally 3.5 percent in 2013-14. Fiscal deficit or surplus to be created by the provinces is likely to be 0.6 percent of the GDP in 2010-12, 0.4 percent of the GDP in 2012-13 and 0.3 percent in 2013-14. Current account balance that was estimated at negative 8.3 percent of the GDP by 2008-09 has decreased to negative 3.9 percent of the GDP in 2009-10. The original estimates had suggested that current account balance would be negative 6.8 percent of the GDP; however, revised estimates suggest that this balance is likely to be negative 0.7 percent of the GDP in 2010-11. The current account balance is likely to be negative 3.7 percent of the GDP in 2011-12, negative 4.7 percent of the GDP in 2012-13 and negative 5.3 percent of the GDP in 2013-14.

Original estimates of exports were \$20.4 billion and upward revised estimates suggest that exports are likely to touch \$24 billion mark by June 30, 2011. The projected growth in exports is likely to be the export of goods to be \$25.9 billion in 2011-12, \$27.7 billion in 2012-13 and likely increase to \$29.4 billion by end of 2013-14. Gross official foreign exchange reserves of the country are projected to be \$18.6 billion in 2010-11. The projections on gross official foreign exchange reserves of the country are likely to come down to \$17.7 billion in 2011-12, \$14.7 billion in 2012-13 and \$9.9 billion in 2013-14. The proposed Macro-Economic Plan of the Ministry of Finance states that GDP growth is likely to be increased from 2.4 percent of the GDP in 2010-11 to 4.2 percent of the GDP in the next fiscal 2011-12. The Finance Ministry has estimated that inflation would be brought down to below 12 percent in the next fiscal, due to the economic measures and the cutbacks.

The government will have to enforce the stinging policies to increase the GDP, and the government borrowings from the State Bank will be brought down to zero, the document said. The fiscal deficit will have to be contained at 4.5 percent of the GDP. The tax-to-GDP ratio will be brought to 9.7 percent of the GDP in 2011-12 from 9.1 percent in outgoing fiscal year 2010-11. The tax collection target set for the Federal Board of Revenue is Rs 1.952 trillion, and the export target has been set at \$25.9 billion, while the imports are estimated to be \$39.1 billion, mainly owing to increasing oil prices in the international markets. The trade deficit in the next fiscal year is estimated to be more than \$13 billion. The budget document for the parliamentarians has also said that the growth rate faced a setback in the current fiscal year declining from 4.5 percent to 2.4 percent of the GDP, due to the devastating floods in August 2010. The other major setbacks faced by the economy were security related expenditures, increasing oil prices in the international markets and the productivity loss due to increasing power cost and inflationary impact.

[Daily Times - May 13, 2011]

Textile Sector Posts 122% Growth in 9M FY11

The textile industry of Pakistan continued its robust performance in nine months of the current fiscal year (9MFY11), registering a growth of 122 percent year on year (YoY) in its profitability. All the three sectors of the industry—composite, spinning and weaving witnessed prominent earnings performances. **Net revenue was bolstered by 47 percent YoY to Rs. 333 billion in 9MFY11**, predominantly led by higher product prices in the export and local market. According to the data released by the FBS, Pakistan's textile exports for the nine month period (July-Mar) were up 30 percent YoY to \$9.9 billion.

However, **gross margins dropped by 31 to 15.9 percent due to higher input prices** for the downstream value added segment that could not be fully passed on to the customers. Finance cost grew by 5 percent YoY (average KIBOR up 88bps YoY). Nonetheless, other income supported the bottom-line as it ascended by 35 percent YoY to Rs. 4 billion, primarily on the back of improved profits from associate companies. As a result, earnings grew by 122 percent YoY to 21 billion in 9MFY11.

