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Minister defends controversial payment to IPPs

MUSHTAQ GHUMMAN

ISLAMABAD: Minister for Water and Power Khawaja Asif said on Monday that payment of Rs 480 billion was made to the Independent Power Producers (IPPs) after an audit and now it is a closed chapter.

He was addressing a press conference along with outgoing Secretary Water and Power Younas Dagha and newly appointed Secretary Water and Power Yousaf Naseem Khokhar. He said that power load shedding will be 'normal for April' as 4000-4500 MW electricity will be back into the system soon. Presently, electricity shortfall is hovering around 5420 MW.

"I am receiving load shedding complaints for the last 10-15 days which is legitimate and we do not deny it but some facts are not being reported properly. Media should be informed so that masses are informed. I want to correct some facts regarding the power sector," the Minister stated.

While explaining the government's position on IPPs, he added that one issue which is being highlighted again and again namely that the government has not paid its dues to the Independent Power Producers (IPPs) which is why they are not running at full capacity is inaccurate as IPPs were producing 8007 MW at 12 o' clock on Monday which is a record. Public sector generation companies (Gencos) were producing 2836 MW which is also a record.

"IPPs and Gencos are outperforming for the last 10-15 days which shows that IPPs are running at full capacity contrary to media reports," he added.

However, plants of more than 1200 MWs i.e. Rousche, Uch II, Chashma 1 and one unit of Hubco etc are on scheduled maintenance and will be back this month.

The Water and Power Minister said that these power plants will start production by end of April. An additional 1000MW of hydel electricity and overall 4000- 4500MW of electricity would be added to the national grid after which there will be a significant decrease in load shedding. He claimed that an increase of 1000-1500 MW will be witnessed in April due to snow melt whereas plants which are shut down due to scheduled maintenance will also start generation, which would add another 2700-2800 MW to the system.

Khawaja Asif claimed that the Petroleum Ministry has also promised to supply gas to 525 MW Nandipur power project by the end of the current month. Besides 400 MW will be due to a rise in generation capacity of Guddu thermal power plant.

"Normal gap in generation and demand will exist for sometime but we will bridge the gap. Load shedding will be back to 3-4 hours in urban areas and 5 hours in rural areas," he claimed.

Water and Power Minister also claimed that industry is exempted from load shedding on dedicated feeders since 2015.

Khawaja Asif accused the media of partial reporting of facts pointing to media claims that load shedding was upto 10- 12 hours adding that this would continue in those areas where recovery is only 10 per cent. "There are areas which we have de-electrified and removed their transformers as they steal electricity. Power theft is in all provinces including Punjab and the thieves have no specific area of residence," he said.

He said due to this policy decision social pressure has increased on electricity thieves prompting many to get electricity meters installed and theft volume has substantially declined.

The Minister further claimed that recoveries have improved from 88.6 per cent to 93.8 per cent from 2014 to 2016. Losses have also declined from 19.1 per cent to 17.9 per cent due to which Rs 116 billion additional cash has been available to the power sector.

According to the Minister of Water and Power, demand was 17970 MW at 12:15 pm on Monday which is again a record in April as compared to 15691 MW during the same month last year which implies an approximate rise in demand of 2000 MWs in April this year. In April 2016, generation stood at 11490 MW which has increased to 12550 MW which implies that generation has increased by 1000 MW during the year. This shows a shortfall of 5420 MW.

IPPs were producing 6217 MW in April last year which has increased to 8,000 MW, showing an average increase of 1500 MW if we compare April this year with April last year.

He said hydel generation was 2000 MW in April 2016 which has increased to 2100 MW this month. It was around 1400 MW during the last few days.

He insisted that April should be compared with April the year before and not with May or June.

The Minister said that temperatures were high with 42 C (in Sukkur and Jacobabad) during the last days of March and the first few days have witnessed historically higher temperatures by 4 to 6 C. In Peshawar, it was 10 C higher than in 2016 (33 C against 23 C). In Islamabad, it was 10 C higher than in 2016 (33 C against 25 C) and in Multan, it was 4 C higher than 2016 (38 C against 33 C).

Asif rubbished claims that Independent Power Producers (IPPs) are not producing at capacity. He stated that electricity demand in April-2017 has gone up by 2000MW when compared to the same period of the previous year.

Talking about circular debt, to Water and Power Minister said the government has to pay Rs 440 billion to the IPPs. He clarified that total circular debt stock was Rs 385 billion as of March 31, 2017, of which Rs 163 billion has to be paid to the IPPs including Rs 56 billion to PSO, a capacity payment of Rs 54 billion, totaling Rs 217 billion. And if Rs 56 billon of PSO is excluded, the total IPPs receivables are Rs 161 billion.

"The Federal government owes Rs161 billion to IPPs of which Rs 69 billion are under litigation which implies that total clear cut amount due of IPPs was Rs 92 billion," he continued.

According to the Power Purchase Agreements (PPAs), IPPs have banks' limits to procure fuel at Kibor plus 4 per cent.

"If the government is unable to pay the IPPs, they can raise money from the banks as per the PPAs on which the government pays Kibor plus 4 per cent to the IPPs," he further added.

Khawaja Asif however failed to provide overdue amounts of OGDCL, SSGC and SNPGL.

Asif said that some areas have been de-electrified due to non-payments. He said that there is no load shedding for industrial sector since October, 2015.

He said solar tariff has come down from Rs 17 per unit to Rs 6 per unit, wind tariff has been slashed from Rs 15 per unit to Rs 6.50 per unit, RLNG tariff from Rs 9.5 per unit to Rs 6.6 per unit whereas coal tariff will come down from Rs 8.5 per unit to Rs 7 per unit. "Tariffs from all power generation sources have come down," he added.

Neelum Jehlum will start generation during the early months of 2018 and will be operating at capacity by mid of 2018.

When asked how the Ministry could claim that tariffs have been brought down while it failed to notify Rs 1.50 per unit reduction in consumers end tariff, the Minister, on an obvious tip from the outgoing Secretary Water and Power, said that it's a sub judice matter and that the Ministry will give its reply in court.

Replying to a question on the payment of Rs 480 billion to the IPPs, Water and Power Minister said that payment of Rs 480 billion was audited. When Water and Power Minister sends claims to the Finance Ministry they are duly audited/ verified and Ministry of Water and Power takes full responsibility for that. He said special audit has also been conducted on the directives of Public Accounts Committee (PAC). However he added that some of his political colleagues 'mention it as a passing remark'. He said payments to IPPs, PSO, SSGC and SNGPL were verified for 2010, 2011, 2012 and 2013 and stated that when the PAC conducted the special audit of Rs 480 billion to the IPPs which includes payment of Rs 32 billion without producing a single unit also came under discussion. This chapter is closed now, he insisted.

The Minister said that improvements in power have been made during the two-year tenure of Younas Dhagha as Secretary Water and Power.

When it was pointed out that four years ago when PML (N) came into power electricity

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shortfall was 5000 -7000 MW whereas shortfall today also stands at Rs 5500 MW, the Minister said that duration of load shedding has been reduced by 50 percent. He said 4000 MW will again be added to the system during this month. He also cited the survey of Gallop Pakistan according to which 65 per cent accepted that load shedding has declined whereas 9 per cent claimed that load shedding has ended.

Answering a question about the letter of Chief Minister Sindh Syed Murad Ali Shah regarding cut in water share of his province, Water and Power Minister said that it's a political issue, adding that Khurshid Shah who is also a serious politician, has also talked about this issue.

"Irsa maintains the record of inflows, outflows and reservoirs. Sindh is duly represented in the body and incumbent Chairman is from Sindh. Let him speak as Chairman and Member of Sindh. Both Khurshid Shah and Murad Ali Shah should first enquire from Member Sindh and verify their statements and if he does not verify their statements, this implies that those statements are not accurate," he said.

Answering a question, the minister said that arrears of government departments are deducted at source in June. The main issue is of AJ&K as there is a difference of Rs 72 billion at this moment whereas more than Rs 100 billion is due from Balochistan against agriculture tube-wells. Both federal and provincial governments are ready to contribute their share but the owners of agriculture tube-wells are not ready to pay.

In reply to another question, the minister praised the performance of outgoing Secretary in Water and Power Ministry Younas Dhagha who has now been transferred to Commerce Ministry, "which is equally important". He said exports problems exist in Commerce Ministry, and he hopes Dhagha will give similar performance in Ministry of Commerce. The minister said the government will honour its commitment to end load shedding.

Replying to a question on K-Electric, Water and Power Minister said that it is a private company with a 24 per cent share of Government of Pakistan. Water and Power Ministry is negotiating with the K-E management that payables should be settled before its sale after which the government will issue a clearance certificate. Nepra has given provisional tariff to KE which has the right to challenge it, he concluded.

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WB urges more investment for developing global electricity

WASHINGTON: Global efforts to provide universal access to electricity, develop more renewable energy sources and increase efficiency are not on track to meet a target date of 2030, the World Bank said Monday.

With fewer people receiving electricity for the first time in recent years, only 92 percent of the world's population will have access to power by 2030, the bank said in a new report published together with the International Energy Agency. Universal access by the target date would require a five-fold increase in investment rates, it estimates.

Some 1.06 billion people lacked electricity in 2014, "only a slight improvement since 2012," the report said.

"If we're to make access to P clean, affordable and reliable energy a reality, action must be driven through political leadership," Rachel Kyte, special representative to the UN secretary general for sustainable energy, said in a statement.

"This new data is a warning for world leaders to take more focused, urgent action on access to energy and clean cooking, improving efficiency and use of renewables to meet our goals," she added.

Riccardo Puliti, head of energy and extractives at the World Bank, said the effort requires "increased financing, bolder policy commitments and a willingness to embrace new technologies on a wider scale."

The report noted some positive developments, however.

Among them, Afghanistan, Cambodia, and several African countries including Rwanda and Sudan have made "rapid progress," it said. "Countries that are closing the access gap quickly will see improvements in education, health, jobs and economic growth," it added.

Reaching targets for boosting sustainable energy would require two to three times more investment than current levels, while meeting goals for energy efficiency would need three to six times more investment.

Although renewable energy production is rapidly growing, wind and solar energy currently account for only 4 percent of consumption worldwide.—AF

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March inflation accelerates to 4.94pc YoY

ISLAMABAD: Pakistan's inflation rate accelerated to 4.94 percent year-on-year in March from 4.22 percent in February, the Bureau of Statistics said on Monday.

On a month-on-month basis, prices rose by 0.84 percent in March, the bureau said.

The rise in month-on-month inflation was mostly due to higher prices of food items such as tomatoes, green chillies and chicken.—Reuters

BR Staff Reporter Zaheer Abbasi adds: According to official inflation data uploaded by Pakistan Bureau of Statistics (PBS) on its website and subsequently released by Chief Statistician Asif Bajwa at a media briefing, CPI stood at 4.94 per cent in March 2017 compared to the same month of the last fiscal year.

The inflation of 4.94 per cent is the highest in 29-month after October 2014, when it had been registered at 5.82 per cent. Average inflation rate in July-March 2016-17 over the same period of the last fiscal year stood at 4.01 per cent and 0.84 per cent in March 2017 over the previous month.

Asif Bajwa said that some seasonal factors as well as increase in prices of petroleum products led to increase in inflation. Prices of perishable food items witnessed an increase of 16.06 per cent, health, 13.75 per cent, and education, 10.90 per cent, in March 2017 over the same month a year ago.

