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New commerce minister vows export turnaround

MUSHTAQ GHUMMAN

The newly-appointed Minister for Commerce and Textile, Pervaiz Malik Friday said that he would use all his energies, along with his team, to turn the country"s exports around and attract new investment through improving business viability. He was talking to *Business Recorder* after taking oath as Federal Minister. However, he did not assume charge of Commerce Minister .The source said Pervaiz Malik has conveyed to the Commerce Ministry that he would assume charge of Commerce Minister on Monday.

The declining trend in country"s exports and surge in imports is a disturbing element in the economy and this issue has been taken seriously at the highest level. The newly-appointed Commerce Minister along with his team in Commerce Ministry will share his vision with Prime Minister Shahid Khaqan Abbasi.

Talking about his strategy to turn around declining exports, Pervaiz Malik said that it would be his endeavor to improve businesses viability and profitability which would certainly lead to growth in exports and investment.

Answering another question, he said that the government would not hesitate to take all appropriate measures aimed at expediting the finalization of Preferential Trade Agreements(PTAs) and Free Trade Agreements (FTAs), adding that FTAs with Turkey and Thailand are at an advanced stage and would be concluded as early as possible.

He maintained that the business community is taking a keen interest in FTAs with Turkey and Thailand as with the conclusion of these pacts exports are expected to increase immediately. He said, Lahore Chamber has also supported both pacts, adding that he has promised the business community that when he assumes charge, he would seek guidance from the business community on all trade related matters. "I will allow people to have easy access to me so that their problems are resolved as early as possible in a fair manner," he continued.

"I have offered that if Khurram Dastgir, who now has the portfolio of Defence, requires more time to wind up his set up in the Commerce Ministry, he is more than welcome; Khurram Dastgir Khan has worked hard as Commerce Minister to improve country"s trade," Malik said. "I have conveyed to Dastgir that his guidance will be required in future to achieve the goals assigned by Mian Nawaz Sharif," he added.

Khurram Dastgir, however, reached his Ministry in the afternoon, met a few officials, packed his personal items and relinquished charge of Commerce Ministry. He wanted to give a farewell speech to the Ministry"s officials but was not able to in the absence of Secretary Commerce who is on a private foreign visit.

The IMF, in its report on Article IV Consultation observed that private investment and exports remain low to support higher private-sector led growth and catalyze needed job creation. Rising imports, stagnant remittances, and weakly recovering exports are weighing on the current account deficit, which is expected to widen to 3 percent of GDP in FY 2016/17.

The IMF report further stated that strong and sustained reform efforts aimed at raising exports by improving competitiveness and the business climate will be critical to maintain long-term external sustainability Pakistani authorities expressed their commitment to remove such restrictions within one year, and their expectation that recent policy initiatives to support exports, including sales tax zero rating for export industries and duty drawbacks, would be sufficient to improve the current account imbalance in the interim.

Pakistan has been experiencing a trade deficit for the last few decades, mainly due to the structure of the economy"s reliance on imported oil, machinery and industrial materials on the one hand and a narrow basket of exports on the other. The trade deficit of $ 32.6 billion, with the increase of 36.3 per cent in FY 2017, is a continuation of this trend.

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PM spells out priorities

RECORDER REPORT

Prime Minister Shahid Khaqan Abbasi has said that continuation of all ongoing power projects, revival of economy and establishment of peace in the country are his top priorities. While chairing the maiden cabinet meeting here on Friday, the Prime Minister stated that all the projects, including the China-Pakistan Economic Corridor (CPEC) and power projects, would be implemented in letter and spirit for prosperity and development of the country as well as to end load-shedding. He added that the journey of economic revival and fight against terrorism will continue.

Abbasi also promised to continue the journey of progress and democracy initiated by former Prime Minister Nawaz Sharif who was disqualified by the Supreme Court in Panama Papers case. He also assured moral and diplomatic support to Kashmiris' struggle in their fight to get the right to self-determination. The Prime Minister vowed to complete the developmental plans of 10 years in next 10 months and expressed his gratitude to the party for reposing trust in him.

He was of the view that the cabinet will work both on short-term goals and long-term targets concurrently and directed all ministers to give presentations on their ministries in coming days to apprise him of their working. The meeting decided that the cabinet would meet at least once a week and the Prime Minister asked the participants that they are free to raise any issue in the meeting so that those issues can be addressed. The future meetings of the cabinet will be held in evenings to avoid disruption in office working, said Prime Minister Abbasi.

Furthermore, the Prime Minister encouraged the use of technology to enhance efficiency in the government departments. "The message of our performance must be translated into action," the Prime Minister asserted categorically. He also desired maximum participation of cabinet members in Parliament sessions.

The Prime Minister stated that he would be attending all the sessions of the Parliament and also directed cabinet members to take decisions regarding their own ministries themselves as he has delegated powers to them. The procedure of sending summaries to Prime Minister Secretariat via Cabinet Division must be expedited to avoid delays, he said. Prime Minister Abbasi asked all ministers to present their short-term goals to the cabinet and the entire cabinet will work as a team to accomplish those goals. At the end, the cabinet vowed to take forward the vision of former Prime Minister Nawaz Sharif. The cabinet approved all the 32-point agenda.

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Power-Petroleum merger gives birth to Energy Ministry

ZAHEER ABBASI

Prime Minister Shahid Khaqan Abbasi has constituted Ministry of Energy with two constituent Divisions - Power Division and Petroleum Division - as well as some other new ministries with constituent divisions. The Prime Minister would be heading the Ministry of Energy. One of the other new ministries and its constituent division constituted under the provisions of Rule 3 of the Rules of Business 1973 is Ministry of Water Resources and its constituent division is Water Resources Division.

An official said that the purpose of consolidating the energy-related ministers - power and petroleum - into one ministry was to expedite decision-making process and achieve better performance. The proposal, he said, had been under consideration for quite some time to bring all the energy related ministries under one umbrella to take integrated decision. This was also in the PML-N manifesto, he added.

The business of the existing Division of Water & Power and Petroleum & Natural Resources shall be divided between the two new divisions accordingly. Ministry of Postal Services will have one constituent division namely, Postal Services Division. The business of the existing Communications Division to the extent of postal services shall be transferred to the new division while residual business shall remain with the existing Communications Division.

