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Pension challenge

Govt won't be able to foot the bill: top MoF official

ZAHEER ABBASI

ISLAMABAD: Secretary Finance Tariq Bajwa said Saturday that the government would not be able to meet the expenditure on account of pension bill – presently Rs 245 billion - in coming years.

"Pension bill is becoming such a burden that government would not be able to meet the expenditure in next few years" he said in response to Senator Siraj-ul-Haq proposal that pension of senior citizen should be increased to 80 percent.

Finance committee chaired by Saleem Mandviwalla considered recommendations of the senators to the Finance Bill 2017 during the two sessions and was in total inconformity to Senator Azam Khan Swati recommendation "to slash budget allocation of President House by 30 percent and Prime Minister House by 15 percent to follow austerity measures as claimed by the government."

Senator Siraj-ul-Haq recommended that pension of senior citizen should be increased by 80 percent and for those of above 70 years should be given Rs 10,000 per month under the head of senior citizens allowance. However, Secretary finance stated that "pension bill has increased to Rs 245 billion," adding that in case of business as usual, it would be difficult for any government to pay the pension bill in next few years.

The Federal Board of Revenue (FBR) also informed the Committee that political parties are being granted exemption in tax on their income to resolve the problem created after some tax officials had issued notices to them. Political parties had neither paid tax in the past nor going to pay tax on their in the future, he added. Additionally, he stated that such exemption was also provided in other countries particularly in India.

The amendment proposed in the Finance Bill stated "The income derived by political parties under the political parties Order 200 - with the Election Commission of Pakistan (ECP) will be exempted from tax". Member Inland Revenue (Policy), Dr Muhammad Iqbal said some tax officials had issued notices to the political parties last year and exemption on income of political parties was proposed to resolve the issue.

The committee accepted Senator Farhatullah Babar proposal to allocate Rs 10 billion for implementation of FATA reforms and decided to recommend it to the government. Babar also proposed that a victim support fund should be set up to support the families of those who had lost their lives in terrorism and suggested that salary of government employees should be increased by 20 percent. The committee was in agreement to these proposals.

Senator Syed Muzaffar Hussain Shan recommended that the sales tax on supply of locally manufactured tractors be reduced from 5 percent to 2 percent and sales tax on the locally manufactured machinery and equipment should be abolished.

The committee accepted Muzaffar Shah's proposal to abolish GST on locally manufactured diesel engine and custom duty and sales tax on its imported components.

A host of recommendations were submitted by him and other senators regarding agriculture sector but secretary finance stated that most of them have already taken care of in the budget. Another recommendation that "all such departments should be granted 10 percent concession on electricity bills for the next three month, which show 15 percent reduction in electricity use." The Finance Division has agreed to weigh the feasibility of the proposal.

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Anti-Dumping Tribunal

Decision of Cabinet body endorsed

MUSHTAQ GHUMMAN

ISLAMABAD: Federal Cabinet has endorsed the decision of the Cabinet Committee for Disposal of Legislative Cases headed by Minister for Law and Justice, Zahid Hamid, and has approved Anti-Dumping Appellate Tribunal Terms and Conditions of Service (Rules), 2017.

Ministry of Commerce had submitted a summary to the Cabinet Committee for disposal of legislative cases for approval of terms and conditions of Anti-Dumping Tribunal.

The committee which comprises of Attorney General of Pakistan, SAPM, Khawaja Zaheer Ahmad, Minister concerned, Secretary Law, Additional Secretary Prime Minister office and Cabinet Secretary accorded approval to the following amended Notification:

S.R.O.(1)12017.- In exercise of the powers conferred by section 74 of the Anti-Dumping Duties Act, 2015 (XIV of 2015), the Federal Government is pleased to make the following rules, namely:

1. Short title and commencement.- (1) These rules may be called the Chairman and Members of the Anti-Dumping Appellate Tribunal (Terms and Conditions of Service) Rules, 2017.

(2) They shall come into force at once.

2. Definitions.- (1) In these rules, unless there is anything repugnant in the subject or context,-

(a) “Act” means the Anti-Dumping Duties Act, 2015 (XIV of 2015);

(b) “member” means a member of the Anti-Dumping Appellate Tribunal appointed under the Act and includes the Chairman thereof;

(c) “MP-I Scale” means the management pay scale-I (MP-I Scale) notified by the Federal Government;

(2) The words and expressions used but not defined herein shall have the same meanings as assigned to them in the Act.

3. Terms and conditions.- (1) The terms and conditions of service of a member shall be as prescribed under the Act and these rules.

(2) The terms and conditions of service of a member to whom these rules apply shall not be varied to his disadvantage, so long as he holds office as such member.

4. Selection committee.- The Federal Government shall not appoint any member unless recommended by the selection committee comprising the following, namely:

(a) Minister for Law and Justice, Chairperson

(b) Secretary, Law and Justice Division, Member

(c) Secretary, Commerce Division, Member

(d) Secretary, Establishment Division, Member

(e) Secretary, Finance Division, Member

5. Appointment.- (i) Appointment of member shall be made by the Federal Government in accordance with the Act, these rules and on recommendations of majority members of the selection committee.

(ii) The Federal Government shall, ninety days prior to the expiry of term of a member, initiate the process for appointment of a member as prescribed under these rules.

(iii) Vacant post of member shall be advertised by the Law and Justice Division in at least two leading newspapers having wide circulation throughout the country.

(iv) A period of not less than fifteen days shall be given in the advertisement under sub-rule (3) for submission of applications for appointment as member.

(v) Appointment of member

shall be made by direct recruitment on all Pakistan basis in accordance with the provisions of the Act, including sections 64, 65 and 66 thereof and these rules.

(vi) After receipt of applications pursuant to the advertisement within the stipulated time under sub-rules (3) and (4), the selection committee shall follow the process as under, namely:

(a) the selection committee shall short list the applications on the basis of eligibility criteria, including qualifications and disqualifications as provided in the Act and recording reasons for short listing or rejecting an application;

(b) only short listed candidates shall be called for interview by the selection committee;

(c) the credentials of short listed candidates shall be veri~1ed as reasonably as possible before calling them for interview; and

(d) after the interviews, the selection committee shall recommend a panel of three candidates against one vacancy in order of merit for appointment as member.