The prices of food and non-alcoholic beverages, according to PBS, witnessed an increase of 4.64 per cent, non-perishable food items, 2.92 per cent, and alcoholic beverages and tobacco turned dearer by 12.44 per cent. The prices of clothing & footwear increased by 3.56 per cent, housing, water, electricity, gas and other fuels by 4.83 per cent, furnishing and household equipment maintenance, 2.32 per cent, transport, 4.42 per cent, communication, 1.49 per cent, recreation & culture, 1.25 per cent, restaurant & hotel, 3.52 per cent, and miscellaneous goods & services by 4.15 per cent.

The commodities which contributed to inflation in March 2017 over March 2016 were tomatoes whose price increased by 128.17 per cent, potatoes, 49.92 per cent, Dettol medium, 44.27 per cent, gram whole yellow, 42.81 per cent, LPG, 23.86 per cent, chicken, 18.92 per cent, green chillies, 16.64 per cent, petrol, 16.30 per cent, tea Lipton, 16.14 per cent, toilet soap lifebuoy, 15.97 per cent, diesel, 15.07 per cent, iron bars, 14.31 per cent, and price of pulse gram went up by 10.00 per cent.

The prices of pulse Mash decreased by 19.96 per cent on year on year basis, onion, 17.6 per cent, pulse Moong, 17.22 per cent, pulse masoor whole, 9.09 per cent, pulse masoor washed, 8.93 per cent, and motorcycle tyre without tube, 5.66 per cent.

The consumer price index in July-March 2016-17 stood at 4.01 per cent when compared to the same period of the last fiscal year due to 2.92 per cent increase in cost of food & non-alcoholic beverages, non-perishable food items, 2.71 per cent, perishable food items, 4.12 per cent, alcoholic beverages & tobacco, 15.77 per cent, clothing & footwear, 4.47 per cent, housing, water, electricity, gas fuels and others, 5.02 per cent.

The PBS stated that during the month of March 2017 over the same period of last fiscal year trimmed core inflation was recorded at 4.5 per cent against 3.8 per cent for the same month of last fiscal year and non-food & non-energy core inflation stood at 5.3 per cent against 4.7 per cent

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Landing permits:

Nisar orders suspension of visas on arrival

ISLAMABAD: Interior Minister Chaudhry Nisar Ali Khan in meeting here asked for strict implementation of the rules and regulations both in the ministry and its attached departments says a press release issued on Monday. Indifference to this responsibility or lackluster approach in addressing the problems of the people will invite serious notice and action, said the minister.

The minister was chairing a high-level meeting which was also attended by secretary interior, chairman National Database and Registration Authority (NADRA), advocate general, chief commissioner ICT, Acting IG Islamabad and senior officers of Federal Investigation Agency (FIA) and Ministry of Interior.

Noting that a lot of good work has been done in the issuance of visas and areas of immigration, he said that a lot more still needs to be done to streamline the system and remove various lacunas in the system.

The minister ordered immediate suspension of visas on arrival under the guise of landing permits and said that this laxity cannot be allowed in this manner as it can give rise to serious irregularities. The interior minister also ordered Interior Ministry to revise and update visa rules besides introduction of online visa regime so as to bring in transparency, minimize discretion and expedite the entire process. With the launching of the online visa application and online visa regime, the interior minister said that any anomaly in issuance of visas would be effectively eliminated.

He said that central visa database is essential as it would enable Pakistani state institutions to keep a tab on all those traveling to Pakistan on any visa category. To ensure strict surveillance of Pakistan's land, sea and air route entry exit points on borders the interior minister ordered speedy completion of the concept paper for the modern immigration and border control department.

The minister observed that as first step, a separate body of immigration & border management should be set up under the FIA. He said that modern immigration department would strengthen border control management of the country, which is currently managed by the FIA.

The FIA officials also gave a detailed briefing to the interior minister over the recoveries in various cases including human trafficking cases and the recoveries made from various petroleum marketing companies in lieu of petroleum levy. It was informed that FIA has recovered Rs2.513 billion in various cases in year 2016. An amount of Rs2.13 billion has also been recovered and deposited in the national treasury in the inquiry into recovery of petroleum levy. It is pertinent to mention that recoveries by FIA in 2010 were 528 million rupees, 690 million in 2011 and 110 million in 2012. The recoveries by FIA during the present government stand at 2.23 billion in 2013, 2.27 billion in 2014, and 6.39 billion in 2015. As a result of proactive approach under the directions of the interior minister vast improvement has been witnessed in the overall performance of FIA.

For the first time in the history of Pakistan, the foreign airlines were fined for violation of visa policy and were asked to take back the passengers without visa to the port of their embarkation on their own cost. It was informed that a fine to the tune of Rs94mn was imposed on various foreign airlines for bringing in passengers without valid Pakistani visas and such airlines were directed to take back hundred of such passengers.

On the issue of action against individuals involved in blasphemous content on social media, the interior minister reiterated that blasphemous and terrorism related content on the social media were both intolerable for the state of Pakistan and directed that legal assistance of the respective countries should also be solicited against those who are promoting or funding such an ill-activity from abroad. Nisar also directed FIA to continue working with PTA for removing all those social media pages which could cause religious unrest in the society or glorifying terrorism or terrorists on the internet.

ICT administration gave a detailed briefing on various steps taken for enhanced security of the capital including that of shrines and various entry and exit points of the capital city. The minister directed ICT administration to ensure establishment of two free lanes meant for smooth entry and exit of the commuters traveling between the twin cities. Free lanes would help the citizens using RFID technology to enter the capital without any hassle.—PR

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THE RUPEE: Firm trend

RECORDER REPORT

ARACHI: The rupee managed to hold week-end's levels the dollar on Monday in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee inched up by one paisa in relation to the dollar for buying and selling at Rs 104.84 and Rs 104.85 respectively, they said.

OPEN MARKET RATES: The rupee was unchanged against the dollar for buying and selling at Rs 106.10 and Rs 106.30 respectively, however it slipped by 10 paisas in terms of the euro for buying and selling at Rs 112.60 and Rs 114.10 respectively, they said.

In the first Asian trade, the dollar wobbled as some lacklustre US data and comments from Federal Reserve officials gave investors few catalysts to build on their US currency exposure.

The dollar index, which tracks the US currency against a basket of six major rivals, edged up slightly to 100.400. It notched a low of 98.858 last week, its weakest level since Nov 11, in the wake of US President Donald Trump's failure to get a healthcare reform bill passed last month.

The dollar got some support last week from month-end buying and came off its lows, but overall its heaviness remains unchanged," said Mitsuo Imaizumi, Tokyo-based chief foreign-exchange strategist for Daiwa Securities.

This week, investors are waiting for Friday's non-farm payrolls report, and a worse-than-expected reading would push the dollar down more than a better-than-expected reading would push it up," he said, underscoring the already cautious expectations on the pace of further US rate hikes this year.

Economists polled by Reuters predict the US economy will have added 180,000 jobs in March. The Bank of Japan's "tankan" survey released on Monday showed that large Japanese manufacturers expected the dollar to average 108.43 in the fiscal year that began this month.

The dollar stood at 111.34 yen on Monday, nearly flat on the day and below Friday's 10-day peak of 112.19 yen.

The dollar was trading against the Indian rupee at Rs 64.78, the greenback was at 4.4240 versus the Malaysian ringgit and the US currency was at 6.8835 in relation to the Chinese yuan.

Open Bid	Rs. 106.10
Open Offer	Rs. 106.30

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

Bid Rate	Rs. 104.84
Offer Rate	Rs. 104.85

RUPEE IN LAHORE: The Pakistani rupee registered appreciation against the foreign currencies including the American dollar and British pound in the local currency market on Monday.

According to currency dealers, the US dollar commenced trading on a negative note and remained under selling pressure throughout the trading session. At the close, it slid to Rs 106.10 and Rs 106.40 on buying and selling counters, respectively, as compared to Saturday's closing rates of Rs 106.15 and Rs 106.45 respectively, they added.

Similarly, the local currency also followed the same suit versus the pound sterling. The pound's buying and selling rates went down from the last closing trend of Rs 131.65 and Rs 132.50 to Rs 131.08 and Rs 132.08 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee remained firm against the dollar at the open currency markets of Islamabad and Rawalpindi here on Monday.

The dollar opened at Rs 106.50 (buying) and Rs 107 (selling). It closed at the same rate. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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Defaults of listing rules:

SECP bench converts penalty into warning

SOHAIL SARFRAZ

ISLAMABAD: An appellate bench of the Securities and Exchange Commission of Pakistan (SECP) has converted the penalty imposed on a company into warning with the directions to ensure compliance with relevant provisions of the law and listing regulations in future and restoration in trading of its shares at Pakistan Stock Exchange (PSX) by removal from Defaulters' Counter.

According to an order issued by SECP Appellant Bench-IV, the order is passed in the matter of appeal # 20 of 2016 filed under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 against the Order dated 05/04/16 (the impugned order) passed by the respondent (SECP officials).

Brief facts of the case are that Husein Industries Limited (Company) as per the last available accounts for the year ended 30/06/13 with the Commission have issued, subscribed and paid-up capital of Rs 106 million divided into 10.6 million ordinary shares of Rs 10 each. The registered office of the company is situated at Karachi. The company has been on the defaulter counter of Pakistan Stock Exchange (PSX) since 09/12/13 due to failure to hold its annual general meeting (AGM) for two consecutive years; consequently, the trading of the company's shares has been suspended since 09/12/13. The commission, with a view to restore the company on the normal counter of the PSX, on 01/09/15 issued a direction to the appellants under section 100 of the Securities Act, 2015 (Act) to take immediate steps to undo the defaults of the listing regulations within 14 days of the date of the direction. However, they failed to comply with the direction and submitted their reply vide letter dated 16/09/15.

The show cause notice dated 16/10/15 (SCN) was served on the appellants (chief executive and directions of the company), who had failed to comply with the commission's direction, calling upon them to show cause, in writing, within 14 days of the date of notice as to why penal action may not be taken against them, as provided under section 159, for the aforesaid contravention and why they not be directed to comply with the same. They were also advised to indicate their intention, if any, to appear in person to clarify the points raised in the notice. In order to provide an opportunity to the appellants for appearing in person to explain the reason for not complying with the said provisions of the act, the first hearing was fixed for 17/12/15 and the second hearing was fixed for 20/0/1/16 on which company secretary (authorised representative) appeared on behalf of the appellants and reiterated the written submissions made earlier. It was noted by the respondent that the appellants failed to comply with the commission's direction and the submissions made by them were also not satisfactory.

The SECP officials dissatisfied with the response of the company held that the company has failed to manage the affairs of the company and its shareholders who have not been given any return of their investment since long and have instead been deprived of an exit opportunity through resumption in trading in the shares of the company. After careful consideration of the facts and circumstances of the case, a penalty of Rs 500,000 was imposed by the respondent on each of the appellants aggregating to Rs 3,500,000 for their failure to comply with the direction of the commission.

The appellants preferred the instant appeal on the grounds that the penalty imposed, aggregating to Rs 3,500,000, is exorbitant as the company has been facing financial hardship for the past few years. The appellants argued that the company is working towards fully complying with the listing regulations and has held previous years' AGM and is in the process of holding the AGM for the year 2016 to restore the company to the normal counter of PSX. The imposition of penalty, therefore, would impair the available resources dedicated for removal of the non-compliances. They further stated that the company has an enviable track record over six decades and has always complied previously with the rules, regulations, procedures and laws.