Ministry of Commerce & Textiles will have two constituent divisions: Commerce Division and Textile Division. The current business of the two existing divisions of commerce and textile industry shall be placed under the new ministry accordingly. Cabinet Division shall take further action immediately to implement the Prime Minister"s orders.

Meanwhile, the Prime Minister also directed that federal ministers may not seek permission for traveling abroad only if the visit is required in line of performance of duties related to their respective ministries/divisions. The directions further state that the ministers may only inform the Prime Minister"s Office about the dates on which official travel is required.

The Prime Minister has directed that ministers shall have full authority over ministers of state and all officers working in their respective ministries/ divisions/ attached departments/ autonomous bodies under their control; however as a matter of policy federal minister and federal secretary shall not travel at the same time unless absolutely necessary and in that case the Prime Minister shall be informed before travel. The Prime Minister has further directed all federal ministers and ministers of state to work diligently and complete all ongoing projects on priority with utmost transparency and quality work.

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New ministries, divisions set up

RECORDER REPORT

The Prime Minister has ordered the constitution of the following new ministries and their constituent divisions under the provisions of Rule 3 of the Rules of Business 1973, says a press release issued here Friday.

i. Ministry of Statistics, with one constituent division, namely: Statistics Division;

ii. Ministry of Privatisation, with one constituent division, namely: Privatisation Division; and,

iii. Ministry of Narcotics Control, with one constituent division, namely: Narcotics Control Division.

Accordingly, the residual ministries will be named as: Ministry of Finance, Revenue and Economic Affairs, comprising three divisions, ie, Finance Division, Revenue Division and Economic Affairs Division; and (ii) Ministry of Interior, comprising the Interior Division. The Cabinet Division will take further action immediately to implement the Prime Minister's orders.-PR

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Notification issued

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The Cabinet Division has issued a notification on the portfolio of Ministers and State Ministers as per the directive of Prime Minister. According to a notification in terms of rule 3(4) of the Rules of Business, 1973, the Prime Minister has been pleased to allocate, with immediate effect, the following portfolios to the Federal Minister and Ministers of State as shown against their names:-

Mushahid Ullah Khan, Minister for Climate Change; Muhammad Pervaiz Malik Commerce and Textile; Hafiz Abdul Kareem, Communications; Engr. Khurram Dastgir Khan, Defence; Rana Tanveer Hussain, Defence Production; Muhammad Baligh Ur Rehman, Federal Education and Professional Training; Muhammad Ishaq Dar, Finance, Revenue and Economic Affairs; Khawaja Muhammad Asif, Foreign Affairs; Akram Khan Durrani, Housing and Works; Ghulam Murtaza Khan Jatoi, Industries and Production; Ahsan Iqbal, Interior; Riaz Hussain Pirzada, Inter-Provincial Co-ordination; Muhammad Barjees Tahir, Kashmir Affairs and Gilgit Baltistan; Zahid Hamid, Law and Justice; Lieutenant General Salahuddin Tirmizi (Retd), Narcotics Control; Sikandar Hayat Khan Bosan, National Food Security and Research; Mrs. Saira Afzal Tarar, National Health Services Regulations and Co-ordination; Pir Syed Sadaruddin Shah Rashidi, Overseas Pakistanis and Human Resource Development; Sheikh Aftab Ahmed, Parliamentary Affairs; Mir Hasil Khan Bizenjo , Ports and Shipping; Molana Ameer Zaman, Postal Services; Kh. Saad Rafique, Railways; Sardar Muhammad Yousaf, Religious Affairs and Inter-faith Harmony; Lieutenant General Abdul Qadir Baloch (Retd), States and Frontier Regions; Kamran Michael, Statistics and Syed Javed Ali Shah, Water Resources.

Dr Tariq Fazal Chaudhary, Minister of State for Capital Administration and Development Division; Haji Muhammad Akram Ansari, Commerce and Textile; Muhammad Junaid Anwaar Chaudhry, Communications; Sardar Muhammad Arshad Khan Laghari, Industries and Production; Ms. Marriyum Aurangzeb, Information and Broadcasting; Mrs. Anusha Rahman Ahmad Khan, Information Technology and Telecommunications; Dr Darshan, Inter Provincial Co-ordination; Abdul Rehman Khan Kanju, Overseas Pakistanis and Human Resource Development; Jam Kamal Khan, Petroleum; Ch. Jaffar Iqbal, Ports and Shipping; Pir Muhammad Amin-ul-Hasnat Shah, Religious Affairs and Inter-Faith Harmony; Ghalib Khan States and Frontier Regions and Abid Sher Ali, Power.

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WB projects five percent growth

TAHIR AMIN

The World Bank has revised estimates of Gross Domestic Product (GDP) for Pakistan downward - to 5 percent for fiscal year 2017 and 5.4 percent for fiscal year 2018. The WB in its report "Pakistan Development Update" issued on May 20, 2017 had projected that Pakistan""s GDP growth in fiscal year 2017 would be 5.2 percent - the highest in nine years - and will continue to accelerate reaching 5.5 percent in fiscal year 2018 and 5.8 percent in fiscal year 2019.

In another WB report "global economic prospects a fragile recovery", released on June 4, 2017, Pakistan GDP was projected at 5.2 percent rate in 2017 (July 1, 2016 - June 30, 2017) and to 5.5 percent in the current year, reflecting an upturn in private investment, increased energy supply, and improved security.

The Bank in its latest report "South Asia country program snapshots 2016", issued on August 3, 2017 stated that Pakistan""s economic growth is expected to increase gradually, and the economy is projected to grow by 5 percent in fiscal year 2017 and 5.4 percent in fiscal year 2018.

Economic growth is primarily driven by public and private consumption; however some rebalancing in growth components is expected due to rise in investments. This rise is primarily driven by projects under China Pakistan Economic Corridor (CPEC) and public investment. These projects are expected to accelerate growth in the domestic construction industry.

The report states that weak transmission and distribution systems are likely to be an increasing impediment to improved electricity supply. In recent years, the capacity constraints of Pakistan""s power transmission and distribution networks have become more visible.