(vii) Recommendations of the selection committee for appointment as member shall be forwarded to the Prime Minister for approval in accordance with the procedure laid down in the Rules of Business, 1973:

(vii) A candidate for appointment must be in good mental and bodily health and free from any physical defect likely to interfere with the discharge of his duty. The candidate shall have to obtain a physical fitness certificate from authorized medical officer before assumption of charge as member.

(ix) No person shall be appointed as member who has attained the age of sixty-two years at the time of his selection for such appointment.

(x) Every person, not already in the service of Pakistan before his appointment as member, shall be required to co furnish a written declaration to the effect that he has not previously been convicted by a court of law for an offence involving moral turpitude or dismissed, removed or compulsorily retired from service of Pakistan, as a result of disciplinary action against him and is also not a beneficiary of the National Reconciliation Ordinance, 2007 (LX of 2007).

Xi -Every person before appointment as a member shall furnish an affidavit in respect of disclosing conflict of interest, if any, as required under clause (d) of sub-section (1) of section 66 of the Act.

5 -Seniority; (i) A person initially appointed as member through an earlier advertisement and selection process shall rank senior to those appointed through a subsequent advertisement and selection process; (ii) if two or more persons are appointed in the same batch their inter-se seniority shall be determined in order of merit assigned to them by the selection committee.

6 -Completion of term. A member shall hold office for a term as provided in section 66 and sub-section (1) of section 67 of the Act and these rules.

7-Termination of service.- The contract of a member may, subject to providing him an opportunity of being heard and upon serving a notice in writing of not less than thirty days, be terminated on the grounds of disqualifications provided for under section 66 of the Act.

8 Conduct and discipline.- For the purpose of conduct and discipline, the rules made Linden the Civil Servants Act, 1973 (LXXI of 1973), with necessary modifications as are practicable, shall apply to the members.

9 –Resignation; (i) A member may resign from his office by giving notice in writing in accordance with the terms and conditions of his appointment ; and (ii) notwithstanding the provisions of sub-rule (1), the member shall continue to perform his duties till such time his resignation is formally accepted by the appointing authority.

10 -Salary. Every member shall be entitled to a salary as is admissible to a person in MP-I scale or on such terms and conditions as may be specified by the Federal Government at the

time of appointment.

11 -Medical treatment and attendance. Every member shall be entitled to such medical facilities as a person in MP-I scale of the Federal Government is entitled to or on such terms and conditions as may be specified by the Federal Government at the time of appointment.

12 -Leave. Every member shall be entitled to the grant of leave and benefits thereof as a person in MP-I scale of the Federal Government is entitled to or on such terms and conditions as may be specified by the Federal Government at the time of appointment.

13 -Saving. Nothing in these rules shall be construed to limit or abridge the power of the Federal Government to deal with the case of any member in such manner as may appear to the Federal Government to be just and equitable or on such terms and conditions as may be specified by the Federal Government at the time of appointment.

14 -Provision not provided for in these rules. Where these rules do not contain provisions relating to any matter, such matter shall be dealt with in accordance with the law, rules and procedure applicable to the persons in MP-I scale of the Federal Government.

15 -Record of service. Service record of every member shall be maintained in such form and manner as are applicable to the Federal Government employees appointed on contract.

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THE RUPEE
No change

RECORDER REPORT

KARACHI: The rupee did not budge any side against the dollar on the money market on Saturday in process of trading, dealers said.

OPEN MARKET RATES: The rupee was inert against the dollar for buying and selling at Rs 105.90 and Rs 106.10 respectively, they said.

The rupee lost 60 paisas versus the euro for buying and selling at Rs 119.00 and 120.00, they said.

At the weekend, the dollar hit a one-week high against the yen after upbeat US private sector job figures, while the closely-watched non-farm payrolls report out later in the global day could provide another boost.

The dollar hit 111.680 yen, its highest since May 26, in early trade before slipping back to 111.580, to hold a 0.2 percent gain on the day. For the week, it was on track to gain about 0.25 percent.

The dollar also received an additional lift as an improvement in broader risk sentiment - Japan's Nikkei reached a 22-month peak after Wall Street set record highs - curbed demand for the safe-haven yen.

The dollar still needs a meaningful rise by US yields if it is to gain further, and right now Treasuries appear to be bound by thoughts that the Federal Reserve will limit its monetary tightening after it hikes rates in June.

The euro was little changed at $1.1217 after losing 0.3 percent the previous day. The common currency had risen to a nine-day high of $1.1257 on Thursday and was still poised for a 0.4 percent weekly gain.

Open Bid	Rs. 105.90
Open Offer	Rs. 106.10

Open market Rates: Interbank Closing Rates For Dollar on Saturday.

RUPEE IN LAHORE: The Pak rupee recovered versus the US dollar in the local currency market on Saturday.

According to currency dealers, the dollar commenced trading on a negative note following lack of buyers' interest in the market.

At the close, it slid to Rs 105.85 and Rs 106.05 on buying and selling counters as compared to the overnight trend of Rs 105.90 and Rs 106.10 respectively, they added.

Furthermore, the local currency remained under pressure for the third consecutive day versus the pound sterling.

The pound's buying and selling rates further rose from Friday's closing rates of Rs 135.10 and Rs 136.10 to Rs 135.90 and Rs 136.50 respectively, they said.

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

The dollar opened at Rs 105.90 (buying) and Rs 106 (selling) against same last rate. It closed at the same rate.

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Pakistan imports at alarmingly high trajectory of $43bn: KCCI research

N H ZUBERI

KARACHI: Pakistan is likely to face mounting pressures on its external side at the end of ongoing Fiscal Year 2017 where exports are totalling at mere US$18 billion even after the passage of 10 months with imports at alarmingly high trajectory of US$43 billion.

In this scenario, it can be easily projected that future increase in oil price and enhanced CPEC related machinery imports would make the largest import bill to hit US$52 billion while exports would hardly make it to US$20 billion making the country to post a massive trade gap of around US$32 billion.

This was stated in a Karachi Chamber of Commerce and Industry (KCCI) Research & Development Cell report on sliding exports concerns prevail unless averted. Report noted that the prevailing situation did not arise abruptly but Fiscal Year 2016 was its precursor when the country actually posted historically largest trade gap of US$24 billion after witnessing 8% rise from US$22 billion a year ago.

Although global petroleum and commodity prices remained at lower side during FY16, yet imports dropped by just 2% to US$44.77 billion compared to US$45.83 billion in FY15 while exports declined 12% to US$20.80 billion against US$ 23.67 billion in FY15.

