



Securities and Exchange Commission  
of Pakistan

# vision

The development of modern and efficient corporate sector and capital market, based on sound regulatory principles, that provide impetus for high economic growth and foster social harmony in the Country.



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## Insurance Industry of Pakistan

Development, Achievements & Initiatives

The insurance sector, until end-2000, was under the regulatory purview of the Federal Ministry of Commerce. During that period, the private sector insurance industry was fragmented and suffered from operational inefficiencies, lack of professionalism and low unacceptable ethical standards, while the public sector insurance companies enjoyed their privileged status and captive business.



During the regulatory regime of the obsolete Insurance Act, 1938, the insurance industry was infested with various issues. Capital adequacy requirements for general insurance companies were grossly inadequate, registration/supervision fees for insurers were modest, and the statutory solvency margins were based on outdated principles.

A new insurance law was introduced in 2000 when the Insurance Act, 1938 was replaced with the Insurance Ordinance, 2000. The new law primarily aimed to ensure the protection of insurance policyholders' interest and to promote sound development of the insurance industry.

In the year 2001, the regulatory/supervisory responsibilities of the insurance sector were shifted from the Ministry of Commerce to SECP.

Though the insurance industry in Pakistan is highly under-developed relative to its potential, it has shown a promising growth in premiums over past few years, as shown in the table below:

	Figures in Million of Pak Rupee					
	2005		2006		2007	
		%Inc		%Inc		%Inc
Life	18,552	27.2	22,574	21.7	27,694	22.7
Non-Life	27,733	25.6	33,615	21.2	37,830	12.5
Combined	46,285	26.2	56,189	21.4	65,524	16.6

As on June 30, 2008, 47 insurance/takaful companies were transacting business, out of which 40 (including 3 general takaful, the National Insurance Company Limited and the Pakistan Reinsurance Company Limited) and 7 (including 2 family takaful and the State Life Insurance Corporation of Pakistan) belong to non-life and life sectors, respectively.

SECP has a strategic priority and commitment to strengthen and maintain an effective regulatory environment in which insurance and takaful business can flourish and prosper. To strengthen SECP's role as an effective facilitator for sound development of

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### Infotainment

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# The Chairman says...

Corporate governance is one of the key elements in improving economic efficiency and growth. It serves as a deterrent to mismanagement and infuses discipline in the decision making process of boards of directors, be it a listed company, a private limited company or a public sector corporation. Good corporate governance encourages companies and those who own and manage them to achieve their corporate aims through more efficient use of resources.

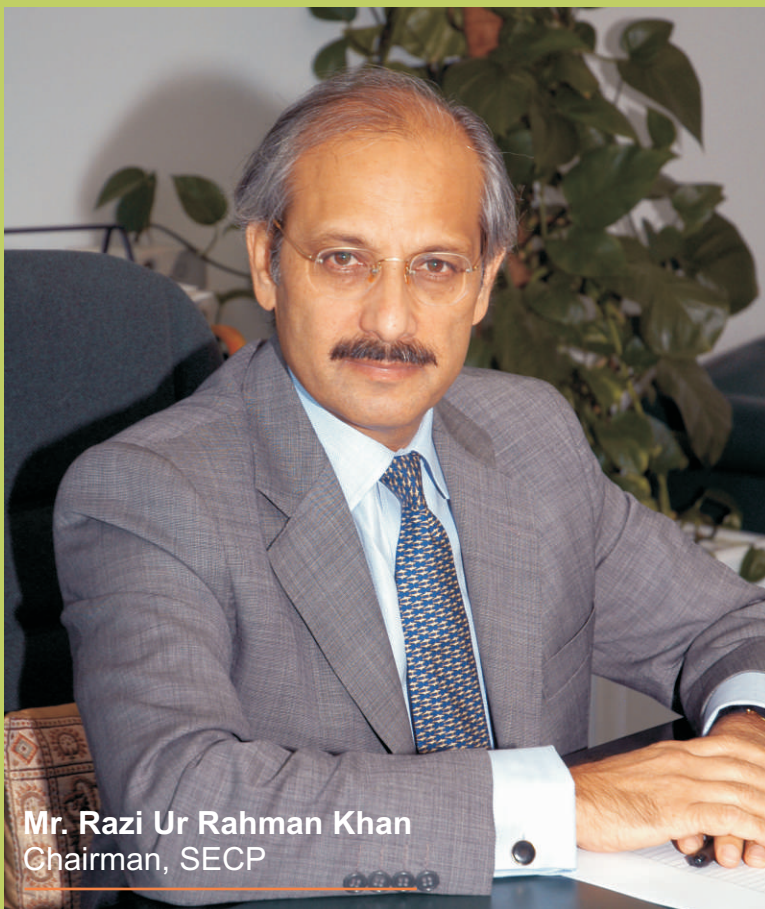
Good governance is vital for the development of a healthy and competitive corporate sector. A strong corporate sector boosts sustained and shared economic growth, i.e. growth that can withstand economic shocks and benefit all. Countries can, therefore, benefit immensely from corporate governance framework as a tool to redress factors leading to sagging economic activity. While ensuring good corporate governance practices in corporates has been an area of focus for SECP, we are also looking to engender good governance practices in all sectors under our purview as well as the professional service providers associated with them. We have developed Codes of Conduct for service providers in the capital market as well as the non-banking financial sector.

SECP provides the foundations of good corporate governance by building institutional, legal and regulatory framework for the better management of the corporate sector entities. To strengthen the regulatory mechanism, SECP introduced the code of corporate governance for listed companies in 2002 and established Pakistan Institute of Corporate Governance (PICG) to move forward the thought process on the subject.

With the increasing consumer awareness and ever-enhancing markets sophistication, the demand for Corporate Social Responsibility (CSR) is gaining momentum. The corporate sector is also realizing the importance of its roles and responsibilities towards good corporate citizenship. It is heartening to see that the concept of CSR is finding roots in our business sector. SECP, while moving ahead with its corporate governance agenda, has initiated the promotion of CSR in Pakistan's corporate sector. In this regard, SECP has concluded a research study on the state of CSR in Pakistan to determine the way forward for promotion and implementation of this concept.

