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Fighting tax evasion will be priority, says new PM

NAVEED BUTT & ALI HUSSAIN

ISLAMABAD: The National Assembly on Tuesday elected Shahid Khaqan Abbasi, Pakistan Muslim League-Nawaz (PML-N) nominee, as the Leader of the House amid an uproar and exchange of harsh words between the members of treasury and opposition benches.

Speaker National Assembly Ayaz Sadiq, who was chairing a special session of Lower House of the Parliament to elect the successor of former Premier Nawaz Sharif, who was disqualified by the Supreme Court in the Panama Papers case, declared Shahid Khaqan Abbasi as the prime minister-elect. Abbasi secured 221 votes.

Pakistan People's Party's (PPP) candidate Syed Naveed Qamar got 47 votes, Pakistan Tehreek-e-Insaf's (PTI) candidate Sheikh Rashid Ahmad and chief of his own Awami Muslim League, got 33 votes. Jamaat-e-Islami's (JI) candidate Sahibzada Tariqullah secured only four votes.

Awami National Party (ANP) and Balochistan National Party (BNP) abstained from the vote. Members of Pakistan Muslim League (Quaid) and independent candidate Jamshed Dasti cast vote in favour of Sheikh Rashid.

Chairman PTI Imran Khan and the party Secretary General Jahangir Khan Tareen were among those who did not attend the session of the National Assembly.

Displaying portraits of former Prime Minister Nawaz Sharif, PML-N parliamentarians raised slogans. They were also joined by the party workers present in the guest galleries in violation of chair's instructions.

The House witnessed an uproar following an exchange of harsh words between the PML-N lawmakers and Pakistan Tehreek-e-Insaf (PTI) parliamentarians after the former group began taunting latter's candidate for premiership Sheikh Rashid Ahmad by describing him as "Sheeda Talli."

Capt Safdar (retd), the spouse of Maryam Nawaz, issued a threat to Sheikh Rashid when the latter during his speech mentioned the name of former's spouse Maryam Nawaz. "If this man does not mention my family in a respectable manner, I will take his clothes off," Safdar threatened.

Rashid, however, responded that he considers Maryam as his daughter.

Delivering his maiden speech in the House after becoming the prime minister-elect, Shahid Khaqan Abbasi said that strengthening economy and agriculture sector, promotion of tax culture, bringing more investment and integrated security would be his top priorities during the interim period of 45 days.

However, Abbssi did not utter even a single word about the foreign policy of the country.

He called upon the people and influential class of the country to pay their taxes honestly as he plans to take stern action against those involved in tax evasion.

"Rich people must pay their taxes for Pakistan's economy to improve," he said, adding it was his personal opinion to go after the non-taxpayers.

He also announced that there would be no load-shedding after November this year. However, load-shedding will continue in the areas where the people are not paying electricity bills, he said, adding that 10,000MW electricity will be added to the national grid by December this year.

Terming Supreme Court's verdict in the Panama Papers case as "unprecedented," the Prime Minister-elect said although the party was blind-sided by the judgment, it accepted and implemented the apex court's verdict in letter and spirit.

"We did not challenge the courts…there was no division in our ranks. The party stands as it was and no MNA crossed the floor and even there was no one within the party to be the contender of the prime minister…whoever the [former] prime minister named was supported unanimously," he added.

He maintained that legal experts are not ready to accept the court's judgment "while people of Pakistan have rejected it."

He further stated that the democratic process is back on track within four days of the court verdict and the new premier has been elected. "Justice mandates that 1,000 guilty people may go free, not even one innocent person should be wrongfully convicted. I will not go into details about Friday's decision – I only want to say that there will soon be another court, the one held by the people. There will be no JIT there," he added.

He said the Constitution be respected and let the Parliament be supreme institution. "Politics, which has come to be seen as a disreputable profession, will be made respectable again," he vowed, adding, "be it the government, bureaucracy, opposition or the army – we are in the same boat, and a hole in the boat will sink everyone." Abbasi said he would ensure rule of law and that he would run the country strictly in accordance with the Constitution. Describing Nawaz Sharif as the "real" prime minister, he expressed the confidence that Nawaz Sharif will again return to the seat of the Leader of the House.

When someone from the opposition benches reminded him that he was elected for only 45 days, Abbasi replied, "I am the country's prime minister, be it for 45 days or 45 hours, and am not here just to keep the seat warm but to work." He also vowed to complete the amount of work in 45 days, which requires 45 months.

He maintained that there was no allegation of corruption against Nawaz Sharif, adding that his only fault was that he made Pakistan a nuclear power, stabilized economy, attracted a $60 billion investment under the CPEC, worked harder to end load-shedding, imported LNG to run industry and introduced politics of decency. He said that $ 20 billion to $ 30 billion investment, out of $ 60 billion, is being made in the ongoing development projects under the CPEC.

The Prime Minister-elect said no country allows the licencing of automatic rifles for citizens other than the law enforcement agencies and security forces.

"Look outside the Parliament House, you will see different militias wielding automatic guns…who are they?" he asked, adding action will be taken against them if 'my cabinet' allows for it.

He also promised better health and education facilities, adding that there was need for introducing new policies to improve quality education and health facilities.

He said the package announced by former prime minister for Karachi would be implemented and development of Fata would also be expedited.

Abbasi thanked those who voted for him as well as the opposition for taking part in the democratic process. He also thanked Nawaz Sharif for nominating him for the top slot and his party and allies for supporting him.

Congratulating Shahid Khaqan Abbasi, PPP's Syed Naveed Qamar said: "We have to move democratic process forward in the country. There would be no threat to democracy if we strengthen democratic institutions in the country. We should focus on institutions instead of individuals."

He said that Parliament should be made the central point of all decisions and policies for its supremacy.

Sheikh Rashid Ahmed said that exports of Pakistan have decreased from $ 25 billion to $ 20 billion while imports increased from $ 41.67 billion to $ 53.1 billion during the PML-N's government. He said that PML-N government obtained $ 35 billon in four years and signed the most

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expensive LNG agreement with a foreign country.

JI's Sahibzada Tariqullah said that the process of accountability should continue. He said the prime minister should take measures to continue accountability process in the country as 179 cases are already being probed by National Accountability Bureau (NAB) while 450 people whose names appeared in the Panama Papers should also be investigated.

Pakhtunkhwa Milli Awami Party chief Mehmood Khan Achakzai said it is the last war between democratic and non-democratic forces. He said that all institutions will have to follow the Constitution of the country.

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Headline inflation inches up by 2.91pc

ZAHEER ABBASI

ISLAMABAD: The headline inflation inched up by 2.91 percent in July 2017 over the same month a year before due to a considerable increase in health and education cost, according to Pakistan Bureau of Statistics (PBS).

The CPI inflation data released by the PBS at a press conference noted an increase of 0.34 percent in inflation during July 2017 over previous month of June 2017.

The group-wise major commodities which contributed to the increase in inflation by 2.91 percent in July 2017 over July 2016 were increase in food & non-alcoholic beverages cost by 0.71 percent, non-perishable food items by 1.58 percent, clothing & footwear by 3.89 percent, and housing, water, electricity, gas and other fuels by 5.29 percent. The cost of furnishing and household equipment maintenance soared by 2.72 percent in July 2017, health 13.35 percent, transport 3.18 percent, communication 1.52 percent, and recreation & culture 0.21 percent, while education cost increased by 11.36 percent, restaurant & hotel 5.32 percent and miscellaneous goods & services 4.82 percent.

However, the cost of perishable food items witnessed a decrease of 3.77 percent in July 2017, while the cost of alcoholic beverages & tobacco declined by 15.93 percent.

The main contributors to month-on-month inflation in July 2017 over previous month of June 2017 were an increase in the cost of onion by 9.99 percent, ginger by 9.18 percent, chicken by 4.33 percent, potato by 4.18 percent, egg by 3.75 percent, cement by 3.16 percent, milk tetra pack by 2.07 percent, iron bar by 1.90 percent, cement blocks by 91.85 percent, house rent by 1.49 percent, gram whole yellow by 1.32 percent and unskilled labor wage by 1.13 percent.

However, the cost of banana decreased by 14.15 percent in July 2017 over June 2017, Capstan cigarettes by 8.26 percent, Morven Gold by 7.96 percent, garlic by 4.19 percent, pulse gram by 2.82 percent, apple by 2.79 percent, petrol by 2.06 percent, sugar refined by 1.97 percent, gram whole black by 1.90 percent, diesel by 1.84 percent, gas cylinder by 1.50 percent, wheat flour bag by 1.09 percent and pulse mash by 1.06 percent.

The commodities whose prices increased in July 2017 over the same month of last fiscal year were Lipton Yellow Label by 26.47 percent, toilet soap by 20.61 percent, apple by 19.51 percent, ginger by 17.33 percent, iron bar by 16.53 percent, rice basmati by 14.53 percent, potato by 12.24 percent, Tapal Danedar tea by 10.58 percent, petrol by 10.29 percent, diesel by 9.54 percent and unskilled labour wage by 8.71 percent.

While the price of tomato decreased by 45.10 percent in July 2017 over the same month a year before, Capstan by 25.74 percent, pulse mash by 24.96 percent, Morven Gold by 22.07 percent, pulse Moong by 18.01 percent, garlic by 16.71 percent, pulse Masoor by16.43 percent, pulse gram by 16.15 percent, sugar by 15.80 percent, besan by 12.04 percent, gram whole black by 10.18 percent, onion by 7.03 percent and wheat flour bag by 2.21 percent.