An expansion of Pakistan""s generation capacity will require commensurate upgrades to transmission and distribution networks. There is a substantial funding gap of $ 8.2 billion for 2016-2020. The circular debt still hobbles the power sector. In June/July 2013, the government cleared nearly the entire stock of circular debt of roughly $4.8 billion, but it has re-emerged because the underlying issues were not addressed. Aided by low oil prices, which it has not passed on in full to consumers, the government has been able to contain the arrears so that as of June 2016 they stood at about $3.1 billion.

The report states the present shortfall in gas supply is estimated at around 2 billion cubic feet per day (bcfd) and is expected to expand rapidly in the coming years. Projections of future gas demand indicate a growth rate ranging from 2.3 to 5.0 percent per annum for low and high scenarios, respectively. On the other hand, domestic gas production is projected to decline continuously from about 4 bcfd in 2014 to 3.1 bcfd in 2020 and 1.5 bcfd in 2030. Even if the gas demand grows at the low rate of 2.3 percent p.a. the demand-supply gap will reach 4 bcfd in 2020 and 7 bcfd in 2030.

The CPEC also targets to complete infrastructure projects which will substantially increase domestic electricity generation. The better availability of electricity will enhance growth in industry and services sector. The industrial sector is also expected to benefit from capacity enhancement in cement, and steel industry which is expected to come online in next two fiscal years.

The WB report further states that the external current account is expected to widen during fiscal year 2017 and fiscal year 2018 compared to fiscal year 2016. The key contributor to this decline is widening of the trade deficit due to moderate growth in exports and rapid growth in CPEC related imports. However continuous growth in remittances and financial flows for CPEC projects will help in financing the current account deficit.

The fiscal deficit is projected to be 4.2 percent in fiscal year 2017 and 4.0 percent in fiscal year 2018. This improvement in fiscal accounts assumes that the government will persist with the path of fiscal consolidation through revenue mobilization efforts and expenditure rationalization. Inflation will increase from 2.9 percent in fiscal year 2016 to 4.6 percent in fiscal year 2017 and 5 percent in fiscal year

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2018.

The gradual growth trend is underpinned by investment flows of CPEC and increase in public investment expenditure. However a delay in the completion of CPEC projects and inability of government to mobilize revenues and rationalize expenditures will affect investment and hurt economic growth during projection period. Pakistan""s external and fiscal accounts along with inflation continue to benefit from low global oil prices; however a sudden upward shock to these prices can disrupt this stability. Remittances growth is projected to be moderate compared to their past growth; however a further slowdown in public spending in GCC economies could affect remittances growth negatively and widen the current account deficit.

Despite its tremendous potential to spur economic growth and create jobs, the private sector in Pakistan continues to face a tough investment climate as reflected by consistent deterioration in the country""s Doing Business (DB) rankings. Pakistan""s DB ranking dropped steadily from 76 of 181 economies in DB2009 to 138 of 189 economies in DB2016, said the WB report.

Additionally, the quality of business regulation beyond DB indicators and the absence of well located and well-serviced industrial land both for domestic and foreign investors are considered key impediments to private investment and job creation in Pakistan.

Businesses have to deal with multitude of regulations, approvals and inspections to start and operate. Regulatory interface with the private sector is uncoordinated and non-transparent resulting in investment uncertainty and compliance delays. Special Economic Zones are also facing similar challenges. A degree of variation in business regulation especially at sector levels is also noted across provinces. The challenging business environment is particularly impeding SME start-ups, operations and exit.

SMEs account for 90 percent of business establishments in Pakistan contributing an estimated 30 percent of GDP and employing 78 percent of the non-agricultural labor force. Given the critical role of SMEs in job creation, it is important to ease business regulations and procedures across a wide range of areas.

The efforts needed to improve the quality of the business environment will have to be institutionalized across three critical dimensions: (i) the respective roles of federal versus provincial authorities; (ii) the importance of a suitable and structured public private dialogue for understanding the significance of the reforms; and (iii) the mechanism for monitoring and evaluating indicator based targeted reform actions. Ultimately, high quality conditions for doing business depend on the role of government not just as an effective "regulator" but also as a "facilitator" of the private sector.

At the same time, security constraints continue to weigh on the country""s prospects to accelerate economic growth and human development. The WB has estimated the economic costs of the security situation at around 2 percent of annual GDP.

Delay in the announcement of 9th NFC Award remains a concern. The five-year constitutional term of the 7th NFC Award expired on June 30, 2015 but the existing award was extended by the Government for "another year or till conclusion of the next award, whichever is earlier". There is increasing and legitimate demand from all the provinces to constitute discussion on a new award. Timely initiation of discussion and reaching a consensus on a new award is essential for creating an environment of confidence and trust between different units of the federation, maintained the report.

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NBFCs collective investment schemes:

SECP revises disclosure requirements

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The Securities and Exchange Commission of Pakistan (SECP) has revised the disclosure requirements by collective investment schemes of Non-Banking Finance Companies (NBFCs), for which income statement has been modified. The SECP has issued SRO 756(I)/2017 to amend NBFCs and Notified Entities Regulations, 2008 here on Friday.

According to the revised income statement under the disclosure requirements by collective investment schemes, income statement covers total investment income net of withholding tax, broken down by category; total other income, broken down by category; an itemized list of various costs which have been debited to the collective investment scheme, including fees paid to the asset management company; remuneration of the custodian; remuneration of trustee; amortization of formation costs; director''s fee and remuneration; safe custody and bank charges, auditor''s remuneration; borrowing expenses, legal and other professional fees; and any other expense borne by the collective investment scheme; taxes; net income and allocation of net income for the year: income already paid on units redeemed; and accounting income available for distribution - carried to distribution account: relating to capital gains; and excluding capital gains.

The statement of movements in reserves or unit holders'' fund included net asset value per share or unit as at the beginning of the period; net asset value per share or unit as at the end of the period; number of units issued and the amount received upon such issue, (Le capital value and element of income on issue of units); number of units redeemed and the amount paid on redemption (ie capital value of units redeemed and amount paid out for element of income); element of income paid on units redeemed out of income of fund; any item resulting in an increase or decrease in net asset value of the share or unit including surplus or loss on sale of investments; exchange gain or loss; unrealized appreciation or diminution in value of investments; and accounting income for the period less distribution; amounts transferred to and from the revenue account and any refund on units as element of income.