Nobody loses out. And this is something that we need to ingrain into our corporate set-ups. Our vision needs to be broad and progressive. A strong, transparent, accountable, well documented and socially aware corporate sector is the foundation that our economy needs to base its development on. SECP is strongly committed to bringing about this positive change in the Pakistani business arena. And we are happy to see that we have the support of leading institutions to see us through this aim. It is sincerely hoped that we can all work together towards ensuring a progressive corporate and financial sector in Pakistan.

**SECP, while moving ahead with its corporate governance agenda, has initiated the promotion of CSR in Pakistan's corporate sector. In this regard, SECP has concluded a research study on the state of CSR in Pakistan to determine the way forward for promotion and implementation of this concept.**



**Mr. Razi Ur Rahman Khan**  
Chairman, SECP

**Razi Ur Rahman Khan**  
October 31, 2008



*pitch in and work harder and look after not only ourselves but each other". Let's not forget this also fits in for us as well. We must think before its too late.*

# Editorial

**"It is not the strongest of the species that survive nor the most intelligent, but the one most responsive to change." Charles Darwin**

**T**he change is most significant for our lives, we all desire change and in our last issue of the newsletter you must have noticed change in overall publication. This has been done with an intent to provide you a quality publication. My team has always tried to keep-up its pace with global trends and you will see pleasant changes in the issues to come as well. Our this effort has been widely appreciated internally and externally.

As we know after change we need commitment to move ahead, as very rightly said by the President-elect of the United States of America, Mr. Barack Obama *"This victory alone is not the change we seek. It is only the chance for us to make that change. And that cannot happen if we go back to the way things were. It can't happen without you, without a new spirit of service, a new spirit of sacrifice. So let us summon a new spirit of patriotism, of responsibility, where each of us resolves to*

Now coming towards this issue, it carries a lead story on Insurance, giving an insight into this fast-growing industry in Pakistan. Besides, some interesting articles on modern technology, the current economic situation, a thoughtful brief on Confucius, news on recent developments and humor form the contents of this issue.

I greatly value your feedback as it helps us shape up the newsletter according to demands of the valued readers, so keep sending your input through letters, email and messages. I hope you will find this issue as interesting as the last one.



## The Vision Team

**Editor**  
Imran Ghaznavi

**Asst. Editor**  
Asfandiyar Khattak

**Urdu Contributor**  
Abid Agha

**Graphic Designer**  
Attia Zainab

**For contributions and suggestions contact us at:**  
Internal and External Communications  
Department, SECP  
NIC Building, Jinnah Avenue  
Islamabad-44000  
Ph: +92-51-9218593  
Fax: +92-51-9206459  
Email: editor.newsletter@secp.gov.pk

## Corporate Growth in the month of October 2008

A total of 218 companies have been registered during the month of October, 2008, comprising of 4 public unlisted, 201 private, 11 single member companies, and 2 associations not for profit.

Aggregate authorized capital and paid up capital of the companies registered during the month of October, 2008 amounted to Rs. 3,513.2 million and Rs. 278.18 million, respectively.

The most flourishing sector in terms of number of new registration was the Services sector wherein 45 companies were registered, followed by 35 companies registered in Trading, 15 in Communications, 14 in Construction, 11 in Food and Beverages, 7 each in Hajj and Umrah Services and Information Technology sectors.





# Insurance Industry of Pakistan

...continued from page 1

the insurance and takaful industry, commitments were made to the Asian Development Bank and other international donor agencies with regard to certain policy actions in the insurance sector. To achieve the underlying objective of raising the insurance penetration level, the following key areas have been in focus of SECP's efforts since 2005:

- Protection of the interest of insurance policyholders;
- Amendments in the regulatory framework to strengthen SECP's role as an apex insurance regulator;
- Capacity of the insurance industry;
- Regulatory framework for Takaful Insurance;
- Development of personal lines business;
- Availability of insurance protection to less privileged segment of the society;
- Human Resource Development; and
- Public image of the insurance industry.

## Achievements, Ongoing Initiatives

The Ordinance provided for the establishment of Insurance Ombudsman's Secretariat, Small Dispute Resolution Committee and Insurance Tribunals. The office of Insurance Ombudsman has been functional since mid-2006, which is attending to any mal-administration on the part of any insurer in dealing with the policyholders. Later in 2006, establishment of Insurance Tribunals with civil and criminal jurisdictions and Small Dispute Resolution Committee were also notified by the Federal Government.

## Onsite Inspections

In addition to these regulatory gains, SECP through the Finance Act, 2007 has been empowered to conduct on-site inspections of insurance companies including the right to enter into the insurer's premises and to search and seize such records and documents, etc. It may require evidence, and to remove a person holding the office of chairman, chief executive, director, manager or principal officer, which is a significant development from the enforcement point of view.

## Raise in Minimum Paid-Up Capital

Protection of policyholders' interests and sound development of insurance industry are directly linked with the financial soundness of insurance/takaful companies. When compared with India where minimum paid-up capital requirement for an insurance company is one billion Indian Rupee, the same amount was considered low in our country. Therefore, SECP went into a dialogue with the Insurance Association of Pakistan (IAP) for enhancing the levels and with the industry's co-operation, minimum paid-up capital requirements, in March 2007, were increased to three hundred million rupees for non-life insurance/general takaful company and five hundred million rupees for life assurance/family takaful company.

**SECP has a strategic priority and commitment to strengthen and maintain an effective regulatory environment in which insurance and takaful business can flourish and prosper.**

## Takaful Rules, 2005

Since notification of the Takaful Rules, 2005, as at to-date three general takaful and two family takaful operators have been issued licences and some applications are being processed. To remove the numerous practical issues not adequately addressed in the existing takaful rules and highlighted by professionals, takaful operators and shariah scholars from time to time, the appointed consultants of SECP are in the process of finalizing amendments and in due course, the amended version of Takaful Rules would be submitted to the Federal Government for notification.

Takaful Rules do not allow conventional insurers to transact takaful business via "window" operation until September 2010. However, to improve the penetration level, the federal government has agreed to let conventional insurers transact takaful business.