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Coal-fired CPPs

Nepra approves upfront tariff of Rs7.1129kWh

MUSHTAQ GHUMMAN

ISLAMABAD: National Electric Power Regulatory Authority (Nepra) has approved upfront tariff of Rs 7.1129 kWh for coal-fired Captive Power Plants (CPP), which will remain applicable till Dec 31, 2018.

The tariff will comprise of reference fuel cost component of Rs 5.7310 kWh and fuel cost component of Rs 1.3819 kWh.

The fuel cost component for imported coal will be subject to adjustment for variation in the delivered coal price and calorific value from time to time in accordance with the coal price adjustment mechanism approved by the Authority dated 23rd Sep 2016. The fuel cost component for local coal will be subject to adjustment for variation in the delivered coal price and calorific value from time to time in accordance with the prescribed adjustment mechanism.

According to details a proposal for upfront tariff for captive power plants on coal, on take and pay basis was made public in leading national news papers on April 29, 2017. The proposed upfront tariff comprised of fuel cost component and fixed cost component. The fuel cost component was calculated on net LHV thermal efficiency of 31 percent, net calorific value of 22,861 BTUs/ Kg, reference coal price of US$ 93.94 per ton and exchange rate of Rs 105/$. The fuel cost component was also proposed to be adjusted for variation in delivered coal price and variation in actual calorific value. The following upfront tariff on coal was proposed for captive power plants: (i) fuel cost component Rs 4.7492 KWh; and (ii) fixed cost component of Rs 1.3819 KWh totalling Rs 6.1311 KWh. Hearing in the matter was scheduled on 11th May 2017 at NEPRA Tower, Islamabad which was participated by K-Electric, ICI Pakistan, Gadoon Textile Mills, Sitara Energy Limited, Nishat Power, PPDB, CPPA, NPCC, AQLAAL and BoI. K-Electric, Pakistan Atomic Energy Commission (PAEC) and Anwar Law Associates had filed intervention requests whereas Hyderabad Electric Supply Company (Hesco) and ICI Pakistan filed comments. HESCO appreciated and supported the Authority's proceedings in the matter and submitted that the efficiency for coal power plant should be fixed at 38 percent.

ICI submitted that the proposed delivered coal price does not include inland freight required for Punjab and the corresponding coal transportation losses. ICI submitted a break up of the same at $ 129.62 per ton. ICI submitted that the existing captive power plants are small sized and low pressure boiler technology based, therefore, the Authority should consider a net thermal efficiency of 24.5 percent at par with bagasse based cogeneration projects. ICI further submitted that the proposed fixed cost component is not reasonable, particularly when compared with Rs 1.53 kWh and Rs 1.4543 kWh for RFO and gas based CPPs and requested the Authority to revisit the same to eliminate any chances of discrimination.

Nepra observed that the proposed fuel cost component was based on net LHV thermal efficiency of 31 percent. PAEC submitted that auxiliary consumption has not been covered and requested the Authority to cover it in the fuel cost component. PAEC further submitted that fuel losses have not been incorporated and that calculation is based on LHV and requested the Authority to cover the same in fuel cost component. PAEC further submitted that thermal efficiency of low CV coal is normally less than high CV coal and requested the Authority to calculate thermal efficiency on low CV coal while considering local coal. PAEC also submitted that the CV of 22,861 Btu/Kg of imported coal is on higher side than that of local coal. The price and CV of local coal needs to be considered while determining the upfront tariff. ICI submitted that the existing captive power plants are small sized and based on low-pressure boiler technology requesting the Authority to consider a net thermal efficiency of 24.5 percent at par with bagasse based cogeneration projects. During the hearing, the representatives of ICI Pakistan submitted that the efficiency of their plant is 27 percent. HESCO in its comments requested the Authority to fix net thermal efficiency at 38 percent while in the opinion of Anwar Kamal Law Associates the proposed efficiency of 31 percent is quite low.

The Authority has considered the submissions made by the stakeholders regarding net LHV thermal efficiency. During the hearing, the stakeholders were directed to submit evidence in support of their submissions. However, none of the interveners or commentators provided any documentary evidence in support of their claims. The net LHV thermal efficiency of 31 percent was proposed after considering all the factors affecting thermal efficiency of the coal based small power plants, keeping in view the operational information of existing and upcoming captive power plants and considering the regional benchmarks. In the absence of any documentary evidence for changing the proposed thermal efficiency level, the Authority has decided to maintain the net LHV thermal efficiency of 31 percent for calculation of fuel cost component for CPPs generating electricity on coal for sale of surplus power to the system. Most of the coal in Pakistan is imported from South Africa. Based on the Argus/ McCloskey's Coal Price Index API4 for the 1st week of May 2017, the delivered coal price worked out $ 117.99/ton including freight of $ 22.31/ton and handling losses during transportation from port to the power plant @1 percent. Accordingly on the basis of net LHV thermal efficiency of 31 percent, net calorific value of 23,794 BTUs/lb., reference Ex-GST coal price of $ 117.99/ton and exchange rate of Rs. 105/$, the fuel cost component works out Rs. 5.7310/kWh and the same is being approved. The approved fuel cost component will be subject to adjustment for variation in the delivered coal price and calorific value from time to time in accordance with the coal price adjustment mechanism approved by the Authority on September 23, 2016.

Pakistan Atomic Energy Commission, in its intervention request submitted that it intends to utilize local coal for its power plant. In case of local coal, there is no pricing mechanism. PAEC informed that they have invited bids in the matter for supply of local coal and received 13 bids from prospective local coal suppliers from around the country. They are in the process of evaluation of bids and once the process will be completed, coal supply agreement(s) will be signed for 1 year. PAEC further submitted that local coal has higher sulphur content which requires use of limestone.

The Authority considered the submissions of PAEC regarding use of local coal in the proposed power plant. In the absence of local coal pricing mechanism, the determination of price through a transparent competitive bidding process is satisfactory. The power producer shall employ all means to ensure transparency in the bidding process. Since, the local coal is of high sulphur content, limestone needs to be used to neutralize the impact of sulphur. Actual limestone cost shall be treated as pass-through. Limestone shall also be procured through transparent bidding process. For local coal, the fuel cost component shall be subject to adjustment for variation in the coal price and calorific value from time to time.

In order to have a further check on the price of local coal and to balance the interest of the consumers, the Authority has decided that the combined financial impact of local coal price and cost of limestone will always be equal to or less than the cost of imported coal price in the respective month. In case the combined financial impact of local coal price and cost of limestone exceeds the cost of imported coal price in any month the excess shall not be passed on to the consumers and shall be borne by the power

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producer.

The fixed cost component of Rs 1.3819/kWh was proposed for coal based Captive Power Plants. The fixed cost component comprised of fixed and variable O&M, ash disposal, insurance and ROE. PAEC and ICI Pakistan requested higher fixed cost components. During the hearing, the representatives of ICI Pakistan submitted Rs. 3.0/kWh for fixed cost component. The Authority considered the submissions made by the stakeholders regarding fixed cost components. Keeping in view the cost allowed to other coal based power plant of approximately similar size and in the absence of reliable documentary evidence, the Authority has decided to maintain the proposed fixed cost component and approved for coal based captive power plants. The proposed fixed cost component did not include cost of limestone. According to the coal specification report of South African coal, sulphur content is 0.62 percent on dry basis. Sulphur content of below 1 percent is considered within emission standards and requires no limestone for neutralizing. However, if sulphur content exceeds 1 percent, limestone shall be required for desulphurization. On the basis of coal specs and feedback from the captive power plants, cost of limestone was not included in the proposed upfront tariff and the same is being maintained.

According to Nepra any captive power plant/small power producer can opt for the upfront tariff for sale of surplus power to the system. Inland freight charges will be added to the imported coal price for calculation of delivered coal price. Coal handling loss from load port to discharge port of 1 percent or actual, whichever is lesser will be allowed for calculation of imported coal price. Coal handling loss for inland transportation of 1 percent or actual, whichever is lesser will be allowed for calculation of imported/local coal price. The term of the power purchase agreement under the upfront tariff will be for calendar years 2017 and 2018. Minimum capacity to be offered under this upfront tariff will be 3MW. The power plants under this tariff will not be entitled for any capacity charges. The EPA / PPA executed will be consistent with all applicable documents including generation Licence and Nepra's tariff determination for the power producer. Any provision of PPA / EPA which is inconsistent with Nepra's tariff determination will be void to that extent and its financial impact shall not be passed on to the end consumers. CPPs selling electricity to Discos under this upfront tariff will not be allowed to purchase electricity from Discos at the same time in the same premises. The sponsor who is interested in opting for upfront tariff will submit unconditional formal application to Nepra for approval of the Authority.

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THE RUPEE

Moves in tight range

RECORDER REPORT

KARACHI: The rupee moved in a narrow band against the dollar on the money market on Tuesday in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee fluctuated but in tight range levels in relation to the dollar for buying and selling at Rs 105.39 and Rs 105.40 respectively, they said.

In the second Asian trade, the dollar skidded to a six-week low versus the yen, its outlook clouded by US political turmoil and doubts over whether there will be another Federal Reserve rate hike this year.