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The SECP officials rebutted the arguments of the company on the grounds that a penalty of Rs 500,000 was imposed on each of the appellants for their failure to comply with the direction of the commission and the company to date is on the defaulter counter of PSX. Furthermore, the respondent argued that the said direction was issued on 01/09/15 and the impugned order was issued on 05/04/16 which was eight months later, however, non-compliances of the listing regulations have still not been fully complied with.

The bench has heard the parties i.e. the appellants and the respondent. The appellants (chief executive and directions of the company) have admitted the default and stated that they are in the process of complying fully with the listing regulations and have held previous years' AGMs. The respondent has stated that the company is still on the defaulter counter of PSX and has not yet fully complied with the listing regulations. "We are of the view that the company has a good track record and has a successful history where they have always strived to be a law-abiding company in terms of its standards of compliance with rules, regulations, procedures and laws. The company is also in the process of re-aligning itself and sorting out its financial difficulties. Furthermore, it will be beneficial for the shareholders who can expect a return on their investments as soon as the company fully complies with the listing regulations and is restored to the normal counter of PSX and trading resumes in company shares. The appellants have also satisfactorily shown that they are in the process of fully complying with the listing regulations and restoring the company to the normal counter of PSX."

In view of the foregoing, penalty imposed on the appellants through the impugned order is converted into a warning and the appellants are directed to ensure compliance with relevant provisions of the law and listing regulations in future and restoration in trading of its shares at PSX by removal from defaulters' counter. The appeal is disposed of accordingly, the order added.

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Provincial sales tax:

MoP&NR convenes meeting today to resolve issue

RECORDER REPORT

ISLAMABAD: The federal government has convened an emergency meeting of all petroleum industry stakeholders on Tuesday (today) to resolve the issue of newly imposition of provincial sales tax on the services of inter-city transportation of POL products, which threatens to disrupt the supply of oil across the country.

The meeting was scheduled after the Oil Tankers Contractors Association (OTCA) stated that it would go on a strike because of the double taxation they are facing.

The Ministry of Petroleum and Natural Resources (MoP&NR) convened the meeting which will be presided over by additional secretary, Ministry of Petroleum. Provincial chief secretaries, secretary finance, managing director Pakistan State Oil (PSO), chairman Federal Board of Revenue (FBR), and representatives of OTCA, Oil Companies Advisory Council (OCAC) and Oil and Gas Regulatory Authority (OGRA) will take part in the meeting.

The OTCA announced last week to go on a strike to protest against the levy of sales tax on services by the provincial authorities. However, they called it off till Monday when the Ministry of Petroleum and Natural Resources reassured the body that it would help resolve this problem.

The OTCA office-bearers stated that a few key cities of the country have stock of petroleum products that would last only for four to six days. Thus, a strike would have immediate effect in breaking down the supply chain and causing public unrest.

It was the Sindh government which first brought oil tankers under the scope of sales tax on services followed by the rest of the provinces.

This is the fourth time a strike has been threatened by the OTCA on this particular subject in approximately 10 months. The strike calls had always been put off after reassurances from the ministry that their concerns would be addressed.

The provincial government issued necessary notifications to hold in abeyance the applicability of sales tax on transportation services on March 31, 2017. After a consultative meeting between additional secretary, Ministry of Petroleum and Natural Resources and the FBR, the notifications for applicability of sales tax on transportation services had been issued.

The aim of the whole exercise was to finalise an equitable mechanism or formula for sales tax collection on the services of inter-city transportation of POL products. The issue was resolved between the FBR and provincial sales tax authorities regarding input tax adjustment on provincial sales tax on the services of inter-city transportation of POL products.

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FPCCI body discusses port congestion charges

RECORDER REPORT

KARACHI: Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Standing Committee on Ports and Shipping discussed port congestion charges, recently levied by the shipping lines/carriers at length and made recommendations to resolve issues..

Tariq Haleem, chairman, of the standing committee, arranged a meeting of the stakeholders of trade and industry viz importers, customs authorities, Customs agents, KPT, shipping agents and carrier's representatives at FPCCI head office, Karachi, which was presided over by Zubair Tufail, President, FPCCI. Saifuddin Junejo, Collector Customs Preventive was also attended the meeting .

After in-depth discussions the following recommendations were made:

1. Karachi Port Trust is already working on rationalization of tariff and would invite the lines' representatives to present their point of view before the KPT administration in connection with port charges.

2. Matter of long idling containers was thoroughly discussed whereby about 11,000 units are lying uncleared at terminals therefore, the customs authorities would look into this matter and will be coming up with their concrete solutions to address / resolve the long outstanding matter.

3. KPT and FPCCI firmly believe and ensure all the shipping agents and carriers that all the above matters will be dealt in the best interest of all the stakeholders and requested all the shipping agents/carriers to convey the message to their respective Principals to defer the implementation of the Port congestion surcharge as it has become main point of dissent. Also the congestion situation has been normalized and no congestion is currently witnessed at Karachi Port / terminals, especially in view of operationalization of SAPTL deep draft terminal. Moreover, FPCCI being the apex body has assured to assist and make sure that the above issues would be addressed expeditiously and further assured all shipping agents/carriers of its full support and cooperation at all times.

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Free service for cotton growers

RECORDER REPORT

The Punjab Agriculture Department has decided to launch a free service for the cotton growers in which they will be provided friendly pests, PB Ropes, pest scouting, training and consultancy services. Spokesman of the dept said that a ban on sowing of cotton crop before April 15 had been removed with immediate effect.

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2017-18 budget proposals include suggestions for cotton policy

RECORDER REPORT

A meeting of the Member's of Karachi Cotton Broker's Forum and Member's of Broker's Advisory Committee was held on Thursday 30th March 2017 in Karachi Cotton Exchange Building Trading hall. The meeting was chaired by Chairman Naseem Usman and it discussed the various points and decided to send following proposals to government requesting for their earliest implementation.

The present federal government is requested to include below proposals in the ensuing Cotton policy, federal budget which is expected to be announced shortly: To Re-open hedge contract of Raw Cotton in Karachi Cotton Association. The federal government has already accorded its approval on 24-03-05 for the commencement of cotton futures trading under the Karachi Cotton Association (KCA).

The SECP ex-Chairman Razi Ur Rehman stated in a APTMA meeting held on the 28th February 2008 in Lahore that hedge trading contract of lint cotton should be resumed in about 03 to 04 month time. We there fore request that the government should ensure the resumption of cotton futures trading at the earliest.

In the absence of hedge trading, cotton market has seen wild & wide fluctuations in price, which resulted in defaults in local and also in export trade. The cotton brokers believe that the federal government would take action under the leadership of president Mamnoon Hussain and prime minister Muhammad Nawaz Sharif, this will go a long way to normalise the cotton market it will also give-employment to thousands of workers in the-cotton trade moreover, the cotton futures market will stabilise the cotton price and reduce the price fluctuations in the market.

The cotton brokers forum now urge the federal government to implement the decision of opening the cotton futures market without further delay. Naseem Usman, Chairman, Cotton Brokers Forum has expressed his concern over the decision of the SECP for granting permission to the Pakistan Mercantile Exchange Limited for introduction of futures trading in cotton.

It is also interesting to note that the US cotton comprises only about 15 percent of the world crop and only US cotton is tender able in NY Futures Contract. Hence it is not understandable how NY futures market will provide any kind of risk mitigation for Pakistan.

PMEX claims that their contract is based on NY futures contract. However this is another anomaly as NY futures is a deliverable contract whereas PMEX contract does not involve physical delivery. Naseem Usman said that realising the need, utility, benefits and advantages of hedge trading in cotton. The Federal Cabinet in its meeting held on 24-03-2005 decided to resume hedge trading in cotton under the aegis of the KCA, however, necessary notification of the government in this regard has not yet been issued due to vested interests.

Naseem Usman urged upon the government to order to allow the KCA to manage the cotton futures market the suspension of Notification issued for introduction of futures trading in cotton at the PMEX in order to discourage speculations, gambling and voyeurism in the cotton market and safeguard the interest of cotton economy as well as national interest.

He also urged the government to suspend the notification issued for introduction of futures trading in PMEX and emphasised allow the KCA to resume hedge trading in cotton exchange under aegis of the KCA as it full infrastructure, Comprehensive by-laws, skilled and experienced man power, 320 cotton brokers dully registered with the KCA to run Hedge Trading in cotton effectively and smoothly.

We there fore appeal to the Hon' able president of Pakistan, Prime Minister, Federal Ministers of Finance, Commerce, Agriculture and Textile to look into the matter seriously and immediately order to resume hedge trading of cotton in KCA, thus saving the cotton trade as well as country's economy.

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FREE TRADING IN COTTON
Free trading in cotton should be continued which safeguards the interests of all the stakeholders including the growers. The government should announce comprehensive cotton policy, fixed the minimum sport-price of seed cotton Since Pakistan is one of the major buyers of Indian cotton, so to promote the interest of trade, more & more entry points on the Pakistan India border should be established for smooth flow of cotton.

MEASURES MUST BE TAKEN TO INCREASE COTTON PRODUCION
Steps should be taken to increase the cotton production on the war- footing basis in the coming years to meet the rising requirement of the local Textile industry, and also consider activating the research Organization departments accordingly.

Special emphasis should be laid on quantity and quality of cotton equally as Pakistan is lacking behind in both these areas. They urged that the government to make sowing of BT quality of cotton official with proper scientific in puts to increase the productivity and production of cotton. By the grace of almighty Allah in 2011-12 and 2013-14, Pakistan achieved an all-time high cotton crop production of 15 million bales. In coming kharif season cotton production target fixed by Federal Cotton Committee (FCC) about 14.04 million bales but last two consecutive years our cotton production fail to reached target and drastically decreased about 33 percent which cause big loss to cotton farmers and national exchequer.

WITHDRAW PROVINCIAL TAX ON BROKERAGE
Provincial tax Brokerage is unjustified please, withdraw the same, we are already paying 12 percent Federal Income Tax and Sales Tax WHT etc.-PR

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Cotton prices firm on PCGA report

RECORDER REPORT

Cotton prices showed improvement on the local market on Monday after release of the Pakistan Cotton Ginners Association (PCGA) fortnightly date, dealers said. The official spot rate was higher by Rs 50 to Rs 6750, they said. In ready session, only 1600 bales of cotton finalised at Rs 7000, they said. According to market sources most of the ginners and spinners kept on the sidelines due to less interest in fresh deals.

They said that the mills were keen to lay hands over the fine quality at their psychological levels but the ginners were not interested to oblige due to limited stock with them, they added. Cotton analyst, Naseem Usman said that cotton rates were up in the international market due to shortage problem and partly because of quality factor.

Pakistan Cotton Ginners Association (PCGA) has issued figures of cotton arrival up to March 31, 2017. Seed cotton (Phutti) equivalent to over 10,725,737 bales of cotton have reached ginneries across Pakistan, showing an increase of 9.87 percent compared to corresponding period last year when ginneries received 9,762,144 bales.