Although, the composite sector's top line amplified by 40 percent YoY to Rs. 203 billion, gross margins dropped by 104bps YoY to 15.9 percent. This was led by an unprecedented rise in raw material prices that outpaced the increase in selling prices during the period; a perpetual woe for the value added sector. Other Income on the other hand, rose to Rs. 2.9 billion (up 33 percent YoY), supporting earnings growth of 83 percent YoY to Rs. 10 billion. The spinning sector contributed 52 percent to the overall sector's profitability as it recorded a PAT (profit after tax) of Rs. 11 billion, up an impressive 172 percent YoY. The top line grew by 59 percent YoY to Rs. 116 billion with gross margins improving by 103bps YoY to 16.5 percent, largely led by a continuous rise in cotton and yarn prices during the period.

Local cotton prices went up 89 percent (KCA) and 160 percent internationally during 9MFY11. A significant jump of 72 percent YoY in "other income" further contributed to the bottom-line growth. Weaving sector's net sales were augmented by 52 percent YoY to 14 billion on the back of higher prices and improved volumes. A sharp rise in cotton yarn & polyester prices along with frequent gas & electricity outages increased the cost of production for the weavers. However, effective price pass-through helped the sector report margins of 11.2 percent, up 29bps. Furthermore, operating profits nevertheless settled at Rs. 1 billion, up 96 percent YoY. As a result, the sector reported a profit after tax of Rs 489 million, up 153 percent YoY.

[Daily Times - May 05, 2011]

IFIs & Pakistans Economy

IMF Agrees To Shelving of RGST for Next Fiscal Year

The IMF and Pakistan have agreed to drop the Reformed General Sales Tax from the next budget and adopt the path of abolishing further exemptions through the Finance Bill 2011 in order to broaden the tax base. During the seven-day talks between the IMF and Pakistan, it was agreed that the budget deficit would be curtailed in the range of 4.3 percent of GDP, equivalent to Rs. 860 billion, in the next fiscal year. A viable financing plan is to be placed before the Fund in the next round to talks scheduled for July 2011.

A major chunk of budgetary support was expected to be restored by the multilateral institutions from the next fiscal year, depending on the implementation of measures promised by Pakistani authorities in the upcoming budget. The Federal Board of Revenue (FBR) has estimated that it will be able to bring an additional Rs. 90 billion into the tax net in the next budget by the path of abolishing further exemptions through the Finance Bill 2011 would be adopted instead of pursuing RGST legislation which had become a sensitive political issue in the country.

Both sides will now hold review talks for the completion of the fifth review and release of sixth tranche of \$1.3 billion under the Standby Arrangement (SBA) after the announcement of the budget 2011-12 in July. The FBR had estimated that with the help of RGST it could fetch Rs. 1,952 billion while without RGST the revenue could increase to Rs. 1,968 billion. The rate of RGST was proposed to be reduced from the existing 17 percent to 15 percent resulting in revenue dip of Rs. 62 billion. Now the GST rate will remain at the existing level of 17 percent while sales tax exemptions such as poultry feed would be abolished through the Finance Bill 2011. Discussions centered on measures to reduce the budget deficit in 2011/12 as well as quasi-fiscal operations (for example, the procurement of agricultural commodities) to reduce inflation, assure fiscal sustainability, and protect the external position.

[The News - May 18, 2011]

ADB Assessment: '\$692m in Loans to Pakistan at Risk'

Another scathing indictment of Pakistan's economic management team, the Asian Development Bank declared \$692 million in loans to Islamabad to be "at risk" after the country was deemed to be in violation of the guidelines set out by the international lender for the repayment of those loans. The declaration comes a day before Pakistan is due to hold its '2011 Country Portfolio Review'. The review will attempt to resolve the differences between the ADB's expectations and Pakistan's ability to deliver on its commitments. The ADB handed a report to Pakistan which outlined the lender's initial assessment of Pakistan's compliance with the conditions associated with ADB loans. The loans in question, which represent 19.4 per cent of the ADB's lending to Pakistan, were declared "at risk" due to slow implementation. The loans were meant for development projects in Balochistan and Khyber-Pakhtunkhwa, where law and order situation has slowed down government projects. In addition to the "at risk" loans, another 12.9 per cent of the \$3.6 billion that the ADB has lent to Pakistan were deemed to be only "partly satisfactory" and another 6.5 per cent were identified as "facing potential problems".