The dollar slipped to a low of 110.005 yen at one point, its lowest level since June 15. The greenback was last trading at 110.20 yen, down about 0.1 percent on the day.

While the dollar could bounce back to levels around 111.50 yen if forthcoming US economic data is strong, a rise to levels beyond 112 yen seems unlikely in the near term, said Teppei Ino, an analyst for Bank of Tokyo-Mitsubishi UFJ in Singapore.

The dollar was trading against the Indian rupee at Rs 64.135, the greenback was at 4.276 in terms of the Malaysian ringgit and the US currency was at 6.719 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Tuesday: 80.66-80.68 (previous 80.65-80.66).

OPEN MARKET RATES: The rupee did not move any side in terms of the dollar for buying and selling at Rs 107.30 and Rs 107.50 respectively, they said.

The rupee drifted lower versus the euro, losing 80 paisas in relation to the euro for buying and selling at Rs 125.80 and Rs 126.80 respectively.

Open Bid	Rs. 107.30
Open Offer	Rs. 107.50

Interbank Closing Rates: Interbank Closing Rates for Dollar on Tuesday.

Bid Rate	Rs. 105.39
Offer Rate	Rs. 105.40

RUPEE IN LAHORE: The Pak rupee remained strong for the second consecutive day against the greenback in the local currency market on Tuesday.

The greenback commenced trading on a negative note for another day amidst lack of buyers' interest in the market. Consequently, it ended at 107.00 and Rs 107.50 on buying and selling side, respectively, as compared to the overnight closing rates of Rs 107.20 and Rs 107.75 respectively, local currency dealers said.

On the contrary, the local currency failed to sustain as it depreciated versus the pound sterling. The pound's buying and selling rates went up from Monday's closing rates of Rs 139.40 and Rs 140.60 to Rs 140.60 and Rs 141.60 respectively, they added.

RUPEE IN ISLAMABAD AND RAWALPINDI: The value of dollar against the rupee was almost unchanged at the open currency markets of Islamabad and Rawalpindi here on Tuesday.

The dollar opened at Rs 107.10 (buying) and Rs 107.20 (selling) against last rate of Rs 107 (buying) and Rs 107.10 (selling). It closed at Rs 107.10 (buying) and Rs 107.20 (selling).

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At least 3 more LNG terminals at PQ under consideration

AHMED MALIK

KARACHI: Having imported over 6.1 million tons of LNG in last two years through country's first LNG terminal located at Port Qasim, Pakistan is preparing to build at least 3 more LNG terminals at Port Qasim.

The work on second LNG terminal is also going on and it is expected to become operational by early 2018. According to official sources, Pakistan has imported and regasified approximately 284.7 billion cubic feet of gas into gas distribution network which has helped bridge the gas demand and supply gap in the country which was facing acute shortage of power and gas both.

A high rank official remarked that setting up the country's first LNG terminal and LNG import infrastructure has paved the way for more LNG terminals in the country. A second terminal is also being constructed at Port Qasim. Pakistan needs three to four more LNG import terminals to address the ongoing energy shortage head on. The building of Engro's LNG terminal was the trigger for a dramatic growth story for Pakistan. From nowhere, we could be among the Top 5 LNG import markets in just five years.

Pakistan has saved approximately $1.7 billion in last two years by importing LNG, substituting expensive furnace oil. Commissioned in March 2015, the current LNG terminal being managed by Engro has the capacity to re-gassify 600-630 mmscfd of gas, and was completed on a fast-track basis within 335 days. The terminal is notable as Pakistan's first infrastructure success in LNG after a decade of unsuccessful attempts to import LNG.

Sources said since the induction of LNG into Pakistan's gas distribution network and, thus, switching from expensive liquid fuels, the GoP has the potential to bring 2,200 megawatts (MW) of power generation online. This infrastructure breakthrough has enabled the Government to address the energy crisis through investments in new gas-fired power plants, aimed to result in an additional 3,600 MW power generation capacity. These power plants are under construction in the Sheikhupura, Jhang, and Kasur districts, and will be Pakistan's most efficient power generation units.

The assurance of LNG import has kicked off a fast-growing LNG ecosystem, along with transitive economic activity. There are 750 CNG stations operating across Punjab for the first time, the initial steps to an estimated PKR 4.5 Billion industry. Uninterrupted gas provisioning has contributed significantly to the revival of the fertilizer industry, leading to substantially increased national production. An additional outcome of this is to the national exchequer via direct contribution to GDP and is matched by FDI activity because of urea export from Pakistan. Revival of more than 500 industrial units, mainly comprising of the export-oriented textile sector in Punjab, is also a major contribution of LNG import that will reverse the trend of declining textile exports. Pakistan has a gas deficit of over 2.5 billion cubic feet, and current LNG import is reducing this deficit by 20 to 25 percent.

Engro LNG Terminal is receiving a monthly average of six consignments of LNG. An informed industry source claimed that most of the LNG imported so far has been utilized to run gas-based IPPs that were either sitting idle due to unavailability of gas, or burning diesel - a more expensive form of fuel that inevitably translates to high energy production costs.

LNG is the cleanest burning hydrocarbon and the greenest fossil fuel. Compared to furnace oil, it is more efficient in power generation (60 percent efficiency on RLNG versus 45 percent on alternate fuel), has much lower O&M costs and, thus, contributes most to lower energy prices to the end customer.

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LTUs, RTOs & CRTOs

Chief Commissioners to submit comprehensive plan

SOHAIL SARFRAZ

ISLAMABAD: The chief commissioners of large taxpayer units (LTUs) and regional tax offices (RTOs) and corporate RTOs (CRTOs) would submit comprehensive plan with the Federal Board of Revenue (FBR) to achieve monthly and quarterly revenue collection targets for 2017-18.

Sources told Business Recorder here on Tuesday that the FBR had decided to convene two days chief commissioners' conference on August 4-5 at FBR (Headquarters), Islamabad. The FBR has assigned targets to the field formations for which a viable plan would be finalised in the upcoming chief commissioners' conference.

So far, the FBR has shown remarkable performance during the first month of current fiscal year. Tax authorities are chalking out a comprehensive strategy to meet revenue collection target of Rs 4,013 billion for 2017-18.

According to the FBR, the first chief commissioners' conference for 2017-18 is scheduled to be held at the FBR (HQs), Islamabad on August 4th & 5th (Friday & Saturday) at 10:00am to review the performance of LTUs/CRTOs/RTOs in respect of FY 2016-17. For FY 2017-18 chief commissioners are expected to come up with a detailed strategy/ work plan for achieving targets in the remaining 11 months. The work plan should include activities for revenue estimates. All the chief commissioners' IR are therefore, requested to make it convenient to attend the conference as per schedule given by the board.

The FBR has further directed the field formations to make comprehensive presentations to the board in this regard, sources added.

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Number of 3G, 4G users in Pakistan reaches 42.084m mark

Recorder Report

ISLAMABAD: The number of 3G and 4G users in Pakistan reached 42.084 million by the end of June 2017 against 41.728 million in May 2017, said Pakistan Telecommunication Authority (PTA).

Number of mobile phone users in Pakistan reached 139.758 million by the end of June 2017 as compared to 140.516 million by end-May, which registered a decrease of 758,143 during the period under review.

Total count of Jazz for 3G users stood at 12.443 million by the end of June 2017 as compared to 12.504 million by end-May, registering a downward trend by 61,404. The number of Jazz 4G users jumped from 895,483 in May 2017 to 937,209 in June.

Zong 3G subscribers decreased to 8.64 million by the end of June compared to 8.674 million by end-May 2017; however, the number of 4G users jumped from 3,823,877 in May 2017 to 4,041,766 in June.

The number of 3G users on Telenor network came down from 10.473 million to 10.453 in the aforementioned period; however, like others, the number of 4G users of the company jumped from 519,788 to 607013 in the same period.

Ufone added 124,012 3G users on its network during the month of June as they reached 4.96 million against 4.836 million.

Teledensity for cellular mobile reached 72.41 percent and the number of broadband subscribers reached 44,608,065 by the end of June as compared to 41,728,236 by end-May 2017.

The PTA received 10,237 complaints from telecom consumers against different telecom operators during April-June 2017. The PTA said that it was able to get 96.04 percent of complaints resolved.

The cellular mobile subscribers constitute major part of overall telecom subscriber base, therefore, maximum number of complaints belong to this segment. Total number of complaints against CMOs during April-June 2017 stood at 7,002.

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L-S-M!

Analyses & Comments by BR Research

Meanwhile, a bit of good news on the macroeconomic front! Recall how at the time of last released Economic Survey, the National Economic Council (NEC) had forecast a full year Large Scale Manufacturing (LSM) growth of 4.93 percent for the fiscal year ending June 2017. Recall also how this column had raised doubts over NEC's claims, arguing they are likely to have underestimated full year LSM growth.

Turns out that the LSM numbers released since then – and they are released with quite a lag – suggest that the full year growth will indeed be higher than previously estimated by the NEC. According to the latest industrial production index released by Pakistan Bureau of Statistics, the 11-month LSM growth stood at 5.58 percent. That's much higher than 3.49 percent in the eleven month period last fiscal year, and 3.33 percent in the fiscal year before.