Cotton Commissioner Dr Khalid Abdullah said that cotton crop to be cultivated over 3.118 million hectares of land across the country during the current sowing season (2017-18) in order to fulfil the domestic requirements as well as to exports. Cotton crop production targets during the season were fixed at 14.40 million bales as against the production targets of 14.1 million bales of last year. The following deals reported: 1200 bales of cotton from Sadiquabad sold at Rs 7000 and 400 bales from Rahim Yar Khan at the same rate, 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 22.03.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,750	135	**6,885**	**6,835**	+50
40 Kgs	7,234	145	**7,379**	**7,325**	+54

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Cotton marks biggest one-day percentage loss in nearly 7 months

NEW YORK: ICE cotton futures shed 2.5 percent on Monday in the biggest one-day percentage decline in nearly seven months, as markets reassessed the implications of last week's federal crop plantations report amid a stronger dollar.

The May cotton contract on ICE Futures US settled at 75.47 cents per lb, down 2.41 percent, posting the biggest daily percentage loss since September 2016.

The market was mostly responding to the bearish crop report that came out Friday afternoon, while a firmer dollar added to the pressure, said David Ruppenicker, chief executive officer at Southern Cotton Growers, Inc.

The US Agriculture Department, in its annual Prospective Plantings report issued on Friday, estimated cotton planted area for 2017 at 12.2 million acres, 21 percent above last year.

Some funds may have been re-evaluating information from the report, according to Gabriel Crivorot, analyst at Societe Generale in New York.

May cotton futures settled up 1.5 percent after the report on Friday. The May cotton contract on ICE Futures US settled down 1.86 cent, or 2.41 percent, at 75.47 cents per lb. It traded within a range of 75.44 and 78.07 cents a lb.

Total futures market volume rose by 17,135 to 58,386 lots. Data showed total open interest gained 2,531 to 279,902 contracts in the previous session.

The dollar index was up 0.19 percent.

The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was down 0.73 percent.

Speculators trimmed their net long position in cotton by 293 contracts to 108,756 in the week to March 28, US Commodity Futures Trading Commission data showed on Friday.—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
May'17	77.31	78.07	75.44	75.47	14:19 APR 03	75.44	-1.86	23070	77.33
Jul'17	78.56	79.25	77.10	77.12	14:19 APR 03	78.36	-1.47	10872	78.59
Oct'17	75.05	75.05	75.05	73.78	14:19 APR 03	75.05	-0.83	-	74.61

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Q2FY17: SBP report

RECORDER REPORT

There is an obvious disconnect between the recently released quarterly State Bank of Pakistan's prognosis on the state of the economy and the statistical data and accompanying analysis. The report begins with the following statement: "the overall economic environment continues to remain conducive to growth. An accommodative monetary policy stance; increase in development spending; substantial growth in private sector credit, especially for fixed investment, and ongoing CPEC inspired activity in the power sector and infrastructure are providing the needed support."

The SBP's contention that the economic environment remains conducive to growth can be challenged on three counts. First, the growth in Large-Scale Manufacturing LSM was sugar-specific (sugar accounts for only 3.5 percent of LSM) and while it witnessed a negative growth of 14.2 percent in the first six months of 2016 its growth was positive 52.4 percent in the comparable period of 2017. LSM growth, excluding sugar, rose by 4.4 percent in the first six months of 2016 and by only 2.6 percent in 2017 or there was a decline in LSM growth. In addition, the report claims that growth in steel industry, accounting for 5.4 percent in the calculation of LSM growth, was negative 8.6 percent in the first six months of 2016 but showed a 15.6 percent growth in the comparable period of the current fiscal year. Textiles, the largest contributor to growth of LSM (21 percent) and to exports, grew by 1 percent in July-December 2016 and only 0.1 percent in the comparable period of 2017. The report maintains that further growth of industries that form a component of LSM would require capacity expansions as they have achieved capacity utilisation.

Agriculture growth is projected for wheat alone - from 25,516,000 tons three-year average to 26,000,000 tons in 2017 but this would require an increase in the yield per hectare in all provinces excepting Balochistan where a decline is estimated from 2,344-kg per hectare as a three-year average to 2250-kg per hectare; and in spite of a decline in area under cultivation in Punjab and Khyber Pakhtunkhwa.

Secondly, repeated claims by federal ministers that China has emerged as the major source of investment were challenged in the SBP report. The energy sector, considered to be the major recipient of Chinese investment under the China Pakistan Economic Corridor (CPEC) witnessed a shift from long-term loans (which are at a lower rate of interest) - the report classified them as fixed investments - towards "short-term (working capital) borrowing." In addition, "inflows from China dropped 54 percent to $204 million; a corresponding decline of 53.8 percent was noted in foreign investment flowing into the power sector (which amounted to $211 million). The decline in Chinese investment so far this fiscal year is somewhat intriguing as it does not seem to resonate with the extent of visible on the ground CPEC-related activities in the country."

Thirdly, the report notes that "unfunded debt, comprising of national saving schemes continued to slide in the first half of 2017 as returns offered on most of the instruments remained relatively lower than in previous years". The decline was nearly 18 percent between the first half of the current year compared to the first half of the year before - 338 billion rupees from 412 billion rupees. With investment from China, the game changer, declining as well as domestic savings reliance on short-term borrowing - both from domestic and external sources - has risen dramatically.

The report points out that despite a higher fiscal deficit, the pace of public debt accumulation slowed down in the first half of the current year. The decline in external debt was mainly due to revaluation gains. The SBP report claims that "after depreciating 0.9 percent during the first six months of FY16 the rupee appreciated by 4.4 percent during July-November 2016 in real terms." Be that as it may, there is sufficient evidence to show that with the rise in dollar in December 2016 and January 2017 and the subsequent rupee appreciation nonetheless, the rupee remained significantly overvalued precisely to show a lower external debt. In November last year, the difference between the real effective exchange rate and the prevailing average monthly market rate was a whopping 21.29 rupees per dollar. Domestic debt increased by 566.7 billion rupees in the first half of 2017, lower than the accumulation of 687.1 billion rupees in the same period of last year due to net retirement of long-term debt during the period.

Higher private sector credit taken to indicate higher private sector activity is challenged within the report by the statement "the increase in credit was evident in both working capital and fixed investment categories, and originated primarily from conventional banks. The increase was particularly strong in the last week of December, when banks reported to have lent out 229.9 billion rupees to the private sector. However, the caveat came in the first week of January when 111.5 billion rupees was subsequently retired." This belies Finance Ministry's repeated claim backed by Pakistan Bureau of Statistics (PBS) that machinery imports are on the rise which, in turn, would fuel growth. Not cited in the report but a factor that may well account for a rise in private sector credit nonetheless, a factor that has been consistently been cited as a reason for the decline in exports, was the rise in refunds considered the outcome of a deliberate decision on the part of the administrative ministry, notably the Ministry of Finance, to show a revenue higher than is in fact the case to understate the budget deficit.

The report also notes that "usually for any period import data recorded by PBS tends to be higher than that available with SBP: the 10-year average difference between the two (for July-December is $1.6 billion). However, the difference has widened considerably from FY15 onwards and touched an unprecedented $3 billion in July-December FY17."

And finally, most disturbing are the trends that continue into the final quarter of the current year, notably (i) declining exports (attributed to high refunds and an overvalued rupee - factors unlikely to be overcome by the recently announced export promotion package envisaging zero rating or lower taxes and ease of credit procurement), (ii) rising imports that are not machinery-based, (iii) lower remittances due to external factors, (iv) rising current expenditure relative to development expenditure, and (v) failure to reform the tax system to render it more equitable. The government has so far accused of relying on data manipulation to show a state of the economy that is repeatedly being challenged by independent economists premised on the blatant lack of government and industry-sourced data rationalisation by PBS. One can only hope that the government takes appropriate mitigating measures in the budget 2017-18 to arrest the negative trends but that would require realistic macroeconomic data compilation.

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Congestion at ports

CAPTAIN ANWAR SHAH

Drewry Maritime Research, a shipping consultancy of international acclaim, in its 2016 annual review of global container terminal operators has forecast a lacklustre average global growth of 2.7 percent per annum for the next five years for global container ports as the industry moves from being a growth sector to emerging as a value sector. It turns out that the only global region where Drewry is confident of double-digit growth happened to be the South Asia region, of which Pakistan is a constituent. Indeed, the annual containerised growth rate for Pakistan for the last two years has remained double-digit with the 2015 growth being over 14 percent and 2016 over 16 percent. Industry pundits foresee 2017 to clock an attractive 15 percent, thus far above the global forecast of 2.7 percent as prophesied by Drewry.

As the advisor on shipping to the Karachi Chamber of Commerce and Industry (KCCI), the Shipping Committee of the KCCI has, during a recent meeting, supported this writer in taking up the matter of imposition of congestion charge by shipping lines at the highest level with the government. The business logic behind this action by the shipping lines eludes comprehension, given that this region will remain a cash cow for these shipping lines, coupled with the fact that the capacity in Pakistan outpaces current volumes.

Pakistan's capacity at the beginning of 2016 was approximately 2.5 million TEUs, while the three container terminals, namely Karachi International Container Terminal (KICT), Qasim International Container Terminal (QICT) and Pakistan International Container Terminal (PICT), were handling a combined annual throughput of over 2.8 million TEUs. To elaborate this point, KICT, for example, handled 1.1 million TEUs in 2015 as against a designed capacity of about 0.75 million TEUs. The other two terminals too remained full past the brim to cope with volumes above and beyond their designed capacities. Despite the difficulties faced by container terminals in Pakistan, the profits of shipping lines calling at Pakistan remained bright without any mention of a congestion levy.

The capacity situation by the end of 2016 changed for the better for all industry stakeholders, including large importers and Customs when South Asia Pakistan Terminals (SAPT) commenced its operation by adding 550,000 TEUs to the overall capacity upon completion of the first of four phases of the $600 million project. With another 550,000 TEUs in capacity expected by June this year upon completion of the second phase, the project is expected to yield a combined capacity of 3.1 million TEUs when all four phases are complete by the year 2020. With these numbers, the container terminals in Pakistan are nowhere near a state of congestion and are not foreseen to be in such a state for at least eight to 10 years.

A related article published by *Business Recorder* on March 26 states that shipping lines have started collecting from the consignee at destination before delivery US $150 and US $300 on 20ft and 40ft containers, respectively. Shipping lines, it has emerged, claim that the dwell time for containers lying at the terminals is far beyond what it should be, and thus have tried to justify this charge. The lines further contend that the loading and unloading of boxes to and from vessels has remained slow, resulting in extending in port stays for the vessels. The claims by shipping lines warrants a threadbare analysis, as follows:

The overcapacity handling witnessed by terminals during 2015 and the better part of 2016 was a result of growth in import volumes overwhelming the handling capacities available at the ports. The market shares of KICT, QICT and PICT as a percentage of total volumes remained pretty much unaltered on a year-on-year basis thus suggesting that there was no disruptive wheeling and dealing by the terminals resulting in kicking the market off balance by the terminals. Shipping lines continued to enjoy growth in volumes during this period and there were no complaints by them of earning revenues above their forecasts despite terminals being overwhelmed. This was the period when a congestion charge could have been justified, but not without argument. However, this was also time when shipping lines were losing money globally and were focused on ways and means for containing the

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haemorrhaging to their bottom lines.