The ADB has identified a wide range of problems that Pakistan faces when implementing the development projects financed through ADB loans. The lender complains that Islamabad is often too slow in completing its end of the tasks for implementation, including a delay in establishing project management units (PMUs), understaffed and underperforming PMUs, slow consultant selection, and poor delivery by consultants and contractors. The ADB also complains that Pakistan frequently delays the awarding of contracts and disbursing money. The Pakistan government also does not comply with international guidelines on procurement as well as environmental and social safeguards. The ADB also complains that Pakistan frequently does not meet its own financial commitments to ADB-funded projects. The international lender had pledged \$300 million in aid to Pakistan at the last Friends of Democratic Pakistan (FoDP) meeting. After the devastation caused by the floods in 2010; ADB extended \$635 million in assistance to Pakistan for road and highway reconstruction projects in Sindh.

[The Express Tribune - May 09, 2011]

ELECTION WATCH

ECP & Election Related Updates

MPs Body on EC Needs To Be Recomposed

With the PML-Q joining the treasury benches, the PPP-led government has to recompose the Parliamentary Committee on the Election Commission as per the 18th Amendment. According to parliamentary sources, the committee could be termed dysfunctional and cannot perform its function as per the Constitution unless it is recomposed as per Article 213(b) of the Constitution. The last meeting of the Parliamentary Committee on Election Commission was held on April 6 in which Syed Khursheed Shah was elected as its chairman. The PML-Q joined the cabinet on May 2 but till now the government has not taken any step to recompose the parliamentary committee so as to start process of filing vacant posts of members of the Election Commission from the provinces of Punjab, Khyber-Pakhtunkhwa and Balochistan, which were lying vacant since 2008. The Supreme Court had recently asked the government to complete the Election Commission within three weeks.

As per Article 213(2B) of the Constitution, "The Parliamentary Committee to be constituted by the Speaker shall comprise fifty percent members from the treasury benches and fifty percent from the opposition parties, based on their strength in Majlis-e-Shoora (Parliament), to be nominated by the respective parliamentary leaders." The Article 213(2b) clearly mentions, "Provided further that the strength of the parliamentary committee shall not exceed 12 members out of which one third shall be from the Senate."

[The News - May 22, 2011]

Constitutional Crisis If ECP Not Formed Under 18th Amend: SC

Chief Justice of Pakistan (CJP) Iftikhar Muhammad Chaudhry, while expressing concern over the non-composition of the ECP under the 18th Amendment, observed that the government has not been following the constitution, which could lead to another constitutional crisis. After the enforcement of the 18th Amendment, all the by-elections had been conducted in defiance of certain provisions of the constitution, as a three-judge bench heard a petition for removal of the bogus electoral lists. The ECP is directed to file a detailed reply on the status of by-elections after the adoption of the 18th Amendment. Justice Chaudhry asked the Attorney General of Pakistan (AGP) about the by-elections conducted after the passage of the 18th Amendment. The AGP replied that three senators, nine MNAs, 11 MPAs and six candidates against reserved seats had been elected until now. The CJP regretted that they (judges) were unable to understand "why does the government always keep on violating the constitution". How could the ECP hold by-elections without completion of its formation under the provision of the 18th Amendment. If the by-elections were declared unconstitutional, total conduct of the parliamentarians would stand unconstitutional. No one is above the constitution. Under the 18th Amendment, the ECP was supposed to check the electoral rolls. The CJP observed that it was a negation of the constitutional command, and asked the AGP how the by-elections could be conducted without a complete election commission. He further observed that neither the voter lists nor anything else was constitutional.