While being cognizant of the cyclical fall in the LSM index in June, this column estimates full year LSM growth to land between 5.73 and 5.82 percent, i.e. about 80-90 basis points higher than what's been earlier estimated by the NEC. In order to meet the NEC target, the LSM index would have to fall by 13 percent month-on-month or 4.4 percent year-on-year, whereas nothing in economic fundamentals suggests such a steep decline to have happened in June.

Considering that the LSM is estimated to have 10.7 percent share in the country's total GDP in the year ending June 2017, the higher than estimated LSM growth implies that Pakistan's GDP growth for FY17 will likely be revised upwards on two accounts.

First, the direct, albeit nominal, impact of higher than estimated LSM growth on overall GDP growth; this column expects that impact be in the tune of 0.10 percent. And second, its cascading affects on the service sector GDP estimates. Granted that the overall impact on the GDP may still be nominal, but in the face of recent political setbacks, the PML-N government can be expected to shine their shop at the most modest of achievements.

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Exporters to EU countries urged to register under REX System

ISLAMABAD: All Pakistani exporters to European Union (EU) member countries under GSP plus have been urged to register themselves under REX System because only REX registered exporters would subsequently be eligible for Statement On Origin (SOO) in respect of their EU shipments after 31st December, 2017.

This was stated by Vice President (VP) Federal Pakistan Chambers of Commerce and Industry (FPCCI) Irfan Ahmed Sarwana addressing a Seminar on REX System held in FPCCI with the collaboration of Trade Development Authority of Pakistan (TDAP). The Seminar was attended by large number of exporters.

Sarwana further said that that Pakistan is required to completely switch to the REX system by end December, 2017; or latest by end June 2018 if it is granted six month extension by the EU.

The Seminar was jointly organized by TDAP and FPCCI wherein a detailed presentation delivered by Kamal Sheharyar Consultant of TDAP while Director General Dr. Usman from TDAP and Gulzar Feroz, Incharge GSP Plus Desk in FPCCI, Saqib Fayyaz Magoo, Vice President FPCCI, Naheed Masood, Chairperson of Women Entrepreneur Council of FPCCI among others attended the Seminar.

Kamal Sheharyar in his presentation explained the REX System and said that registration under REX system will be one time registration thereafter TDAP will not issue certificate origin but the responsibility will be shifted to the exporter himself who will himself issue Statement on Origin. The spirit of the REX System is basically self-regulation. Dr. Muhammad Usman, Director General TDAP informed that after registration to REX the exporter will be required to issue his own Statement on Origin and will no more require getting the “Certificate of Origin” (COO) issued through the TDAP.

While thanking the participants and TDAP Gulzar Firoz in his conclusive remarks said that REX system is better than the previous system as the exporter no more shall be required to visit TDAP office for his exports once he registered himself under REX System. He further added that this system is basically convenient to generate certificate of origin on self basis as Statement on origin.—INP

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RECORDER
Wednesday, 2nd August, 2017

FPCCI urges govt to reduce gas, power tariffs

KARACHI: Vice President, Federation of Pakistan Chambers of Commerce & Industry (FPCCI) Saquib Fayyaz Magoon has urged the federal government and Ministry of Textile Industry (MOTI) to bring down the present tariff rates on gas and power in Pakistan at par with the regional competitors to make Pakistan's export competitive in global market. At present Pakistan's cost of production is Rs. 3/unit higher than its competitors.

This was stated by Saquib Fayyaz Magoon, While chairing a meeting with Hassan Iqbal, Secretary of Ministry of Textile Industry at FPCCI Head Office in Karachi.

The FPCCI Vice President elaborated that the textile industry is burdened with Rs. 3.63 / KWH surcharge on electricity and GIDC on gas which could not be passed on to the international buyers.

The Vice President of FPCCI pointed out that the Rs. 180 billion package as announced by the Prime Minister in January 2017 was a non-starter as it had restricted its fiscal / monetary incentives to only those exporters who would show a 10 percent increase in their export revenue w.e.f 1st July, 2017 as compared to last year.

"However, under the present scenario of a long outstanding – sales tax-refund culture, there is a little likelihood of a 10 percent increase in export as exporters are compelled to borrow to meet their liquidity requirement which in-turn adds to their input cost," he added.

Saquib Fayyaz expressed his concern on allowing rebate to export of yarn which is a basic raw material for weaving industry.

He proposed, "Like textile machinery, its spare parts should also be allowed at zero rate as these are ultimately sold to the textile industry."

Hassan Iqbal, Secretary of Ministry of Textile Industry (MOTI) in response to a query replied in detail that Plastic Technology Centre (PTC) Karachi as per Federal Cabinet decision would be affiliated with the National Textile University (NTU), Faisalabad and made its sub-campus under the administrative control of MOTI with the financial help of Higher Education Commission (HEC), Ministry of Finance (MOF) and Ministry of Commerce (EDF).

"It will be a State-of-Art Centre which will be run under the guidance and in close coordination and cooperation of the Pakistan Plastic Manufacturers' Association (PPMA)", he added.

The meeting was also attended by Imran Ghani, Chairman, PPMA and other dignities of the business community.—PR

BUSINESS RECORDER
Wednesday, 2nd August, 2017

SECP grants relaxation for payment of cash dividend thru electronic mode

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has granted a one-time relaxation to all listed companies from the requirement of payment of cash dividend through electronic mode directly into the bank accounts of the shareholders till October 31, 2017.

The Companies Act, 2017, which was promulgated on May 30, 2017 requires that any dividend declared by a company must be paid to its registered shareholders or to their order within such period and in such manner as may be specified in terms of section 242 of the Act.

Furthermore, the second proviso of the said section states that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

The relaxation shall facilitate the listed companies, which are facing difficulty to immediately comply with the provisions of section 242 of the Act and had approached the SECP for grant of some time to make arrangements for compliance with the provisions of the said section.

The listed companies shall continue to pay cash dividend to their shareholders as per previous arrangements till October 31, 2017. However, they are advised to approach their shareholders to obtain electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 1, 2017 shall be paid through electronic mode only.

The relevant circular is available on the SECP's website https://www.secp.gov.pk/laws/circulars/

Following is the text of the SECP circular 18 of 2017 issued here on Tuesday: The provisions of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a company must be paid to its registered shareholders or to their order within such period and in such manner as may be specified. Further, the second Proviso of the said section states that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

The listed companies are facing difficulty to immediately comply with the provisions of section 242 of the Act and have approached the Commission for grant of some time to make arrangements for compliance with the provisions of the said section.

Accordingly, the Commission has decided to grant one time relaxation to all listed companies from the requirement of payment of cash dividend through electronic mode directly into the bank accounts of the shareholders till October 31, 2017.

The listed companies shall continue to pay cash dividend to its shareholders as per previous arrangements till October 31, 2017.

Keeping in view the mandatory requirements of the provisions of section 242 of the Act, all listed companies are advised to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 01, 2017 shall be paid through electronic mode only.—PR

BUSINESS

RECORDER

Wednesday, 2nd August, 2017

Sales tax on motor spirit up 3pc

Recorder Report

ISLAMABAD: The Federal Board of Revenue (FBR) has increased sales tax on motor spirit from 20.5 percent, to 23.5 percent, showing an increase of 3 percent from August 1, 2017.

According to the SRO.731(I)/2017 issued here on Tuesday, , the FBR has increased sales tax rates on certain petroleum products from August 1, 2017.

Sales tax on high speed diesel oil has been raised from 33.5 percent to 40 percent, reflecting an increase of 6.5 percent.

Sales tax on kerosene would continue to remain zero percent during August 2017.

As per the SRO, sales tax rate on light diesel oil has been decreased from 1.5 percent to zero percent.

Following is the text of the SRO issued here on Tuesday:- SRO 713(I)/2017.- In exercise of powers conferred by clause (b) of sub-section (2) and sub-section (6) of section 3 of the Sales Tax Act, 1990, the board is pleased to direct that the following further amendment shall be made from the 1st August, 2017, in its notification No. SRO 57(I)/2016 dated the 29th January, 2016, namely:-

In the aforesaid notification, for the existing table, the following shall be substituted, namely:-

S.NO.	Description	PCT heading	Rate
(1)	(2)	(3)	(4)
1	Motor spirit excluding HOBC	2710.1210	23.5% ad valorem
2	High speed diesel oil	2710.1931	40.0% ad valorem
3	Kerosene	2710.1911	0% ad valorem
4	Light diesel oil	2710.1921	0% ad valorem

BUSINESS

RECORDER

Wednesday, 2nd August, 2017

Cotton prices higher on strong demand

RECORDER REPORT

KARACHI: Rising demand pushed rates higher on the cotton market on Tuesday in the process of trading, dealers said.

The official spot rate was unchanged at Rs 6350, they said. In the ready session around 6000 bales of cotton changed hands between Rs 6350-6700, they said.

In Sindh, seed cotton rates were at Rs 2600-3200 per 40 kg, they said. In the Punjab, phutti prices were available at Rs 3000-3400, they said.

Cotton analyst, Naseem Usman said that improved flow of phutti from the Punjab encouraged mills and spinners to make deals of fine quality.

Elsewhere, some of them kept on the sidelines due to moisture cotton, other experts said.

Besides, they said that cotton farmers urged to step up pesticide sprays to ward off potential harmful bug attacks as weather conditions in some parts of the cotton producing areas are not so beneficial, may face pests' attack or cotton related risks.

