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KP seeks to make the most of CPEC

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PESHAWAR: Pakistan Tehreek-e-Insaf-led coalition government of Khyber Pakhtunkhwa on Wednesday unveiled a tax-free budget of Rs 603 billion, including an allocation for as many as 84 China Pakistan Economic Corridor (CPEC)-related schemes, and a 10 percent increase in the salaries and pensions of the government employees after the merger of ad hoc relief of 2010. Provincial Finance Minister Muzaffar Said presented the fifth budget of the provincial government in the special budget session of KP assembly with Speaker Asad Qaiser in the chair.

The province is estimated to receive Rs 247.876 billion from the Federal Divisible Pool in 2017-18 and Rs 107 billion as one percent share of the province in war against terror from the federal divisible pool and Rs 49.806 billion as straight transfers from the federation.

The province will also get an estimated amount of Rs 21.774 billion in head of net hydel profit and its arrears from the federal government and Rs 114.535 million as arrears of the net hydel profits. The province's own receipts have been pitched at Rs.68.31 billion for 2017-18. The current expenditure has been estimated at Rs.388 billion to meet the provincial expenditure to be incurred next year, he said.

The Finance Minister said the provincial government will generate Rs 126 billion from its own sources for the development programme whereas Rs 82 billion would be realised through foreign donor agencies for feeding the development programmes.

The Finance Minister said it is a balanced budget as the receipts and expenditures have been pitched at Rs 603 billion for the year 2017-18. The province will get 11 percent more in next year from the federal divisible pool. However, he told the house to ensure implementation of schemes under the development outlay. He also said that the province has decided to obtain Rs 10 billion internal loan. The province is also expected to generate Rs 15 billion from the hydel development fund for financing the hydel power projects. Similarly, Rs 82 billion is expected to be received from the foreign project assistance.

The finance minister said that Rs 3.63 billion would be generated in 2017-18 from the hydel power stations setup by the KP government besides the province will obtain Rs 45.21 billion from the tax and non-tax receipts during the next fiscal, which also included Rs 12.65 billion from service on the general sales tax.

The province will generate an estimated amount of Rs 24.68 billion through the oil and gas royalty deposits of southern districts which is 43 percent more than what was estimated for the outgoing fiscal year.

The Finance Minister announced that the government has proposed to exempt government employees from Grade-1 to Grade-5 from house rent deduction while rate of the daily allowance was being increased to 60 percent. The allowance of the Urdali is increased from Rs 12000 to Rs 14000.

Similarly, expenditures incurred on shifting and burial rites of dead bodies were being increased to Rs 4800 and Rs 15,000, respectively.

The finance minister informed the house that Rs8 billion allocated for payment on markup of the loans obtained by the province. Rs53 billion have been allocated for pension payment, which is 30 percent more than the current fiscal year's allocation, and Rs 2.90 billion has been set aside for subsidy on wheat. Rs 7 billion earmarked for retirement of external and internal debts, house building and motorcycle advances to government employees.

Unfolding the details of the expenditures for 2017-17, the Finance Minister said that Rs.395 billion have been allocated for current expenditures which are 15 percent more than the

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outgoing fiscal year's.

Rs 127.90 billion has been allocated for education including Rs115.92 billion for the primary and secondary education sector and Rs11.92 billion for higher education showing an 18 percent hike over the current fiscal year's.

Similarly, Rs49.27 billion has been allocated for health sector, reflecting a 31 percent increase over the current year's. Social Welfare, special education and women development sector to receive Rs1.85 billion, showing a seven percent increase.

The police department's budget has been enhanced by 21 percent with an allocation of Rs 3973 billion. Irrigation sector will get Rs 3.76 billion, showing a ten percent rise. Technical Education and Manpower Training will get Rs 2.25 billion in the next fiscal, showing a 14 percent hike.

The government has proposed certain minor readjustments in the provincial taxes to generate revenue for meeting the current development expenditure. Referring to adjustments in the provincial taxes, he said the ratio of property tax, professional tax and motor vehicles tax was being increased whereas it was also proposed to increase the annual tax on tailors from Rs2000 to Rs10000 per year.

He informed the house the KP Government is engaged in obtaining Rs50 billion from Asian Development Bank for construction of Peshawar Rapid Bus Project.

He said the province is likely to receive Rs39.17 billion from federal government as a share in the war against terror. Similarly, the province is likely to obtain Rs20.78b as annual profit under net hydel power profit whereas the province-owned receipts stood at Rs45 billion.

The finance minister said the government would complete mega Swat Motorway Project through its own resources in the next fiscal year.

About the development outlay he said the ADP 2017-18 comprises 1631 schemes: 1182 ongoing and 449 new schemes would be executed in 2017-18. As many as Rs95 billion would be spent on Provincial Development Schemes whereas Rs30 billion allocated for district development programme.

The Minister said Rs14.28 billion has been allocated for primary and secondary education and 410 new primary schools would be constructed during the next fiscal year.

As many as Rs6.25b allocated for 63 schemes of higher education department, Rs12.23b for 101 schemes of health department, Rs460m for 33 social welfare department schemes, Rs14b for construction of highways and roads, Rs1.64b for 27 schemes of industry department, Rs2b for 38 schemes of environment department, Rs2.42b for 59 schemes of home department and its attached bodies, Rs4.5b for schemes of LG department and Rs2billion for 30 schemes for relief and rehabilitation.

As many as 30 new schemes have been included for agriculture department in the next budget, 12 for food department, 53 for sports, culture and tourism department, 19 religious affairs, 54 for energy dept, 19 for IT and 16 for Mineral Department.

The Seht Insaf Card scheme would continue in next fiscal year as well and solarization of 4000 mosques in the province also included in the budget.

The provincial government would also provide Rs 30,000 monthly stipends to poets, writers and artists of the province. Health insurance schemes for government employees are likely to be announced in the budget as its allocation is being enhanced from Rs1.8m to Rs2.4m.

Likewise, 10 post-graduate colleges would be established in next fiscal year in addition to completion of Peshawar Zoo and Arbab Niaz Cricket stadium. He informed the House that as many as 4000 mosques would be connected with solar energy. He also told the House that health insurance scheme of government employees would be part of the new programme.

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Similarly, construction of bomb proof boundary walls would be carried out around police stations. Rs1mln has been allocated to 84 CPEC-related schemes in the province. Rs4 billion has been allocated for 35 projects of the local government departments and Rs13 million allocated for construction and widening of roads and Rs1b earmarked for 24 industrial projects.

The KP Government has allocated Rs65.7billion for health sector in the budget 2017-18, showing a 20 percent increase over the outgoing fiscal 2016-17. He said the total volume of health sector was 11 percent of total budget volume of Rs603 billion for the year 2017-18.