[Daily Times - May 12, 2011]

EC Seeks Legal Advice about Dual Nationality Politicians

The Election Commission has sought the advice of law ministry on whether or not it can compel politicians to reveal the details of the citizenships and nationalities they may have acquired at the time of submission of their nomination papers for elections. Under the existing law, candidates could not be asked for such information. Up till now, the prescribed form which a candidate provides as his/her nomination papers does not carry such a column; hence, the Election Commission, neither parliament nor provincial assemblies are in possession or have access to this information. The Election Commission says that in the absence of a legal bar on parliamentarians holding other nationalities, the commission could not do anything. A process has now been initiated for this purpose, but it all depended on the law ministry what kind of advice it would forward to the commission. It would not be an easy decision because

a number of influential people in the country had double nationalities and they would not allow this to happen. A bill was presented in the national assembly according to which the people having dual nationalities or properties/bank accounts in foreign countries will not be allowed to become members of parliament and provincial assemblies and hold any public office. Through the bill a person who had taken oath of allegiance to some other country can't be trusted with responsibilities of national importance.

[Dawn - May 1, 2011]

Counter Move Unification Bloc Could Challenge CEC's Eligibility

Unification Bloc members of the provincial assembly have decided to move the Supreme Court to challenge the eligibility and position of the Chief Election Commissioner (CEC) Justice (Rtd.) Hamid Ali Mirza. The move is part of a strategy to counter the expected move by the PML-Q to get some members of the Unification Bloc disqualified. The Unification Bloc has joined hands with the PML-N and with the upcoming budget could be a force to be reckoned with. The PML-Q has decided that it will do its best to bring down the strength of the Unification Bloc in the Punjab Assembly prior to the budget. The PMLQ's Chaudhrys have convinced President Asif Ali Zardari to support them in having at least nine of the dissidents disqualified. They have already challenged the eligibility of the nine before the Election Commission of Pakistan (ECP). The president is said to have given them his word that the ECP will rule in their favor. PML-Q hopes to have at least five members declared ineligible so that the strength of the Unification Bloc is diminished.

CEC Mirza is currently hearing the petition of the PML-Q against the nine Unification Bloc members. Senior Minister Chaudhry Pervaiz Elahi has promised his party that he would ensure that the strength of the Unification Bloc is reduced before the budget session. Leader of the Opposition Chaudhry Nisar Ali Khan had advised the Unification Bloc members whose cases are in front of the CEC to challenge the CEC's eligibility. According to the Supreme Court, after the passing of the 18th Amendment, only an independent election commission could entertain their case. Khan had told the counsel for Unification Bloc members that the prime minister would need to consult him before recommending the names of members to the ECP who would entertain their case. Unification Bloc leader Atta Muhammad Khan Maneka told that if CEC did not entertain their argument then they would move the Supreme Court. Despite all conspiracies hatched by the PPP and PML-Q's leadership, Unification Bloc members would stand by PML-N in Punjab.

[The Express Tribune – May 18, 2011]

Campaigning For 2013: Nawaz Woos Sindhi Nationalists

Nawaz Sharif's whirlwind tour of the country to drum up support for his party achieved some success as the PML-N chief received assurances of cooperation during the 2013 election from Sindhi nationalist leaders in Hyderabad, though no formal alliances have yet been agreed upon. Sharif met with Awami Tehreek leader Rasool Bux Paliyo and Sindhi Taraqi Pasand Party leader Qadir Magsi at their residences. Both leaders have been critical of the PML-N and the Punjab government in the past for what they perceive to be a discriminatory attitude towards other provinces when it comes to sharing common natural resources, particularly water from the Indus River and its tributaries. The PML-N leadership has been feeling cornered in recent weeks as the ruling PPP has been able to make an alliance with its rival PML-Q and the MQM, leaving the PML-N isolated as the only major party in the opposition.

PML-N leaders have been trying to cobble together a coalition of their own for the next general elections, scheduled for 2013. Sharif's meetings with Sindhi nationalist leaders, coupled with his attempts to reorganize the PML-N in Sindh, have been seen as part of the party's efforts to be better prepared for the next election cycle. These meetings are not the first time the PML-N leader has tried to make peace with Sindhi nationalists, who have historically viewed the Punjabi politician with suspicion. During his first term as prime minister in the early 1990s, Sharif also tried to form an alliance with the nationalists in Sindh, which ultimately fell apart. Sharif seems to have been willing to give in to many of the nationalist party's demands this time around. Sharif also continued his efforts to better organize the PML-N in Sindh, holding meetings with party leaders and workers at the residence of Nawab Arshad Talpur on the matter.