"Element of income" represents the income composition (income earned during the year and accumulated profit carried from prior years) of the net asset value of an open end collective investment scheme that the collective investment scheme receives on issue of units and pays out on redemption.

Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders'' fund; however; to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution, the SECP proposed.

The collective investment scheme means any arrangement whose sole purpose is the collective investment of funds in a portfolio of securities, or other financial assets for profits, income or other returns, and where the participants, who have pooled in the funds, do not have any day to day control over the management of the scheme, whether or not they have the right to be consulted or to give direction in respect of such management. Provided that the following shall not be considered as a collective investment scheme for the purpose of these regulations: (a) employee welfare trusts or gratuity trusts or employees provident funds or employees'' pension funds setup for the benefit of employees by companies; (b) and any such pool of funds which is separately regulated by the Commission or which is already established under any specific law.

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FBR chief decides to assign quarterly targets to taxmen

SOHAIL SARFRAZ

In a major policy shift, Chairman Federal Board of Revenue (FBR) Tariq Pasha has decided to assign quarterly revenue collection targets instead of monthly to the chief commissioners of Large Taxpayer Units (LTUs), Regional Tax Offices (RTOs) and Corporate Regional Tax Offices (CRTOs) for 2017-18.

Sources told *Business Recorder* here on Friday that a policy decision has been taken in the first day of the Chief Commissioners Conference held at the FBR House. The conference was attended by FBR members, chief commissioners LTUs, RTOs and CRTOs.

It was a practice in the past to assign monthly revenue collection targets to the field formations having immense pressure on the field officers to maximize collection on monthly basis. There were apprehensions in the field formations that the FBR may assign weekly revenue collection targets following monthly targets and they would also not face immense pressure being faced to meet monthly targets. For example, taking into account collection in July 2017, the quarterly target for first quarter ie July-September (2017-18) would be assigned to the chief commissioners.

It was discussed threadbare that it would be more appropriate for the tax machinery to properly plan for meeting the targets on a quarterly basis with enough time to chalk out strategy to meet the quarterly targets. For each quarter, the chief commissioners can easily plan the strategy needed for this purpose. In this regard, the targets would be given at the current stage of 2017-18 so that the field officers can plan accordingly.

From now onwards, monthly collection would be compared with the collection in corresponding period of the previous fiscal year. Each field office can adjust its quarterly targets on monthly basis for overall achievement of revenue estimates based on their collection trends and percentage of collection from potential areas.

The participants of the Chief Commissioners Conference highly appreciated this policy change and vowed that tax authorities will chalk out a viable plan to achieve the assigned targets for 2017-18. Keeping in view the experience of revenue collection in 2016-17, it has been considered as most viable decision to assign targets on quarterly basis. During the conference, the second policy decision taken by FBR Chairman Tariq Pasha was to immediately pursue top cases under litigation. Major cases involving huge amount of revenue would be pursued in courts without any delay.

The issue of Lahore High Court (LHC) order to set aside SRO 116 also came to the light during the conference. This SRO of Federal Board of Revenue (FBR) related to the powers and functions of Directorate General Intelligence and Investigation, Inland Revenue under Sales Tax Act 1990 declared as illegal by the LHC. It was informed that the appeal has been filed in the said case before the LHC.

Chairman FBR Tariq Pasha has categorically conveyed to the chief commissioners that any kind of misbehave with the taxpayers would not be tolerated. In this regard, he warned that he would not tolerate complaints of misbehavior with the taxpayers. He referred to the laws and regulations that the field offices can legally proceed against the taxpayers as per law where required.

FBR Chairman Tariq Pasha further directed the chief commissioners that due respect must be given to taxpayers at any cost. There should be no complaints that the taxpayers have not been given respect in the offices. "I can listen to other issues of the field formations, but I will not comprise on misbehaving with the taxpayers," sources quoted the FBR chairman as saying to the chief commissioners.

The FBR chairman further directed the field formations that sectoral analysis should be done in sectors showing declining trends in revenue collection. The oil sector was also discussed in the conference. For example, if prices of the petroleum products are decreased but the overall volume of consumption increases, there should be a correspondent increase in revenue from petroleum sector. The conference would continue today.

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Non-resident Pakistanis:

TIP urges PM to withdraw notification

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Transparency International Pakistan (TIP) requested Prime Minister Shahid Khaqan Abbasi to immediately cancel/withdraw the notification (tax filing exemption to non-resident Pakistanis) of six months'' stay outside Pakistan in a year to qualify as non-resident, which is a major cause of corruption. In this regard, TIP wrote a letter to the Prime Minister and Supreme Court of Pakistan here on Friday.

According to the TIP, the Board of Trustees of Transparency International Pakistan has asked the Prime Minister to immediately cancel/withdraw the notification of six months'' stay outside Pakistan in a year to qualify as non-resident, which in fact is a tax filing exemption to such NRPs. Prima facie, this exemption is a major cause of corruption.

These NRPs, taking advantage of this rule, stay more than six months in a year outside Pakistan (though their businesses are in Pakistan), and transfer their Pakistani untaxed income by hawala to their bank accounts in the UAE. Corrupt public office holders also send their illegal earnings in Pakistan to their UAE accounts, and also take commission in foreign exchange in their accounts. Properties worth over US $ 2 billion each year have been purchased by Pakistanis in the UAE in 2015 and 2016.

TIP referred to a newspaper report that Pakistanis purchased 6,106 properties during 2015 as compared to 5,079 units last year, showing an increase of 20 per cent, Dubai Land Department (DLD) figures showed on Thursday. Around AED 8 billion ($ 2.178 billion) worth of properties were purchased by Pakistanis during the year as compared to AED 7.588bn ($2.066bn) last year. Another manipulation these NRPs are doing is that they invest in Europe and the US and transfer their investment from the UAE, and being a UAE resident, they are not shown in the record of properties as Pakistanis.