He said as many as 394 posts were created in the current fiscal year. As many as 1149 posts were created at provincial and 2793 at district levels in the outgoing fiscal.

Likewise, 1140 posts have been proposed to be created in 2017-18 and 674 posts proposed to be created at provincial and 466 in district levels in 2017-18. A sum of Rs13.780 billion has been estimated for 2017-18 to be transferred to district health offices including medical teaching institutions (MTIs) for smooth health delivery system.

Grant-in-aid to be provided to health institutions across the province including Rs963 million for Ayub Medical College, Rs1594 for Ayub Teaching Hospital Abbottabad, Rs248 million for DHQ hospital Bannu, Rs144m for women and children hospital Bannu, Rs587m for Khalifa Gulnawaz teaching hospital Bannu, Rs278m for Bannu medical college, Rs232m for Gomal Medical College DI Khan, Rs313m for Mufti Mehmood Memoral Hospital DI Khan, Rs 628m for DHQ Hospital DI Khan and Rs772million for Mardan Medical Complex Mardan.

The Finance Minister said the scope of emergency services RESCU 1122 and Urban Services was being extended to the entire province from the next fiscal year.

He said that 15000 to 20000 new recruitments would be made, including 14000 posts of teachers. The minister further told that the government would continue to provide better facilities to public sector schools while schools are also being shifted to solar energy system.

To provide better facilities in health institutions, Rs14 billion would be spent on the purchase of state of the art medical equipment.

The finance minister said that Rs400 million allocated for 45 energy sector projects in the budget, which included both ongoing and new ones. Various small hydropower stations would be set up in Moji Gram, Shoghur, Astore Bony, Barikot, Patrak, Shringle, and Swarlasht areas, which will generate up to 1233MW of electricity.

As many as twenty new small dams would be constructed in the province at feasible sites, he said, adding the construction work on Chashma Right Bank Canal Lift Cum Gravity scheme would be initiated next year.

The Finance Minister said that the volume of the administrative budget has been pitched at Rs58.73 billion which is ten percent of the total annual budget and 18 percent more than the outgoing fiscal year’s.

He maintained that province’s own receipts were meager and making slight upward readjustments in it was unavoidable. The government was well aware of peoples’ problems and did not want to put more burden them in the shape of new taxes. The government proposes slight increase in the UIP (Urban Immovable Property) tax on five Marla houses which are in the possession of tenants. The self-occupied house of five Marla will remain exempted from the UIP tax.

A new service has been incorporated in the sales tax schedule named ‘Ride Hailing Service’. Similarly, an upward revision has been proposed in stage carriage route permit, goods forwarding agency, bodybuilding licence fees and fitness fees. Adjustment in the fees of restaurants, hotel registration and licence of the tourism department also proposed in budget 2017-18.

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At the outset of the his budget, the Finance Minister dwelt at length on the achievement of the present KP government, it made during the outgoing fiscal 2016-17. The performance of the KP government mainly revolved around elimination of corruption, enactment of necessary legislations for reforming the government institutions and creating a conducive environment for investment in the province.

For making the financial discipline on modern lines, he said the government approved a comprehensive PFM Reform Strategy with the cooperation of the DFID.

He also took the credit for uncapping the net hydel profits under the leadership of the Chief Minister. The government after untiring efforts succeeded in making the Western route part of the CPEC and successfully made 82 projects part of the corridor. The KP government is expecting a 24 billion dollars investment from the CPEC-related projects in the province.

The government constructed 43 colleges in the current fiscal and 17 more will be completed by June 2017 while work on 62 more colleges was under way. Rs 140 million was spent on capacity building of college teachers from 2013-17. The number of commerce colleges increased from 25 to 31 while the number of commerce college students increased to 18500.

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LNG terminal delay looms

LONDON: Pakistan LNG has delayed the delivery window of four liquefied natural gas (LNG) cargoes sought in a tender to October from September due to the potential late installation of its new import terminal, the company said on its website.

Pakistan launched a tender to buy the cargoes in early May, seeking to import supplies through September. Bids must be submitted no later than July 11, according to the tender document, and the cargoes will be awarded across August.

The country currently imports LNG through a floating import facility.—Reuters

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THE RUPEE
Minor changes

RECORDER REPORT

KARACHI: Slight changes were seen on the money market on Wednesday as the rupee managed to hold overnight levels in the process of trading, dealers said.

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

The rupee picked up 40 paisas against the euro for buying and selling at Rs 118.40 and 119.40 respectively, they said.

INTER-BANK MARKET RATES: The rupee moved little in relation to the dollar for buying and selling at Rs 104.86 and Rs 104.87 respectively, dealers said.

In the third Asian trade, the dollar wallowed near a six-week low against the safe-haven yen on Wednesday, with traders cautious ahead of Britain's general election, a European Central Bank policy decision and testimony by former FBI Director James Comey.

The greenback treaded water at 109.490 yen, not far from 109.225, its lowest since April 21 plumbed overnight.

The dollar has lost 0.9 percent against the yen this week, also pressured by a sharp drop in US Treasury yields to seven-month lows as investors sought the safety of government debt.

The US currency was seen coming under more pressure as previously bullish equities also began declining. Wall Street shares pulled away from recent record highs and fell overnight as demand for risky assets waned ahead of Thursday's events.

"The dollar has felt the tug of lower US yields for a while now, but buoyant stocks had helped neutralise some of that pressure," said Junichi Ishikawa, senior FX strategist at IG Securities in Tokyo.

The dollar was trading against the Indian rupee at Rs 64.403, the greenback was at 4.268 in terms of the Malaysian ringgit and the US currency was at 6.795 against the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday: 80.59-80.60 (previous 80.59-80.60).

Open Bid	Rs. 105.90
Open Offer	Rs. 106.10

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

Bid Rate	Rs. 104.86
Offer Rate	Rs. 104.87

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RUPEE IN LAHORE: The rupee-dollar parity stayed unchanged amid sluggish trend in the local currency market on Wednesday.

The demand and supply satiation of the US dollar stayed intact that kept the local currency stabilized. Consequently, no change in its value took place on buying and selling sides as it sustained its opening rate of Rs 105.90 and Rs 106.05 respectively, said the local currency dealers.

Moreover, the Pakistani rupee showed strength as it recovered its day earlier losses against the pound sterling. The pound's buying and selling rates slid from Tuesday's Rs 136.20 and Rs 137.00 to Rs 136.15 and Rs 136.80 respectively, they added.

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 Wednesday.