## Compulsory Motor Third Party Insurance

Compulsory motor third party insurance requirements are not being properly complied with by the vehicle owners. Almost 90% of the vehicles plying on the roads either do not carry or have insurance cover issued by non-authorized entities. A conservative estimate suggests that the genuine insurers are losing annually a premium over four billion rupees, which is more than 10% of the general insurance premium of the industry. The road accident victims and their families are deprived of the compensation.

SECP in consultation with the insurance industry is making all-out efforts to eliminate the issuance of bogus motor third party compulsory insurance certificates by unauthorized persons/entities and to ensure that all vehicles on the country's roads have proper insurance cover issued by registered insurance/takaful companies. In this regard a comprehensive proposal has been finalized by SECP, which, after approval from the Ministry of Finance has been conveyed to the respective provincial governments.

Although the evolution of insurance industry in Pakistan has been slow-paced, yet there is a lot potential for its growth. SECP is doing all-out efforts to provide an enabling environment and a framework for development of a vibrant insurance industry in Pakistan.

**Protection of policyholders' interests and sound development of insurance industry are directly linked with the financial soundness of insurance/takaful companies.**

**Vision: Please briefly discuss the main features of human resource policy of SECP?**

MA: The Human Resources and Training Division serves as a strategic partner to the Commission in identifying and responding to the changing needs of a diverse work force. It provides leadership and guidance in the development, implementation, and equitable administration of human resource policies and procedures, ensuring compliance with federal regulations in a helpful, supportive, and proactive manner.



## An Interview with

**Mr. Mansur Ahsan**  
Executive Director  
HR&T Division

**Vision: What steps are being taken for organizational development of SECP?**

MA: There has been massive recruitment in the Commission during the last one year till the ban on recruitments in government department was placed by the Federal Government. A total of 161 officers were appointed in SECP against the approved establishment. We believe it is extremely important to evolve with the changing times, therefore, we have been in the process of executing a number of initiatives for gradually improving the systems in place. Capacity building of our officials has been the top priority, therefore, in addition to training programs for officers, staff skills enhancement program has also been introduced. We are working for creating a culture of teamwork and excellence, so that our organization is ready to tackle future challenges.

**Vision: Has any strategy been adopted by HR&TD for employee retention?**

MA: Employee retention has been one of the concerns of HR&T Division. In this regard, numerous important steps have been taken. Remuneration was brought in line with the market, making SECP attractive for the potential employees. New terms and conditions of employment were introduced last year and presently 95% of the officers are governed by the new terms and conditions. Last year, Potential assessment policy was designed which specifically aims at highlighting and developing talent. We are expecting to see the positive results of this system in the coming years. Our retention plans also includes phase-wise roll-out of employee well being program. Family galas and cricket matches have been organized. These events not only foster a sense of belonging

in employees but are also a source of informal interaction between various divisions within the Commission. Another initiative, the Health-care Program, has been introduced for our valuable employees. Under this program, a comprehensive medical policy was unveiled this year backed by the annual medical camps & free medical tests as a regular feature.

**Vision: Recently, a number of medical camps have been set up for employees and their families. What is the purpose of such healthcare programs?**

MA: Healthcare program has three main components:

Firstly, new medical policy was introduced this year whereby besides government hospitals, all leading private hospitals throughout the country have also been brought on SECP's panel on 80:20 sharing for employees. Keeping in view the significant medical costs borne by employees on medicines and tests, special discounts have been offered at various laboratories and chemists all over Pakistan.

Secondly, employee's health is of primary concern for the management of SECP. Therefore, annual medical tests are conducted at all regional offices once a year. We were able to diagnose a number of new cases last year and proper follow-up was also provided to all affected.

*Mashallah*, the latest results show a significant improvement and most of our employees are fit and healthy.

Lastly, to create awareness amongst employees about various diseases and medical issues, medical camps are organized regularly throughout the year. The turnout on all camps has been tremendous. These camps are not only for follow-up cases but also offer free of cost tests to the employees and their families. These medical camps help in early diagnosis of any ailment, which benefits the Commission as well as the patients. These medical camps have now been extended to all regional offices too.

In essence, this program is increasing employee productivity and their satisfaction with the Commission.

**Vision: What are the future plans of HR&TD?**

MA: As we know Human resources is an increasingly vital area in any organization, responsible for hiring, training, and rewarding the talent that creates competitive advantage and organizational growth. HR&T Division is striving to bring the best out of employees by enabling and equipping them with the best possible skills in order to cope with the ever-challenging and changing work place dynamics. Shortage of officers is the biggest challenge that we are facing right now. We are currently short of 40% officers and we are hopeful that as soon as the government's ban on recruitment is lifted, we will expedite our efforts to ensure hiring in minimum possible time.



Not just recruitment, HR&T Division is also striving for continuous improvement in other areas also. For this very reason capacity building of employees is on our cards as a top most priority. After the completion of Management Development Programs for all officers of SECP, now the first leg of Support Staff development program is in its completion stage and by December 2008, we expect to have covered all the staff.

We also plan to conduct in-house training programs with the help of foreign trainers. Every year a number of officers go on foreign training which keeps them abreast with latest knowledge and techniques. However the costs incurred on

these trainings are really high. In order to facilitate a bigger group of people and to reduce costs, foreign trainers would be invited to conduct sessions for our employees in Pakistan. This process has already been started and one such training namely "Anti money Laundering" was conducted by M/s Terrapinn International this year. We are developing other customized programs in coordination with various divisions which would hopefully be executed in the near future.

We will continue to undertake initiatives that support us in developing friendly and caring culture, foster trust, create harmony and develop mutual understanding so that all employee willingly give their best in contributing towards achieving the Commission's goals.

## NewsFlash

from the month of October 2008

### Chairman's Meeting with Stakeholders

A meeting was held between SECP and the Boards of Directors of KSE, LSE and ISE under the chairmanship of Mr. Razi-ur-Rahman Khan, Chairman SECP. Various proposals were discussed and considered relating to the smooth and orderly functioning of the stock market.



fund  
Fund,  
owned

Limited, Pakistan Petroleum Limited, Sui Southern Gas Company Limited, Sui Northern Gas Pipelines Limited, Pakistan State Oil Company Limited and National Bank of Pakistan.

In order to further strengthen the CFS and Deliverable Futures Market and to reduce the risk therein the additional risk management measures were proposed to be adopted.