Additionally, reports show that the Cotton Crop Assessment Committee (CCAC) to meet next week to assess cotton production for the current season.

Adds Reuters: ICE cotton futures inched higher on Monday, moving close to a six-week high, as investors covered short-positions amid a sagging dollar.

The December cotton contract on ICE Futures settled up 0.06 cent, or 0.1 percent, at 68.86 cents per lb. It traded within a range of 68.5 and 69.7 cents a lb.

Total futures market volume rose by 8,839 to 19,153 lots. Data showed total open interest fell 430 to 216,063 contracts in the previous session.

The following deals reported: 1000 bales of cotton from Sanghar at Rs 6350, 800 bales from Hyderabad, 2000 bales from Tando Adam, 1000 bales from Shahdadpur, 200 bales from Golarchi were sold at the same rates, 400 bales from Sinjoro at Rs 6350-6400, 100 bales from Burewala at Rs 6700, same figure from Sahiwal and same number from Chichawatni done at the same price, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi	Spot Rate Ex-Karachi As on 31.07.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,350	135	**6,485**	**6,485**	NIL
40 Kgs	6,805	145	**6,950**	**6,950**	NIL

BUSINESS
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Wednesday, 2nd August, 2017

Cotton gains on weather concerns in India

NEW YORK: ICE cotton futures edged up on Tuesday, supported by concerns that heavy rains in top producer India could affect the natural fibre crop.

Rumours of a major US investment bank issuing a buy recommendation for cotton may also have helped the market look past the improving prospects for US production, INTL FCStone analyst Andy Ryan said in a note.

The December cotton contract on ICE Futures settled up 0.45 cent, or 0.65 percent, at 69.31 cents per lb. It traded within a range of 68.23 and 69.37 cents a lb.

"There have been excessive rains in India and weather may not be as good as people expected in the US," said Gabriel Crivorot, analyst at Societe Generale in New York.

All cotton producing areas in India have been receiving adequate moisture so far but heavy showers could cause excessive moisture, Crivorot said.

Rains have been 4 percent above average since the four-month monsoon season began in June, according to the state-run India Meteorological Department.

Federal data on Monday reported 56 percent of the US cotton crop was in good to excellent condition, up 1 percentage point from a week earlier.

"(Monday's) condition numbers did reflect a slight improvement for the overall 2017 crop... Yet, Texas (top cotton producing state in the US) is suffering. Its poor/very poor categories jumped to a 20 percent level," said Keith Brown, principal at cotton broker Keith Brown and Co in Moultrie, Georgia.

Meanwhile, the International Cotton Advisory Committee (ICAC) raised its outlook for cotton inventories for the 2017-18 crop year.

Total futures market volume fell by 432 to 18,825 lots. Data showed total open interest gained 365 to 216,428 contracts in the previous session.—Reuters

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session							Prior Day	
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct'17	70.73	71.17	70.51	71.17	14:45 Jul 31	71.17	0.67	12	70.50
Dec'17	68.86	69.37	68.23	69.31	14:45 Jul 31	69.31	0.45	15984	68.86
Mar'18	68.19	68.80	67.79	68.69	14:45 Jul 31	68.69	0.44	2747	68.25

BUSINESS
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New world of cheap, plentiful energy

M Ziauddin

The good news for oil importing developing countries like Pakistan is that the commodity is losing and losing fast its socio-economic and political clout in world affairs. Thanks to the fast-paced on-going technological revolution in the last almost ten years since 2008, the price of oil per barrel has collapsed from $ 145 to just about $40.

But the bad news for us is by the time this collapse in oil prices would hit the economies of the Middle East oil exporting countries decisively which is expected to happen soon, Pakistani overseas workers, most of who are employed gainfully in these countries would be losing their jobs in quick order seriously affecting the volume of annual inflow of remittances which has in the meanwhile been averaging around $20 billion annually and shoring up our balance of payments position significantly.

In the mid-1970s the steep escalation in world oil prices while opening up job opportunities for Pakistanis by the thousands used to more than neutralize the national income from remittances from overseas Pakistanis. This co-relation between world oil prices and inflow of remittances from oil exporting countries had remained almost unchanged until about 2013 when the prices started declining.

With Pakistani overseas workers losing jobs in the oil exporting countries because of economic compulsions in these countries following oil price declines the size of annual inflows of remittances would also shrink drastically neutralizing the gains expected to be accruing to Pakistani economy due to the anticipated fall in oil import bill. So we need to be looking for a way out from the impending economic crisis.

The main driver of the world oil price collapse is the so-called shale revolution. According to By David G. Victor and Kassia Yanosek (The Next Energy Revolution—Essay on Natural Resources July/August 2017 Issue of Foreign Affairs Magazine), starting around 2005, companies began to unlock massive new supplies of natural gas, and then oil, from shale basins, thanks to two new technologies: horizontal drilling and hydraulic fracturing (or fracking). These technologies have helped to make supply become much more responsive to market conditions, undercutting the ability of OPEC to influence global oil prices.

He says that was just the beginning. Today, smarter management of complex systems, data analytics, and automation are remaking the industry once again, boosting the productivity and flexibility of energy companies.

These changes, according to him, have begun to transform not only the industries that produce commodities such as oil and gas but also the ways in which companies generate and deliver electric power.

“A new electricity industry is emerging—one that is more decentralized and consumer-friendly, and able to integrate many different sources of power into highly reliable power grids. In the coming years, these trends are likely to keep energy cheap and plentiful, responsive to market conditions, and more efficient than ever,” adds Yanosek.

This is good news for developing oil-importing countries like Pakistan. They would do well to keep a close watch on these developments and adopt the new systems as they become available so as not be left behind once again.

The author of the essay under discussion points to three trends driving the new energy revolution: smarter management of complex systems, more sophisticated data analytics, and automation.

Smarter management of complex systems, according to him is also reshaping the electric power industry. For decades, centralized, base-load energy generators—mainly coal, nuclear, and large hydroelectric plants—

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dominated the industry. But in the last two decades, governments have subsidized wind and solar energy and pushed them into the electricity system, in the hope of diversifying their countries' energy sources, creating new jobs, and reducing emissions. Until recently, these new sources were too small to have much of an effect on the overall system.

Today, however, as the cost of renewables is plummeting and their share of the power supply is rising, they have begun to transform electricity markets, says Yanosek and adds that in Germany, wind and solar power account for almost 30 percent of the power mix; in Hawaii, they account for about a quarter.

Traditional utilities are said to have struggled to adapt. In March this year grid operators in California are said to have shut down 80 gigawatt-hours of the state's renewable power because the grid couldn't handle the afternoon solar surge; without more capacity to store power, even larger curtailments are expected to occur.

In Texas, among many other places, for example, prices are said to occasionally turn negative when the wind is blowing hard but people don't need too much electricity—in other words, companies are said to be paying customers to use the electricity they generate. Utilities that have failed to see these changes coming are said to have floundered.

Renewables are said to be just one part of this transformation. In the coming years, according to experts, utility companies may face an existential challenge from smaller and more decentralized energy systems known as "microgrids." Microgrids, according to Yanosek, first emerged decades ago, driven by customers, such as the US military, that prized reliability above all else and that did not mind paying more for it: military bases have to keep functioning even if the bulk power grid failed.

Early adopters also included remote communities, such as in Alaska, that are far from the conventional grid. But now, microgrids are spreading to other places, such as university campuses and hospitals, where they generate reliable power and are often designed to save money by using waste energy to heat and cool buildings.

New technologies, such as fuel cells and battery storage systems (to store extra power produced by renewables), along with more sophisticated software, are said to have led to even smaller systems called "nanogrids," which Walmart and other megastores have begun to adopt. And picogrids are said to be next.

As more and more people rely less on the traditional grid for power (while still interconnecting with it to help ensure reliability), policymakers and companies are increasingly feeling the need to create new regulatory systems and business models.

The second major source of innovation, according to Yanosek, is better data analytics. Oil companies, for example, have begun to use complex algorithms to analyze massive amounts of data, making it easier for them to find oil and gas and to manage production. In April 2017, for example, BP announced that, using these methods, it had identified another 200 million barrels of oil in an existing field in the Gulf of Mexico. According to BP, data crunching that used to take a year now takes just a few weeks. And cloud processing is said to make it possible to generate millions of scenarios for developing an oil field. When firms can evaluate more options, production from fields can rise by five percent, with a 30 percent cut in the investment required to drill holes and begin producing oil.

The industry is said to have also begun to use data analytics for "predictive maintenance," reducing unplanned downtime by analyzing historical data to predict equipment failures before they happen. This practice is said to be helping cut costs on oil and gas rigs, where compressors and other rotating equipment can cause costly interruptions when they fail.

The third and most important trend is said to be automation. In remote offshore oil fields, robots are

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said to have already begun to perform dangerous tasks, such as connecting pipes during drilling operations, a job traditionally carried out by the versatile workers known as “roustabouts.” Soon, intelligent automated systems are expected to enable remote drilling, controlled almost entirely by a handful of high-tech workers in onshore data rooms hundreds of miles away. At the moment, offshore oil rigs typically employ 100–200 workers, a figure that could fall.

Quoting a McKinsey study, the author of the essay says that within ten years, oil and gas companies could employ more data scientists with PhDs than geologists.