[The Express Tribune - May 18, 2011]

Delay in Completion of EC Causes by Poll Postponement

The Election Commission has postponed the by-election scheduled to be held on for the Balochistan Assembly constituency. The Supreme Court had earlier questioned the legitimacy of the previously held by-elections in the light of the 18th Amendment. Justice Javed Iqbal of the Supreme Court is the acting Chief Election Commissioner in the absence of Justice (Rtd) Hamid Ali Mirza, rescheduled the by-election with the hope that the government would be able to constitute the Election Commission and resolve the controversy over the validity of the polls held by the commission that did not meet the criteria of the 18th Amendment. The Supreme Court had given three weeks' time to the government to resolve the controversy. The acting CEC observed that in view of the obligatory constitutional provisions, all the elections held to fill the casual vacancies in the Senate, National Assembly and the provincial assemblies had become questionable after the 18th Amendment. The apex court had time and again stressed the need for the completion of the composition of the commission in accordance with Article 218(a-b) of the Constitution. No concrete progress had so far been made by the government regarding the appointment of the members of the commission and there should be no action in deviation of relevant provisions of the Constitution and directives given by the court, which were binding on everyone.

[Dawn – May 22, 2011]

REGIONAL POLITICS

Pakistan's Foreign Relations

New Rules Of Engagement between Pakistan, US

The new rules of engagement between the two allies were agreed upon after talks between Pakistan's top civilian and military leaders and US Senator John Kerry. Although a statement issued after the meeting confirmed that new rules had been discussed, details of the promised cooperation are unclear. However, a senior military official was quick to dispel the impression that the accord was meant to allow American boots on Pakistani soil. The arrangement is that the two countries will share intelligence on high value targets. The Central Investigation Agency (CIA) will pinpoint such targets and Pakistani forces alone will take action. But Senator Kerry interpreted it differently to a select group of journalists, saying he was pleased the Pakistani government has committed "to explore how increased cooperation on joint operations and intelligence sharing can maximize our efforts to defeat the enemies we face". Kerry's discussions with President Zardari, Prime Minister Gilani and Army Chief General Kayani were 'intense and candid'.

Kerry placed two options on the table: work with the US or else Washington will resort to unilateral action anywhere in Pakistan to take out targets. For its part, Pakistan's top leadership conveyed their concerns and apprehensions on certain issues. In a separate meeting, General Kayani apprised Senator Kerry about the 'intense feelings in the rank and file of the Pakistan Army over the Abbottabad incident'. But Senator Kerry defended the raid. He insisted that secrecy surrounding the operation was strictly for reasons of operational security, not due to mistrust in the Pakistani leadership. Even in the US government, very few people knew about it. Kerry's goal in coming here is not to apologize for what he considered to be a triumph against terrorism of unprecedented consequence. He has been here to talk about how we manage this important relationship.

The Pakistani leadership conveyed to Senator Kerry that Pakistan was a victim of terrorism and the whole nation was united in ridding the country of the menace. It was agreed that US and Pakistan must recognize and respect each other's national interests, particularly in countering terrorism and promoting reconciliation and peace in Afghanistan. It was agreed that all tracks of US-Pakistan engagement need to be revisited to create a clear understanding on carrying the cooperation forward in a mutually-beneficial manner. The statement said Pakistan's leadership welcomed the clear affirmation by Senator Kerry that US policy has no designs against Pakistan's nuclear and strategic assets. Kerry said he was prepared to personally affirm such a guarantee. Pakistan agreed to take several immediate steps to underscore its seriousness in renewing the full cooperative effort with the US. But the statement did not elaborate on what steps Pakistan will take.