### Seminar on eServices

In line with the SECP's efforts to create awareness about the eServices project, SECP arranged seminars at Karachi and Lahore in collaboration with the Karachi Chamber of Commerce and Industry (KCCI) and Institute of Costs and Management Accountants of Pakistan (ICMAP) on October 16, 2008 and October 29, 2008 respectively. A number of other seminars will be held in the months to come.

Response of the seminars is very encouraging and stakeholders have appreciated the efforts of the Commission for launching a highly ambitious and practical eServices Project. eServices is expected to go a long way in extending facilitation to the stakeholders and making the compliance easier and more efficient.

### Staff Training Development Program



Participants of STDP



ED HR&TD Mr. Mansur Ahsan distributing certificates among the participants

As part of SECP's staff Development Training Program, two training programme were organized for the staff of SECP at head office. The purpose of programme was to improve skills such as communication, time management, stress management, team building and personnel development. It was two days training and was conducted by the officers of Human Resources and Training Division.

At the concluding session, certificates were awarded. Training shall also be organized for staff in other regional offices as well.

"The next information revolution is well under way... It is not a revolution in technology, machinery, techniques, software, or speed. It is a revolution in CONCEPTS."

**"Corporate or organizational change". Big words, but what do they mean? Within an organization there is a culture, sometimes good sometimes bad. Some of it is subtle, like how do an organization and the staff adopt and use technology? This article concentrates on Technology Adoption and Change.**

It strikes me, having worked with computers since the late 80's and used email since the early 90's that some people have not reached the 20th century let alone the 21st century. I liken it to a car. Most people drive a car and use all the gears; with technology most people seem to use 1st and maybe 2nd gear but do not even know that it has 1 maybe 3 more gears.

Technology seems to be a big mystery still to a lot of people. Well what do we do?

Technology can make an organization and staff so much more productive; make internal and external communications so much easier and efficient. Reporting on events, finances are so much easier with the use of technology. That is, save time and money.

Technology is providing a revolution in the workplace and at home. The problem is that most humans have not caught up with 10% of it yet.

I have some suggestions and plans about how we can make organization and staff much more in tune with the latest IT (Information Technology).

**Information Technology (IT) Plan:** Each organization really needs an IT plan. What technology do you need, what training do you need, how will you implement IT across the organization? What do you need and what can you afford, or can you not afford not to have the time and money involved? If you are still doing things manually and have a mountain of paperwork, will your organization be around in 2 years time? Should you buy or lease some or all of your IT needs?

### Staff Training and Awareness

One critical thing I have found is that an organization can provide the latest technology but staff needs training in how to use it and on an ongoing basis. It is not good enough to have one session on some new technology and then say that is it! There seems to be some fear of IT and some reluctance to learn and adopt sometimes as well, this can be for an individual or an organization as a whole. I believe one should use and reflect IT internally so that externally you will be seen as a user of IT.

## Computers and Networks

Are the computers you have adequate or should you look at an ongoing replacement plan? Should the computers be networked so you can rationalize resources like the Internet and printers, scanners etc? Are there better ways of doing what you are doing? Should you not review current policies and procedures in the light of advancing IT and adopt new methods for doing things? You could for instance abandon a lot of face-to-face meetings, paperwork etc if you adopted new technology like Web cams and an online briefcase!

### Common software

Is the software you are using common across the organization and is it adequate for the tasks expected, not overkill or an under-kill? Is the software legal and what is the plan to keep up to date with software and related issues?

Agreed process for communication and reporting of information

Does the organization have an agreed internal and external communications and reporting procedure? And more importantly is it used every day by everybody?

Training should be given to all staff on an ongoing basis as to the processes for communications and reporting.

### Internet

The Internet is such a wonderful tool for research, communication, software, updates, ebusiness, b2b, etc, but how little it is understood and used! The Internet should be your first choice, for communication, to look up a phone number or to find software or information, the cost and speed is usually much better than by any other means.

Things that should be used on the Internet are Email, Online Bankin, Organization Website, News Groups, Briefcase, Information, Software, Support, Sales and Virtual Office [www: world wide web](http://www.worldwideweb)

Well this is the new toy on the block, but is only a real small part of the Internet. However the WWW is great for getting info, buying some stuff and getting info out there! Just remember please that it and email are only 10% of what the Internet actually offers. But hey have fun out there!

### Security:

Virus and Firewall as well as Encryption. I use a free virus checker as I do not like McAfee or Norton and of course you must have a firewall to stop attacks on your computer and people looking at stuff or obtaining stuff they should not have access to. There is also a case for encrypting sensitive data and using the Internet as a Virtual Office, if you have the right systems and procedures in place and everybody has the skills, software and willingness to use the Internet for video



conferencing, email, document sharing etc. It means that meetings can be arranged globally and time is saved to get the job done. Meeting people face to face is important; but so is saving time and money.

### Data Mining

This is the art of collecting information you already have and now mostly on computer, to use in other ways. Perhaps list of creditors and debtors as a target market for your products and services. Or perhaps information you have collected or developed as a new and different product.

Most organizations have a mountain of information and data, but do not use in different and innovate ways.

### Information Gathering

Is similar to data mining, but is the idea of say, having a free newsletter on your website, a means of gathering information and potential customers.

### eBusiness

Nowadays you just need to be part of the IT revolution whether your organizations is for profit or not. A website is a real tool to get information out there. To talk to potential and existing clients and to perhaps sell products and services as well.

### eServices

The main objective of introducing the eServices project is to improve efficiency and effectiveness of the business processes of SECP due to speedy and transparent paperless environment and making it easier for the representatives of companies and the business community to interact with and obtain information from the Commission through electronic modes in a very small time.

eServices will enable promoters to complete the registration process online, using the E-Services portal, without visiting the CRO, and making it possible for companies to file their statutory returns with the registrars online. It will be a web-based system accessible from anywhere in the world via login

ID and a password.

This is the example of modern technology in the corporate sector and shows how technology is beneficial in the corporate world.

### Knowledge Management

This is the idea that organizations and the staff of the organizations gather a raft of information. Not many organizations actually manage the process of storing that information and protecting the organizations from brain drain or loss. A disaster plan would identify critical areas, of data protection and backup and of human knowledge.