On the international level, regional competitors China, India, Bangladesh and

Vietnam have grabbed good chunk of Pakistan's market share in various export categories in the past few years. Bangladesh and Vietnam experienced continuous rise in global exports share even when the international commodity prices were at their lows; as they occupied 0.20% and 0.98% shares respectively during 2015.

Similarly; China, India and Thailand comparatively larger economies also remained resilient. While, Pakistan's share was least among all the countries and its percentage in total world's export rather declined to 0.13% in 2015 from earlier 0.14% in 2011.

The history's largest trade gap weighed down heavily on the current account which declined by 20% to US$3.26 billion during FY16.

However this current account deficit was easily financed through FDI inflows, remittances and government borrowings combined with cheap oil prices that partially compensated for declining exports and provided cover for creating foreign reserves.

Resultantly, the size of export sector in overall economy shrunk to paltry 5.8% of GDP during FY16 in contrast to 13% at the start of 2000s.

The unabated fall in country's export volume combined with mounted non-oil imports exacerbated the situation.

This undesirable economic situation is linked with persistent decline in exports which is multidimensional in its nature.

Contraction in the world markets and reduction in the global commodity index remained major exogenous factors that affected Pakistan exports.

There were many items where Pakistan exported greater volume but overall exports value still declined due to low prices.

Like in case of knitwear segments, exports volume increased by 15% but its unit prices declined by 15% owing to which their overall exports value declined during FY16.

Contrary to this, some export items experienced increase in their unit prices but the volumetric decline was more pronounced.

These export items included tanned leather, leather gloves, pharmaceuticals, plastic materials, carpets

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and electric fans. It is an alarming situation for the export sector.

The export growth is achieved either through expansion of existing industries, achieving economies of scale or through new export-oriented industries. While product diversification is more an outcome of technology transfers, innovations and Greenfield projects. Once there is capacity to attain exportable surplus, the second phase is of finding the buyer where cost competitiveness, quality controls, marketing, reaching new destinations and channel efficiencies come in play.

Unfortunately, Pakistan has not been successful in making noticeable headway in any of these areas despite several incoherent policies announced to incentivize investments and exports.

The ineffectiveness of policies is evident from the waning exports. In the span of last two years (FY14–FY16), Pakistan’s export has slackened off by more than 17%. Exports of Pakistan’s largest sector i.e. textiles have dropped by 9% to US$12.46 billion in the last two years.

Pakistani exporters are facing the brunt of high cost of doing business; particularly the elevated utilities’ prices and wages, due to which Pakistan has lost its export competitiveness to a large extent. Consequently, number of local industrial units has moved to Bangladesh where cost of doing business is comparatively much lower than all the other regional countries in South Asia.

The minimum monthly wage rates of US$66 combined with low electricity and gas prices and low corporate tax rates have kept Bangladesh’s exports sector resilient even at the times when low commodity index was prevailing in the world last year.

On the other hand, Pakistan can prove to be an attractive investment destination for China as minimum wage rate of US$134 a month in Pakistan is still nominal in comparison to China and India.

However, since the electricity prices in Pakistan are much higher than China, it has made power sector of Pakistan more lucrative for investment.

It is for this reason that Chinese investment is more directed in the power sector rather than export oriented sectors despite availability of cheap labor in Pakistan. Therefore, it is important to understand that low electricity prices would not only strengthen Pakistan’s position as an attractive investment destination but would also ensure this investment in exports led sector.

Pakistan’s exports are suffering from low export diversification for the long period in terms of both markets and products. More than half of what Pakistan’s manufactures is sent to just few markets. Among export markets, major chunk is covered by two regions i.e. European Union (EU) and US which absorbs almost

31% and 17% of the goods exported by Pakistan, respectively.

Similarly, Pakistan’s export products are narrow based which mainly covers textile and clothing items, cotton, surgical instruments, sports goods as well as leather products. Among these goods, textile items grab largest share (60%).

The reason being, Pakistan export its raw material “Cotton” to its textile competitors Bangladesh, China and Vietnam, which then after adding value to it, exports to the world markets.

The performance of Pakistan’s export industry is evident through its dwindling

sectoral progress wherein almost every sector negative export growth has been recorded in the past few years.

Facing government’s negligence despite earning 60% of the export revenues and generating 40% employment, Pakistan’s largest sector “textiles and clothing” has experienced 9% exports decline in the last two years.

Its share in the world exports has also shrunk to mere 1.8% from earlier 2.2%. In an effort to develop this crucial sector, Textile

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Policy 2014-19 was designed where tax and duty incentives were extended to the textile exporters in the form of Drawback on local Taxes and Levies (DLTL). However availing these benefits has remained an uphill task for the textile exporters which made these incentives unattractive.

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KTBA urges FBR to withdraw section 214D

RECORDER REPORT

KARACHI: Karachi Tax Bar Association (KTBA) has strongly urged the Federal Board of Revenue (FBR) to delete section 214D as it discourages the people to file returns.

Speaking at a post-budget seminar organized by KTBA at a hotel, Abdul Aziz Tayabani, president KTBA said that the section 214D which was expected to be deleted long ago, still remains enforced.

He was of the view that this section discouraged the persons who were not able to file their return, for any reason, in time, due to fear of being selected for audit through random selection. Therefore, this section should be deleted, he urged.

He said that the government, like last year, paid more importance on enhancing the rates of tax for non-filer as compared to the rates of tax for filer, which seemed that they were satisfied collecting more tax from the non-filers sans making efforts to bring them into the tax net.

Tayabani urged that government should differentiate persons, who were not required to file return of income and non-filer because both were treated as non-filers.

He said that withholding agents incurred a lot of costs for withholding the taxes for the government but didn't get rewards. He said they also face coercive measures such as recovery, additional surcharge if not paid within specified time, fulfill obligation of filing monthly statements and heavy penalties.

Moreover, he suggested that the dates of filing the monthly statements of WHT should be 25th day of each month, instead of 15th of each month as it was close to the date of filing of the monthly sales tax returns (18th each month).

He proposed the authorities to reduce the penalties under section 182, which was very much expected in this budget and added that the rate of increase in WHT on dividends from 12.50% to 15%, particularly for the senior citizens earning finally taxed income shall considerably reduce their net income, which may create a lot of problems for them.

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Seed cotton arrivals begin on cotton market

RECORDER REPORT

KARACHI: Spot rate was stable on the cotton market on Saturday as arrivals of seed cotton started some early due to favourable weather, dealers said.