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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ME crisis
LNG supplies to Pakistan may be affected

WASIM IQBAL

ISLAMABA: Qatar under a land and sea blockade after Saudi Arabia, Egypt, United Arab Emirates, Bahrain and Yemen severed ties with Qatar LNG supplies to Pakistan would not be possible.

"We received last cargo on 5th June, which completed discharge on June 6. We have scheduled supplies of 5 cargos every month from Qatar and schedule is same for June as well", an official of Pakistan State Oil (PSO) said.

Sources, however, said that dates of arrivals of LNG vessels from Qatar are yet to be confirmed. Inexplicably while talking to Business Recorder an official of Ministry of Petroleum and Natural Resources stated on the condition of anonymity "We have not cut any relations with Qatar. So, we will continue to get supplies."

PSO officials also maintained that there would be no disruption of LNG supplies and Qatar would continue to supply to all countries, including countries in the Middle East. They however further maintained that PSO has supply arrangements with another supplier and can additionally float tenders for any shortfall in quantities if required.

With the expected commissioning of second terminal and additional supplies from diversified LNG sources in the fourth quarter of financial year 2017, the supply risks of LNG are further getting mitigated, sources said. PSO is importing currently 3.75 MTPA LNG from Qatar out of 4.5 MTPA total imports under government to government arrangements between Governments of Qatar and Pakistan. Pakistan State Oil supply chain of LNG from Qatar envisages five vessels of LNG every month, equivalent to 600 mmcfd gas since Feb 2017, which is almost 15 percent of the country's indigenous natural gas supply valued at around Rs. 15 billion a month. In 2016, LNG started with 200 mmcfd and increased to 400 mmcfd by end of 2016, according to the officials of PSO. Qatar Liquefied Gas Company Limited is contracted to sell LNG from 2016 to year 2031 to PSO under the terms of the agreement. PSO can import the following quantities of LNG for 2016: prorate of 2.25 MT for first quarter of 2017; prorate of 2.25 MT for second quarter of 2017 and 3.75 MT for 2031. The Long Term LNG Sale Purchase Agreement (LSPA) also provides for annual upward and downward flexibilities up to 3 LNG cargoes per contract year. February 10, 2016, PSO signed LNG agreement with Qatargas for import of around $16 billion in 15 years.

Most of the imported LNG is being used to produce electricity, in KAPCO (1336 MW), Rousch Power (370 MW), FKPCL (135 MW) and the newly commissioned Power Plants at Bhikki (1200 MW) and Haveli Bahadur Shah (1200 MW).

On June 5 Bahrain, Egypt, Saudi Arabia, Yemen and the United Arab Emirates - have announced they would withdraw their diplomatic staff from Qatar, the world's top seller of liquefied natural gas. They have accused Qatar of supporting terrorism.

Pakistan, in its immediate response, said it would not join the Saudi led move against Qatar – whose ruling elite is close to Prime Minister Nawaz Sharif. Since PM Sharif has personal ties with the Saudi royal family too, it will be hard to take sides, analysts maintained.

On June 6, Foreign Office spokesperson Nafees Zakaria said that Pakistan would continue diplomatic ties with Qatar. "For now, there is no change for Qatar. We will announce if there is any development on this issue," he said.

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Outages badly affect production of apparel sector: Bilwani

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KARACHI: The country's giant apparel textile sector is worried over a steep decline in production from electricity load shedding in industrial zones of the city.

Electric power remains cut-off for up to eight hours across the city's industrial areas including SITE, Korangi, Federal B Area, North Karachi and Landhi, chairman Pakistan Apparel Forum (PAF), Javed Bilwani, said on Wednesday, condemning the unannounced power load-shedding.

Expressing reservation, he said, Karachi is the highest taxpayer city but suffers the utmost power cuts that scale back industrial outputs. He said the load shedding plagued the industrial zones of Karachi after ruining residential parts.

"Load shedding in industrial areas of other cities of Pakistan is less than 7 to 8 hours," Bilwani, who is also chief coordinator of Karachi Industrial Forum, saying that the federal government continues to remain in a state of denial that there was no load-shedding in the industrial areas.

He said that the industries are off for a full shift of operation, as productions have scaled down by 40 percent. "It will hamper the export efficiency and will also widen trade deficit," he showed concerns.

Pakistan's economy is feared to suffer if Karachi's industries are disturbed, he said, "Karachi is the financial and industrial hub of Pakistan. Karachi's industries are providing employment to around 3 million labour force and citizens directly."

With worries, he forecast, the ultimate downsizing in labourers across the industries of the metropolis, which provide financial support through jobs over 10 million families, alone.

Karachi generates 54 percent revenue through direct taxes to the country's exchequer and 95 percent to Sindh. Industries of Karachi also contribute 40 percent to the total national exports, he said.

"Discriminatory behaviour with largest tax-generator and taxpayer city is highly deplorable," he said, adding that "we cannot afford the industry to suffer any kind of load shedding, which causes heavy losses to business and industrial community and government exchequer, which ultimately will create labour unrest and law and order situation."

Bilwani urged the federal and provincial governments to intervene in the issue of load shedding to save Karachi and its industries, which provide highest employment and generate highest revenue; otherwise Pakistan's economy will suffer irreparable loss.

"Power load-shedding to the industries of Karachi which pays 100 percent electricity charges is highly unjustified; government is required to take notice of inoperative power generation units, make them operative to produce electricity with full capacity and ensure uninterrupted electricity supply to the industries and Karachiites," he said.

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Finance Bill 2017

Senate panel receives 263 recommendations

SOHAIL SARFRAZ & ZAHEER ABBASI

ISLAMABAD: The Senate Standing Committee on Finance has received as many as 263 recommendations from Senators pertaining to all the sectors of the economy with majority of them related to taxation for making them part of the Finance Bill 2017.

The committee meeting presided over by Senator Saleem Mandviwalla held twice a day sittings to discuss these recommendations following in-camera meeting of the committee members to decide which of them are to be recommended to the Senate.

The Senate would forward them to the National Assembly with a request to incorporate them in the Finance Bill. The recommendations are not binding upon the National Assembly.

Some of the key recommendations of the Senate Standing Committee on Finance included imposition of Regulatory Duty (RD) on items being imported under Free Trade Agreements (FTAs) for the protection of the domestic industry under Finance Bill 2017. The committee recommended restoration of sales tax zero-rating on basic educational stationery items including pencils, pens, exercise books, sharpeners, etc, as well as reduction in duty on the import of raw materials of can industry making investment in Pakistan.