Transparency International Pakistan also demands the Prime Minister issue an SRO that all Pakistanis living abroad, shall file annual tax return and wealth statement in Pakistan, as is the case of US citizens who, for example may be staying outside the US, are required to file annual tax returns and asset statements. TI Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in the country, it added.

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THE RUPEE: Rsing trend persists

RECORDER REPORT

The rupee sustained overnight gains against the dollar on the money market on Friday in the process of trading, dealers said. The rupee did not move any side versus the dollar for buying and selling at Rs 105.39 and Rs 105.40 respectively, they said.

INTER-BANK MARKET RATES: In the final Asian trade, the dollar struggled near a 2-1/2-year low against the euro and a seven-week trough versus the yen on Friday in the later in the session for potential relief.

The greenback has been on the back foot through the week, weighed by largely uninspiring US economic data which have added to uncertainty about the pace of future Federal Reserve policy tightening and political turmoil gripping Washington.

The market received a fresh dose of both factors overnight. Data from the US Institute of Supply Management (ISM) showed its non-manufacturing index fell more than expected, while it was reported that a grand jury will investigate allegations of Russian meddling in the US election.

The euro added 0.1 percent to $1.1878 and in striking distance of $1.1910, its .

highest since January 2015 scaled midweek.

The dollar was steady at 110.005 yen after touching 109.855 overnight, its lowest since mid-June.

The dollar was trading against the Indian rupee at Rs 63.660, the US currency was available versus the Malaysian ringgit at 4.275 and the greenback was at 6.719 in terms of the Chinese yuan.

OPEN MARKET RATES: The rupee maintained overnight surge, gaining 10 paisas in terms of the dollar for buying and selling at Rs 106.70 and Rs 106.90 respectively, they said.

The rupee, however, lost 35 paisas in relation to the euro for buying and selling at Rs 126.10 and Rs 127.10 respectively.

Open Bid	Rs. 106.70
Open Offer	Rs. 106.90

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

Bid Rate	Rs. 105.39
Offer Rate	Rs. 105.40

RUPEE IN LAHORE: The Pak rupee appreciated versus the major currencies including the US dollar and British pound in the local currency market on Friday.

According to currency dealers, the US dollar commenced trading on a negative note following lack of buyers' interest in the currency market. Consequently, it slid to Rs 106.80 and Rs 107.15 on buying and selling side, respectively, as compared to the overnight closing trend of Rs 107.00 and Rs 107.30 respectively, they added.

Likewise, the local currency also followed the same suit against the pound sterling. The pound's buying and selling rates decreased from Thursday's closing rates of Rs 140.00 and Rs 140.70 to Rs 139.00 and Rs 140.00 respectively, they said.

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

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

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Cotton prices, demand of quality lint rise

RECORDER REPORT

Prices of better quality lint went up on the cotton market on Friday amid rise in seed cotton arrivals, dealers said. The official spot rate was higher by Rs 50 to Rs 6400, they said. In the ready session over 8000 bales of cotton changed hands between Rs 6350-6700, they said. In Sindh, seed cotton rates were at Rs 2700-3100 per 40 kg, they said. In the Punjab, phutti prices were available at Rs 3000-3350, they said. Market sources said that the pace of phutti (seed cotton) arrivals from field into ginneries improved but quality is not as desired by the spinners or mills.

Cotton analyst, Naseem Usman said that due to limited supply of phutti, the mills and spinners were facing problems. It is most likely that prices may go up in the coming days, if quality factor persisted, he said. Increase in availability of seed cotton is not the solution of problem, because quality of Sindh variety is not good but now the quality is improving with the passage of time, other experts said.

Adds Reuters: ICE cotton futures edged lower after hitting a fresh seven-week high in low volume trade on Thursday, amid weaker export sales data. The December cotton contract on ICE Futures settled down 0.18 cent, or 0.26 percent, at 70.16 cents per lb and touched a high of 70.588 cents, a peak since June 15 Cotton futures on the ICE pushed to new highs for the day, but were unable to post a positive close on lighter trading volume," INTL FCStone analyst Andy Ryan said in a note. Total futures market volume fell by 7,279 to 17,504 lots. Data showed total open interest gained 717 to 217,339 contracts in the previous session. The following deals reported: 400 bales of cotton from Mirpurkhas at Rs 6350, 1000 bales from Sanghar at Rs 6350/6375, 200 bales from Khadro at Rs 6375, same figure from Shahpur Chakar at the same rate, 1400 bales from Shahdadpur at Rs 6350/6400, 600 bales from Sinjoro at Rs 6400, 400 bales from Hyderabad done at the same rate, 600 bales from Kotri at Rs 6400, 1600 bales from Tando Adam done at the same rate, 100 bales from Burewala at Rs 6700, 100 bales from Haroonabad, 400 bales from Pak Pattn, 200 bales from Qabula and same figure from Khanewal all sold at Rs 6700, 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 03.08.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,400	145	**6,545**	**6,495**	+50
40 Kgs	6,859	155	**7,014**	**6,960**	+54

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Cotton marks highest since mid-June

RECORDER REPORT

ICE cotton futures rose to their highest levels since mid-June on Friday, supported by strong demand for the US crop. The December cotton contract on ICE Futures settled up 0.46 cent, or 0.66 percent, at 70.62 cents per lb. It hit its highest since June 15 at 70.83 cents per lb.

"Cotton is higher because actual US exports have surpassed the USDA's 14.5 million bales projection for 2016/17," said Louis Rose, co-founder and director of research and analytics at Rose Commodity Group. The US Department of Agriculture on Thursday showed upland cotton exports of 275,300 bales for last week.

"We estimate that the final export number will be at 14.9 million statistical bales, or 0.4 million bales higher than the current USDA estimate, which will drop US ending stocks for the 2016/17-season to just 2.8 million bales," Plexus Cotton said in a note. "US cotton is already relatively cheap on the international front and dollar weakness adds further to its attractiveness."

Analysts, however, expect gains to be limited ahead of the release of the monthly World Agricultural Supply and Demand Estimates (WASDE) report by the US government next week. The dollar has suffered in recent months, largely on increased doubts that the Federal Reserve would raise interest rates again this year and obstacles to US President Donald Trump's pro-growth agenda.