The official spot rate was unchanged at Rs 6800, they said. In the ready session, not a single deal finalised as most of the participants kept on the sidelines due to lack of interest, they said.

Market sources said that arrivals of new cotton have started in Sindh, as a result first season's first factory will become operational on June 5.

Cotton analysts, Naseem Usman said that per 40kg of seed cotton from Mirpur Khas arrived at ginneries at Rs 3500 (3 trucks).

He also said that during the current season, cotton production may increase owing to favourable weather

Adds Reuters: ICE cotton futures settled down on Friday as continued speculative investors selling offset a positive export sales report from the US government. The most-active December cotton contract on ICE futures US settled down 0.38 cent, or 0.52 percent, at 73.12 cents per lb. It traded within a range of 72.8 and 73.67 cents a lb.

The July cotton contract on ICE Futures US was also down over 1 percent at 76.69 cents per lb. Prices earlier touched a three-week low of 76.57 cents per lb.

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 02.06.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,800	135	**6,935**	**6,935**	NIL
40 Kgs	7,288	145	**7,433**	**7,433**	NIL

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Behind the power outages

As summer set in and power outages multiplied the government was quick to promise that there would be no load shedding during Sehri and Iftar in Ramazan. On what basis the pledge was made, there is no information on that, but just the opposite happened. On the very first day of Ramazan, half of those who fasted ate their first Sheri in candlelight. So the promise that there would be no load shedding at the times of Sehri and Iftar was bogus, and the quarters concerned ought to be asked to pay for this canard. Over time people are getting used to hearing such declarations, which usually end in ever-receding mirages. But what is astounding is that the bureaucracy involved also made a fool of the Prime Minister himself. If any of Nawaz Sharif's pledges stood out as the factor that tilted the electoral balance in his favour in the 2013 election, it was his commitment to rid Pakistan of the lingering curse of load shedding. And all along these four years he kept claiming that the demons of load shedding and power outages were on the run. Claims were made that the problem of circular debt has been resolved, generation and transmission drawbacks have been taken care of, and by March 2018 (that's on the eve of next general election), an additional 9,107MW power would be available. That was his recurrent claim – until this past Monday when he happened to personally check the veracity of this very pleasing scenario. During a meeting of the Cabinet Committee on Energy (CCE), where the officials' everything is fine perspective didn't sit well with the Prime Minister, he made a reality check. On his personal call to district civil officers, he was told that the duration of load shedding and power outages was at least twice, and in some cases thrice, that long than what was being claimed by officials in the Ministry of Water and Power. To his utter disbelief, he was being kept in the dark about the colossal failure in the very field which won him the last election, and given his government's quite disappointing performance in that very field may have a negative fallout on his bid to win the next general election.

The almost countrywide public agitation against load shedding and outages is understandable. No summer has been as harsh as this one. In the last week of May temperatures do go very high, but this May they touched new height. We are not here to justify the violent reaction witnessed in some parts of Khyber Pakhtunkhwa. But we also don't hold them guilty for reacting so violently as they did. The government needs to revisit the entire gambit of its energy policies and take the people into confidence on what stopped it from realizing its pledge of getting rid of the curse of loadshedding during four years of its tenure. The bitter truth is that the officials have been lying all the time. They must be held accountable both for befooling the government and deceiving the public.

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Faisalabad yarn and fibre prices

RECORDER REPORT

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

6-8/S Cone (Cotton)

ARY 490.00

Sher 400.00

Nelibar 660.00

Al-Falah 540.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 650.00

Model Soft 650.00

Adil 490.00

Neilum 530.00

Nelibar 690.00

Owais Karni 490.00

Gold Star 680.00

Urooj 680.00

Shaheen 650.00

Al-Falah 490.00

Zam Zam 470.00

A.T.M 510.00

Sun flower 490.00

Apple Soft 640.00

Apple Hard 620.00

Ton-Ton 620.00

10/S Cone (Soft)

Es Guard 960.00

S.B. 840.00

Nelibar 850.00

Kinoo 900.00

Malta 970.00

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Ayesha 820.00

-

12-14/S Cone (Cotton)

-

Model 690.00

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 1060.00

Super Motia 770.00

Prince 690.00

Prince W 1060.00

Acro 960.00

Apple 820.00

Malta 910.00

Golden Eagle 840.00

-

20/S Cone (Cotton)

-

Zahidjee 1250.00

Anmool 1210.00

J.K. 1240.00

Khalid Shafiq 1040.00

Acro 1040.00

Darulsalam 1200.00

Ravi 1030.00

Hadabia 1230.00

-

22/S Cone (Cotton Warp)

-

Crescent 1270.00

Yahya 1250.00

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HAR
1280.00

Tayyab
1220.00

Polo
1220.00

Ulfat
1240.00

24/S Cone (Cotton Warp)

Polo
1320.00

Prince
1280.00

Acro
1250.00

H.A.R.
1250.00

Silver Lines
1310.00

ATM
1300.00

Anmool
1330.00

30/S Cone (Cotton Warp)

Al Noor
1400.00

Crescent
1400.00

Acro
1390.00

Glamour
1300.00

Arain
1380.00

J.K.
1375.00

Gulistan
1425.00

Ujalla
1365.00

Khalid Shafique
1425.00

Shafi
1380.00

Chakwal
1425.00

Anmool
1380.00

Ittehad
1380.00

Hadabiya
1420.00

32/S Cone (Cotton)

Ahmad
1415.00

Malikwal
1420.00

Chand
1420.00

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J.K.
1475.00

Target
1450.00

Hadabiya
1430.00

A Three
1430.00

Araian
1420.00

Acro
1420.00

Nafees
1420.00

H.H.
1420.00

40/S Cone (Combed Cotton)

JK
1750.00

JK Carded
1550.00

Acro
1750.00

Nishat
1800.00

Betray
1700.00

Ittihad
1820.00

Al-Nasar
1810.00

Ejaz
1800.00

Nafees
1550.00

Nisar
1825.00

Three-G
1610.00

Suraj
1740.00

MKB
1580.00

Ramzan
1590.00

Ahmad
1610.00

Super Shaheen
1540.00

Darul Islam
1550.00

Four-G
1640.00

A. Three
1630.00

Azam
1540.00

Wasal Kamal
1540.00

Super Gold
1560.00

Jubilee
1540.00

Babri
1560.00

Sally
1610.00

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52/S Cone (Combed Cotton)