The finance committee also proposed to increase rate of advance income tax on brokers by 50%, taking it from the current 0.02% to 0.03%. The Senate Standing Committee on Finance not only endorsed the government's proposal to bring a further change in the brokers' regime but also sought increase in collection from the Pakistan Stock Exchange (PSX). In the budget, the government announced that the 0.02% advance withholding tax on the income of stock exchange brokers would be treated as a final tax instead of the existing adjustable regime.

The committee further recommended that the upfront amount should be fixed at Rs 4 billion which the CNG association should pay within the ongoing month while remaining installments would be finalised for next financial year. But the CNG association will have to provide guarantee that they will withdraw cases from the courts.

The finance committee disapproved the proposal of the Finance Bill 2017 to include Employees Old Age Benefit Institution (EOBI) in the list of organisations, which can have access to the income tax returns and statements under section 216 of the Income Tax Ordinance 2001.

The standing committee also endorsed the government's proposal to change the capital gains tax rates for the stock market. In the budget, the government proposed that instead of a three-tier tax structure depending on the holding period, stock market gains of filers of income tax returns should be taxed at a flat rate of 15%, irrespective of the holding period. For non-filers, the new proposed rate is 20%.

The standing committee also endorsed the government's proposal to expand the definition of non-resident Pakistanis by including "reportable persons" into it. The committee also recommended 20 per cent increase in government employees' salaries and pensions.

The committee also approved a proposal by Farhatullah Babar for establishment of support fund with initial allocation of Rs 20 billion for the families of those who were martyred in war against terrorism.

The committee approved the recommendation by Syed Muzaffar Hussain Shah for abolishing sales tax on import of sunflower and canola hybrid seed. His proposal for fixing unified price for all tube-wells used for agricultural purposes was also approved by the committee. Additionally, his proposal for zero rating the import of food storage and chilling machinery was also forwarded to the National Assembly for approval.

The committee, however, recommended reviewing the proposal of Syed Muzaffar to make the import of tractors from Belarus duty-free in order to protect the local industry.

While reviewing the recommendation given by Senator Chaudhry Tanvir, the committee approved the proposal of interest-free loan scheme for small farmers to install solar tube-wells. The committee also recommended cutting allocated budgets for the Presidency and Prime Minister House.

The Senate committee recommended to the National Assembly that income from all sources including salaries, businesses, property and agricultural produce above the taxable limit may be taxed. The Senate committee recommended to the National Assembly that tax on sales/purchases of all sorts of properties i.e. urban, rural, commercial, industrial and agricultural should be imposed and collected.

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KP budget 2017-18

Huge chunk of Rs208bn earmarked for ADP

AMJAD ALI SHAH

PESHAWAR: A sum of Rs 208 billion has been earmarked for Annual Development Programme (ADP) for financial year 2017-18, showing an increase of 29 per cent as compared to outgoing fiscal period.

According to budget document, a total outlay of ADP has been estimated Rs 208billion including 82 billion foreign aid with focus on the ongoing development projects. A huge chunk of budgetary allocation has been earmarked for current projects in the budget.

The Annual Development Programme comprises total 1,632 developmental schemes including 1,182 ongoing and 450 new, which would be completed in next financial year.

The province is expected to receive Rs 247.876 billion from the Federal Divisible Pool 2017-18, Rs 107 million as one percent share of the province in war against terror from the federal divisible pool and Rs 49.806 billion as straight transfers from the federation. The province will get Rs 21.774 billion under head of net hydel profit and its arrears from the federal government and Rs 114.535 million as arrears of the net hydel profits.

The provincial own receipts have been pitched at Rs 68.31 billion for 2017-18. The current expenditure has been pitched at Rs 388 billion to meet the provincial expenditure to be incurred next year, he said.

The Finance Minister, while presenting the budget for year 2017-18 in provincial assembly's special meeting on budget chaired by Speaker Asad Qaiser on Wednesday, informed the House that the provincial government will generate Rs 126 billion from its own sources for the development programme whereas Rs 82 billion would be met through foreign donor agencies for feeding the development programmes.

The budget document stated that a sum of Rs 12 billion has set aside for 101 projects of health sector in ADP 2017-18. An amount of Rs12 billion have been allocated for 101 projects of health sector, including Rs 9.96 billion rupees for ongoing 75 projects while Rs 2.4 billion rupees have been earmarked for 26 new projects.

The major development schemes in health sector include establishment of Hepatitis Centre Nishtarabad, Hayatabad Medical Complex, Emergency Bloc in Khyber Teaching Hospital, Institute of Kidney Diseases Hayatabad, construction of additional wards in Lady Reading Hospital and purchase of equipments for newly constructed building of Saidu Group of Hospitals.

Similarly, the establishment of Basic Health Units in Swabi and Swat, which would be converted to Rural Health Centres, free treatment would be given to 47,000 patients of tuberculosis and 1,300 cancer patients in current year.

As many as 3,900 new Lady Health Workers and 181 EPI Technicians would be appointed besides recruitment of 78 nurses under Nutritional Programme. A total of 1,500 motorcycles would be given to EPI Technicians while construction work on District Hospital Kohistan and Rural Health Centre Shewa Swabi would also be completed.

A sum of Rs 16.28 billion for primary and secondary education has been allocated to complete more than 77 developmental schemes including 60 ongoing and 17 new projects. About 100 institutes will be given status of primary schools, while more than 410 new primary schools would be constructed on needs basis across the province.

A number of middle schools would be constructed in Karak, Haripur, Charsadda, Hangu, and Battagram. As many as 14,000 teachers would be recruited, while a survey would be conducted for out-of schools children in the province. Special

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remuneration package would be given to those female teachers who were belonging from far flung areas of the province.

Similarly, an amount of Rs 6.32billion has been estimated for completion of more than 65 developmental projects including 38 ongoing schemes and 27 new ones. The major projects include ranking of Directorate of Archiv and Library seminar hall, repair of public libraries and construction of 10 new colleges across the province, etc.

An amount of Rs 46 million has been allocated for social welfare, to complete around 33 developmental projects including 21 ongoing and 12 new one, with focus to establish school for deaf and damp, rehabilitation centre for drug addicts in Swat, upgradation of all special education schools to elementary level. A helpline on Bolo would be launched for elimination of gender-based violence in the society.

A sum of Rs 3.14billion has been earmarked in budget for promotion of sports, culture & tourism in the province. A total of 54 development schemes, including 42 ongoing and 12 new ones would be completed in the next financial year, with focus on promotion of Archeology and discovery of new historic and ancient places, an art academy would be constructed in Peshawar, while cultural complex would be established at divisional level. A number of projects would be initiated in promotion of tourism and sports activities across the province.