The December contract rose about 2.6 percent this week to register the third successive weekly gain. Cotton prices have gained over 7 percent since hitting a 10-month low of 66.15 cents per lb on June 26. "There is a lot of buying waiting near the recent lows, as unfixed on-call sales have already reached 10.99 million bales. We therefore feel that the market will remain confined to a 67-72 cents trading range in the foreseeable future," Plexus Cotton said.

Total futures market volume rose by 475 to 18,054 lots. Data showed total open interest fell 503 to 216,836 contracts in the previous session. Speculators increased net long position in cotton by 2,806 contracts to 20,057 contracts in the week to August 1 on ICE Futures US, US Commodity Futures Trading Commission data showed on Friday. Meanwhile, China will launch cotton yarn futures on Zhengzhou Commodity Exchange on August 18, the Securities Times reported on Friday, citing the country's securities regulator.

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct'17	72.00	72.22	70.17	70.40	14:45 Aug 04	70.99	-0.56	38	71.55
Dec'17	70.33	70.83	70.21	70.62	14:45 Aug 04	70.62	0.46	13348	70.16
Mar'18	69.85	70.19	69.82	70.05	14:45 Aug 04	70.05	0.34	3449	69.71

BUSINESS
RECORDER
Saturday, 5th August, 2017

Valuation of currencies

RECORDER REPORT

It seems that Pakistan is not the only country in the world whose currency is not valued in line with the market conditions. According to a report of the International Monetary Fund, the US dollar was overvalued by 10 percent to 20 percent, based on US near-term economic fundamentals while the values of euro, yen and yuan were broadly in line with fundamentals. However, while the report assessed the euro's valuation as appropriate for the Eurozone as a whole, it said that the euro's real effective exchange rate was 10 to 20 percent too low for Germany's fundamentals. It was recommended that the US authorities should take steps towards reducing the current account deficit that remains too large by reducing country's federal budget deficit and passing structural reforms to increase the saving rate and improve the economy's productivity. "It is important to address imbalances, because if they are not dealt with appropriately and through the right policies, we could have a backlash in the form of protectionism," Division Chief of IMF Research Dept. added. The persistence of current account surpluses in export countries, particularly China, and the growth of deficits in debtor countries, particularly the US, suggested that the problem would not clear automatically. Prices, savings and investment decisions don't seem to be adjusting fast enough to correct these imbalances. This partly reflects rigid currency arrangements, but also certain structural features like inadequate safety nets and barriers to investment which lead to undesirable levels of saving and investment. While China's yuan was broadly in line with its fundamentals, IMF's models showed wide divergences with desired policies. China's current account surpluses were growing again after declining in 2015 and 2016 and needed to be reduced.

The IMF's External Sector Report prepared by its research department does not only show a close link between the valuation of a currency and the current account position of a country but also the impact of domestic policies on the outcome of external sector. Besides, a peculiar observation of the report was that various currencies could be overvalued or undervalued despite an absolutely free float regime which is supposed to automatically adjust the currency rates according to the market conditions and in line with the fundamentals of the economy. This seems to be true as dollar's appreciation in recent years was based on its relatively strong growth outlook, its monetary policy divergence from the Eurozone and Japan as well as expectations for further stimulus from the government. This means that perception about future policies and the outlook of an economy could also play a role in the determination of exchange rate of a currency. There could be certain other structural problems as well. Saving and investment rates and certain other factors affecting the productivity of the economy and the speed of response to various issues could be different in different countries. As such, every country has to adopt a different approach for resolving its balance of payment issues. For instance, Pakistan may have to rely more on proper adjustment for exchange rate to make up for the deficiency in saving and investment rates which are hampering its productivity and exports. Overall, the report contains a very clear message. US dollar's rate was certainly overvalued viewed against its economic fundamentals while Germany enjoyed a surplus balance of payments position largely due to euro's real effective exchange rate which was too low for the country's fundamentals. Of course, the IMF would like to see a market-related exchange rate of currencies in keeping with their fundamentals which would help sustain nearly balanced current account positions, enhance world productivity and maximise global trade. This is so because if these criteria are not met properly over a long period of time, the emerging global tendencies of protectionism will be entrenched further which will be in nobody's interest. The observation of the report that China's yuan was broadly in line with fundamentals, however, appears strange because of huge surpluses in its current account and the general perception that yuan is an undervalue currency.

DAWN
Saturday, 5th August, 2017

Loans for infrastructure on the rise

Shahid Iqbal

KARACHI: Borrowing for infrastructure increased significantly in 2016, according to a recent report by the State Bank of Pakistan (SBP).

The SBP classifies loans taken by the construction sector in two categories: building and infrastructure.

Loans for building, however, registered a decline over the same period, the report showed.

It demonstrates that banks are benefitting from increased infrastructure construction under the China-Pakistan Economic Corridor (CPEC).

Loans for construction increased from Rs64.3 billion at the end of June 2015 to Rs85bn in Dec 2015. The amount stood at Rs106.7bn at the end of 2016, showing an increase of 25 per cent over the year.

Banks have started diversifying their loan portfolios after a historic decline in the key interest rate.

After a decade, loans extended by scheduled banks to the private sector increased to Rs748bn in 2016-17.

Loans for infrastructure in 2016 jumped 70pc, indicating that banks are getting full advantage of development projects taking place under the CPEC.

The SBP report showed loans for infrastructure rose to Rs58.4bn in Dec 2016 from Rs34.5bn a year ago. The move by banks to diversify their loan portfolios can help them earn more despite the low interest rate scenario.

Banking analysts say the trend of inflation does not point to the possibility of an interest rate hike in the near future.

This means banks will have to rely on risky but higher-yielding advances to the private sector.

They say infrastructure development will not be affected even if the ruling party does not win the next general election because most projects are under the CPEC.

Loans for building construction in 2016 fell to Rs48.3bn from Rs50.7bn in 2015, the report showed.

Successive governments have tried in vain to boost the housing sector. There is currently a supply-demand gap of seven to eight million houses in the country. It was around five million 10 years back.

The report also showed bank advances of real estate, renting and other related business activities to be Rs128.3bn at the end of 2016, up 14.7pc from a year ago.

The cement sector has also been benefitting from infrastructure development.