[The Express Tribune - May 17, 2011]

Pakistan, India to Meet again on Sir Creek Issue

The delegations of Pakistan and India held two-day talks from May 20-21 to discuss the Sir Creek issue after the resumption of dialogue process. The Pakistan delegation was led by Rear Admiral Shah Sohail Masood, Additional Secretary, Ministry of Defence. The Indian delegation was led by S Subba Rao, Surveyor General of India. During the visit, the Indian delegation also called on Defence Secretary Lt Gen Syed Athar Ali. The talks were held in a friendly and cordial atmosphere.

The two sides discussed the Pakistan-India land boundary in Sir Creek area and the delimitation of International Maritime Boundary between Pakistan and India. Both the sides exchanged non-papers in order to take their discussions forward, with a view to finding an amicable settlement of the issue. They agreed to meet again at a mutually convenient date.

[The News – May 22, 2011]

Friendship with China Anchor of Peace: PM

Prime Minister Yousuf Raza Gilani said Pakistan-China friendship is an anchor of peace and stability and both the countries will further strengthen their ties to promote regional prosperity. Celebrating the 60th anniversary of Pak-China diplomatic relations at the Pakistan-China Friendship Centre sincere friendship and deep affection marked the relationship between the peoples of the two countries. Pakistan is proud to have China as its best and most trusted friend. And China will always find Pakistan standing beside it at all times. Mr. Gilani said Pakistan-China relations were a unique example of friendship, immense mutual respect and close partnership which is based on immeasurable trust. When we speak of this friendship as being taller than the Himalayas and deeper than the oceans it truly captures the essence of our relationship. Mr. Gilani said the historic visit of Chinese Premier Wen Jiabao to Pakistan last year was a demonstration of the unique relationship. The visit strengthened the existing cooperation between the two countries.

President Asif Ali Zardari has visited China six times. Each of these has been extremely beneficial and rewarding. We have and continue to greatly benefit from the support of the Chinese leadership. China's unique development experience is a model for developing countries like Pakistan's to learn from. China's success in various fields is a matter of great pride for the people and the government of Pakistan. Today China is the world's second largest economy. China has achieved this success through hard work, ingenuity and above all the wisdom and vision of its leadership. Mr. Gilani said Pakistan was fortunate to learn from the experience of a successful friend and a great neighbor. Successive generations of leaders in Pakistan and China have nurtured Pakistan-China relationship with a common vision. The prime minister also cut a cake to celebrate the occasion. Earlier, he inaugurated a photo exhibition depicting various aspects of the Chinese civilization, particularly that of the Xinjiang region.

[Dawn - May 9, 2011]

Pakistan, Kuwait to Boost Trade, Economic Ties

Pakistan and Kuwait agreed to set up a high powered special committee, which will meet immediately to identify areas of investment and joint ventures in Pakistan by Kuwaiti entrepreneurs. It was agreed during the talks between President Asif Ali Zardari and Amir of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah. The two leaders held wide-ranging talks to further bolster their existing close and multifaceted relations in diverse fields, particularly in the areas of trade and economy. During the talks held in a very cordial atmosphere, the two sides discussed at length the prospects of increased bilateral cooperation in various fields, with particular focus on the expansion of ties in economic, commercial, investment, manpower and energy. There was unanimity of views on various issues of regional and international importance, as the two sides also exchanged views on the challenges faced by Muslim Ummah, particularly the situation in Afghanistan, Middle East, fight against terrorists and extremists and Pakistan's role for peace and stability of the region. The president apprised the Kuwaiti Amir of the multiple security and economic challenges being faced by Pakistan as well as the impact of last year's devastating floods on the economy. Pakistan needs the support of its true friends like Kuwait at this critical juncture to override these economic challenges.

[The News - May 09, 2011]

Pakistan, France Ink Deals on Security, Economic Partnership

Prime Minister Syed Yusuf Raza Gilani concluded his three-day official visit to France by signing a declaration on security cooperation with his French counterpart Francois Fillon. Minister of State for Foreign and Economic Affairs Hina Rabbani Khar inked the agreement on trade and economic partnership. The two declarations were signed with the French prime minister. A joint statement issued simultaneously from Islamabad and Paris stated that the leaders of the two countries agreed to enhance security cooperation, intelligence sharing, defense cooperation, economic assistance, trade and cooperation against terrorism. According to the joint statement, both sides underscored the need on bilateral, regional and global issues and also to enhance bilateral relations in culture, science and technology as well as promote student exchange programmes. They also agreed to enhance cooperation through dialogue on disarmament and non-proliferation. Pakistan and France also agreed to expand mutually beneficial economic and trade interaction by promoting and devising appropriate means to facilitate private sector cooperation for bilateral, regional and trans-regional peace, security and stability.