With SAPT adding not only landside capacity but also berthside capacity for shipping lines in Pakistan, the claim relating to congestion resulting in delays to the vessels seeking a berthing window remains hard to digest. As witnessed since December 2016, the capacity spillover of the terminals has been absorbed by SAPT and vessels are no longer confined to waiting at the outer anchorage for up to two days at times for want of berthing space. Given the rationalisation of throughput post SAPT commencement of operations, the other terminals are no longer stretched beyond their limits, thus naturally resulting in improved handling efficiencies both at the berth and in the yard. A potentially win-win situation for all stakeholders.

It may be argued that shipping lines have been allowed to get away with imposing a congestion charge because there exists a void in the form of a unified forum empowered to take-up the matter directly with the shipping lines. The shipping lines must also remain mindful that as volumes grow in the coming years, both as a natural result of organic growth and the booster shots expected in the form of CPEC, the bargaining power of bigger Pakistani importers will also grow, which could potentially further depress that already rock bottom haulage rates being witnessed by these very lines. A congestion charge today may leave a nasty aftertaste in years to come. This, coupled with the possibility of a representative body such as the KCCI taking up the matter with the government seeking policy intervention, could leave shipping lines being penny wise and pound foolish.

It remains to be seen if the shipping lines will focus on developing trade within the region, especially in Pakistan, or will prefer a short-term quick gain in the form of a congestion charge and restricting manoeuvring space in future. Drewry in its report for 2016 also predicts a change in demographics within respective regions with this change being a natural outcome of markets within the regions maturing earlier than expected. These changes and their possible implications on the profitability for shipping lines in the long-term, as argued by Drewry, could imply that shipping lines will be best advised to take a long-term view of high grown markets, against a short-term view.

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Faisalabad yarn and fibre prices

RECORDER REPORT

FAISALABAD: Cotton yarn rates in rupees per 10 Lbs on Monday (April 03, 2017).

6-8/S Cone (Cotton)

ARY 500.00

Sher 430.00

Nelibar 710.00

Al-Falah 570.00

Chagi 440.00

Harm 440.00

Shaheen 440.00

Nelum 440.00

10/S Cone (Cotton)

Sufi 650.00

Model Soft 650.00

Adil 500.00

Neilum 530.00

Nelibar 720.00

Owais Karni 500.00

Gold Star 670.00

Qadri 560.00

Shaheen 500.00

Al-Falah 680.00

Zam Zam 490.00

A.T.M 520.00

Sun flower 500.00

Apple Soft 660.00

Apple Hard 640.00

Ton-Ton 630.00

10/S Cone (Soft)

Es Guard 990.00

S.B. 850.00

Nelibar 880.00

Kinoo 950.00

Malta 990.00

Ayesha 860.00

12-14/S Cone (Cotton)

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-

Model
710.00

Qadri
640.00

Adil 670.00

-

16-18/S Cone (Cotton)

-

Nova
700.00

Chagi
690.00

Adil 690.00

Model
740.00

Neeli Bar
1110.00

Super Motia
790.00

Prince
720.00

Prince W
1110.00

Acro
1020.00

Apple
820.00

Malta
1020.00

Golden Eagle
900.00

-

20/S Cone (Cotton)

-

Zahidjee
1240.00

Anmool
1200.00

J.K.
1250.00

Khalid Shafiq
1130.00

Acro
1100.00

Darulsalam
1190.00

Ravi
1100.00

Hadabia
1180.00

-

22/S Cone (Cotton Warp)

-

Crescent
1300.00

Yahya
1300.00

HAR
1310.00

Tayyab
1270.00

Polo
1260.00

Ulfat
1280.00

Super Moon
1240.00

-

24/S Cone (Cotton Warp)

-

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Polo
1310.00

Prince
1300.00

Acro
1280.00

H.A.R.
1280.00

Silver Lines
1330.00

ATM
1300.00

Anmool
1320.00

-

30/S Cone (Cotton Warp)

-

Al Noor
1450.00

Crescent
1400.00

Acro
1390.00

Glamour
1380.00

Arain
1370.00

Nagra
1380.00

Gulistan
1400.00

Ujalla
1380.00

Khalid Shafique
1430.00

Shafi
1390.00

Chakwal
1400.00

Anmool
1390.00

Ittehad
1400.00

Hadabiya
1420.00

-

32/S Cone (Cotton)

-

Ahmad
1425.00

Malikwal
1460.00

Chand
1400.00

J.K.
1450.00

Target
1440.00

Hadabiya
1430.00

A Three
1455.00

Araian
1420.00

Acro
1425.00

Nafees
1380.00

H.H.
1410.00

-

40/S Cone (Combed Cotton)

-

JK
1775.00

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JK Carded 1620.00	Super Shaheen 1600.00	Ittihad 2275.00
Acro 1750.00	Darul Islam 1650.00	Suraj 2325.00
Nishat 1800.00	Four-G 1710.00	Babri Comp 2100.00
Betray 1680.00	A. Three 1725.00	Tanveer 2275.00
Ittihad 1770.00	Azam 1680.00	Sultan 2100.00
Al-Nasar 1825.00	Wasal Kamal 1680.00	Diamond 2140.00
Ejaz 1775.00	Super Gold 1660.00	Koiyal 2275.00
Nafees 1780.00	Jubilee 1650.00	Malikwal 1975.00
Nisar 1825.00	Babri 1710.00	Parado 2080.00
Three-G 1720.00	Sally 1750.00	Four Star 2225.00
Suraj 1850.00	-------------------------------------- -	N.P. 2225.00
MKB 1660.00	52/S Cone (Combed Cotton)	Prime Plus 1960.00
Ramzan 1750.00	-------------------------------------- -	Saif 2100.00
Ahmad 1700.00	Crescent 2275.00	Super Shaheen 1975.00

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Nafees
2080.00

Habib
2075.00

Colony
2075.00

Umer auto
1750.00

Two-G
1930.00

-

60/S Cone (Combed Cotton)

-

Nishat
2525.00

J.K.
2500.00

Ittehad
2500.00

Kohinoor
2500.00

Koiyal
2525.00

Gujjar Khan
2600.00

Pagri
2575.00

Deen
2575.00

Alam
2550.00

-

72-74/S Cone (Cotton)

-

Prime
2550.00

Commander
2320.00

N.P.
2725.00

Tower
2550.00

-

80/S Cone (Cotton)

-

Gold King
3000.00

Super King
3100.00

Mapel Leef
3250.00

Amjad
3000.00

Azam
3100.00

Admiral
2975.00

Commander
2950.00

Four Star
3225.00

Rolex
3225.00

Diamond Gate
3225.00

Al Falah
3275.00

Chairman
3225.00

Battery
3300.00

Chairman
3225.00

-

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30-31/S Cone (Polyester Cotton)

Gold Star	139.65
Sun	130.56
JK	115.00
Bilal	105.00
Tahir Rafique	108.00
Zahidjee	108.00
Bashir	112.00
Shadman	109.00
Sarfraz	106.00
Cherry	106.00
Khalid Nazir	109.00
Wasal Kamal	105.00
North Star	104.00
Super Khuwaja	110.00
Anaar	116.00
Action	97.00
Marjan	110.00
Pak Panther-ll	106.00
Nayab	112.00
Kiran	113.00
NP	116.00
Mehtabi	106.00
Club	112.00
K.K.	110.00
Ruby	113.00
Metro	101.00

38/S Cone (Polyester Cotton)

Gold Star	150.96
Dawood	115.00
Amin-2	115.00
Multan	119.00
Golden	112.00
Kirshma	113.00
AD	112.00
Sarhad	112.00
Aslam	95.00
Corolla	112.00
Royal	109.00
Chairman (N)	113.00

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-

40/S Cone (Polyester Cotton)

-

A.A. 159.12

Mehtabi 139.00

Shadab 139.00

Marjan 130.00

-

40/S Cone (AV)

-

Koiyal 172.00

Super LG 156.00

A.J. 161.00

Ahmad Fine 161.00

Asheana 206.04

-

40/2 Cone (AV)

-

Koiyal 180.00

Super LG 174.00

A.J. 171.00

Ahmad Fine 170.00

-

30/S Cone (CVC)

-

Ayesha 125.00

SUN 134.65

Kamal 123.00

-

26/S Cone (PV)

-

AA 123.42

Ashiana 122.40

MM 93.00

Blue Star 95.00

Super Jett 95.00

Shuttle 92.00

M-4 95.00

Bemisal 91.00

Ghouri 93.00

U-2 94.00

L.G. 104.00

U-7 87.00

Triple two 90.00

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AJ Gold
93.00

Candle
93.00

Jaguar
94.00

-

34-36/S Cone (PV)

-

A.A.
144.84

Ashiana
144.82

Sapna
134.00

Blue Star
106.00

Super Jett
106.00

Shahzad-H
107.00

Shuttle
103.00

Bemisal
102.00

Shuttle less
105.00

Cheeta
99.00

Candle
103.00

Target
103.00

Dewan
103.00

Royal
97.00

Spin Cott
105.00

H.R.
102.00

S.S.
112.00

Tanveer
104.00

-

44-46/S Cone (PV)

-

A.A.
173.38

Ashiana
172.36

Sapna
152.00

Super Jet
120.00

Bemisal
120.00

Marghala
121.00

U-2
121.00

Cheeta
120.00

Target
119.00

S.S.
134.00

-

65/S Cone (PV)

-

Ashiana
224.40

U-2
181.00

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Bemisal 184.00

Ghori 180.00

Cheeta 183.00

A.J Gold 182.00

Tanveer 184.00

Maqbool 183.00

34/S Cone PP

Zamin 93.00

Shadman 109.00

Ellahi 108.00

Dewan 90.00

U-2 93.00

60/S Cone PP

Zamin 114.00

Anwar 108.00

Taj Mahal 113.00

36-38/S Cone (Staple)

Diamond Gate 1700.00

Marghala 1650.00

Saif 1660.00

Four Star 1690.00

A.J. 1660.00

Fazal Cloth 1650.00

L.G. 1640.00

Super Gold 1660.00

Azam 1650.00

Best 1630.00

K.P.K. 1670.00

Colony 1670.00

Martial 1650.00

30/S Cone (Ecrylic)

Koial 161.00

Saif 162.00

Combine 132.00

BUSINESS

RECORDER

Tuesday, 4th April, 2017

40/S Cone (Ecrylic)	Koial 174.00		Latif	167.00
------------------------------------- -	Saif	173.00	Pagri 172.00	

BUSINESS
RECORDER
Tuesday, 4th April, 2017

Karachi Yarn Market Rate

RECORDER REPORT

KARACHI: Karachi Yarn Market Rates on Monday (April 03, 2017).

CONES CARDED

10/1.

Popular Fibre
920.00

Diwan
950.00

Tritex
930.00

12/1

Nadeem Textile
1120.00

Indus
1160.00

Popular Fibre
1100.00

Bajwa
1150.00

16/1.

Nadeem Textile
1180.00

United
1190.00

Popular Fibre
1150.00

Abdullah Textile
1150.00

Indus
1220.00

A. A. Cotton
1200.00

Tritex
1170.00

Bajwa
1210.00

21/1.

Ishtiaq Tex
1240.00

Al-Karam (A.K)
1250.00

Suriya Tex
1250.00

United
1250.00

GulAhmed (G.Lite)
1260.00

Popular Fibre
1220.00

Shadman
1240.00

Indus Dyeing
1290.00

Abdullah Textile
1220.00

Lucky Cotton
1230.00

A. A. Cotton
1300.00

Diwan
1240.00

22/1.