If your main IT person leaves or departs, particularly due to some sudden event, have you captured that information?

Human Element/Interaction

Do the people using the technology have a say and are familiar and use the technology? Each staff member should have a clear file with printouts of flowcharts and processes for the use of IT. Each staff member should have a personal development plan particularly in the use of IT, tailored for their needs and the organization needs.

Human fear of change, of going out of ones comfort zone, of accepting life as a challenge and obstacles are things to be overcome.

USE Information Technology with all the amazing powers of the web, but strive to keep your life in BALANCE. With the web and e-mail, we must always keep technology in perspective - by using it for 'ease of communication at the click of a mouse', to make our lives easier and market products and services around the globe efficiently and cheaply. MANAGE IT WELL, OR IT WILL MANAGE US in the early days of this "New Age of Wisdom"

<http://www.sajaforum.org/2008/01/business-us-sub.html>

**NOVEMBER 6, 1851** Charles Henry Dow - the "Dow" in the Dow Jones Industrial Average - is born in Sterling, Connecticut.

**NOVEMBER 10, 1817** The first monopolistic trust in America is organized on this date by the salt manufacturer of Kanawha, West Virginia.

**NOVEMBER 13, 1879** Telephone and telegraph lines are installed in the New York Stock Exchange.

**NOVEMBER 14, 1972** Dow Jones Industrial Average closes above 1,000 for the first time. It rose 6.00 on the day, finally resting at 1003.16. In early December it hit 1,036, but then fell sharply at news of a breakdown in the Vietnam peace talks.

**NOVEMBER 15, 1867** The stock ticker is introduced in New York City. Invented by Edward A. Calahan, the device provided a constant stream of business data. The ticker soon became an icon of market activity, the first ticker-tape parade came 52 years and four days later, on November 19, 1919, for the Prince of Wales.

## November in the history of Business

**NOVEMBER 17, 1919** National City Bank (later Citibank) of New York becomes the first U.S bank with assets to exceed \$1 billion, reaching \$1,027,938,114.31 on this day.

**NOVEMBER 20, 1906** Rolls-Royce Ltd., the elite car and Engine Company, is founded by marketer Charles Stewart Rolls and engineer/designer Frederick Henry Royce.

### NOVEMBER 22

**1891** The "father of public relations," Edward L. Bernays, is born in Vienna, a nephew of Sigmund Freud.

**1975** The name "Microsoft" (for microcomputer software) is used for the first time, in a letter from Bill Gates to Paul Allen.

**1993** The shortest commercial in television history, a mere four frames, of Bon Marche's Frango sweets airs in the United States on King TV's Evening Magazine.



Regulating the money supply is widely recognized as the fundamental mandate of the central bank. Central banks in consonance with major policy issues choose to opt for either a tight or a loose monetary policy stance. For this purpose, the central bank is dispensed with various economic tools that strictly govern the amount of money gushing through the economy. Central Banks conduct open market operations to mop up the liquidity from the system as a matter of its policy stance and to curb growing trends in inflation. On the contrary, during slack periods of low economic activity, the central banks rejuvenate investments by escalating the money supply through buy back of government bonds and securities from the market. This phenomenon is recognized as Reverse Repo. Expansionary policy is used to combat unemployment and an imminent recession.

Pakistan witnessed one of the most robust economic activities in the years leading up to 2007. During this period, the economic growth was propelled by impressive performance in the services sector and enhanced foreign exchange inflows coming after 9/11. However, this soon opened into a wide chasm of world wide recession and internal political turmoil.

This opened a door of opportunity for Pakistan whose economy was already in doldrums following the 1998 nuclear tests. Crippled with economic sanctions, Pakistan had no options but to extend its help on the war against terror and calling truce with the allied forces. A combination of foreign remittances coupled with the support on the war against terror paved way for the Pakistani economy to recoil. Soon the economic scenario was to have a major turnaround with excessive portfolio investment. The economy was flushed with excessive liquidity. The foreign exchange reserves bloomed from a meager 900 million US dollars in 1998 and sprouted to a solid sixteen billion US dollars in 2005. The central bank had enough reserves now to maintain the Rupee -Dollar parity at about 60. During the period, central bank followed an expansionary monetary policy stance to invoke investment opportunities which saw an impressive growth in the middle class of Pakistan.

The economy however lost its buoyancy once the internal disturbances took over the feverish GDP growth rate of

nearly 8. Amidst growing inflationary pressure, the State Bank of Pakistan had to increase the discount rate that instigated a shift from an expansionary monetary policy regime to one of an extremely tight one. Moreover, the statutory liquidity reserve and the cash reserve ratio requirements were also tightened as the banks started competing for whatever liquidity they could plead. This in turn resulted in a severe liquidity crunch that saw the call money lending rates move to as high as forty percent in November 2008.

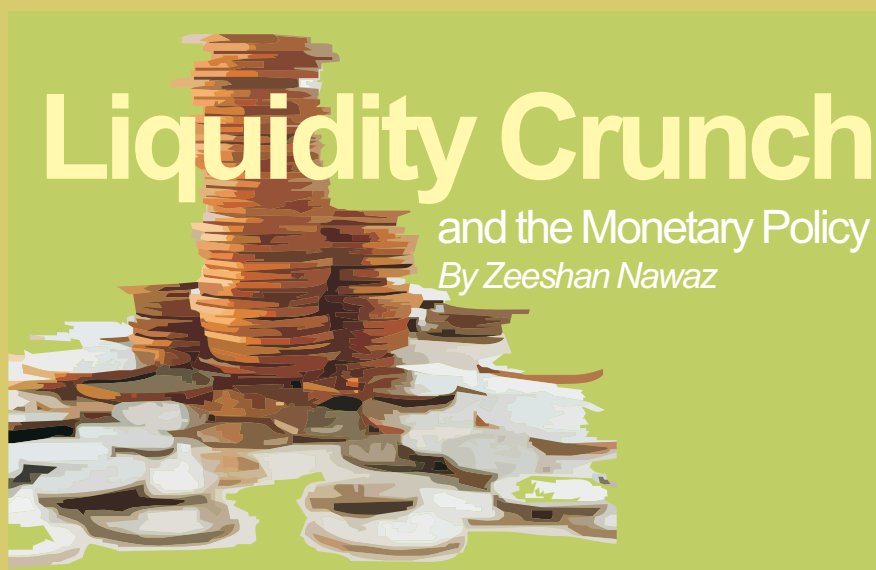
The current lack of confidence exhibited by the depositors further drained the

banking industry of close to Rs 300 billion rupees according to various sources. Depositors started to take out cash deposits from banks in order to invest in the traditional "hedge against inflation", Gold. Pressure on dollar mounted further as demand increased considerably while the supply continued to plummet steadily. The central bank could do little but gawk at the soaring dollar rate against the rupee that has taken a nose dive during the same period. The government now turns to the IMF to increase its foreign exchange reserves and avoid an imminent default that could severely dent the country's credit rating. The credit crunch

has unembellished the stock market, where banks have stopped offering financing against shares and are already booking losses against investments in a mundane and battered economy.