An amount Rs 13.73billion has been set aside for communication and road infrastructure development in the province. A total 349 developmental schemes including 305 ongoing and 44 new one would be completed with major focus on expansion of roads, swat expressway, overhead bridges in Swat and Mardan, flyover in Peshawar, projects in Chitral and Dir lower.

In housing sector, a sum of Rs 54million has been allocated to complete more than 16 projects including seven ongoing and nine new one with main focus of establishment township in Hangu, a launch of scheme for poor people on name of Akpal Kor, and housing schemes in Charssada, Swat, and Peshawar.

For urban development, an amount of Rs 6.16 billion has been earmarked to complete more than 30 developmental projects, including 24 ongoing and six new one with main focus to launch schemes in Swat, Abbottabad, DI Khan, Mardan, Charssada, Nowshera, Swabi, Haripur, Bannu, and Kohat.

For provision of clean drinking water, a sum of Rs 5.16 billion has been allocated to complete more than 84 development projects including 68 ongoing and 16 new one with target to replacement of water supply pipeline, installation of solar system for 100 water supply schemes, establishment of material testing lab in Peshawar, clean drinking water schemes in Abbottabad, Manshera, and Haripur

An amount of Rs 400 million has been estimated for energy and power development sector complete more than 45 development scheme in the sector. A sum of Rs 7.5billion has been allocated for completion of more than 209 developmental projects including 192 ongoing and 17 new projects in irrigation sector with major focus to construct 20 small dams, initiation of Chashma Right Bank Kanal lift Kam gravity, Jalozai dam in Nowshera, launching of schemes in district Charssada, and other parts of the province.

A sum of Rs 3.99billion has been allocated for agriculture sector to complete more than 38 development schemes including 17 ongoing and 21 new projects, while in industrial sector, an amount of Rs 1.64billion has been estimated to complete more than 25 developmental schemes including 17 ongoing and eight new one.

In transport sector, a number of nine projects would be launched for which Rs 17.60million has been allocated in the budget, including five ongoing schemes and four new one.

An amount of Rs 2.70 billion has been earmarked for forest development sector to complete more than 39

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developmental projects, including 35 ongoing and four new one in the sector. For local development, an amount of Rs 4.50 billion has been allocated to complete both ongoing and new development schemes. For home department, a sum of Rs 2.42 billion has been estimated for completion of more than 59 developmental schemes including 40 ongoing and 19 new one, with focus to establish a forensic lab in Peshawar, provision facilities at women prosecutor office, establishment of building for traffic wardens, and others.

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New taxes imposed on property, CNG & fuel stations

RECORDER REPORT

PESHAWAR: Khyber Pakhtunkhwa government in its Finance Bill 2017 for financial year 2017-18 has proposed to exempt services, money transfer, construction of bridges, gas supply, sanitation services, and registration of vehicles registered in other provinces from the imposition of General Sales Tax (GST). However, besides increase in tax ratio, new taxes on immoveable urban property (IUP), CNG plus general store, petrol pumps and service stations are being levied.

The finance bill was presented by Provincial Minister for Finance Muzaffar Said in the provincial assembly on Wednesday. The provincial departments have failed to achieve the revenue targets for the outgoing financial year 2016-17 rather they declared as compare to last fiscal year.

According to the statistics of the previous financial year, the provincial government had collected 70.4% of the revenue target, but during the current fiscal year, the ratio had declined to 64.4%.

According to revenue proposals of finance bill, tax ratio on immoveable urban property is being increased by 50% while tax on personal residence in the provincial metropolis, the tax ratio on five marla 'category A house' has been increased from Rs 1000/- to Rs 1500, Category B from Rs900/- to Rs 1300/- and Category C from Rs 750/- to Rs1100/- respectively.

Similarly, tax on 5 marla to 10 marla 'category A' has been increased from Rs 1700/- to Rs 2500/-, Category B from Rs 1600/- to Rs 2400/- and Category C from Rs 1500/- to Rs 2300 respectively.

Furthermore, for immoveable urban property on over 10 marla to 15 marla for 'category A' has been increased from Rs 2200/- to Rs 3300/-, category B from Rs 2100/- to Rs 3100/- while tax on 'Category C' has been increased from Rs 2100 /- to Rs 3000/- respectively.

Tax on 15 marla upto 18 marla category A immoveable urban property has been proposed to increase from Rs 3300/- to Rs 4800/-, Category B from Rs 3200/ to Rs.4700/- and Category C from Rs.3000/- to Rs.4500/- while increase in tax for Category A immoveable property of over 30 marla to 40 marla has been proposed from Rs.20000/- to Rs.30000/-, Category B (from Rs.18000/- to Rs.27000/-) and Category C (from Rs.16000/- to Rs.24000/-) respectively.

According to budget proposals tax on category A immoveable property of over 40 marla has been increased from Rs 30000/- to Rs 45000/-, Category B from Rs 25000/- to Rs 37500/- and Category C from Rs.20000 to Rs.30000/-

Similarly, property tax on the CNG stations and petrol pumps having general store has been increased from Rs 15000/- to Rs 22500/- while tax on CNG stations and petrol pumps sans such facilities have been increased from Rs 7500/- to Rs 11300/-. An annual Property Tax of Rs 20000/- has been proposed on service stations.

Furthermore, ratio of professional tax on all Mudarba companies and mutual fund corporate bodies' has also been reviewed tax on income upto Rs.10 million but not exceeding Rs.25 million has been proposed at Rs.36000/-, while tax on income from over Rs 25 million to Rs 50 million has been increased from Rs 36000/- to Rs 50000/-.

Similarly, professional tax on non-specialist doctors has been proposed to increase from Rs 2000/- to Rs 10000/- and professional tax on Diagnostic Laboratory from Rs,15000/- to Rs.20000/- while professional tax on CNG station, petrol pump has been increased from Rs.8000/- to Rs.12000/-

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while ratio of service stations has been proposed to increase from Rs.5000/- to Rs.8000/- respectively.

Furthermore, professional tax on cable operators has been proposed to increase from Rs.1000/- to Rs.10000/- whole sale dealers, agency holders and medical stores which were earlier exempted of professional tax will pay Rs 10000.

Similarly, tailors sewing only shirt and trouser will have to pay professional tax of Rs 2000/- while those sewing shirt, trouser and waistcoat will pay tax of Rs 5000/- and those beside sewing shirt, trouser and pant-shirt will have to pay Rs 10000/- annual tax.

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Steadier trend seen on cotton market

RECORDER REPORT

KARACHI: Steadier trend was seen on the cotton market on Wednesday in the process of listless trading activity, dealers said.

The official spot rate was unchanged at Rs 6800, they said. In the ready session, not a single deal finalised before our going to the Press, they said.