Bajwa
1270.00

United
1260.00

24/1.

A. A. Cotton
1370.00

Tritex
1320.00

26/1.

AL-Karam
1370.00

BUSINESS
RECORDER
Tuesday, 4th April, 2017

Dewan
1320.00

Amin Text
1350.00

Shadman Cotton
1350.00

Diamond Int'l
1320.00

Popular Spinning
1300.00

Ishtiaq Textile
1320.00

Lucky Cotton
1320.00

A. A. Cotton Hosiery
1450.00

28/1

Abdullah Textile
1350.00

30/1.

Amin Tex.
1450.00

Al-Karam
1430.00

Jubilee Spinning
1350.00

GulAhmed (G.Lite)
1430.00

Lucky Cotton
1350.00

Diamond Intl
1400.00

A. A. Cotton Hosiery
1480.00

32/1

Abdullah Textile
1380.00

40/1

Lucky Cotton
1650.00

52/1

Lucky Cotton
1700.00

-

COMBED CONE

-

40/1

Indus CF
1740.00

20/2.

GulAhmed
1340.00

Amin
1350.00

Indus Dyeing
1360.00

Bajwa
1350.00

Shadman Cotton
1340.00

42/1

Abdullah Textile
1650.00

52/1

Abdullah Textile
1750.00

20/1. SLUB

Abdullah Textile
1300.00

30/1 SLUB

Abdullah Textile
1520.00

60/1.

Abdullah Textile
1750.00

BUSINESS

RECORDER

Tuesday, 4th April, 2017

70/1

Abdullah Textile
1850.00

CHEES CONES

10/1.

Kasim Tex
700.00

Latif Tex. (Latif)
700.00

Super
690.00

Abdullah Textile (OE)
690.00

16/1. (O.E.)

Kasim Textile
880.00

Masal
870.00

-

RATES OF PAKISTANI/IMPORTED POLYESTER

YARN (PER LBS) + GST

-

Imported 50/36 FDY
90.00

Local Mill
130.00

Rupali 75/78 FDY
NA

Import 75/72 FDY
72.00

Local Mill
82.00

Rupali 75/36/0 & 75/24 DT
90.00

Imported 75/36/0 DTY
81.00

Local Mill
83.00

Rupali 75/128 INT DTY
100.00

Local Mill
115.00

Imported 75/72 INT DTY
83.00

Local Mill
105.00

Imported 75/144 INT DTY
83.00

Local Mill
110.00

Rupali 300/96/INT DTY
80.00

Imported 300/96/INT DTY
71.00

Local Mill
66.00

Rupali 300/96/0 DTY
74.00

Imported 300/96 DTY
69.00

Local Mill
63.00

Rupali 75/24 INT DTY
100.00

Imported75/36 INT DTY
96.00

Local Mill
85.00

Rupali 150/48/0 DTY
76.00

Imported 150/48/0 DTY
71.00

Local Mill
70.00

Rupali 150/48 INT DTY
81.00

BUSINESS
RECORDER
Tuesday, 4th April, 2017

Imported 150/48 INT DTY
72.00

Local Mill
73.00

Imported 150/144 SIM
76.00

Local Mill
NIL

-

RATE OF BLANDED YARN IN RUPEES

(PER LBS)

-

P.V. CONES

-

18/1 PV

A.A. Textiles
108.00

20/1 PVB

A.A. Textile
111.00

A. A. Cotton
112.00

24/1 P.V. BRIGHT

A.A. Tex.
116.00

Sana
109.00

A. A. Cotton (80:20)
116.00

26/1.PV Bright

A.A. Tex.
121.00

Sana
111.00

30/1 PV

A.A. Tex."Z" Twist
127.00

Sana
120.00

A. A. Cotton
128.00

26/1 P.V. (S.D.)

A.A. Textile
121.00

A. A. COTTON
128.00

36/1 PV (SD)

A.A. Textile
142.00

A. A. Cotton
129.00

40/1. (PVB)

Sana
138.00

A. A. Cotton
145.00

A. A. Textile
146.00

46/1 PVSD

Ibrahim Fibre
170.00

28/1 PV SLUB

A.A. Clock Tower
150.00

30/1 PV SLUB

A. A. Cotton (PVB)
152.00

A. A. Cotton (PC)
155.00

A. A. Cotton SLUB (PP)
152.00

Sana SLUB (PP)
145.00

BUSINESS
RECORDER
Tuesday, 4th April, 2017

Sana (PV)
150.00

Sana SLUB (V)
165.00

40/1 SLUB

Sana (V)
180.00

-

SEWING THREAD YARN

-

Sana

21/1 PP
84.00

30/1 PP
96.00

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana
118.00

30/1 PVT

Sana
128.00

10/1 PP

A. A. Cotton
93.00

12/1 PP

A. A. Cotton
98.00

16/1 PP

A. A. Cotton
103.00

20/1 PP

Sana
110.00

Diwan
98.00

A. A. Cotton
110.00

Agar
96.00

26/1 PP

A. A. Cotton
115.00

30/1 PP

Agar
101.00

Anwar
109.00

Sana
120.00

Diwan
103.00

A. A. Cotton
120.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
133.00

60/1. (P.P)

Agar
124.00

Diwan
125.00

Anwar
130.00

A. A. Cotton
146.00

8/.1.

BUSINESS

RECORDER

Tuesday, 4th April, 2017

A. A. Cotton (52 48)
95.00

10/.1.

Zainab
115.00

A. A. Cotton
97.00

Lucky Cotton
135.00

12/1

A. A. Cotton
100.00

14/1

Zainab Tex
118.00

16/1

AA SML Carded (52 48)
114.00

IFL (52 48)
120.00

A. A. Cotton
105.00

-

P.C. COMBED

-

20/1. PC

A.A.SMLCARDED
123.00

Zainab (Combed)
123.00

A. A. Cotton (Carded)
112.00

A. A. Cotton CVC (65 : 35
110.00

24/1. PC

A. A. SML Carded
123.00

Zainab (Combed)
128.00

A. A. Cotton
109.00

25/1

A.A. Cotton
117.00

30/1. PC (52 : 48)

Zainab Textile (combed)
138.00

Stallion
100.00

K. Nazir
112.00

Al-Karam
112.00

AA SML (Carded)
131.00

A. A. Cotton (Carded)
122.00

A. A. Cotton CVC (65 : 35)
114.00

36/1. PC

IFL Tex (Combed)
149.00

A. A. Cotton
135.00

40/1 PC

A.A. Textile (Combed)
157.00

45/1 PC

Zainab
170.00

10/1 CVC

A. A. Cotton (60:40)
100.00

12/1 CVC

BUSINESS
RECORDER
Tuesday, 4th April, 2017

A. A. Cotton (60:40)
107.00

16/1 CVC

A. A. Cotton (60:40)
112.00

20/1 CVC

A. A. Cotton (60:40)
118.00

AASML
114.00

24/1 CVC

A. A. Cotton (60:40)
123.00

Sana
146.00

AASML
111.00

30/1 CVC

A. A. Cotton
128.00

AASML
122.00

40/1 CVC

A. A. Cotton
140.00

40/.1. VISCOSE

Sana
160.00

Sana Acrylic
160.00

-

READY RATES OF STAPLE FIBER IN RUPEES

-

POLYESTER
K.G.

-

I.C.I. 1.D
126.00

I.C.I. 1.2 (SD)
126.00

I.C.I. Bright
128.00

Rupali 1.D
126.00

Rupali 1.2 (SD)
126.00

Ibrahim Fiber (SD)
126.00

Ibrahim 1.D
126.00

Ibrahim Fiber Bright
128.00

Ibrahim Trilobal Bright
128.00

-

VISCOSE
K.G.

-

FCFC 44 MM Taiwan
250.00

FCFC 51 MM Taiwan
250.00

Grysum India
250.00

Thai Reyon 51 MM
250.00

S.P.V. Ind. 51 MM Indones
250.00

-

ACRYLIC FIBER
K.G.

-

BUSINESS
RECORDER
Tuesday, 4th April, 2017

Monty 1.2x51 Italy 200.00	Acelon Korea 1.2x51 200.00

DAWN
Tuesday, 4th April, 2017

Cotton production goes up 9.9pc

PARVAIZ ISHFAQ RANA
The output remained less than the average of around 14-15m bales recorded up to the 2014-15 season.—APP/File

KARACHI: The country has produced 10.725 million cotton bales so far in this season, up 9.87 per cent from a year ago.

However, the output remained less than the average of around 14-15m bales recorded up to the 2014-15 season.

Fortnightly phutti arrival figures released by the Pakistan Cotton Ginners' Association (PCGA) show production up to the second half of March stood higher by 963,593 bales on a year-on-year basis.

Cotton crop suffered mostly in Punjab for the last two consecutive years as its output declined up to 40pc. But there is an improvement of 15.72pc this year as the output stood at 6.938m bales against 5.996m bales produced last year.

One of the reasons for falling production is shrinking cotton growing areas because of the sugarcane crop and climate change.

However, cotton production in Sindh has been normal. The province produced 3.787m bales this year, up 0.56pc from a year ago. The spinning industry purchased 10.168m bales this season compared to last year when it bought 8.911m bales.

Exporters were unable to keep the pace though. They booked only 202,356 bales this year against 362,141 bales a year ago.

Ginners are holding unsold stocks of 354,557 bales compared to last year when they held 488,001 bales in the same period.

DAWN
Tuesday, 4th April, 2017

Punjab lifts ban on cotton cultivation

APP

FAISALABAD: The Agriculture Department has lifted ban on cotton cultivation before April 15, and advised the growers to start sowing process immediately.

In a statement issued on Monday, Mudassar Abbas, a spokesman of the department, said that earlier a ban was imposed on cotton cultivation before April 15, under section 144 of Criminal Procedure Code (CrPC) but now the weather conditions have become most suitable for cultivation.

He also advised the growers to use approved varieties of seed to save the crop from pest attacks.

He said the department would impart training to growers about the control of pest attacks and also provide spray machines besides free guidance and pest scouting facility.

DAWN
Tuesday, 4th April, 2017

Consumer inflation nears 5pc

MUBARAK ZEB KHAN

ISLAMABAD: Annual inflation edged up to 4.9 per cent in March from 4.2pc in the preceding month on the back of increase in prices of petroleum and perishable products.

Inflation rose 0.8pc month-on-month in March compared to a 0.3pc increase in the previous month and 0.1pc in March 2016, according to figures released by the Pakistan Bureau of Statistics on Monday.

The main inflation is measured through Consumer Price Index (CPI), which tracks prices of around 480 commodities every month in urban centres across the country. Average annual inflation in the first nine months, i.e. from July to March, of the current fiscal year stood at 4.01pc against 2.64pc in the same period a year ago.

The annual inflation target for the current fiscal year is 6pc. In the preceding fiscal year, average annual inflation was recorded at 2.86pc.

Inflation in the food group, whose weight in the CPI basket is 34.83pc, stood at 5pc in March. On a month-on-month basis, food inflation increased 1.9pc in March due to an increase of 12.5pc in the prices of perishable and 0.44pc in non-perishable products.