Crescent 2150.00

Ittihad 2175.00

Suraj 2300.00

Al-Nasar 2150.00

Tanveer 2175.00

Sultan 2025.00

Diamond 2000.00

Koiyal 2175.00

Malikwal 2000.00

Parado 1950.00

Four Star 2125.00

N.P. 2100.00

Prime Plus 1950.00

Saif 2100.00

Super Shaheen 1850.00

Nafees 1950.00

Habib 2075.00

Colony 1950.00

Umer auto 1750.00

Two-G 1900.00

60/S Cone (Combed Cotton)

Nishat 2275.00

J.K. 2250.00

Ittehad 2250.00

Mapal Leaf 2375.00

Koiyal 2575.00

Gujjar Khan 2450.00

Pagri 2375.00

Deen 2375.00

Alam 2350.00

72-74/S Cone (Cotton)

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-

Prime
2425.00

Commander
2420.00

N.P.
2500.00

Tower
2525.00

-

80/S Cone (Cotton)

-

Gold King
2650.00

Super King
2675.00

Mapel Leef
3000.00

Amjad
2800.00

Khan Buhadur
2750.00

Admiral
2850.00

Commander
2800.00

Four Star
3000.00

Rolex
3000.00

Diamond Gate
3000.00

Al Falah
3050.00

Chairman
2950.00

Battery
3050.00

Chairman
2950.00

-

30-31/S Cone (Polyester Cotton)

-

Gold Star
139.74

Sun
130.56

JK 109.00

Bilal 102.00

Tahir Rafique
105.00

Zahidjee
105.00

Bashir
113.00

Shadman
104.00

Sarfraz
104.00

Cherry
104.00

Khalid Nazir
104.00

Wasal Kamal
103.00

BUSINESS RECORDER

Sunday, 4th June, 2017

North Star
104.00

Super Khuwaja
105.00

Anaar
113.00

Action
95.00

Marjan
106.00

Pak Panther-ll
105.00

Nayab
108.00

Kiran
112.00

NP
108.00

Mehtabi
104.00

Club
108.00

K.K.
106.00

Ruby
109.00

Metro
97.00

-

38/S Cone (Polyester Cotton)

-

Gold Star
150.96

Shahpur
136.96

North Star
135.00

A.D.
113.00

Multan
115.00

Golden
110.00

Kirshma
112.00

Al-Azhar
136.00

Sarhad
113.00

Aslam
107.00

Corolla
110.00

Royal
106.00

Chairman (N)
110.00

-

40/S Cone (Polyester Cotton)

-

A.A.
161.16

Mehtabi
135.00

Shadab
138.00

BUSINESS RECORDER

Sunday, 4th June, 2017

Marjan
131.00

-

40/S Cone (AV)

-

Koiyal
175.00

Super LG
158.00

A.J. 173.00

Ahmad Fine
164.00

Asheana
204.00

-

40/2 Cone (AV)

-

Koiyal
189.00

Super LG
181.00

A.J. 183.00

Ahmad Fine
178.00

-

30/S Cone (CVC)

-

Ayesha
126.00

SUN
134.65

Kamal
126.00

-

26/S Cone (PV)

-

AA
120.36

Ashiana
119.34

MM
94.00

Blue Star
96.00

Super Jett
98.00

Shuttle
94.00

M-4 99.00

Bemisal
92.00

Ghouri
93.00

U-2 95.00

L.G.
104.00

U-7 88.00

Triple two
92.00

AJ Gold
95.00

Candle 94.00

Jaguar 95.00

34-36/S Cone (PV)

A.A. 142.80

Ashiana 141.78

Sapna 133.00

Blue Star 107.00

Super Jett 107.00

Shahzad-H 107.00

Shuttle 104.00

Bemisal 103.00

Shuttle less 107.00

Cheeta 100.00

Candle 105.00

Target 103.00

Dewan 104.00

Royal 98.00

Spin Cott 105.00

H.R. 104.00

S.S. 115.00

Tanveer 110.00

44-46/S Cone (PV)

A.A. 171.36

Ashiana 170.34

Sapna 150.00

Super Jet 121.00

Bemisal 121.00

Marghala 121.00

U-2 120.00

Cheeta 120.00

Target 120.00

S.S. 137.00

BUSINESS

RECORDER

Sunday, 4th June, 2017

-

65/S Cone (PV)

-

Ashiana 222.36

U-2 176.00

Bemisal 173.00

Ghori 176.00

Cheeta 176.00

A.J Gold 179.00

Tanveer 173.00

Maqbool 173.00

-

34/S Cone PP

Zamin 86.00

Shadman 100.00

Ellahi 105.00

Dewan 87.00

U-2 88.00

60/S Cone PP

Zamin 111.00

Anwar 109.00

Taj Mahal 108.00

-

36-38/S Cone (Staple)

-

Diamond Gate 1630.00

Marghala 1600.00

Saif 1610.00

Four Star 1630.00

A.J. 1610.00

Fazal Cloth 1600.00

L.G. 1590.00

Super Gold 1610.00

Azam 1620.00

Best 1590.00

K.P.K. 1600.00

Colony 1640.00

BUSINESS

RECORDER

Sunday, 4th June, 2017

Martial
1620.00

-

30/S Cone (Ecrylic)

-

Koial
159.00

Saif 162.00

Combine
143.00

-

40/S Cone (Ecrylic)

-

Koial
171.00

Saif 170.00

Combine
153.00

Pagri
169.00

BUSINESS

RECORDER

Sunday, 4th June, 2017

Karachi Yarn Market Rate

RECORDER **REPORT**

KARACHI: Karachi Yarn Market Rates on Saturday (June 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 1200.00