Cotton analysts, Naseem Usman said that ginning factories became operational in Sindh, in the meantime, ginning season delayed in the Punjab as the provincial government had imposed a ban on the early cotton sowing.

Other brokers said that picking operation of seed cotton started in Sindh, and it looks that pace of arrivals may increase in the coming days.

Prices of yarn not improving due to textile units were facing power and gas load shedding.

Adds Reuters: ICE cotton futures fell for the third straight session on Tuesday on expectations of increased crop production due to favourable weather conditions in top growing regions.

The most-active December cotton contract on ICE futures US settled down 0.09 cent, or 0.12 percent, at 72.52 cents per lb. It traded within a range of 72.48 and 72.96 cents a lb.

Meanwhile, the July cotton contract on ICE Futures US touched near two-month low of 75.91 cents per lb. The contract settled 0.4 percent lower at 76.02 cents per lb.

Total futures market volume rose by 787 to 29,590 lots. Data showed total open interest fell 2,744 to 237,936 contracts in the previous session.

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 06.06.2017	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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New York cotton stays lower on good plantings

NEW YORK: ICE cotton futures fell for the third straight session on Tuesday on expectations of increased crop production due to favorable weather conditions in top growing regions.

The most-active December cotton contract on ICE futures US settled down 0.09 cent, or 0.12 percent, at 72.52 cents per lb. It traded within a range of 72.48 and 72.96 cents a lb.

"For now, we aren't going to see a weather scare," said Ron Lee, general manager at McCleskey Cotton in Bronwood, Georgia, in a note.

The government data on Monday showed 80 percent of cotton crops were harvested in the United States by the week ended June 4, up from 63 percent in the previous week. It rated 61 percent of the US cotton crop in good to excellent condition, up from 47 percent year ago.

"Over the last month there has been pretty good weather and plantings in major countries has been progressing pretty well," said Gabriel Crivorot, analyst at Societe Generale in New York.

"We have the USDA report coming out this Friday and analysts forecast a slightly higher production in the US and globally."

In India, the world's biggest cotton producer, crucial monsoon rains are expected to reach 98 percent of the long-term average this year, the state-run weather office said on Tuesday, 2 percentage points higher than its previous forecast.

"That will probably help the (Indian) crop in the long run too," Crivorot said.

Meanwhile, the July cotton contract on ICE Futures US touched near two-month low of 75.91 cents per lb. The contract settled 0.4 percent lower at 76.02 cents per lb.

Total futures market volume rose by 787 to 29,590 lots. Data showed total open interest fell 2,744 to 237,936 contracts in the previous session.

Certificated cotton stocks deliverable as of June 5 totalled 440,044 480-lb bales, down from 441,870 in the previous session.—Reuters

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	76.06	76.22	75.65	75.68	14:20 Jun 07	-	-0.34	17551	76.02
Jul'17	74.37	74.50	74.37	74.50	14:20 Jun 07	-	0.08	9	74.42
Oct'17	72.44	72.81	72.40	72.60	14:20 Jun 07	-	0.08	12591	72.52

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Thar power projects

Extensions in letters of support granted

MUSHTAQ GHUMMAN

ISLAMABAD: The PPIB's Board of Directors headed by Minister for Water and Power, Khawaja Asif on Wednesday granted extensions in Letters of Support (LoS) to four coal-based power projects of Thar Block –II.

According to an official statement, in order to ensure the implementation of Thar coal based projects, the Board keeping in view the coal supply from the Sindh Engro Coal Mining Company (SECMC) approved timelines for financial close and Commercial Operation Date (COD) of Thar coal-based power generation projects which include 330MW Thar Energy Limited, 330MW ThalNova Power Thar Limited, 660MW Lucky Electric Power Company Limited and 330MW Siddiqsons Energy Limited.

The Board also appreciated the initiative of China Power Hub Generation Company (Pvt) Limited regarding the construction start of 2 x 660MW Imported Coal-based Project at Hub from its own equity to meet the COD date of August 2019. Karot Hydropower project of 720MW has also achieved financial close and started construction. First unit of 2 x 660MW Port Qasim Power Project will start generation in November this year while COD will be achieved in May 2018, the board was further informed.

Talking to Business Recorder, Shah Jahan Mirza said that when the timelines of coal supply are not matched, the deadlines of projects are readjusted.

"Extension in LoS has become a compulsion because when timeline of coal supply is not matched, CODs of the projects are to be adjusted. Extension is in the range of three months and six months," he added.

Replying to a question, he said that most of the agenda of this Board meeting was housekeeping i.e. rescheduling of timelines of projects and PPIB's budget," he added.

Answering another question, he said that with the merger of AEDB, duplication of effort will minimise, adding that this merger plan is yet to be approved by the Parliament.

Ongoing power projects were also discussed in the meeting in context to the overall electricity situation in the country. Managing Director PPIB Shah Jahan Mirza briefed the Board on various power generation projects being handled by PPIB.

The Board also discussed 157MW Madian and 215MW Asrit Kedam hydropower projects and project specific IA & PPA for Fatima Energy Limited.

Addressing the meeting, Minister for Water and Power Khawaja Muhammad Asif said the timely completion of upcoming power projects is very important for attaining the goal of zero outages for which the present government desires PPIB to provide maximum facilitation in removing bottlenecks to avoid any hurdles or delays during the implementation of their projects.

The minister said the Government is seriously working to bridge the gap between demand and supply of electricity to accelerate the socio-economic growth of the country and provide relief to the people.

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'FDI jumps on rising Chinese investment'

Amin Ahmed

ISLAMABAD: The combined foreign direct investment (FDI) flows to developing Asia fell 15 per cent to $443 billion in 2016, according to a UN report published on Wednesday. However, South Asia escaped the decline mainly due to a rise in flows to Pakistan and stable flows to India.

The report, titled 'World Investment Report 2017: Investment and the Digital Economy', says FDI to Pakistan rose by 56pc last year, pulled by China's rising investment in infrastructure under the China-Pakistan Economic Corridor (CPEC). Some of the under-construction CPEC projects have also attracted a large amount of foreign investment, especially in electricity generation and transport.

The report, the flagship publication of the United Nations Conference on Trade and Development (UNCTAD), says South Asia was the only sub-region to avoid a contraction in foreign investment in 2016; FDI flows to the region rose by 6pc to $54bn.

Despite a historically high number of announced greenfield projects in 2015, FDI flows to India were largely flat at about $44bn in 2016, up only 1pc from 2015. Foreign multinational enterprises are increasingly relying on cross-border merger and acquisitions to penetrate the rapid growing Indian market.