Under the current dire circumstances, IMF is probably a lender of last resort which has already

stressed on the need to increase the discount rate by a mammoth 3.5 percent. This could not only cripple investment activity in the country but could also prove to be the last nail in the coffin for the down and out stock market. However, with chances of a default amidst the ever depleting reserves, the government may be left with no option but to take the deal and enjoy temporary respite in the current abysmal macro economic scenario. The Central Bank has also played its role to provide relief to the banks by considerably lowering the CRR and SLR requirements that is expected to inject Rs 240 billion into the banking system. Would these measures be enough in Pakistan's downtrodden economic setup is yet to be seen. Till then let the mighty bells of time toll away.



**Under the current dire circumstances, IMF is probably a lender of last resort which has already stressed on the need to increase the discount rate by a mammoth 3.5 percent.**

## “Good people strengthen themselves ceaselessly.”

Master Zeng, one of the pupils of Confucius, said, “I examine myself three times a day: have I been unfaithful in planning for others? Have I been unreliable in conversation with friends? Am I

**Don't worry about having no position; worry about that whereby you may effectively become established.**

preaching what I haven't practiced myself?”

Confucius said, “Don't worry about having no position; worry

about that whereby you may effectively become established. Don't worry that no one recognizes you; seek to be worthy of recognition.”

Confucius said, “I have never seen anyone who was firm.” Someone named a certain disciple. Confucius said, “He is covetous-how can he be firm?”

A student said, “It is not that I do not like the teacher's way, but my strength is insufficient.”

Confucius said, “Those whose strength is insufficient give up along the way; now you are drawing the line.”



## Humor

### Management Test

The following short quiz consists of 4 questions and tells whether you are qualified to be a "manager."

#### 1. How do you put a giraffe into a refrigerator?

The correct answer is: Open the refrigerator, put in the giraffe and close the door. This question tests whether you tend to do simple things in an overly complicated way.

#### 2. How do you put an elephant into a refrigerator ?

Wrong Answer : Open the refrigerator, put in the elephant and close the refrigerator.

Correct Answer : Open the refrigerator, take out the giraffe, put in the elephant and close the door. This tests your ability to think through the repercussions of your actions.

#### 3. The Lion King is hosting an animal conference, all the animals attend except one. Which animal does not attend?

Correct Answer : The Elephant. The Elephant is in the refrigerator. This tests your memory. OK, even if you did not answer the first three questions correctly, you still have one more chance to show your abilities.

#### 4. There is a river you must cross. But it is inhabited by crocodiles. How do you manage it?

## “Good people support others with enriched virtue.”

Confucius said, “I still haven't seen anyone who likes humaneness and dislikes inhumanity. People who like humaneness couldn't be better, while those who dislike inhumanity are by that very fact practicing humaneness, because they are not allowing the inhumane to affect them. Are there any who can use their strength on humaneness for a whole day? I have never seen anyone who lacked the strength. There may be such people, but I have never seen any.”

**People who practice filiality today say they are providing a living, but even dogs and horses are taken care of; without respect**

Confucius said, “Only the humane can like people and can dislike people.”

A disciple asked Confucius about filial piety.

Confucius said, “People who practice filiality today say they are providing a living, but even dogs and horses are taken care of; without respect, what is the difference?”

Another disciple asked about filiality. Confucius said, “Expressions are difficult. If there is something to do, the younger sons take on the work. When there is wine and food, it is offered to the elders. Is this itself to be considered filial piety?”

Correct Answer: You swim across. All the Crocodiles are attending the Animal Meeting! This tests whether you learn quickly from your mistakes.

According to Andersen Consulting World wide, around 90% of the professionals they tested got all questions wrong. But many pre-schoolers got several correct answers. Andersen Consulting says this conclusively disproves the theory that most management consultants have the brains of a four year old.

### In your quest for reaching the top - keep these this in mind...

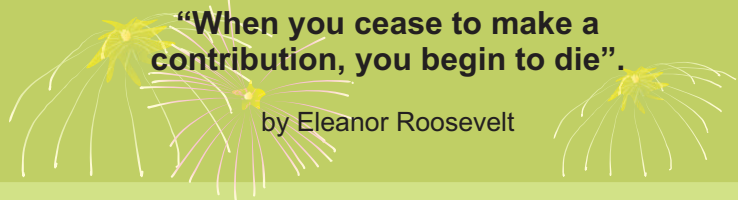
A crow was sitting on a tree, doing nothing all day. A small rabbit saw the crow, and asked him, "Can I also sit like you and do nothing all day long?" The crow answered: "Sure, why not." So, the rabbit sat on the ground below the crow, and rested. All of a sudden, a fox appeared, jumped on the rabbit and ate it. Moral of the story is:

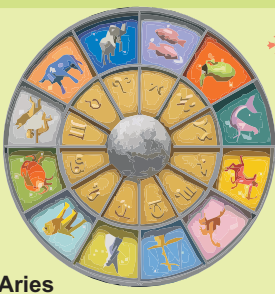
To be sitting and doing nothing, you must be sitting very, very high up.

### Quote of the Month

**“When you cease to make a contribution, you begin to die”.**

by Eleanor Roosevelt





# Horoscope

## December 2008

### Aries

Work is very rewarding this month, yet you still manage to find ways to break the routine. You are very busy expanding your horizons, whether it's through actual travel or "armchair travel".