United 1200.00

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

BUSINESS
RECORDER

Sunday, 4th June, 2017

Indus Dyeing
1290.00

Abdullah Textile
1220.00

Lucky Cotton
1230.00

A. A. Cotton
1300.00

Diwan
1240.00

CONES CARDED

22/1

Bajwa
1270.00

United
1260.00

24/1

A. A. Cotton
1370.00

Tritex
1320.00

26/1

AL-Karam
1370.00

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

BUSINESS RECORDER

Sunday, 4th June, 2017

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

BUSINESS

RECORDER

Sunday, 4th June, 2017

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1

Abdullah Textile 1750.00

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

BUSINESS RECORDER

Sunday, 4th June, 2017

Local Mill
82.00

Rupali 75/36/0 & 75/24
90.00

Imported 75/36/0 DTY
84.00

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
70.00

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
72.00

Local Mill
70.00

Rupali 150/48 INT DTY
81.00

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

BUSINESS
RECORDER

Sunday, 4th June, 2017

A.A. Textiles 106.00

20/1 PVB

A.A. Textile 109.00

A. A. Cotton 109.00

24/1 P.V. BRIGHT

A.A. Tex. 114.00

Sana 109.00

A. A. Cotton(80:20) 114.00

26/1.PV Bright

A.A. Tex. 119.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 125.00

Sana 120.00

A. A. Cotton 125.00

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

A.A. Textile 119.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 144.00

40/1 (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 145.00

BUSINESS
RECORDER
Sunday, 4th June, 2017

-

46/1 PVSD

-

Ibrahim Fibre 169.00

-

28/1 PV SLUB

-

A.A. Clock Tower 148.00

-

30/1 PV SLUB

-

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB(PP) 150.00

Sana SLUB (PP) 145.00

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

-

BUSINESS RECORDER

Sunday, 4th June, 2017

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)

BUSINESS

RECORDER

Sunday, 4th June, 2017

-

Agar 124.00

Diwan 125.00

Anwar 130.00

A. A. Cotton 146.00

-

8/1

-

A. A. Cotton (52 48) 95.00

-

10/1

-

Zainab 115.00

A. A. Cotton 95.00

Lucky Cotton 135.00

-

12/1

-

A. A. Cotton 100.00

-

14/1

-

Zainab Tex 118.00

A. A. Cotton 105.00

-

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

BUSINESS

RECORDER

Sunday, 4th June, 2017

A. A. Cotton CVC (65 : 3) 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 : 3) 114.00

36/1 PC

IFL Tex(Combed) 149.00

A. A. Cotton 140.00

40/1 PC

A.A. Textile (Combed) 159.00

45/1 PC

Zainab 172.00

10/1 CVC

A. A. Cotton (60:40) 100.00

12/1 CVC

BUSINESS RECORDER

Sunday, 4th June, 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
123.00

BUSINESS
RECORDER

Sunday, 4th June, 2017

I.C.I. 1.2 (SD) 123.00	Ibrahim 1.D 123.00	Grysum India 235.00
I.C.I. Bright 125.00	Ibrahim Fiber Bright 125.00	Thai Reyon 51 MM 235.00
Rupali 1.D 123.00	Ibrahim Trilobal Bright 125.00	S.P.V. Ind 51 MM Indone 235.00
Rupali 1.2 (SD) 123.00	------------------------------------ -	------------------------------------ -
------------------------------------ -	VISCOSE K.G	ACRYLIC FIBER K.G
POLYESTER K.G	------------------------------------ -	------------------------------------ -
------------------------------------ -	FCFC 44 MM Taiwan 235.00	Monty 1.2x51 Italy 205.00
Ibrahim Fiber(SD) 123.00	FCFC 51 MM Taiwan 235.00	Acelon Korea 1.2x51 205.00

DAWN
Sunday, 4th June, 2017

Sahiwal plant to generate 9b KWH per year: Chinese official

APP

BEIJING - With the formal commissioning of its second unit later this month, the Sahiwal power plant will become one of Pakistan's clean coal power plants with the largest installed capacity, generating 9 billion KWH of electricity per year, which will meet the energy needs of nearly 10 million local people.

The first unit of the coal-fired power plant with capacity of 660 megawatt has already been inaugurated by Prime Minister Nawaz Sharif last month and connected to the national grid. The second unit of the plant with another 660 megawatt capacity has been put on a trial run and is likely to be formally inaugurated by the end of this month. Sahiwal coal-fired power plant is an important energy project under the China Pakistan Economic Corridor.

Once completed, the plant will become one of Pakistan's clean coal power plants with the largest installed capacity, generating 9 billion KWH of electricity per year, which will meet the energy needs of nearly 10 million local people, spokesperson of Chinese Ministry of Foreign Affairs, Hua Chunying said while responding to a question about the inauguration of the power plant in Sahiwal, Punjab project.

She said that PM Nawaz attended the inauguration ceremony and highly commended workers of Pakistan and China for setting a record by completing the construction within just 22 months. China's Belt and Road Initiative is creating positive effects in Pakistan, and will also change the fate of countries and people along the routes, he observed.

She informed that 11 out of the 17 priority energy projects jointly planned by the Chinese and Pakistani sides under the corridor are under construction. “The inauguration of the first unit of the Sahiwal power plant signifies that we will soon see a host of energy projects under the corridor be constructed and completed,” she added.

The spokesperson said that a majority of energy projects are expected to be completed by the end of 2019, which will help relieve energy shortage in Pakistan and bring benefits to people there. “We are glad to see that the Belt and Road, the CPEC included, delivers benefits to countries and people along the routes. Following the principle of extensive consultation, joint contribution and shared benefits, we will work with people from all countries including Pakistan to make sure that the Belt and Road Initiative will bring more tangible benefits to relevant countries and people,” she added.

Another senior Chinese diplomat talking to APP emphasized that the building of CPEC was progressing very smoothly and it has entered into stage of comprehensive implementation. When asked to share progress on the energy projects being completed under the CPEC to overcome electricity shortage in Pakistan, he said that out of 17 projects planned in the field of energy, 11 of them have been put into construction.

He maintained that the completion of energy related programmes will greatly provide relief to people. Under the CPEC framework, early harvest energy generation projects including Sahiwal coal fired project, Port Qasim power plant and Karot Hydro power station would be completed by 2017-18 which would help meet growing energy requirements of the country.

These energy generation projects would produce over 5000 MW of electricity and overcome power demand supply gap in the country, according to an official in ministry of Planning, Development and Reforms. He informed that the early harvest projects were related to energy generation projects based on coal, solar, wind and hydel. The Chinese companies involved in the project are working tirelessly to complete energy projects in time, he said. Coal-based power plants of about 6,600MW will also be installed in Thar in order to tap coal reserves in the area, and turn it into a power capital for Pakistan.

DAWN
Sunday, 4th June, 2017

Imports of LNG double to $965m

Shahid Iqbal

KARACHI: The import volume of liquefied natural gas (LNG) doubled in the first 10 months of 2016-17, increasing the overall petroleum bill by 25 per cent.