Developing Asia remained the second-largest FDI recipient in the world, with China, Hong Kong, Singapore and India ranking among the top-10 FDI host economies. FDI outflows from developing Asia rose by 7pc to $363bn, mainly because of surging FDI outflows from China. An improved economic outlook in the Association of Southeast Asian Nations and China is likely to lift investor confidence and help boost FDI inflows in 2017 and beyond, the report says.

For the first time, China was the world's second-largest investor, as FDI outflows surged by 44pc to $183bn, a new high. By contrast, flows from other sub-regions and major investing economies in developing Asia declined substantially. Overall, FDI outflows from developing Asia rose by 7pc to $363bn, driven by cross-border mergers and acquisitions purchases by Chinese firms.

Industrial loadshedding in Karachi slammed

The Newspaper's Staff Reporter

KARACHI: Unannounced loadshedding of 7 to 8 hours daily in industrial areas by K-Electric (KE) is causing 40 per cent production losses and the issue must be resolved immediately, Pakistan Apparel Forum Chairman (PAF) and Chief Coordinator of Karachi Industrial Forum (KIF) Muhammad Jawed Bilwani said on Wednesday.

He condemned power outages in Site Industrial Area, Korangi Industrial Area, F B Industrial Area, North Karachi Industrial Area, Landhi Industrial Area and Site Superhighway Industrial Area.

Karachi, which is the highest tax paying city, is suffering the most due to loadshedding, he said.

Mr Bilwani said the situation has worsened not because of technical faults as claimed by the utility but because KE is not operating its thermal power generation units.

Mr Bilwani said KE produces electricity from its own power generation units with an installed capacity of 2,247 MW and has also signed power purchase agreements for 1,053 MW to import from various independent power producers.

KE claims that during the last few years it has enhanced its capacity to 1,037 MW. KE also receives 650 MW from National Grid but since its privatisation the utility has failed to provide uninterrupted electricity to Karachi.

"Karachi's industries provide employment to around three million citizens directly while generating 54 per cent revenue in and contributing 40pc in national exports. Discriminatory behaviour towards the largest tax-generator and tax-payer is highly deplorable", he added.

Mr Bilwani urged the federal and provincial government to intervene and resolve the issue of industrial loadshedding in Karachi.

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KP Budget 2017-18: Rs208bn allocated for development schemes

Mohammad Ashfaq

PESHAWAR: Khyber Pakhtun-khwa Finance Minister Muzaffar Said on Wednesday unveiled the Annual Development Programme (ADP) worth Rs208bn for 2017-18.

The development outlay envisages provincial and foreign components of Rs126bn and Rs83bn, respectively. Within the foreign component, Rs29.44bn (36 per cent) is grant while Rs52.55bn (64pc) is loan. The major chunk of the loan is for the establishment of the Peshawar Bas Rapid Transit.

The provincial component of the development outlay is Rs98bn while the district component is around Rs28bn.

The development portfolio consists of 1,632 schemes. As many as 1,182 projects are ongoing while 450 projects are new.

As for the total ADP, 81pc allocations are for the ongoing projects while the rest are for the new ones.

The outlay for 2017-18 is 29pc higher than the current ADP of Rs161bn, with provincial and foreign components of Rs125bn and Rs36bn, respectively.

But as per the revised estimates, the provincial component was adjusted upward to Rs144bn and foreign component adjusted down to Rs22bn.

In the next year's development outlay, foreign assistance increases 127pc to Rs83bn. The huge increase in the foreign component is because of the inclusion of the Asian Development Bank (ADB) loan for the Bus Rapid Transit (BRT).

Throw-forward liabilities stand at Rs567bn. A new sector of the China-Pakistan Economic Corridor (CPEC) or Chinese investment has been created with 84 projects and an outlay of Rs2,452.58bn. However, a token allocation of Rs1 million has been made for this in the ADP.

Districts' ADP: The budget allocates Rs28bn for the three tiers of the local government system. It includes Rs13.1bn for the village and neighbourhood councils, Rs7.45bn for tehsils and towns and Rs7.45bn for districts.

Elementary, secondary education: An allocation of Rs14bn has been made for a total of 77 projects. Out of these, 60 projects are ongoing with an allocation of Rs12.6bn while 17 projects are new with an allocation of Rs1.35bn.

The development projects include standardising primary education across the province, ensuring the completion of primary schooling by all children, addressing gender disparity by promoting gender equality, affirmative action and the empowerment of women.

Roads: The government has allocated Rs13.73bn to execute 349 road projects. Out of these, 305 are ongoing projects while 44 are new. About Rs12.93bn is allocated for the ongoing projects while Rs793m is for the new ones.

Major targets in this sector include the construction of RCC Bridges at Swausar Kasai, Gulibagh and Sromanzai Dir Upper, realignment and black topping of Garam Chashma Road from Shaghore to Mough and the construction of dual carriageway from Chamkhani to Badaber via Sureazai with a link to Peshawar Ring Road.

HEALTH: The provincial government has allocated Rs12bn to the health sector for a total of 101 projects. Out of these, 75 are ongoing projects with an allocation of Rs9.96bn while 26 are new ones with an allocation of Rs2.03bn.

Development funds will be used in purchasing equipment for, among others, Hepatitis Centre at Nishter Abad, PGMI at Hayatabad Medical Complex, Casualty Block at Khyber Teaching Hospital, Institute of Kidney Diseases, and newly constructed additional wards at Lady Reading Hospital.

HIGHER EDUCATION: An allocation of Rs6.32bn has been made for higher education for a total of 65 projects. Out of these, 38 projects are ongoing with an allocation of Rs3.99bn and while the rest are new ones with an allocation of Rs2.32bn.

Salient features include the government's plan to upgrade existing university campuses to fully fledged universities and performance-based grants to public-sector universities.

URBAN DEVELOPMENT: An allocation of Rs6.16bn has been made for a total of 30 projects out of which 24 are ongoing with an allocation of Rs5.62bn.

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Major targets include the establishment of a Health City in Regi Model Town, construction of CPEC Tower, development of Civic Centre in Hayatabad under the CPEC and construction of the northern section of Ring Road (Missing Link) from Warsak Jamrud Road.

WATER: An amount of Rs7.05bn has been allocated for the water sector in KP for 2017-18. A total of 209 projects have been listed in budget documents. Out of these, 192 are ongoing projects with an allocation of Rs6.95bn while 17 projects are new with an allocation of Rs95.12m.

The remodelling of Warsak Canal System in Peshawar and Nowshera districts, improvement and upgrade of roads along canal and drainage systems, construction and improvement of flood protection works, improvement of channels and rehabilitation of canal roads in southern districts, and improvement and remodelling of existing irrigation and drainage infrastructure are the major targets for the next fiscal year.