Food items whose prices increased the most in March were tomatoes 68.43pc, chicken 21.6pc, onion 18.16pc, potatoes 15.48pc, fresh fruit 12.52pc, and tea 5.1pc. Core inflation, measured by excluding the volatile food and energy prices, was recorded at 5.3pc in March, up 0.1pc from the preceding month. Core inflation has remained subdued since November 2015 because of a tighter monetary policy and reduction in food and fuel prices.

Government borrowing is one of the key factors influencing the trend of core inflation as there is a positive relation between the two.

Non-food inflation was recorded at 4.9pc in March, an increase of 0.1pc over the preceding month. Within the group, motor fuel prices went up by 1.4pc during the month. The education and health indices rose 10.9pc and 13.8pc, respectively, in March on a year-on-year basis. An increase of 12.4pc was witnessed in the index of alcoholic beverages and tobacco.

The index of clothing and footwear rose by 3.56pc and that of housing, water, electricity, gas and other fuels by 4.83pc. Meanwhile, the Sensitive Price Index edged up 1.42pc and the Wholesale Price Index rose 3.79pc in March.

DAWN
Tuesday, 4th April, 2017

Cotton price rises

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Trading on the cotton market slowed down on Monday amid increase in prices. Though there was strong demand for cotton yarn in the domestic market, falling exports of textile goods worried spinners who preferred to stay away from the trading ring.

There are apprehensions about the next cotton crop size as the acute shortage of irrigation water is already having its toll on the sowing of cotton crop in the lower Sindh.

Prices on the Indian cotton market rose by Rs400 per candy (356 kilograms) while that of Chinese cotton remained firm.

The Karachi Cotton Association raised its cotton rates by Rs50, to Rs6,750 per maund (around 37kg).

Major deals on the ready counter were: 1,200 bales from Sadiqabad at Rs7,000 a maund, and 400 bales from Rahimyar Khan at Rs7,000.

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	**6,750**	**135**	**6,885**
40 Kgs	**7,234**	**145**	**7,379**

DAWN

Tuesday, 4th April, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.10	106.30
UK	131.08	131.33	132.25	133.75
Euro	111.60	111.81	112.60	114.10
S.Arabia	27.87	27.92	28.20	28.40
UAE	28.45	28.51	28.95	29.15
Japan	0.9389	0.9407	0.9443	0.9643

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.86	6.11
Six months	5.90	6.15
One year	5.95	6.45

LIBOR

Special US dollar bonds for April 31

Three months	1.14678 %
Six months	1.41989 %

THE NEWS
Tuesday, 4th April, 2017

Govt urged to bear electricity surcharge

LAHORE: The All Pakistan Textile Mills Association (Aptma) Punjab on Monday urged the provincial government to take the burden of Rs3.63 electricity surcharge to save the textile industry from a total collapse.

Syed Ali Ahsan, chairman of the association said the industry has already lost 30 percent of its production capacity, while there has been a decline of 30 percent textile exports in quantity terms.

Ahsan further said 30 percent decline in cotton production during the last two crop seasons added to the miseries of the textile industry, which is in addition to ever growing energy price disparity within the country.

He said electricity is available at six rupees per kilowatt-hour (kWh) in other provinces as against Rs11/kWh in Punjab with additional burden of Rs100 billion a year.

Aptma leader said the Lahore High Court has already declared the electricity surcharge as illegal. However, the matter has been pending with the apex court since last two years. “Textile industry cannot sustain unjust burden and it is neither the source of theft nor non-recovery/line losses.” He said either the federal government provides relief of Rs3.63 to the exporting industry or the provincial government bears this burden for the revival of industry.

Ahsan said the Prime Minister announced the exports package on 10 January, but the industry is awaiting the finance minister to allocate and release funds to the State Bank of Pakistan for further payment to exporters.

THE NEWS
Tuesday, 4th April, 2017

Increased power outages to persist this month: Asif

Says electricity generation has increased; demand increased due to rise in temperature; power theft occurs in whole country; power thieves will face increased loadshedding, disconnection of electricity

ISLAMABAD: The government has blamed the sudden increase in temperature as the main cause of prolonged and unscheduled power outages in the country and confessed that the country is still facing 4,554 megawatts shortage.

Minister of Water and Power Khawaja Asif, while addressing a press conference on the issue of loadshedding, power demand and generation here on Monday, said that loadshedding was genuine and was being caused by the sudden increase in temperature. However, loadshedding will be back to three hours in urban and four hours in rural areas before end April.

“The unprecedented heatwave and higher demand in these days of low hydel generation has forced the NPCC and distribution companies (Discos) into unscheduled loadshedding, which is expected to be overcome in two to three weeks,” the minister said.

Khawaja Asif said loadshedding has nothing to do with the circular debt or the government tussle with independent power producers (IPPs). He said the IPPs generation has increased this year on April 1 to 7,495MWs against 6,217MWs generated during the same period of 2016.

On April 3, the power demand was 17,140 megawatts while generation from all sources was 12,586MWs, the minister said. He was accompanied by Secretary Water and Power Yousaf Naseem Khokhar and former secretary Younas Dagha.

He said climate change is playing the main role as during the past few days the temperature was much higher as compared to the same period of the previous year. Temperature in Sukkur and Jacobabad in the last days of March and the first week of April has reached 42 degrees Centigrade which is higher by 4 to 6 degrees than the previous years. Similarly, the temperature in Peshawar is 10 degrees Centigrade higher (33 against 23 in 2016), Islamabad 8 degrees higher (33 against 25) and Multan 5 degrees higher (38 against 33 degrees Centigrade) against last year, the minister said.

These days of the year, the power demand surged unprecedentedly as compared to the April 1 of the previous year, the demand increased by 2,319MW. On April 1, 2016 the demand was 15,651MW as compared to 17,970MW on April 1, 2017. However, he claimed that the power generation is still higher than the previous year. “Our own Gencos are producing 2,836MW, while IPPs are producing 8,000MWs. The demand of electricity is 17,140MWs in the country,” he said.

“There are some areas where loadshedding of up to 12 hours is carried out and it will continue because these areas do not pay bills. Due to losses and less recovery, we have de-electrified many regions and removed transformers in all the provinces,” said the minister. He said power thieves are present in the whole country, adding that loadshedding will increase in areas where people steal electricity.

He said that 4,000-4,500MW electricity will be added through additional hydel generation, gas and oil plants like Nandipur and Guddu power plants by the end of April which will help in controlling the power outages. “We are expecting an increase of 1,000-1,500 MW in the hydel power generation, from the current 2,000 to 3,000-3,500, as the snow melting starts from 20th April,” the minister said.

Similarly, four plants of 1,200MW are on scheduled maintenance and they will be operational during the current month. The process of Nandipur gas conversion will be completed by the end of the April, the minister said.

“We have been promised that Nandipur power project will be able to generate its full capacity of 525MW electricity by the end of April,” he added. Guddu power plant will also increase generation by the end of April and May, the minister claimed.

About the performance of the power sector during the last two years, the minister said recoveries improved from 88.6 percent to 93.8 percent while losses were brought down to 17.9 percent from 19.1 percent.

“We have also fulfilled another promise that we will not only ensure availability of electricity but also cheap power,” the minister said. About the Neelum-Jhelum Project, the minister said it would start generation in next year’s summer.

Regarding Sindh concerns over water cut, the minister said the provincial government is politicising the water issue and there is no anomaly in this regard. He said all the provinces had their representatives in Irsa and the current chairman of the authority is also from Sindh and if there is any anomaly, he should point it out. He said Irsa had full record of water storage and release.

THE NEWS
Tuesday, 4th April, 2017

FBR eyes Rs1,300bln in Apr-June to achieve annual revenue target

KARACHI: The Federal Board of Revenue (FBR) will fuel its tax collection drive to score Rs1,300 billion in the ongoing quarter (April-June) in order to achieve the annual target of the current fiscal year of 2016/17, sources said on Monday.

The annual target was set at Rs3,621 billion.

The sources said the FBR has decided to launch crackdown against 100,000 individual and association of persons and 21,000 corporate entities during the last three-month period of 2016/17.

FBR sources said Rehamatullah Khan Wazir, Member Inland Revenue (Operations) held meetings with chief commissioners and commissioners of large taxpayers units (LTUs) and regional tax offices Karachi to discuss the current position of revenue collection during the first nine months and devise strategy for the last quarter.

After the meetings, Wazir told The News that FBR would invoke all legal provisions against people having taxable income but were not settling their liabilities.

On business community's concerns over notices and raids, he said compliant taxpayers should not be worried on FBR action. "It is only against defaulters and non-filers," he said. "FBR would issue notices and recover taxes from evaders and non-filers."

Member IR said a number of individuals, who spend millions of rupees and live lavish life but their tax contribution is nothing, have already been identified

The sources said the FBR is hopeful of achieving the full-year target on the back of significant revenue growth in March.

The revenue collection posted an impressive 17 percent growth during March as FBR provisionally collected Rs346 billion as compared to Rs296 billion in the same month of the last year.

The provisional collection in the July-March period of 2016/17 amounted to Rs2,306 billion, around 64 percent of the total target.

It means the FBR further requires Rs1,315 billion to achieve annual target of Rs3,621 billion in the remaining three months.

The sources said Wazir, during the meetings, praised the revenue collection efforts of LTU Karachi for surpassing monthly collection target. The LTU Karachi collected Rs114.9 billion in March as against the target of Rs112.3 billion.

The member operation directed the tax offices to speed up efforts against
non-filers for broadening the tax base and revenue generation.

THE NEWS
Tuesday, 4th April, 2017

March CPI inflation hits two-year high of 4.9pc on surging food prices

KARACHI: Annual consumer price inflation (CPI) accelerated to a two-year high of 4.9 percent in March, driven by surging prices of food products such as vegetable and meat, boosting chances the central bank will raise interest rates at its next monetary policy review.

CPI inflation was highest since October 2014. The consumer inflation rose to the upper end of a central bank target of five percent and analysts say food prices are expected to be further fanned by a recent hike in fuel costs.

The central bank sees the full-year inflation in the range of four to five percent. It sees the inflation well-anchored while leaving the key interest rate unchanged at 5.75 percent for April and May in its last policy review. The four-decade low interest rate was at the current level since May 2016, supporting the pro-growth policy.

Analysts, however, are expecting the central bank's departure from soft monetary stance in the months to come. A 50 basis points raise is possible during 2017.

But, they said the delay is possible ahead of the general elections next year and the government might bet on negative real interest rate to ramp up growth number. And, for that it has to hold back the pass-through of hike in international oil prices.

The Pakistan Bureau of Statistics (PBS) on Monday said it recorded CPI inflation at 4.2 percent in the previous month and 3.9 percent in March 2016. On month-on-month (MoM) basis, CPI increased 0.8 percent in March as compared to an increase of 0.3 percent in the previous month and an increase of 0.1 percent in March 2016.

"The sequential surge in inflation was recorded on the back of 12.5 percent (MoM) increment in the prices of perishable food prices," said Hamza Kamal, an analyst at Taurus Securities Limited. "Food Inflation is expected to garner pace with the re-opening of the border and increased meat supply to Dubai markets after the latter imposed a ban on Brazilian meat."

Food group, which holds nearly 35 percent weight in the CPI basket, recorded 4.64 percent in March over the same month a year earlier. Perishable food inflation stood at 16.06 percent YoY.

