

**NRI PROBLEMS**
H. P. Ranina**Can you highlight one or two specific features of foreign trade policy 2009-14?**

—T K Dave, Dubai

The main thrust of the supplement to the 2009-14 foreign trade policy is to support exporters by way of incremental incentives and procedural relaxations. It further seeks to revive investor interest in special economic zones. The Market Linked Focus Products Scheme for exports to USA and European Union countries has been extended upto March 31, 2014. The scheme is expanded to include 47 new items. Duty credit scrips under the Focus Market Scheme can now be used for paying service tax, composition fee and value shortfalls.

As regards special economic zones, the minimum land area requirement has been reduced for multi-product SEZs from 1000 hectares to 500 hectares; for sector-specific SEZs from 100 hectares to 50 hectares. The minimum built-up area requirement has been relaxed to 100,000 square metres for Delhi, Mumbai, Chennai, Hyderabad, Bangalore, Pune and Kolkata.

Trade settlement cycles for security transactions have been quite slow and cumbersome. Is anything being done to improve the system in order to promote confidence among investors?

—R L Mishra, Sharjah

The Securities & Exchange Board of India has recently conducted a study to explore the feasibility of a shorter settlement cycle. This proposal has been mooted in a discussion paper for which suggestions are invited from the public by May 20, 2013. It is also proposed to have a new collateral client framework whereby an investor will be able to place his collateral directly with a professional clearing member who does not have a trading right. The object of this move is to keep the investor's collateral at arm's length from the broker who currently takes advantage by using it for purposes other than meeting the client's margin requirements.

Another proposal is that the Clearing Corporation will be more proactive to ensure that the collateral is not misused by the broker or trading member. As far as trading settlement is concerned, it is proposed to be reduced to one day after the close of the transaction. At present, two days are given for such settlement.

I have a tenanted property in Kolkata which is used by my family. Certain structural changes were made in the property by demolishing old walls and putting up new concrete columns. The landlord has filed an eviction suit against me on the ground that I have made structural changes. Is he justified in doing so?

—T P Ghosh, Doha

Under section 13(1)(b) of the West Bengal Premises Tenancy Act, 1956, if any structural change is made in the premises without the consent of the landlord and the municipal authorities which had approved the original plan of the building, it would be a ground for evicting the tenant. There are several Court decisions in which it has been held that structural changes in the premises without obtaining the consent of the landlord and the authorities constitutes breach of the law.

Recently, the Supreme Court of India has taken the same view and held that structural changes without prior permission would entitle the landlord to evict the tenant. Therefore, in your case, the landlord is justified in sending you the eviction notice and even if it is contested, you will not succeed.

The writer is a practicing lawyer, specializing in tax and exchange management laws of India.

**DOHA DATELINE**
Dr R. Seetharaman

\$109b

Saudi investment to build a solar industry

Solar panels in Technopark in Dubai. Increase in hydropower and rapid expansion of solar and wind power has made renewable energy indispensable. — KT file photo

Renewable energy in focus

GCC plans billions of dollars investment in solar and wind power projects

R. Seetharaman

THE MAJOR TRENDS IN international energy market include global spread of unconventional gas production, continued rapid growth in the use of wind and solar technologies and resurgence in oil and gas production in the United States.

Unconventional gas may account for significant increase in future, however the unconventional gas business is still in its formative years, with uncertainty in many countries about the extent and quality of the resource base. Coal has met nearly half of the rise in global energy demand over the last decade.

Increase in hydropower and rapid expansion of solar and wind power has made renewable energy indispensable in the global energy market. In the coming years renewables can become one of the

world's largest source of power generation and will transform the global energy mix.

According to global market outlook for photovoltaic until 2016 by European Photovoltaic Industry Association (EPIA), the fastest photovoltaic capacity growth is expected in China and India, followed by the Southeast Asia, Latin America, Middle East and North Africa in the next five years.

China plans to increase its goal for solar-power installations in 2015 by 67 per cent and to reduce reliance on fossil fuels which are responsible for greenhouse gases. China has become a world leader in the manufacture of solar photovoltaic technology and leads the world in wind power in 2012. Sub-Saharan Africa's first large commercial wind farm came in 2012 with a project in Ethiopia. Solar power plants are planned in Ghana and Kenya.

Higher oil prices have benefited the GCC economies in recent years. In 2011, Saudi Arabia's

revenues reached \$296 billion as against the budget of \$144 billion. Qatar had a robust \$15 billion surplus in the 2011-12 despite a surge in spending on public sector wages. India, China and Japan are the major consumers of oil in the last decade. Asia has a heavy dependence on imported oil.

The impact of high oil prices manifests itself in the form of inflationary pressure, budget deficits and slower economic growth in some of the Asian countries.

Despite the huge hydrocarbon reserves GCC countries have also started working on renewable energy such as solar and wind. Saudi Arabia is seeking \$109 billion of investment to build a solar industry, which may produce a third of its power by 2032. ACWA Power plans to add solar assets at home and electricity plants abroad through building new facilities or acquiring existing ones to triple production capacity to 38,000 megawatts by 2017.

Kuwait will produce about one per cent of its electricity from renewables and would like to boost to 15 per cent by 2030.

Abu Dhabi has invested in Masdar City, a clean-technology development aspiring to be the most sustainable city in the world. The other major projects in renewable energy in GCC include Paris Sorbonne, Zayed University, Muharraq Waste Water Project, Bahrain and Medina Airport Scheme, Saudi Arabia.