Despite the disqualification of Nawaz Sharif as premier, the cement sector is expected to record significant growth this year.

“We believe local cement sales will remain sanguine in 2017-18... (We) expect the current political setup to continue till the general election next year and proceed with spending on infrastructure projects as planned.

“In light of this, we estimate local sales to grow by 8pc on a year-on-year basis in 2017-18 while we expect total dispatches to post 5pc growth,” said a report by Topline Securities.

DAWN
Saturday, 5th August, 2017

Slight increase in weekly inflation

APP

ISLAMABAD: Inflation for the combined income group witnessed a nominal increase of 0.02pc for the week ended on Aug 3 over the preceding week.

According to the data released by Pakistan Bureau of Statistics (PBS) on Friday, the Sensitive Price Index (SPI) was recorded at 218.80 points against 218.75 points last week.

As compared to the corresponding week of last year, the SPI for the combined group witnessed a decrease of 0.05pc.

Meanwhile, the SPI for the lowest income group up to Rs8,000 increased by 0.01pc in the week under review.

For income groups — Rs8,001-Rs12,000 and Rs12,001-Rs18,000 — it rose by 0.03pc and 0.02pc respectively.

On the other hand, the SPI for income groups from Rs18,001 to Rs35,000 and above Rs35,000, also increased by 0.21pc.

Average prices of 13 items witnessed a decline, 15 items show increase and 25 items stayed unchanged.

The items, which registered decrease in their prices during the week under review included bananas, tea (packet), garlic, potatoes, chicken, moong pulse, wheat flour, eggs, mash pulse, rice (irri-6), gur, red chilli and wheat.

The items, which registered increase in their prices during the week under review included liquefied petroleum gas (LPG) cylinder, tomatoes, onions, masoor pulse, rice (basmati broken), mutton, beef, gram pulse, milk (fresh), sugar, curd, kerosene, firewood, mustard oil and vegetable ghee.

The items with no change in their average prices during the week under review included bread, milk (powdered), cooking oil, vegetable ghee, salt, cooked beef, cooked daal, tea (prepared), cigarettes, long cloth, shirting, lawn, georgette, gents sandal, gents chappal, ladies sandal, electricity charges, gas charges, washing soap, match box, petrol, diesel, telephone local call and bath soap.

DAWN
Saturday, 5th August, 2017

Brisk buying on cotton market

The Newspaper's Staff Reporter

KARACHI: Heavy buying was witnessed at the cotton market on Friday as spinners rushed to cover up their position on improved supply of quality lint. The outlook remains optimistic.

Trading resumed on overnight firm note and as the session progressed buyers took the frontline in order to replenish their stocks to meet their near future demand.

No carryover stocks from the previous season and a delay in arrival of phutti due to recent rains has created an acute shortage of cotton for spinners.

As the rainy season subsides, the arrival of phutti has gained momentum. However, there are growing fears that the cloudy weather in Sindh and Punjab could encourage pest attack, as already witnessed in India where pink bollworm has extensively attacked cotton crop.

Due to heavy buying from spinners, cotton prices remained steady on the ready counter. Official spot rates were revised upward by Rs50 to Rs6,400 per maund.

There is a greater possibility that in the coming days cotton supply would fail to meet demand because majority of spinners are running short of cotton stocks due to delay in arrival of phutti early in the season.

Leading cotton markets in the world also stood firm amid increased buying and higher exports.

The Karachi Cotton Association (KCA) spot rates were revised upwards by Rs50 to Rs6,400 per maund.

The following deals were reported on Friday: 1,000 bales, Sanghar, at Rs6,350 to Rs6,375; 1,400 bales, Shahdadpur, at Rs6,350 to Rs6,400; 600 bales, Sinjoro, at Rs6,400; 1,600 bales, Tando Adam, at Rs6,400; 600 bales, Kotri, at Rs6,400; 200 bales, Chichawatni, at Rs6,700; 200 bales, Qabula, at Rs6,700; 400 bales, Pak Pattan, at Rs6,700; 200 bales, Haroonabad, at Rs6,700; and 100 bales, Burewala, at Rs6,700.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**
37.324 Kgs Equivalent	**6,400**	**135**	**6,545**
40 Kgs	**6,859**	**145**	**7,014**

DAWN
Saturday, 5th August, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	106.50	107.50
UK	138.36	138.63	139.50	140.50
Euro	125.08	125.32	125.80	126.80
S.Arabia	28.08	28.13	28.25	28.40
UAE	28.67	28.72	29.00	29.25
Japan	0.9565	0.9584	0.9650	0.9750

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.88	6.13
Six months	5.90	6.15
One year	5.96	6.46

LIBOR

Special US dollar bonds for Aug 3

Three months	1.31167 %
Six months	1.45111 %

THE NEWS
Saturday, 5th August, 2017

Weekly inflation up

ISLAMABAD: The weekly inflation for the week ended on August 3 for the combined income groups increased 0.02 percent as compared to the previous week, official data showed on Friday.

Pakistan Bureau of Statistics (PBS) said the sensitive price indicator (SPI) for the week under review in the above mentioned group was recorded at 218.80 points as against 218.75 points last week.

As compared to the corresponding week of last year, the SPI for the combined group in the week under review witnessed decrease of 0.05 percent. The weekly SPI has been computed with base year of 2007/8, covering 17 urban centres and 53 essential items for all income groups.

As compared to the last week, the SPI for the income groups from Rs8,001 to 12,000 and Rs 12,001 to 18,000 witnessed an increase of 0.03 percent and 0.02 percent, while SPI for the income groups from Rs18,001 to Rs 35,000 and above Rs35,000 decreased 0.21 percent and 0.23 percent, respectively.

During the week under review, average prices of 13 items registered decrease, while 15 items increased with the remaining 25 items' prices unchanged. The items, which registered increase during the week under review, included liquefied petroleum gas cylinder 11 kilogramme, tomatoes, onions, pulse masoor (washed), rice basmati (broken), mutton, beef, pulse gram (washed), milk fresh, sugar, curd, kerosene oil, fire wood whole, mustard oil and vegetable ghee.

The items, which registered decrease in their prices during the week included bananas, tea, garlic, potatoes, chicken farm, pulse moong, wheat flour, eggs (farm), pulse mash, rice Irri-6, gur, red chilly powder, and wheat.