Gilani stressed that the negative perceptions about Pakistan need to be corrected and the world must realize the sacrifices of the people and security forces of the country and help build its capacity to counter extremism and terrorism.

[The News - May 06, 2011]

Indian Politics

India's Women Politicians Move to Centre Stage

More women than ever are holding powerful political roles in India after two female regional leaders scored massive victories in state assembly elections. Their wins doubled the number of female state Chief Ministers and meant that women now rule a third of the 1.2 billion populations in India, where girls are often still seen as a liability and female foeticide (*the killing of a fetus; especially illegal abortion*) has skewed gender ratios. The country, which already had a sprinkling of women in key positions including leader of the ruling party, is seeing an unprecedented "burst of feminine power". Firebrand Mamata Banerjee last week demolished 34 years of communist rule in West Bengal, India's fourth most populous state. Meanwhile, in Tamil Nadu, ex-movie actress J. Jayalalitha staged a huge comeback to oust a rival regional party enmeshed in corruption allegations. The pair join populist maverick leader Mayawati -- who governs vast, poverty-stricken Uttar Pradesh state -- and Sheila Dikshit, regarded as a sober grandmotherly type who administers the Delhi national capital region. There is definitely a big electoral sweep in favor of women. For generations, women have been downtrodden. It's a big signal to male politicians who've been ruling the roost.

While national ruling Congress party Chief Sonia Gandhi, 64, is viewed as India's most influential politician, women also hold the jobs of president, leader of the opposition and parliamentary speaker. Last year, the upper house of parliament passed long-standing legislation that would reserve a third of seats in the national legislature for female MPs. People are voting this way because they think women will be more responsible and less corrupt as political leaders than male politicians. However, among the chief ministers, only the diminutive Banerjee, 56, who favors plain cotton saris and lives with her elderly mother in a modest one-storey home, is free from any whiff of scandal. Jayalalitha, 63, who has a strong following among the rural poor, has battled court charges of enriching herself at public expense and had a reputation as a vindictive politician during previous stints in power. The pugnacious Mayawati, 55, has in the past received garlands of bank notes at public events and stirred controversy by building vast "statue parks" of low-caste icons -- using public money that critics say would be better spent on hospitals and schools. The reputation of Dikshit, 73, Delhi's chief minister, was damaged by accusations of mismanagement and corruption by her administration over last October's shambolic, costly Commonwealth Games. So to suggest women politicians might be more responsible than men is "contrary to all prevalent evidence".

[Daily Times – May 16, 2011]

India Ruling Congress May Get Some Respite in State Polls

India's ruling Congress party expects a rare dose of good news when election results may hand the ruling coalition several states, but piggybacking on unpredictable allies may further hobble reforms aimed at reining in the fiscal deficit. Exit polls published by local media suggest Congress ally and maverick populist Mamata Banerjee and her Trinamool party would overturn 34 years of Communist Party rule in West Bengal, cementing her position as the Congress's top ally in parliament. Congress coalitions may also win in the smaller southern state of Kerala and the north eastern state of Assam. The party is also expected to retain the tiny former French colony of Pondicherry in the south. But voters in the big neighboring state of Tamil Nadu are likely to turf out ally Dravida Munnetra Kazhagam, a party linked to the country's largest corruption scandal and which is the second biggest partner in parliament for Congress.