In April 2011, the US Department of Energy (DOE) and the Qatar Science & Technology Park (QSTP) have signed a MoU for clean energy technologies.

In May 2012 Qatar Solar Technologies (QSTec) has signed agreement with the Qatar Electricity & Water Company (QEWC) to explore the possibilities of developing power generation using solar energy in Qatar.

Qatar solar technologies \$1bn poly-silicon manufacturing plant

at Ras-Laffan will initially produce 8,000 metric tonnes per year of polysilicon.

The UN Climate Change Conference (COP18/ CMP8) held at Doha in 2012 came out with "Doha Climate Gateway" which will push forward the solutions to climate change.

The writer is a Group chief executive at Doha Bank. Views expressed by him are his own and do not reflect the newspaper's policy

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**DATELINE ISLAMABAD**
Javed Rana

Unnoticed strength of informal economy

Parallel economy playing a key role for financial survival of most of the 180m population

Javed Rana

THE STATE OF PAKISTAN'S economy is largely seen through the lens of media around the world. The media however, generally cites official statistics to report a very negative assessment of country's economy.

Based on these official figures virtually every next day, the media portrays a doomsday economic scenario where it seems that the country's economy can not be put back on track without the injection of a sustained foreign aid and loan packages from the donor agencies with tough conditionalities.

Theoretically this may be the case. However, far beyond official statistics, the economic realities seem altogether different in day-to-day life of common people. This is because of the reason that the little is known to the world outside about the hitherto unnoticed strength of the informal or the parallel economy of Pakistan. As a matter of fact, this mode of economy is playing the key role for the financial survival of most of the 180 million Muslim populated country.

The informal economy is believed to be in the neighbourhood of Rs9.3 trillion against Pakistan's total budget of around Rs3 trillion.

The country's parallel economy is ever growing and according to Muhammad Ali Kemal, an economist, it is estimated to have ex-

panded by 91.4 per cent of gross domestic product (GDP). But he rightly believes that the available data is under-estimation to determine the accurate size of this mode of economy.

It is indeed hard to detect the real size and the scale of multi-dynamics of parallel economy. Nonetheless, there have been studies on the subject. Each study seems not to have done justice to determine the full picture of the informal economy of a common man. The scientific study in this regard is not possible given the fact that much of the parallel economy runs through the discreet mode of charity and hand-outs as ordained in Islam, practiced in one way or the other by almost by every body who is known to be a Muslim regardless of which particular sect he/she belongs to.

Centre for Philanthropy, an Islamabad-based NGO that conducts surveys and studies on charity, demonstrates its helplessness whenever it carries out the studies to determine more accurately the real size of charity-based economy in Pakistan.

"Whenever we go out to conduct research study and we ask people how much do they donate. They say it is between us and our God. Who are you to ask us what and how much we donate to whom," Anjum Riaz, head of Centre for Philanthropy sums up a predominant belief based approach by common Pakistanis when I interviewed her in late 2011.

The economic dynamics of Pakistani society are the most difficult to understand for the West. One earning hand looks after the entire extended family in Pakistan, a missing link in the Western society.

Not long ago a British friend of mine on a trip to Pakistan shared



The economic dynamics of Pakistani society are the most difficult to understand for the West. — Bloomberg

with me something which is a matter of routine in a Western society, but that is unimaginable in this part of the world. She told me to have paid 10 pounds to her brother for doing some household chore. That makes me to recall exactly opposite—not very unusual in Pakistan. There is no dearth of stories that keep on appearing in newspapers on how the poorest of the poor sell off their one kidney to the rich kidney patients to generate money to marry off their sisters. Taking money from the sisters is unthinkable in the eastern society. And this in fact reflects to what an extent, people go in Pakistan to manage to run the economic cycle of the entire extended family even some times at the expense of their life. Such a sacrifice driven economy of a common man in Pakistan is unthinkable perhaps in the West.

So is the case on how the poor people hit hard by terror incidents every next day, run their business against heavy odds.

Foreigners in Pakistan get shocked when they see how restaurants resume their business as usual next day after a terror incident that kills dozens in the same market. Such resilience deeply enshrined in Islam, has helped people to survive economically and socially despite killing of an estimated 49,000 people in war against terror since 9/11.

Pakistan suffered during last one decade. First it was 2005's earthquake which killed more than 80,000 people and made millions other home-

less. The second was of 2010's flood which inundated at least 24 per cent of Pakistan—almost equal to the entire territory of Netherland. Thousands were killed and millions others once again were homeless. There was a lot of propaganda on how the UN, international donor agencies and friendly countries are showering bags of money and food to help the victims.

According to Anjum Riaz, the fact of the matter is that the international aid was not more than three per cent while around 80 per cent help came from the common people (who don't want any acknowledgement for fear of losing the divine reward in the life hereafter).

"This is a parallel development budget which the people of Pakistan are running," is how Anjum puts it. The assessment of Strengthening Participatory Organisation (SPO), a NGO, with the experience in the field of relief work to the victims of catastrophes, is not very different to surveys of Centre for Philanthropy.

"Pakistan has the largest undocumented informal charity network which is the basic driving force of country's social fabric. Pakistanis are among the world's largest charity contributors," Nisar Memon, chief executive of SPO, told me in late 2011 when I interviewed him for my short documentary on charity-based economy. How ironic it is that Pakistani governments one after the other, are among the highest recipients of international aid while Pakistanis in their individual capacity, are the highest donation giving nation in the world.

The writer is an Islamabad based print and TV journalist. Views expressed by him are his own and do not reflect the newspaper's policy

Rs9.3t
is the estimated size of informal economy