### Taurus

In the first three weeks of the month, you are thinking strategically, making plans, and watching others around you more than you are participating. You stand to gain much from your observations!

### Gemini

A loan or repayment is likely to make headlines for you towards the end of December. A personal project could bear fruit around the Full Moon on the 12<sup>th</sup>, which occurs in your sign.

### Cancer

The time is now! You are raring to go, ready to completely rework your routines. You have more energy than usual for work, projects, and anything that involves reorganizing and restructuring.

### Leo

You have special magnetic appeal, extra energy, and a real yen for excitement now. Creative Leos will be on a roll, producing more than ever, and publishing opportunities may be forthcoming.

### Virgo

A flurry of activity in and around the home or with family is in store for you this month, dear Virgo. You are busy with preparations, repairs, and re-organizing—and enjoying every minute of it!

### Libra

It can get a little hectic, with many errands to run, more ideas than you can realistically implement, and plenty of contact with friends, siblings, and neighbors.

### Scorpio

You enjoy extra energy and enthusiasm for increasing your income. It's an excellent opportunity period for a bonus or raise that truly makes a difference in your life!

### Sagittarius

Don't be surprised if romantic opportunities find you easily and when you least expect them—it's just that kind of month. A love interest has your best interests at heart just now.

### Capricorn

Tremendous energy and initiative is with you as you embark on a journey of internal change and personal discovery. It feels like you can move mountains.

### Aquarius

Friends, acquaintances, and groups will certainly keep you busy. Romance, however, is mostly quiet until after the 7<sup>th</sup>, when Venus, the goddess of love, enters your sign and stays there.

### Pisces

You may be put "in charge" of a private matter. Secrets are revealed—and revealing. Intense energy comes from a friend in the last week of the month. It's virtually impossible to escape professional attention this month.

Iqbal Ghous, Executive Officer (1st)  
Seema Saud, Executive Officer (1st)  
Adil Anwar, Director (1st)  
Raza-ur-Rehman Mirza, Assistant Director (2nd)  
Muhammad Maroof Bhatti, Assistant Director (2nd)  
Habibur Rahman, Executive Officer (2nd)  
Amina Humayun, Support Executive (2nd)  
Abdul Karim Khan, Office Attendant (3rd)  
Raana Afzaal, Executive Secretary (4th)  
Shabana Haider Al, Deputy Registrar (4th)  
Salamat Masih, Office Attendant (7th)  
Saila Masood, Deputy Registrar (9th)  
Syed Rasheed Ahmed, Office Attendant (9th)  
Basharat Ali, Sr. Executive Secretary (9th)  
Muhammad Shahzad Sarwar, Junior Executive (9th)  
Jawed Hussain, Additional Registrar (10th)  
Saima Khalil, Deputy Registrar (10th)  
Dur-e-Sameen Mufasssir, Deputy Registrar (12th)  
Syed Muhammad Safdar, Sr. Executive Secretary (12th)  
Kashif Mahmood, Deputy Registrar (13th)  
Omairah Nazir, Deputy Director (13th)  
Muhammad Ayub, Sr. Executive Secretary (15th)  
Muhammad Qasim, Sr. Executive Secretary (15th)  
Abdul Khaliq, Support Executive (15th)  
Omer Farooq, Junior Executive (15th)  
Saghir Ahmed Hashmi, Joint Registrar (18th)  
M. Saqlain Arshad, Assistant Registrar (18th)  
Syed Inam ul Haq, Support Executive (18th)  
Rizwan-ul-Haq, Deputy Director (19th)  
Muhammad Arshad Rabbani, Sr. Executive Secretary (19th)  
Muhammad Ilyas, Driver (19th)  
Arshad Javed Minhas, Executive Director (21st)  
Benazir Nasir, Junior Executive (21st)  
Sultan Mazhar Sher, Director (23th)  
Muhammad Afza, Director (24th)  
Muhammad Gulzar, Office Attendant (25th)  
Tahir Muhammad Khan, Support Executive (25th)  
Muhammad Sohaib, Deputy Registrar (25th)  
Mirza Shoaib Baig, Assistant Director (26th)  
Muhammad Akram Qureshi, Deputy Registrar (28th)  
Zia-ul-Rasheed Abbasi, Deputy Registrar (28th)  
Amer Latif, Sr. Support Executive (28th)  
Sajjad Ahmed, Deputy Director (30th)

## Birthdays November

## Obituary

- Mother of Ms. Atiqa Bostani, died on 4th November 2008.
- Father of Mr. Shah Hussain, CRO Peshawar, died on 26th September 2008.
- Mother of Mrs. Khalida Habib, Joint Director, died on 20th September 2008.

May Allah rest their souls in peace and give their families the courage to bear this irreparable loss.

## میرے اندر کی سیاہی

اپنے بازو پھیلا کر  
نیلے آسمان کی جانب  
جھومتے ہوا میں تیرتے  
پرندوں کو دیکھوں  
یہاں تک کہ۔۔۔۔۔

شام کے سائے گہرے ہو جائیں  
پنچھی تھک بار

اپنے ٹھکانوں کو لوٹ جائیں

پھر پرانے برگد تلے

تنہائی کو گلے لگا کے

سیاہی بھینکتی جائے دھیرے دھیرے

میرے اندر کی جانب

ہر منظر اوجھل ہو جائے

نگاہوں سے۔۔۔۔۔

دور افق پہ سپیدی نمودار ہو

میرے اندر کی سیاہی نہ دور ہو

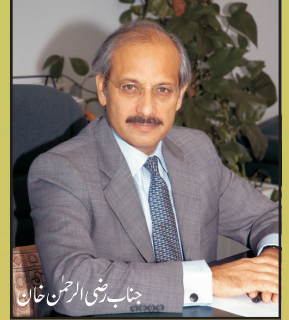
عابد آغا



محفوظ ریگولیٹری اصولوں پر مبنی جدید و موثر کارپوریٹ سیکٹر اور کیپٹل مارکیٹ کا فروغ  
جو کہ ملکی معاشی ترقی اور سماجی ہم آہنگی پیدا کرنے کیلئے قوت متحرک مہیا کرے۔