The items with no change in their average prices during the week under review included bread plain, powdered milk, cooking oil, vegetable ghee, salt powder, cooked beef, cooked daal, tea, cigarettes, long cloth, shirting, lawn printed, georgette, gents sandal, electricity charges, gas charges, electric bulb, washing soap, match box, petrol, high speed diesel, telephone local call, and bathing soap.

THE NEWS
Saturday, 5th August, 2017

OGDC discovers gas in Sindh

KARACHI: Oil and Gas Development Company (OGDC) has discovered gas deposits in Sukkur, and the well has tested 5.73 million metric cubic feet/day (mmcfd) of gas flow, a bourse filing said on Friday. OGDC discovered natural gas from Bhambhra-01 exploration well, which was drilled in 100 percent owned Thal exploration licence in Sukkur. The structure of Bhambhra-01 was delineated, drilled and tested using OGDCL's in-house expertise. The well flowed 5.73 mmcfd of gas. "The discovery of gas would open new avenues and also add hydrocarbon reserves base of OGDCL and the country," said the notice to Pakistan Stock Exchange.

THE NEWS
Saturday, 5th August, 2017

Cotton up

Karachi

Cotton spot rate increased Rs50 a maund on Friday while active trading continued at the Karachi Cotton Exchange.

Spot rate rose to Rs6,400/maund (37.324 kilogramme) and Rs6,859/40-kg. Ex-Karachi rates also increased to Rs6,545/maund and Rs7,014/40-kg after addition of Rs145 and Rs155 as upcountry expenses, respectively. One analyst said prices increased due to growing demand of spinners. “Rates will remain steady amid crop damage in India.”

Karachi Cotton Market recorded 14 transactions of around 6,500 bales at a price of Rs6,350 to Rs6,700 a maund. Transactions were recorded from Mirpur Khas, Sanghar, Khadro, Shahpur chakar, Shahdadpur, Sinjhoro, Hyderabad, Kotri, Tando Adam, Burewala, Haroonabad, Pak Pattan, Qabula and Chichawatni. New York Cotton Market recorded mixed trend on its futures on Thursday. October futures fell 0.20 cents to 71.55 cents per pound while December futures dropped 0.18 cents to 70.16 cents/pound.

The Nation on Web

The Nation

Saturday, 5th August, 2017

Bid to boost exports

Government merges textile, commerce divisions

Imran Ali Kundi

ISLAMABAD - The government has finally clubbed the textile division and commerce division in order to resolve the issues of the exporters and to boost country's exports.

The government has taken the decision on Friday after announcing new federal cabinet. The government has appointed Pervaiz Malik as Federal Minister for Commerce and Textile. Meanwhile, Haji Muhammad Akram Ansari would be Minister of State for Commerce and Textile.

The Cabinet Committee on Restructuring (CCoR) in 2015 had proposed to club textile division and commerce division under the umbrella of Ministry of Commerce. The proposal was sent to then prime minister Nawaz Sharif. However, no decision was taken till formation of new federal cabinet. Sources said that the government has merged ministry of textile industry into commerce for reducing non-development expenditure and boost co-ordination between the two divisions.

The government established a separate Ministry of Textile Industry in September 2004 in order to give special intention to textile exports, which contributes 55 percent to the country's total exports. However, the textile sector's stakeholders showed concerns on the decision. “It would hurt the pace of textile exports growth. Textile industry is a complicated and vast subject and it needs a separate ministry,” said an official of All Pakistan Textile Mills Association.

Meanwhile, the new minister for commerce would face several challenges including soaring trade deficit due to increase in imports and decline in exports. Pakistan's trade deficit has recorded at historic level of $32.58 billion during last fiscal year (FY17 as against $23.9 billion of the proceeding year showing growth of 36.32 percent. This was the record level of trade deficit in Pakistan's history.

The country's imports have recorded at historic level of $53.02 billion during the FY17 as against $44.69 billion of the FY16 showing an increase of 18.67 percent. Pakistan's imports have gone beyond $50 billion for the first time in the country's history. However, the exports have registered a decline of 1.63 percent and recorded at $20.45 billion during previous financial year as compared to $20.79 billion of the preceding year.

The Nation on Web

The Nation

Saturday, 5th August, 2017

Investments to grow by over 17pc during FY18

APP

ISLAMABAD - In order to achieve sustained and inclusive growth, the government has targeted the investment to grow at the rate of 17.2 percent of Gross Domestic Product (GDP) during the current fiscal year (2017-18).

The fixed investments during the current year are expected to grow to 15.6 percent of GDP while the national savings are targeted to grow at 14.6 percent, official source said. They were of the view that the investment target was achievable provided there was improvement in ease of doing business, affordable energy supply, reduced political uncertainty, prospects of higher profit and enhanced capacity utilisation rate.

The investment under China Pakistan Economic Corridor (CPEC) was expected to improve the overall investment climate, they added. The spill-over effect from public investment under CPEC was expected to catalyse private sector and foster public-private partnership. Moreover, the lagged impact of current investments, including CPEC investments by the government, private local and foreign investors coupled with prudent monetary and fiscal policy was expected to bolster the economy. The economic activity in infrastructure, construction, transport, energy and allied sectors provided favourable environment for growth and encouraged investment in the country during the outgoing fiscal year 2016-17.

The total investment for 2016-17 was recorded at 15.8 percent of GDP while the fixed investment to GDP ratio grew marginally from 14 percent in 2015-16 to 14.2 percent in 2016-17, against the target of 16.1 percent. Since 2010-11, investment to GDP ratio had increased by 1.09 percent age points.

This improvement had been derived from public and private investment.

Though private investment marked growth of 9.9 percent in 2016-17 as against the target of 12.2 percent but it had potential to grow more due to the expected investment in CPEC related activities, they added. The national savings remained at 13.1 percent of GDP as against the target of 16.3 percent.

Consumption grew by 10.3 percent in 2016-17 from 6.3 percent in 2015-16 leading to subpar growth of savings, given the inverse relationship between the two. On the other hand, national savings had not been increasing with the same pace which may be associated with the expanding middle class.