Prices of tomatoes rose 128.16 percent YoY, followed by potatoes (49.92pc), gram whole (27.59pc), chicken (18.92pc), besan (14.56pc), fresh fruits (14.48pc), fresh vegetables (11.04pc), pulse gram (10pc) and tea (8.68pc).

Prices of tomatoes also increased 68.43 percent MoM, followed by chicken (21.6pc), onion (18.16pc), potatoes (15.48pc), fresh fruits (12.52pc) and tea (5.1pc).

Prices of pulse mash fell 19.95 percent in March over the same month a year ago, followed by onion (17.6pc), pulse moong (17.22pc), pulse masoor (8.98pc), sugar (2.82pc) and gur (2.48pc).

In March, prices of eggs decreased 21.34 percent over February, followed by pulse gram (8.06pc), besan (4.49pc), sugar (4.39pc), pulse masoor (4.16pc), gram whole (4.02pc), pulse moong (3.66pc), pulse mash (3.54pc) and gur (2.35pc).

Housing, water, electricity, gas and fuel inflation was recorded at 4.83 percent in March over the same month a year ago. It decreased 0.01 percent in March over February.

Motor fuel prices edged up 1.4 percent MoM and prices of woolen readymade garments dropped 1.88 percent in March over February.

In non-food group, only cost of motor vehicle accessories decreased 3.28 percent in March as compared to the same month a year earlier. Otherwise, drugs and medicines, education fee, motor fuel cost, medical equipment price, doctor clinic fee, tailoring cost, house rent, personal care charges, and construction wage rates – increased 20.8, 10.9, 10.79, 10.44, 8.71, 6.63, 6.62, 4.97, and 4.68 percent, respectively.

The PBS registered CPI reading at 4.01 percent in July-March as compared to 2.64 percent in the corresponding period of 2015/16 and 5.12 percent in 2014/15.

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Planning ministry seeks Rs1,000bln as PSDP allocation for 2017/18

ISLAMABAD: The incumbent Pakistan Muslim League-Nawaz government wants almost a hefty 50 percent year-on-year increase in the development spending allocations for the budget of 2017/18 to give a substantial boost to growth.

Minister for Planning Ahsan Iqbal told The News that the ministry asked the finance division to allocate Rs1,000 billion for public sector development program (PSDP) in the next budget, instead of Rs700 billion as indicated by the division through an indicative budget ceiling.

“We have verbally conveyed to the finance division to jack PSDP (public sector development programme) allocation up to Rs1,000 billion for undertaking projects related to China-Pakistan Economic Corridor (CPEC) and other important projects in the next financial year,” Iqbal said.

In March, finance ministry proposed a meager around seven percent increase in the federal development spending for the next fiscal year over the current year, bringing the total outlay to Rs700 billion as an indicative budget ceiling.

Iqbal said the PSDP, under the control of ministry of planning, amounts to Rs655 billion and the proposed funding of Rs700 billion would be insufficient for undertaking crucial development projects in the next budget.

A committee is all set to meet in the Planning Commission in the second week of the current month to propose the development budget of different ministries/divisions and departments for the next fiscal year.

The Annual Plan Coordination Committee is scheduled to meet in May 2017 after finalising of GDP growth and other economic indicators by the National Accounts Committee.

Finally, the National Economic Council, under the chairmanship of Prime Minister, would approve the overall budget outlay and macroeconomic targets for the next financial year just ahead of unveiling next budget by the finance minister at the parliament.

The official said the planning ministry had contacted with top guns at finance division, saying the proposed allocation (Rs700 billion) might create constraints for development managers to execute projects, falling under $51 billion CPEC and other important development initiatives.

The government also intends to kick-start work on much-awaited Diamer Basha dam in the next fiscal year as the Planning managers considered after completion of ongoing nuclear power plants at Chashma the government will be able to spare funding for the Basha dam.

“Without increasing public investments, it will be hard for the government to materialise desired increase in GDP growth in the range of 6 to 7 percent in the coming financial year,” an economists said. “The inclusive growth requires bridging of infrastructure gap across the country.”

The government had allocated Rs1,675 billion for the national development outlay in the last budget 2016-17, including Rs800 billion as the federal Public Sector Development Programme (PSDP) and Rs875 billion for provincial development outlays.

The government made allocation of Rs25 billion for the gas infrastructure development fund, Rs20 billion for the Prime Minister’s youth programme and Rs100 billion for a special development programme for temporary displaced persons (TDPs) and security enhancement in current fiscal year.

The government directed ministries/divisions to give due priority to CPEC. The finance division had given indicative ceiling for development budget for 2016-17 at Rs655 billion for ministries/executing agencies and Rs145 billion for other programmes, including TDPs and special programmes.

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Cotton increases

Karachi

Slow activity continued at the Karachi Cotton Exchange on Monday as cotton spot rate increased Rs50 a maund.

Spot rate rose to Rs6,750/maund (37.324-kilogramme) and Rs7,234/40-kg. Ex-Karachi rates also increased to Rs6,885/maund and Rs7,379/40-kg after addition of Rs135 and Rs145, respectively, as upcountry expenses.

Naseem Usman, chairman of Karachi Cotton Brokers Association said cotton stocks were moving towards the end of season, while spinners seemed interesting in buying and ginners making efforts to quickly sell the lint, as weight of lint decreased amid hot weather.

Cotton sowing already started in Sindh, while it would begin in the Punjab from April 15 in order to avoid pest attack. Government of Punjab is organising training sessions for the farmers in order to get more production through improving the sowing and picking practices.

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PTEA chief flays PM's export package

Our Staff Reporter

FAISALABAD - Pakistan Textile Exporters Association Chairman Ajmal Farooq has said that the prime minister's export package would prove ineffective in boosting exports as extreme cash flow crunch is gradually eroding the biggest job providing textile export sector.

In a statement here on Monday, he said that textile exporters are badly deprived of liquidity as major portion of their working capital has been blocked in refund cycle and under such extreme financial stress it seems impossible to achieve target of enhancing the country's export by 2 to 3 billion by June 2018.

He said the Prime Minister's Trade Enhancement Initiatives is a right move but inadequate funding would result in failure of getting desired results. Giving example, he said that due to short releases of funds, half of the incentives of Textile Policy (2009-14) are still yet to be disbursed. Giving details, he said that claims of Rs10,300 million are still outstanding against export finance mark-up support, Rs1,500 million against Mark-up Rate Support, Rs19,405 million against Technology Up-gradation Fund Rs7,431 million are outstanding against Drawback of Taxes & Levies (DLTL).

Moreover, a huge amount of claims of incentive schemes under existing textile policy (2014-19) are also unpaid. Terming funds blockage as major cause of continuous drop in exports, he said that textile industry is unable to tap its potential in accordance with capacity. The government should speed up the process of paying out billions of rupees outstanding tax refunds to get maximum industrial growth and significant increase in exports, he demanded.

PTEA's Group Leader Ahmad Kamal was of the view that export industry is the life line of economy and continuous drop in exports would spell an amount of trouble for the economy, especially considering that the trade deficit is continuing to widen. Giving details, he said that the country's trade deficit has widened to a record high of $20.2 billion during the eight months of the ongoing fiscal year with $5.2 billion higher than the deficit recorded in the comparative period of the previous year. The ballooning deficit may expose vulnerabilities of economy as financing such a huge gap in the midst of falling exports and stagnant foreign investment has become a challenge. This will increase more reliance on expensive foreign borrowings, he added. Stuck up liquidity in refund cycle has caused major dent to the country's exports. The government should set its priorities right and accord preferential treatment to boost the exports and generate industrial growth, he demanded.

Expressing concern over disparity with Punjab industries in gas prices, he said that gas rates are almost 100 percent higher than those paid by the industries in other provinces. Pressing for uniform gas prices across the country, he said that industries in Punjab are bearing additional burden of Rs100 billion annually on account of gas price differential as compared to the industries in other provinces.

PTEA Vice Chairman Naeem termed value-added textile sector as the backbone of the economy with great potential for earning foreign exchange but around 54 percent of the country's exports and 42 percent employment is heading towards disaster because of declining trend in the exports. He urged the government to take stock of the situation and boost the exports of the country by addressing the liquidity issues through immediate payment of stuck up amounts in refund regime.

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Inflation mounts to 4.9pc

Imran Ali Kundi

ISLAMABAD - Pakistan's inflation rate has sharply increased to 4.9 percent in March due to hike in prices of food commodities as well as fuel.

The inflation measured through consumer price index (CPI) has recorded at 4.9 percent in March as against same month of the previous year, Pakistan Bureau of Statistics (PBS) said on Monday. Inflation is continuously enhancing from last few months due to visible impact of the recent increase in petroleum prices as well as rising food prices.

The State Bank of Pakistan (SBP) in its recent report has noted that average CPI inflation has risen from 2.1 percent in first half (July-December) FY16 to 3.9 percent as in the same period of the FY17 which reflects higher domestic demand and an increase in global commodity prices. However, it highlights that on year-on-year basis, the CPI inflation has fluctuated in a narrow range during this period. However, the Monetary Policy Committee of SBP has decided to keep the policy rate unchanged at 5.75 percent.

The government has target to keep inflation at below six percent during ongoing financial year 2016-17. The PBS data showed that CPI based inflation has remained at 4.01 percent during first nine months (July-March) of the current fiscal year.

Sensitive Price Indicator (SPI), which gauges rates of kitchen items on weekly basis, has increased by 1.42 percent during the first nine months of the year 2016-17 as against the same month of last year. Similarly, the wholesale price index (WPI) based inflation increased by 3.79 percent in the period under review.

According to the PBS data, the CPI based inflation has increased by 0.8 percent during March compared to the previous month (February). CPI Core inflation measured by non-food non-energy CPI (Core NFNE) increased by 5.3 percent on YoY basis in March 2017 as compared to increase of 5.3 percent in the previous month.

Food and non-alcoholic beverages prices have increased by 4.64 percent. Similarly, health and education charges went up by 13.75 percent and 10.9 percent, respectively. Similarly, prices of utilities (housing, water, electricity, gas and fuel) increased by 4.8 percent in last the month.

Meanwhile, the prices of alcoholic beverages and tobacco went up by 12.44 percent, clothing and footwear at 3.56 percent and furnishing and household equipment maintenance charges 2.32 percent. Recreational charges and those related to culture went up by 1.25 percent in the period under review, while amounts charged by restaurants and hotels by 3.52 percent in March 2017 as compared to the same month last year.

In food commodities, price of tomatoes increased by 68.43 percent, chicken 21.6 percent, onion 18.16 percent, potatoes 15.48 percent and fresh fruits price surged by 12.52 percent.

Likewise, in non-food items, motor fuel price surged by 1.4 percent during March as compared to February.

According to the PBS figures, price of eggs decreased by 21.34 percent, pulse gram 8.06 percent, besan 4.94 percent, sugar 4.39 percent, pulse masoor 4.16 percent and prices of different pulses also recorded decline during the period under review.

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Gas crisis will not end even by 2030: Ogra

NNI

ISLAMABAD - The Oil and Gas Regulatory Authority (Ogra) has forecasted that gas crisis will not end even in next 13 years, whereas shortfall would soar to 6.71 billion cubic feet in same period. By 2030, local consumption of gas would stand at 5.28 billion cubic feet daily, whereas local production would stand at just 1.40 billion cubic feet. According to a report, LNG will meet 1,800MMFCD, Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline will meet 1,325MMFCD and IP will meet 750MMFCD of gas needs.