Automation is said to have already changed the power industry, where smart meters have all but eliminated manual meter readings. In the future, automation, along with better data analytics, will make it easier to manage the variation in supplies that comes from using renewable sources such as wind and solar energy and more complex, decentralized grids.

The grids are also becoming more reliable. The inability of grid operators to understand what is happening in real time plays an important role in many power outages; automation and improved human-computer interaction is expected to make blackouts much rarer.

Already, huge benefits from the technology revolution in energy are said to be reaching consumers. The 92 million barrels of crude oil that the world economy consumes every day costs about $2 trillion less annually than that amount did a decade ago. In the United States, the energy revolution has helped sustain economic growth: from 2008 to 2014, lower prices are said to have saved the average household over $700 a year. The era in which energy policy focused on the security of raw resource supplies—access to barrels of crude oil, tons of coal, and volumes of natural gas—is said to be over. Today, the task for policymakers is to manage the implications of a new world of cheap, plentiful energy.

It is about time that Pakistan set up a cell of experts in the public sector to glean from this technological revolution and put to beneficial use the knowledge gathered. We could invite Pakistanis with the right kind of expertise employed in decision-making positions in related international corporations and teaching related subjects at reputable academic institutions to man this cell.

DAWN
Wednesday, 2nd August, 2017

Exporters urged to sign up for REX System

The Newspaper's Staff Reporter

KARACHI: Exporters must register themselves with the Registered Exporter System (REX) by the end of this year if they want to continue availing the European Union's (EU) GSP+ facility.

This was stated by Irfan Ahmed Sarwana, Vice-President of the Federation of Pakistan Chambers of Commerce and Industry, at a seminar, jointly organised by the FPCCI and Trade Development Authority of Pakistan (TDAP) at Federation House, on Tuesday.

The new system allows exporters to issue their own statement of origin and they would not need the certificate of origin (COO) from TDAP, he said.

Pakistan is required to completely switch over to the REX System by the end of December, he added. A detailed presentation was given by TDAP Consultant Kamal Sheharyar in this regard.

He explained that there would be a one-time registration under the REX System and thereafter TDAP will stop issuing certificate of origin.

Once an exporter is registered, he/she would become directly responsible for the issuance of statement of origin.

"The spirit is basically self-regulation," he added.

Former chairman Pakistan Tanners Association (PTA) Gulzar Firoz said it would not only give relief to exporters but also save their time by not visiting TDAP offices for getting the COO.

DAWN
Wednesday, 2nd August, 2017

Inflation eased to 2.9pc in July

The Newspaper's Staff Reporter

ISLAMABAD: The country's average inflation, measured through Consumer Price Index (CPI), dipped to 2.9 per cent in the first month of this fiscal year—its lowest level since November 2015.

Falling petroleum and food prices, coupled with a stable rupee, largely contributed to low inflation.

The CPI, which tracks prices of 481 commodities every month in the country's urban centres — eased to 2.9pc in July from 3.9pc in June, the Pakistan Bureau of Statistics said on Tuesday.

In 2016-17, the average inflation was recorded at 4.16pc the food inflation, which has 37pc weight in the CPI basket, eased by 0.1pc in July as compared to 2.5pc jump in the same month of the last year.

This decline in food inflation was the outcome of a fall in prices of non-perishable food items.

On a month-on-month basis, food inflation remained stagnant over the previous month.

The food items whose prices increased included onion (10pc), fresh vegetables (9.3pc), chicken (4.18pc), eggs (3.75pc), beans (3.1pc) and betel leaves and nuts (1.24pc).

Core inflation, measured by excluding volatile food and energy prices, was recorded at 5.6pc in July, slightly up 0.7pc from the previous month.

Falling inflation has also encouraged the State Bank of Pakistan (SBP) to keep its key interest rate at a 42-year low of 5.75pc.

The non-food inflation was 5.1pc during the month under review as compared to 5pc in the previous month.

Among the non-food group, education index increased by 0.11pc and health by 0.12pc in July as compared to the previous month. The highest increase of 1.1pc was witnessed in the index of housing, water, electricity, gas and fuels.

Average inflation measured through the Sensitive Price Index (SPI) dropped 0.4pc in July, while the Wholesale Price Index (WPI) was positive 0.66pc.

Low WPI reflects less demand for domestic commodities mainly because of low purchasing power.

DAWN
Wednesday, 2nd August, 2017

Govt increases sales tax on petrol, diesel

Khaleeq Kiani

Sales of petrol and high-speed diesel (HSD) generate heavy revenues for the government because of their massive and growing consumption. HSD sales are crossing 800,000 tonnes against the monthly consumption of 700,000 tonnes of petrol.—Reuters file photo

ISLAMABAD: The government has increased the general sales tax (GST) rate on high-speed diesel (HSD) and petrol to 40 per cent and 23.5pc, respectively.

The move aims to generate windfall revenues for the government by not passing on the benefit of a fall in international oil prices to consumers.

The GST rates on HSD and petrol were jacked up through statutory regulatory orders (SROs) by 19.4pc and 14.63pc, respectively, to ensure that petroleum prices remained unchanged.

Officials of petroleum ministry were opposed to the rate hike

A senior government official claimed the prices were kept unchanged in the absence of a political government and the resultant absence of legal cover. “Considering special circumstances, prices will be maintained at the existing level till a decision by the competent authority,” the finance ministry had said.

However, it transpired that the revenue division was directed to notify an increase in GST rates through an SRO. The GST on HSD was increased from 33.5pc to 40pc, up 19.4pc. Likewise, the GST on petrol went up to 23.5pc from 20.5pc, an increase of 14.6pc.

Informed sources said officials of the petroleum ministry were opposed to the increase in GST rates and called for a reduction of Rs3.50 per litre for diesel and about Rs3 per litre for petrol.

These sources said the petroleum ministry believed the previous GST rates notified a month ago had the legal cover without any expiry.

The finance ministry, however, was not in favour of a cut and wanted to generate additional revenue by maintaining the prices at the existing level.

It was concluded that the Federal Board of Revenue (FBR) still had inherent powers under Sales Tax Act 1990 to change tax rates, notwithstanding the government’s decision to surrender the authority of issuing SROs without the approval of the Economic Coordination Committee of the cabinet or parliament.

As such, higher tax rates were fixed for the two key oil products. The officials said the highest GST rate of about 51pc was previously charged on HSD in January 2016.

Higher tax rates, if continued for the whole month, are estimated to generate about Rs8 billion of additional revenue.

The Oil and Gas Regulatory Authority (Ogra) had recommended a cut of Rs5.07 per litre for HSD and Rs3.67 per litre for petrol. It recommended an increase of Rs13 and Rs10 per litre for kerosene and light diesel oil, respectively.

On the basis of existing tax rates, Ogra calculated the new ex-depot price of HSD at Rs74.83 per litre instead of Rs79.90 for August. Likewise, it worked out the ex-depot price of petrol at Rs67.63 per litre instead of Rs71.30.

In contrast, Ogra recommended an ex-depot price of kerosene at Rs57 per litre from the existing rate of Rs44. Also, it proposed an increase of Rs10 per litre in the price of light diesel oil to Rs54 instead of Rs44.

Petrol and HSD are two major products that generate heavy revenue for the government because of their massive and growing consumption in the country.

HSD sales across the country are now crossing 800,000 tonnes per month against the monthly consumption of around 700,000 tonnes of petrol. Sales of kerosene and light diesel oil are generally less than 10,000 tonnes per month.

DAWN
Wednesday, 2nd August, 2017

Rupee to come under pressure as reserves slide

Shahid Iqbal

KARACHI: Reserves of the State Bank of Pakistan (SBP) decreased by $3.9bn between October and July 21 despite commercial borrowing of more than $4.4 billion in 2016-17.

Currency experts said pressure is mounting on the exchange rate as reserves fall. Dealers in the interbank market said the dollar rate, after reversing from Rs108 to Rs105.40, has remained stable because of a strong influence of the SBP. However, they said the dollar rate, particularly in the interbank market, can see another appreciation if reserves continue falling.

Official data shows the government accumulated about $4.4bn through commercial banks in 2016-17. Commercial borrowing is costlier because commercial rates are usually higher than ones offered by bilateral and multilateral sources.

Rising debt servicing can lead to a bigger jolt in currency market than the one witnessed on July 5

The government has yet to release the final figure for debt servicing on external loans. But the collective amount for the first three quarters has already surpassed $5.2bn. The country paid $1.55bn in the first quarter, $1.25bn in the second quarter and $2.43bn in the third quarter.

The pattern shows debt servicing in the last quarter can be around $2bn, which will bring annual debt servicing to more than $7bn. This will be a record and indicates heavy outflows in the future.

Debt servicing was $5.31bn in 2015-16 and $5.4bn in 2014-15. In the presence of a record current account deficit of $12bn in 2016-17, increasing debt servicing and falling reserves can lead to a bigger exchange rate jolt than the one witnessed on July 5 when the dollar suddenly appreciated against the local currency by 3.1 per cent.

The SBP has to use its reserves to meet the current account deficit. An increasing current account deficit and decreasing foreign exchange reserves are alarming for the country facing a trade deficit that is bigger than its total exports.

Currency experts said the country will have to borrow more from commercial banks in 2017-18 since outflows are a lot higher than expectation. Meanwhile, foreign exchange inflows like remittances are in decline.