The elections will signal the political temperature in states that jointly make up a fifth of the 545-strong lower house of parliament and will help redraw the political map ahead of federal elections in 2014. With neither of the main national parties, Congress and Hindu nationalist opposition Bharatiya Janata Party (BJP), able to secure majorities in general elections, electoral power in India comes down to forging coalitions with regional allies. The results will restore some political authority to Prime Minister Manmohan

Singh's government, which is smarting from a raft of graft scandals and high food prices, giving it a chance to hit back at the BJP. But the victories will be more due to the strength of Congress' partners that give it a slim majority in parliament, underscoring the party's own weakness in the states and its dependence on fickle regional allies.

Singh's government has been considering lifting controls on diesel and fertilizer prices and streamlining a bloated food subsidy programme, but these measures are politically unpalatable given inflation is at nearly 9 percent. Rising tax revenue from an economy powering away at close to 9 percent has long let India avoid taking hard decisions on slashing expenditure, including subsidies on food, fuel and fertilizers that supporters say are needed to protect India's half-a-billion mostly rural poor from inflation. But growth this year is expected to slow down to 8.5 percent, weighed down by the nine rate hikes since last March effected to curb inflation. The outrage over this and other scandals that have emerged in Singh's second term sparked off a hunger strike by a social activist who demanded stronger anti-corruption laws. The government later relented.

[Daily Times - May 12, 2011]

Political Crisis in Nepal

Nepal Mulls Concrete Steps to Conclude Peace Process

Amid a deadlock among Nepal's political parties, the government plans to initiate some concrete steps to conclude the 2006 stalled peace process and draft a new constitution, Deputy Prime Minister and Finance Minister Bharat Mohan Adhikari said. Adhikari said there will be a boost in confidence among the people by taking forward the peace process. He told that some concrete steps will be taken towards concluding the peace process, such as deciding on the modality for integration of the former Maoist guerrillas with the security forces and consensus on key issues for drafting the delayed constitution even if it was not possible to promulgate it within the May 28 deadline.

There is growing concern in Nepal over the uncertainty in Nepal's peace process and failure of the political parties to agree on a consensus to promulgate a new constitution. The Communist-led coalition government has registered a constitution amendment bill in parliament proposing a one-year extension for the 601-member Assembly, whose term was extended last year in a bid to prevent a constitutional crisis.

Nepalese leaders are deadlocked over the peace process, including the fate of the former Maoist combatants, amid demands by the ex-rebels for their en masse integration with the security forces. Most of the mainstream political parties have asked the Maoists to manage their former PLA combatants, return the seized property and dismantle their paramilitary youth wing, Young Communist League, so that a consensus can be built on drafting a constitution and concluding the peace process.

[Daily Times – May 15, 2011]

Nepal's parliament survives, but divisions remain

Nepal's political leaders narrowly avoided a constitutional crisis on May 29 by agreeing to give parliament a three-month reprieve to complete its work, but they remain deeply divided on key issues. The deal, in which the Prime Minister agreed to stand down after less than four months in office, followed days of tense negotiations over the future of Nepal's 601-member parliament, or Constituent Assembly. The assembly was elected in 2008 after a decade of civil war with a two-year mandate to write a new national constitution and oversee the peace process that began when the conflict ended in 2006. The new constitution was intended to pave the way for fresh elections, but despite a 12-month extension agreed last year, the assembly has so far been unable to complete even a draft version, amid deep divisions. Under the latest agreement, reached just before dawn after talks dragged, the parties pledged to produce at least a draft of the charter by August 28 for the public to see. They also promised to address the major outstanding issues of the peace process, which include the integration of thousands of former Maoist rebel fighters into the national security forces and the establishment of a commission to investigate

wartime rights abuses. But the constitution is a far-reaching document that seeks to create a new secular, democratic republic following the abolition of Nepal's centuries-old Hindu monarchy in 2008, and similar pledges have been broken in the past.

The three biggest parties — the ruling UML (Unified Marxist-Leninist), the Maoists and the main opposition Nepali Congress — remain at odds on key issues such as the creation of federal states where none currently exists. “Three months is not very far away,” said political commentator Yubaraj Ghimire. “They have bought some time, but I don’t know if they can settle the big issues like federalism, or the setting up of a truth and reconciliation commission (in that time).”

[AFP – May 30, 2011]