## چیرمین کا پیغام



کسی بھی ادارے کا نظام اور اس کا نظم و نسق ایک ایسا اہم عنصر ہے جو اس کی معاشی ترقی اور خوشحالی لانے میں سبب مل کی حیثیت رکھتا ہے۔ علاوہ ازیں یہ وہ موثر ہتھیار جو بد انتظامی کے لئے سبب قاتل کی حیثیت رکھتا ہے اور کسی بھی ادارے چاہے وہ نجی شعبے سے تعلق رکھتا ہو، سرکاری یا نیم سرکاری ہو کہ افسران بالا کے لئے اہم نوعیت کے فیصلے صادر کرنے میں خاصا مددگار ثابت ہوتا ہے۔

بہترین نظم و نسق نہ صرف اداروں میں نئی روح پھونکتا ہے بلکہ ان کے مالکان اور دوسرے وابستہ افراد کے اندر ذرائع کے موثر استعمال کے لئے اپنے عزائم کی تکمیل کا جذبہ بیدار کرتا ہے چنانچہ یہ کہنا بیجا نہ ہو گا کہ کاروباری ادارے اسی صورت میں نمو پاتے ہیں اور ملکی ترقی کا حصہ بنتے ہیں جبکہ وہ معاشی طور پر مضبوط اور مستحکم ہوں اور کسی بھی قسم کے مالیاتی بحران سے نمٹنے کی صلاحیت رکھتے ہوں۔ چنانچہ ممالک اپنے اداروں کے عمدہ نظم و نسق کے ذریعے کمزور ملکی معیشت کے اسباب کا ازالہ کر کے اس کو مضبوط بنا سکتے ہیں اور اس سے خاطر خواہ مستفید ہو سکتے ہیں۔ اور یہی وہ مقام ہے جو ایس ای سی پی کی توجہ کا خاص مرکز ہے اور ہم ایسے مواقع بھی پیدا کر رہے ہیں کہ تمام کاروباری حلقوں میں ایس ای سی پی کے مقررہ حد اختیار کو سامنے رکھتے ہوئے ایک موثر اور اچھے نظم کا مظاہرہ ہوتا کہ ان کے اثرات ان تک بھی پہنچیں جو اپنی ماہرانہ خدمات کسی نہ کسی صورت میں چھوٹے بڑے کاروباری اداروں کو فراہم کر رہے ہیں۔ ہم نے ضابطہ اخلاق بھی ترتیب دیا ہے جو کیپٹل مارکیٹ اور غیر بینکاری مالیاتی حلقوں کے لئے اہمیت کا حامل ہے۔ ایس ای سی پی اداروں میں اچھے شراکتی نظم و نسق کے لئے ایک ایسی مضبوط بنیاد بھی فراہم کرتا ہے جس کی اساس ادارتی قانون اور انضباطی ڈھانچے پر مبنی ہے تاکہ کاروباری حلقوں کے مابین بہتر نظم پیدا کیا جاسکے۔

انضباطی ڈھانچے کو مزید فعال بنانے کے لئے ایس ای سی پی نے اندراج شدہ کمپنیوں کے لئے سال 2002 میں "ضابطہ شراکتی نظم و نسق" متعارف کرایا ہے مزید برآں "قومی ادارہ برائے شراکتی نظم و نسق" یعنی پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کی تشکیل دی گئی ہے تاکہ موضوع پر ادارک اور قوت خیال کا عمل جاری و ساری رہے۔ بازاری سرگرمیوں کو بڑھانے کے عمل اور ایک عام صارف کی آگاہی کے لئے شراکتی نظم و نسق اور معاشرتی ذمہ داری برائے شراکتی نظم و نسق کی ضرورت روز بروز بڑھ رہی ہے اور اب کاروباری حلقے اپنے اس کردار کی اہمیت کو بہت محسوس کر رہے ہیں کہ ایک معزز کاروباری شہریت کے حقوق و فرائض کی بجا آوری کیا ہوتی ہے۔ یہ بات باعث اطمینان ہے کہ شراکتی نظم و معاشرتی ذمہ داری یعنی سی آر (CSR) کا تصور کاروباری حلقوں میں اپنی جڑیں مضبوط کر رہا ہے جبکہ ایس ای سی پی اپنے شراکتی نظم و نسق کے منشور پر عمل کرتے ہوئے مسلسل ترقی کی شاہراہ پر گامزن ہے مزید برآں معاشرتی ذمہ داری کے تصور کو حقیقت کا رنگ دیتے ہوئے اسے تجارتی و کاروباری حلقوں میں نہ صرف کامیابی سے متعارف کروا دیا گیا ہے بلکہ تیزی سے پروان بھی چڑھایا ہے۔

علاوہ ازیں ایس ای سی پی نے پاکستان میں اداروں کی معاشرتی ذمہ داری پر ایک علمی تحقیق مکمل کی ہے تاکہ اس تصور کو فروغ حاصل ہو اور اس کو عملی طور پر متعارف کروایا جاسکے کیونکہ اس پر عمل درآمد میں یقیناً کوئی نقصان نہیں بلکہ یہ وہ اہم عنصر ہے جسے ادارتی نظام کا حصہ بنانے کی ضرورت ہے۔

ہمارا تصور بہت واضح، مربوط اور ترقی پسندانہ ہونا چاہیے کیونکہ ایک مضبوط، شفاف و ذمہ دار، مکمل دستاویزی اور معاشرتی لحاظ سے آگاہ کاروباری حلقہ ہی ہماری معاشی ترقی کو ایک مضبوط بنیاد فراہم کرتا ہے۔

ایس ای سی پی خالصتاً اس امر کا پابند ہے کہ پاکستان کے تجارتی و کاروباری حلقوں میں مثبت تبدیلی پیدا کی جائے اور ہمیں بے حد مسرت ہے کہ اس مقصد کو ساتھ لے کر چلنے اور آگے بڑھانے میں ہمیں بڑے کاروباری اداروں کی تائید اور تعاون حاصل ہے۔ ہماری مخلصانہ خواہش ہے کہ ہم سب مل کر پاکستان میں کاروباری اور مالیاتی حلقوں/اداروں کی ترقی کے حصول کے لئے شانہ بشانہ کام کر سکیں۔

رضی الرحمن خان  
چیرمین