The government borrowed $1.5bn from commercial banks in June, which breached the target set by the government for 2016-17. The target for borrowing from commercial banks was $2bn, but it rose to $4.4bn by the end of June.

DAWN
Wednesday, 2nd August, 2017

Cotton prices rise on strong demand

The Newspaper's Staff Reporter

KARACHI: The trading activity gained momentum on the cotton market on Tuesday amid reports of higher phutti arrivals into ginneries.

With some respite in rains in Sindh, the phutti supply from the fields resumed at a higher pace and helped improve availability of lint. Consequently, there was a sustained demand for cotton from spinners who were running short of stocks. Prices remained steady on the ready counter, but the Karachi Cotton Association (KCA) revised upwards its spot rate by Rs50 to Rs6,350 per maund.

However, there were reports that pest attack was noted in some cotton growing areas of Punjab. This could be tackled easily at initial stage by guiding growers on the kind or category of pesticide, said cotton analyst Naseem Usman.

Though the cotton yarn market continues to show slackness, many spinners picked up lots offered for sale to meet their immediate needs, brokers said.

The world's leading cotton markets also remained steady on rising demand. The following deals were reported to have changed hands on the ready counter: 1,000 bales, Sanghar, at Rs6,350; 800 bales, Hyderabad, at Rs6,350; 2,000 bales, Tando Adam, at Rs6,350; 1,000 bales, Shahdadpur, at Rs6,350; 200 bales, Golarchi, at Rs6,350; 400 bales, Sinjoro, at Rs6,350 to Rs6,400; 100 bales, Burewala, at Rs6,700; 100 bales, Sahiwal, at Rs6,700; and 100 bales, Chichawatni, at Rs6,700.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi
37.324 Kgs Equivalent	6,350	135	6,495
40 Kgs	6,805	145	6,960

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Wednesday, 2nd August, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	107.30	107.50
UK	139.14	139.41	140.80	141.80
Euro	124.54	124.77	125.80	126.80
S.Arabia	28.08	28.13	28.40	28.65
UAE	28.67	28.72	29.10	29.35
Japan	0.9556	0.9574	0.9612	0.9812

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.90	6.15
Six months	5.90	6.15
One year	5.96	6.46

LIBOR

Special US dollar bonds for July 31

Three months	1.31056 %
Six months	1.45500 %

THE NEWS
Wednesday, 2nd August, 2017

FBR power to issue SRO in absence of cabinet questioned

KARACHI: Tax experts on Tuesday raised question over the legality of statutory regulatory order (SRO) issued by the Federal Board of Revenue (FBR) to increase sales tax rates on petroleum products in absence of the federal cabinet.

FBR, late Monday, issued a SRO to revise up sales tax on high speed diesel to 40 percent from 33.5 percent and on petrol to 23.50 percent from 20.50 percent. The new tax rates have been implemented for August 2017, it said.

In July, the federal cabinet, comprising of ministers, was dissolved after the Supreme Court disqualified the prime minister on non-disclosure of assets. FBR is bound to take permission from the cabinet or minister in-charge prior to issue a SRO.

Tax officials said the revenue body is required to get an approval from the federal government. “It is surprising how FBR can issue such notification,” an official said on condition of anonymity. “In the present circumstances the issuance of the SRO is illegal.”

A leading tax expert Ikramul Haq also threw weight behind the argument. “As per the constitutions no tax should be levied for the purposes of the federation except by or under the authority of the Act of Parliament,” said Haq, who works as tax consultant at law firm Huzaima and Ikram.

Haq said provisions under Section 3 of the Sales Tax Act, 1990 were deliberately not amended to give FBR space to change the tax rates. Some FBR officials, however, said the FBR has power to issue such notification.

FBR said it had issued the notification while exercising powers conferred by clause (b) of sub-section (2) and sub-section (6) of Section 3 of the Sales Tax Act, 1990.

“The federal government or the board [FBR] may, in lieu of the tax under sub-section (1), by notification in the official Gazette, levy and collect such amount of tax as it may deem fit on any supplies or class of supplies or on any goods or class of goods and may also specify the mode, manner or time of payment of such amount of tax,” the board quoted the section as stating.

In the budget for 2017/18, the government has delegated the power of specifying sales tax rates to FBR.

Zeeshan Merchant, secretary general at Karachi Tax Bar Association said there must be logical grounds behind issuing of SRO without the approval of the federal cabinet or minister in-charge.

Merchant, however, said there are recorded judgments of the apex court regarding no power of FBR in issuing SROs.

The finance division, considering the disqualified cabinet, kept the rates of petroleum products unchanged till a decision by the competent authority.

Oil and Gas Regulatory Authority recommends prices of petroleum products every month, while FBR also recommends changes in sales tax rates. The Economic Coordination Committee of the Cabinet approves the rates after consultation.

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CPI inflation clocks in at 2.91 percent year-on-year in July

ISLAMABAD: Consumer price inflation clocked in at 2.91 percent year-on-year in July mainly due to increase in prices of non-perishable products, officials said on Tuesday.

Consumer price index (CPI) inflation stood at 0.34 percent in July as compared to June, officials at Pakistan Bureau of Statistics (PBS) said, while presenting data of monthly inflation during a press conference.

The food and non-alcoholic beverages inflation increased 0.71 percent in July 2017 compared with July 2016. Similarly, CPI for non-perishable food items increased to 1.58 percent, clothing and footwear 3.89 percent, housing, water, electricity, gas and other fuels 5.29 percent, furnishing and household equipment maintenance 2.72 percent and health 13.36 percent, while CPI for transport increased by 3.18 percent. Government set the inflation target around 4.3 percent for the fiscal year of 2017/18. CPI inflation was recorded at 4.16 percent for the fiscal year of 2016/17. State Bank of Pakistan (SBP) projected CPI inflation at 4.5 to 5.5 percent in 2016/17. The government was expecting the annual reading at 4.3 percent for FY2017. Inflation was on average 12 percent between 2008 and 2013.

Inflation has so far remained under target, increasing a likelihood of continuation in soft monetary policy stance by the central bank.

In July, SBP kept policy rate stable at 5.75 percent for the next two months, leaving the rate unchanged since July 2016 to support growth pace and to rejuvenate weak external sector. The Bank contained inflation as one the reasons of keeping its key policy rate unchanged. It forecast average CPI inflation in the range of 4.5-5.5 percent for FY2018. PBS collects retail and wholesale prices of products from across the country and computes the CPI and wholesale price index (WPI) on monthly basis, while the sensitive price indicator is calculated on weekly basis.

In July, CPI for communication increased 1.52 percent, recreation and culture 0.21 percent, education 11.36 percent, restaurant and hotel 5.32 percent, while prices of miscellaneous goods and service increased 4.82 percent.

Consumer price inflation for perishable food items decreased 3.77 percent and the SPI for alcoholic beverages and tobacco also decreased 15.93 percent.

Meanwhile, the top items which witnessed increase in prices on year-on-year basis in July 2017 compared to July 2016 included Lipton tea (26.47pc), toilet soap (20.61pc), apple (19.51pc), ginger (17.33pc), iron bar (16.53pc) rice basmati (14.53pc), potatoes (12.24pc), Tapal Danedar (10.58pc), petrol (10.29pc), diesel (9.54pc) and unskilled labour wage (8.71pc).

The items that witnessed decrease in prices during July included tomatoes (45.10pc), capstan cigarettes (25.74pc), mash pulse (24.96pc), cigarettes (22.07pc), moong pulse (18.01pc), garlic (16.71pc), masoor pulse (16.43pc), gram pulse (16.15pc), sugar (15.80pc), besan (12.04pc), gram whole black (10.18pc), onion (7.03pc) and wheat flour bag (2.21pc).

In July, WPI increased 0.66 percent, while the SPI witnessed negative growth of 0.45 percent.

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LNG import helps 20 percent reduction in power deficit

LAHORE: Import of liquefied natural gas (LNG) helped the government cut power deficit by around 20 percent, while it also meets 25 percent of gas needs, said a senior official.

"RLNG availability has been critical," the official added. "This source of energy is relatively cheap. New pipelines are being added to ensure smooth supply of imported RLNG from south up to north."

Present Pakistan Muslim League (Nawaz) government, soon after assuming power, initiated a process of building the country's first LNG import terminal that successive governments could not set up due to one reason or another.

Shahid Khaqan Abbasi, the then petroleum minister led the process of setting up of 400 million cubic feet per day (mmcfd) Engro Elengy LNG re-gasification terminal in a record short period.

Though the floating storage re-gasification unit has the lowest re-gasification rate compared to other terminals in the world, yet the new initiative helped a lot in provision of natural gas to power sector and industry.

The momentum of this intervention is, however, needed to be maintained with establishment of more such terminals. Works on additional LNG terminals at Port Qasim (600mmcfd), Gwadar (400-600mmcfd) and Port Qasim (400-600mmcfd) are on various stages of completion.

An official report said Pakistan, which is heavily dependent on natural gas to meet energy needs, started facing shortage of natural gas since 2007. Later, RLNG has emerged as the most cost-effective fuel for power generation due to its greater efficiency, lower maintenance and no storage cost, ease of transportation, no pilferage or adulteration and minimal environmental impact.

RLNG of 400mmcfd can run as many as nine power plants with 2,000 megawatts production capacity.