The import of LNG may have eased the gas shortage. But the rising arrivals of other petroleum products and crude signal that the import bill will balloon further in coming months.

Pakistan signed a long-term agreement with Qatar for LNG imports to address the gas shortage and generate electricity.

The agreement was signed in February 2016 with the assurance from Qatar that it would provide Pakistan with LNG worth $1 billion annually. The deal was criticised for lack of transparency as the government did not initially furnish pricing and other details. However, LNG imports have yet to reach $1bn.

In the first 10 months of 2015-16, LNG imports were worth $443 million. They doubled to $965m in the same period of the current fiscal year, which suggests the annual import bill may touch $1bn. The LNG import bill was $579m in 2015-16.

It was reported that the annual contract quantity for 2016 was 2.25 metric tonnes while the price of each cargo was 13.37pc of Brent.

A recent report by the State Bank of Pakistan reveals that the oil import bill has been increasing despite lower oil prices in the international market. It rose 25pc to $8.64bn in the first 10 months of 2016-17.

In view of a persistent electricity crisis and upcoming elections, the government is under pressure to increase power generation and improve the distribution network. The PML-N government promised to eliminate loadshedding with the help of LNG-based power plants when it came to power in 2013.

The power crisis persists despite the government's efforts to close the 6,000-megawatt generation gap by doubling LNG imports.

The government claimed LNG-based electricity would cost 9.50 US cents per kilowatt hour (kWh) compared to 18 US cents per kWh of diesel-based electricity. However, the impact of the reduced cost of electricity was not passed on to consumers.

Electricity produced through local gas costs approximately 7.50 US cents per kWh.

DAWN
Sunday, 4th June, 2017

Dull trading on cotton market

From the Newspaper

MULTAN: The cotton market was dull on Saturday as buyers and sellers remained on the sidelines in the absence of quality of lint. The Karachi Cotton Association kept its spot rate unchanged.

Cotton analysts believe that load-shedding was the major reason behind the slow trading. They said six spinning mills have shut down and many others have been relocated in Ramazan due to power outages.

They said the government hasn't announced any concession on electricity for the textile sector in the past two budgets. Pakistan, which was one of the leading cotton yarn exporters, was not getting export orders now. The government should resolve textile sector's issues as spinning mills were shutting down, they said.

Major deals on the ready counter were: 200 bales from Rahim Yar Khan at Rs6,950 per maund (around 37 kilograms), 200 bales from Vehari at Rs6,800, and 385 bales from Bahawalpur at Rs6,875.

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	**6,800**	**135**	**6,935**
40 Kgs	**7,288**	**145**	**7,433**

THE NEWS
Sunday, 4th June, 2017

Revenue body opposes further reduction in corporate tax rate

KARACHI: Cut in corporate tax rate will badly affect shares of provinces in the divisible pool, a senior tax official said on Saturday, saying the Federal Board of Revenue (FBR) could not afford any further tax reduction below 30 percent due to higher provincial transfers and debt repayments.

Rehmatullah Khan Wazir, member Inland Revenue (Operations) FBR admitted that corporate tax rate was very high in the country.

He, however, said that the provinces should increase their collection from agriculture sector and capital value tax.

The government, in the budget announcement for fiscal year 2017/18, reduced the corporate tax rate for corporate sector other than banking companies to 30 percent, effective from the tax year 2018.

The government gradually brought the tax rate down to this level from 35 percent four years back.

“The federal government is transferring 60 percent of total revenue collection to provinces under NFC (National Finance Commission),” Wazir said, speaking at a post-budget seminar, which was hosted by the Karachi Tax Bar Association.

He said the federal government has to meet other obligations, including debt repayments, from the remaining share of 40 percent.

“The FBR will consider reduction in corporate tax rate further if tax-to-GDP increases in future,” he said.

The member defended the tax collection through withholding taxes, saying existing taxpayers are not paying their due share.

He informed the audience that only 471 companies are contributing around 85 percent of total revenue under direct taxes. “Most of these companies are public limited,” he added.

The member said a total of 30,400 corporate entities are filing their annual returns and most of those are declaring losses.

He said there is a potential of 8.5 million tax returns against 1.2 million returns filed in tax year 2015.

Wazir said the advanced nations prevented tax evasion up to 93 percent through use of automation.

He said FBR is also creating connectivity to increase the tax compliance. FBR has developed database and is using computerised national identity card as common identifier number of a person for detecting any kind of transaction made by such person.

On exemption granted to political parties, he said many countries have such type of exemptions.

Masood Naqvi, chairman of Tax Reform Commission said data available with the finance ministry is questionable.

Naqvi said changes were introduced in data format of economic survey of 2012/13 and subsequent years.

He said the tax structure faces several issues, but things started improving after FBR began implementing the recommendations of Tax Reforms Commission.

Abdul Qadir Memon, ex-president of Pakistan Tax Bar Association said FBR takes decisions on day-to-day basis.

Memon questioned how the FBR would achieve the tax target for the next year. “Tax policy board should be separated from FBR,” he advised.

Ehsan Malik, chief executive of Pakistan Business Council said potential taxpayers are reluctant to meet tax obligations because of their treatment by the FBR’s officials.

THE NEWS

Sunday, 4th June, 2017

Subsidy on low value-added products to harm exports sector

LAHORE: Pakistan stands no chance of increasing exports as no country has ever accelerated growth in exports by offering subsidy on low value-added products.

Rebate on yarn export announced under the export package and indifference to import of under-invoiced garments will keep apparel industry under pressure.

The 18-month export package worth Rs180 billion offers four percent straight export rebate on yarn from January to June.

Thereafter, the rebate is subject to 10 percent increase in its exports on yearly basis. The move seems a desperate move taken in haste without evaluating its impact on higher value-added exports.

Yarn is the basic raw material for weavers, which are also given five percent rebate on fabric export. Fabric is the basic raw material for garmenting and knitting units.

Yarn exporters have to cut rates sometimes to an extent of the announced rebate. In the local market, they, however, maintain higher prices, which mean that the weavers in Pakistan are at disadvantage against their foreign competitors.

The weavers give up their rebate margin to get higher export orders. However, they charge higher prices for fabric in the domestic market. This places garment and knitwear exporters at a disadvantage against their competitors as they get basic raw material for apparel production at higher price.

The option of importing yarn or fabric has been effectively blocked through not only regular duty but through additional regulatory duty.

Unfortunately, the garment sector has also been denied domestic market through import of under-invoiced garments. An example in this regard was witnessed almost a year back when a Lahore-based appraiser increased the per unit value of imported garment from $0.33 (or Rs34/piece) to $3.45/piece (or Rs360).

There had been a strong protest from the traders of Shah Alam market Lahore for weeks. The matter was silently settled later on.

In reality, Pakistan produces low-value added products because making those products is not economically viable in developed and many developing economies. The developed economies have opted out of numerous low value-added products because of higher wages paying which is not feasible for them on low value products. Pakistan’s wages are lower than the developed economy and China as well. Its wages are marginally higher than India and substantially higher than Bangladesh. But if wages are the only criteria then Vietnam should not have challenged textile exporters of Pakistan, India and Bangladesh.

They have increased their textile exports from zero in 2000 to more than $28 billion in 2016.

The other factor is power tariff, which is higher in Pakistan when compared with India and Bangladesh. But, impact of power on input cost is less than 10 percent, which means even 30 percent difference in power rates would have an additional impact of 0.3 percent on the total cost. That should not be much of a problem.

Efficiency of machines can be another problem. In the last 10 years, textile millers from Pakistan hardly invested in new technology. During the same period countries like China, India and Bangladesh kept on investing in both spinning and weaving technologies. These countries were, in fact, the major importers of Pakistani yarn and fabric.

They added new machines that consume 40 percent less power, 60 percent less labour and their speed was two to six times higher than the machines installed in Pakistan.

Now, this really had a multiplier impact on cost. The power rate differential multiplied when power efficient machines were used.

The increased productivity with 1/3rd workforce in practical terms meant that the cost would appreciably come down. This is a reason that even with four percent rebate on yarn and five percent on fabric Pakistan has been booted out of competition.

Yarn and fabric is entering Pakistan despite normal and regulatory duties because it still costs less.

The export package would be a burden on the national exchequer as far as basic textile industry, which needs massive upgrade, is concerned.

THE NEWS
Sunday, 4th June, 2017

Cotton unchanged

Karachi

No deal was recorded at the Karachi Cotton Exchange on Saturday, while spot rates remained firm.

The spot rates remained unchanged at Rs6,800/maund (37.324kg) and Rs7,288/40kg. Ex-Karachi rates also stood firm at Rs6,935/maund and Rs7,433/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

Naseem Usman, chairman of the Karachi Cotton Brokers Association, said no transaction was recorded, but he hoped better outlook of the cotton crop.

“Around five to six ginning factories are likely to start partially in June,” he added.

The season is almost end, while ginners had stocks of around 100,000 bales only. “Trade volume is too low, while prices fluctuated recently,” he said.

Lint prices in Sindh and Punjab remained around Rs6,500 and Rs7,000/maund, respectively. “Cottonseed arrivals has started in Sindh,” he added.

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Punjab budget development-oriented

Our Staff Reporter

LAHORE - Punjab Finance Minister Dr Ayesha Ghous Pasha has said that the Punjab budget 2017-18 is public-friendly, balanced and development-oriented, as almost 59 percent of total budget has been allocated for education, health, agriculture, law and order and local governments, earmarking Rs 1,017 billion for these sectors.

Addressing a post-budget conference, she said that new budget is harbinger of development and prosperity of the people as total outlay of the annual development program for the upcoming budget is Rs. 635 billion which makes it the largest development program in the history of the province.

She said that next financial year will also be the year of improvement and development for health sector. She said that in the next financial year, additional 55 billion rupees would be spent on health sector. She said that in 2017-18 budget, Rs. 263 billion have been allocated for Specialized Healthcare and Primary and Secondary Health which is a record.

She said that next year all the THQ hospitals would be modernized and one hundred mobile health units would also procured for easy access of people to the health facilities at their doorstep.

An allocation of Rs7 billion was also made for provision of laptop to 115,000 students. She also announced the establishment of district education authorities with expenditure of Rs230 billion. Under education sector, Rs6b have been allocated under 'Zeware Talim' programme for girls while Rs3b will be spent for text books distribution in Punjab schools. Allocation of Rs6b has been proposed for 36000 new class rooms and Rs2b for missing facilities. The govt announced Rs44b for higher education to be spent on establishment of 50 new degree colleges and three new universities in Punjab.

She said that over 100 mobile health units are being launched within few weeks in South Punjab. The govt also announced to establish Punjab agriculture, Food and Drug Authority to examine medicine, food and pesticides quality with Rs2 billion expanses. Rs120 billion have been earmarked for specialized health care and medical education while Rs3b will be spent on hepatitis patients. Rs2b is being spent in the upcoming fiscal year for expansion of Punjab food authority and Rs5b will be allocated for provision of clean drinking water.

In the budget for 2017-18, a total allocation of Rs140b was made for overall agriculture including irrigation, livestock, forestry food and fisheries. Under Kisan package a sum of Rs15b was allocated for provision of subsidised agi inputs. Under Khadime Punjab Rural Road Programe Rs17 billion was allocated for construction of 1400km long roads besides allocation of Rs90b for overall road sector. The govt will continue orange cab for youth allocating Rs35b for next fiscal year.

The finance minister said that govt completed several power plants during the current fiscal year including Sahiwal Coal power plant with expenditure of Rs180, LNG Bhikki power plant, Balloki and Haveli Bahadur Shah plants.

She said that implementation on the largest development program of the Punjab will start an era of development and prosperity as development schemes will improve the quality of life of common people. The minister said that additional funds worth billions of rupees have been allocated for the public welfare schemes and development of southern Punjab in the upcoming financial year and added that share of southern Punjab has been enhanced in development and welfare oriented programs.

APP adds: Traders from different markets on Saturday termed the Punjab budget as pro-people which would provide new opportunities of development in the province.

Azhar Malik, general secretary Tajir Itehad Ferozpur Road, said Chief Minister Muhammad Shehbaz Sharif and his economic team had won hearts of people by presenting tax-free and people-friendly budget. He said the budget reflected aspirations of the public as it was an exemplary and revolutionary budget which would start mega development oriented projects besides laying a net of industries.

Sheikh M Afzal, patron Azam Cloth Market traders association, said the Punjab government had allocated massive funds for development of agriculture, health and education sectors, infrastructure and social development in the province.

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He was of the view that the budget would also strengthen the national economy, establish a strong industrial base besides creating massive job opportunities.

The budget would also bring about revolution in education, agriculture, health and IT sectors as well, he added.