Additional annual generation of nine billion kilowatt hours was made possible due to LNG, which is equivalent to 10 percent of total current annual power generation. Abdul Basit, president of Lahore Chamber of Commerce and Industry (LCCI) said the industry received much-needed energy to produce fertiliser, power and compressed natural gas following the launch of LNG terminal.

Basit said textile industry also got a boost from RLNG. Perception of foreign investors about Pakistan has been changed and textile sector now started getting orders as their buyers are confident that their textile partners in Pakistan can deliver on time, he added.

LCCI president said contribution of newly-elected Prime Minister Shahid Khaqan Abbasi is "very much laudable." "The present government realised the problem of industry due to energy deficiency. So, concerted efforts were made to quell chronic power shortages," he added.

Sources in the petroleum sector said Pakistan has proven itself as a reliable buyer of LNG and oil owing to the focused efforts of government and Pakistan State Oil.

The sources said now suppliers are interested in delivering volumes to Pakistan at lower prices. They added that a recent maintenance shutdown of LNG terminal – due to annual rehabilitation – with capacity larger than Qadirpur gas field confirmed the necessity of RLNG in the country's energy mix and the positive impact it has on industry and country.

It has been more than two years since the first LNG molecules have been imported through RLNG terminal. Industry officials said had LNG not been imported and plans to increase its volume not put in place amid delays in Iran-Pakistan and other gas projects, the industry's sufferings would have been aggravated.

They said Pakistan is no more importing fertiliser and instead is planning to export urea. As many as 750 compressed natural gas stations in Punjab, which were closed permanently due to non-availability of natural gas, are now functional, they added.

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Industry expresses concern over government's CPEC-related policies

KARACHI: An industry official expressed hopelessness because the exemption regime for Chinese goods under the China-Pakistan Economic Corridor (CPEC) was getting local products substituted.

Talking to The News Fahad Chinoy, executive director of Pakistan Cables said CPEC should provide a level-playing field to the local manufacturers. "If there is a level-playing field, local industry will benefit and if not, their very existence is at stake."

Referring to Pak-China Free Trade Agreement (FTA), Chinoy said government should learn from the past and devise CPEC-related policies to benefit and protect the local industry.

Executive director of the country's largest cable manufacturer said China had an excess production capacity of almost all the goods, and they were dumping those goods in other countries, including Pakistan. "They are selling capital goods, including cables, at prices which do not make sense to us."

He criticised the prevailing tax and customs duties, which had rendered the local industry uncompetitive. "All the CPEC projects or other projects covered under exemption regimes can import capital goods, including the cables free of sales tax and customs duty. But the local manufacturers have to pay duty on raw material imports and when these goods are sold to the projects, sales tax at the rate of 17 percent is implied," Chinoy said.

There is a lot of development going on in electricity generation, ports and shipping, aviation and railways. "But most of these development projects fall under the exemption regime and therefore the sponsors of these projects are opting for imported goods," Chinoy said, and added that the local industry was fast losing business due to the unjust exemption regimes.

Local industry was getting very limited orders and those too came in case if something was needed on urgent basis or was not readily available in the international market, ie, China.

"I don't have the exact numbers at hand but the ratio of imports of capital goods, including cables has gone much higher in the last couple of years," Chinoy said.

Talking about the country's business environment, he said economic fundamentals were improving, opening up opportunities for industrial growth and expansion.

"We are very bullish on the market and there is a huge requirement for cables in generation, distribution and transmission sectors. As the opportunities emerge the industry would invite investment."

Pakistan Cables has been very active on corporate social responsibility (CSR) front. "We believe in being a good corporate citizen," Chinoy said, and informed that in addition to other activities, the company had recently initiated a project 'Reel on hai' with Karachi Biennale Trust.

Pakistan Cables has donated 100 cable reels to turn them into works of art. Artists, designers and architects have been invited to unleash their creativity by thinking up new ways of using the reels to be put on display all over the city. Wary of counterfeiting, Chinoy said a proper system was needed to safeguard the interests of consumers.

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Cotton up

Karachi

Active trading continued at Karachi Cotton Exchange on Tuesday, while upcountry expenses increased Rs10 a maund.

Spot rate stood was unchanged at Rs6,350/maund (37.324 kilogrammes) and Rs6,802/40-kg. However, ex-Karachi rates rose to Rs6,495/maund and Rs6,960/40-kg after addition of Rs145 and Rs155 as upcountry expenses, respectively.

One analyst said upcountry expenses increased after a period of around two years, as transport charges also escalated.

Karachi Cotton Market recorded nine transactions of around 6,000 bales at a price of Rs6,350 to Rs6,700 a maund. Of which, 1,000 bales were traded from Sanghar, 800 bales from Hyderabad, 2,000 bales (Tando Adam), 1,000 bales (Shahdadpur), 200 bales (Golarchi), 400 bales (Sinjhoro), 100 bales (Burewala) and 100 bales each from Sahiwal and Chichawatni.

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German companies keen to invest in wind power sector

APP

HYDERABAD - Consul General of Federal Republic of Germany at Karachi, Rainer Schmiedchen has said that German companies have shown keen interest to invest in wind power sector of Pakistan with objective to assist Pakistan government to overcome the energy crisis.

He expressed these remarks while addressing the business community at Hyderabad Chamber of Commerce and Industry (HCCI) and the media persons at Hyderabad Press Club on Tuesday.

He said that German made turbines for power generations were already functioning in the power projects of Pakistan and now the German investors desired to make their investment in wind power sector. The German companies wanted to work in Pakistan at the pattern of the companies of USA, UK and France, he added.

The German companies investing in different sectors including chemical sector in different countries of the world were being facilitated by the German government that established a separate department for South Asia to provide all kinds of assistance to investors.

The German government has started visa facility to business community of South Asia and establishing vocational training institutions in order to facilitate them to carry out business activities in smooth direction. The government was ready to impart vocational training on the recommendation of HCCI, he added.

Earlier, the President HCCI Goharullah emphasized the need of enhancement of bilateral trade volume, adding that the Germany is the biggest European trade partner which making investment also in Pakistan.

He informed that Hyderabad has the great potential of industrial growth as it successfully managing the agro-based industries as well as playing key role in automobile assembling sector. The German investors can found opportunities of making their investments in different industrial sectors of Hyderabad as well as coal mining sector, he added.

Among others, the Senior Vice President HCCI Turab Ali Khoja, Vice President Ziauddin and the members HCCI executive committee were also present on the occasion.

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Power tarrif reduced by Rs2.23 per unit

NNI

ISLAMABAD - The Nepra on Tuesday cut electricity tariff by Rs2.23 per unit for all distribution companies expect for privatised K-Electric. The tarrif adjustments were allowed after a public hearing under the monthly fuel adjustment for June. The reduction in electricity rates would also not be applicable to agricultural consumers, residential consumers with less than 300 units of monthly consumption and life line consumers, a Nepra notification said. It directed the distribution companies to pass on relief to consumers in the billing month of August.

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Inflation reaches 2.91pc in July

Our Staff Reporter

ISLAMABAD - Inflation was recorded at 2.91 percent during July over a year ago, well below the official's target, mainly due to decline in food prices.

The inflation measured through Consumer Price Index (CPI), which tracks prices of around 480 commodities every month, increased by 2.91 percent during July 2017 as compared to the same month of the last year, according to the latest data of Pakistan Bureau of Statistics.

The government had restricted the inflation rate at 4.16 percent during previous fiscal year (FY2017), well below the target of 6 percent. The inflation rate is under control due to the stability in oil prices in international market.

The State Bank of Pakistan (SBP) in its last monetary had decided to maintain the policy rate at 5.75 as the inflation rate has contained. The SBP is projecting average CPI inflation in the range of 4.5 – 5.5 percent for FY18. This projection is explained by lower than anticipated increase in international oil prices, recent behavior of CPI inflation in June 2017, stable administered prices and lower inflationary expectations.

According to Pakistan Bureau of Statistics, the Sensitive Price Indicator (SPI), which gauges rates of kitchen items on weekly basis, decreased by 0.4 percent during July 2017 as against same month of the previous year. Similarly, the wholesale price index (WPI) based inflation increased by 0.66 percent in the period under review.

The break-up of inflation of 2.91 percent showed that food and non-alcoholic beverages prices increased by 0.71 percent. Similarly, health and education charges went up by 13.35 percent and 11.36 percent, respectively. Similarly, prices of utilities (housing, water, electricity, gas and fuel) increased by 5.29 percent in last the month.

Meanwhile, the prices of alcoholic beverages and tobacco went down by 15.93 percent. Price of clothing and footwear increased by 3.89 percent and furnishing and household equipment maintenance charges by 2.72 percent. Recreational charges and those related to culture went up by 0.21 percent in the period under review, while amounts charged by restaurants and hotels by 5.32 percent in July as compared to the same month last year.

In food commodities, prices of onions increased by 9.99 percent, fresh vegetables 9.31 percent, chicken 4.34pc, potatoes 4.18pc and eggs price surged by 3.75 percent. Likewise, in non-food items, house rent enhanced by 1.49 percent, construction input items by 1.17 percent and construction wage rate up by 0.95 percent during July 2017.

According to the PBS figures, price of fresh fruits decreased by 6.66 percent, cigarettes 5.61pc, pulse gram 2.82 percent and sugar price down by 1.98pc.