LOCAL GOVERNMENT: A total of Rs4.51bn has been allocated for development schemes that will be executed by the local government and rural development department.

The budget documents show 35 projects in total. Out of these, 26 projects are ongoing with an allocation of Rs2.36bn while nine projects are new and have an allocation of Rs2.14bn.

The budget documents show a development package for Kumrat and Barawal Valley as well as purchase of land/construction and installation of a sewerage treatment plant in Mansehra.

HOME DEPARTMENT: An amount of Rs2.42bn has been allocated for 59 projects. As many as 40 of these projects are ongoing, which will have an allocation of Rs1.98bn.

The projects include the establishment of a Forensic Science Laboratory, facilitation of female prosecutors in the prosecution offices and construction of a traffic warden headquarters.

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Cotton price steady amid better supply

The Newspaper's Correspondent

MULTAN: Supplies from the new cotton crop have improved as sizeable quantities have started arriving in the market, majorly from the coastal cities of Sindh. The Karachi Cotton Association kept its spot rate unchanged.

Cotton broker Syed Mudabir Shah said picking somehow gets momentum in cities in Sindh including Badin, Degree, Gularhci, Mirpur Khas and Umerkot.

He said the price of phutti (seed cotton) rose by Rs50 to Rs3,500 to Rs3,625. However, the price of cotton seeds reduced from Rs1,700 to Rs1,650 while wholesalers held a huge quantity of oilcake from last year.

Moreover, yarn prices remained unchanged amid increase in its demand.

Meanwhile, the Punjab government has directed its crop-reporting department to finalise the cotton sowing report till June 20 so that a strategy to achieve the target of 10 million cotton bales could be devised.

Punjab's director general of agriculture said the province has so far achieved its 90 per cent sowing target. Sowing in some areas of Sindh and Punjab is still under way.

Major deals on the ready counter were: 200 bales from Shahdadpur at Rs7,000 (new crop), 190 bales from Lodhran at Rs6,850 and 200 bales from Vehari at Rs6,800.

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**

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.70	104.90	105.90	106.10
UK	135.07	135.33	136.30	137.30
Euro	117.95	118.18	118.40	119.40
S.Arabia	27.92	27.97	28.20	28.40
UAE	28.45	28.51	28.85	29.05
Japan	0.9562	0.9580	0.9622	0.9822

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.91	6.16
One year	5.96	6.46

LIBOR

Special US dollar bonds for June 6

Three months	1.21900%
Six months	1.41711%

THE NEWS
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Federal budget fails to support industries: Aptma

KARACHI: The government has once again lost the opportunity to revive the national economy through the federal budget 2017/18, as the current budget has failed to support the export-oriented industries, including textiles, said Zahid Mazhar, senior vice chairman of All Pakistan Textiles Mills Association (Aptma).

In a statement on Wednesday, Mazhar said that the government failed to bring in fundamental reforms to encourage exports, industry and employment.

The government has not announced any measures to generate employment, promote exports and encourage import substitution, he added.

The industry had requested reduction in turnover tax. On the contrary, the government has increased the turnover tax from one percent to 1.25 percent, he said, and urged the government to reduce the minimum turnover tax to 0.25 percent.

He also urged the authorities to do away with the imposition of two percent further tax on the textile industry.

He requested the government that before passing the federal budget from the National Assembly, it should ensure zero-rating of all inputs, including packaging materials, spare parts and fuel and energy in true spirit.

The government has again extended delay in arranging timely sales tax refunds, which will further lead to disastrous consequences, he said.

Presently, more than Rs200 billion has been stuck-up in sales tax refunds, resulting in creation of severe liquidity problems for the industry, he said, and demanded immediate resolution of the issue.

Mazhar said the export-led growth package announced by the prime minister in January this year for the textile industry was merely an eyewash, as only an amount of Rs1 billion has been released by the State Bank of Pakistan so far and the government has budgeted a meagre amount of Rs4 billion only for the next financial year against the total package of Rs180 billion for a period of 18 months based on the requirement of Rs10 billion per month.

THE NEWS
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Dar urged to purge finance bill of anomalies

KARACHI: Business community on Wednesday gave a broadside to the government for utterly disregarding Industrial Raw Material Commercial Importers' (IRMCI) budget proposals and appealed to the finance minister Ishaq Dar and chairman Federal Board of Revenue (FBR) to purge the finance bill of anomalies to make it truly business-friendly.

"In the federal budget 2017/18, commercial importers of industrial raw materials have been ignored altogether. This may not bode well for the industries also," Saqib Fayyaz Magoon, vice president Federation of Pakistan Chambers of Commerce and Industry (FPCCI) told an IRMCI delegation that called on him at his office.

"These commercial importers are the backbone of industry, because they ensure continuous supplies of raw material to the manufacturers."

Magoon said that same tax rate on the import of raw material for industries and commercial importers should be the same so that a level playing field could be provided to all the stakeholders. "It is because some industries are over-importing the raw material and selling the surplus in the market causing heavy losses to commercial importers," the FPCCI vice president said.

He continued that due to the very problem, commercial import of many items becomes unfeasible. "It is so highly unfortunate to note the government did not even consider this justified demand of the importers," Magoon lamented. Replying to a question, he agreed with members of the delegation the FBR should not ask for the verification in case of sale of an item, listed in SRO 1125 (I)/2011, to an unregistered person.

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Cotton stable

Karachi

No transaction was recorded at the Karachi Cotton Exchange on Wednesday, while spot rates remained unchanged.

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. An analyst said the market is slow during Ramazan, besides there was end of the season. “Mills are doing very slow trade. Market is likely to remain slow and prices steady.” Some cottonseed has started arriving in the mills, but it is not in full boom. Cottonseed is being sold at Rs3,400 to Rs3,600/40kg. One mill in Mirpurkhas, Sindh has started partial ginning, while others have also started buying, but will start operations in a few days, he added. New York cotton market recorded a decline on all its futures. July futures decreased 0.29 cents to 76.02 cents/pound and October futures fell 0.12 cents to 74.42 cents/pound.

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Govt once again lost opportunity to revive economy: Aptma

LAHORE - Zahid Mazhar, Vice Chairman All Pakistan Textile Mills Association (APTMA), on Wednesday said that the government has once again lost the opportunity to revive the national economy through federal budget 2017-18.

In a statement, he said, “The current budget has failed to support the export oriented industries including textiles.”

He said, “The government has failed to bring in fundamental reforms to encourage exports, industry and employment. The government has not announced any measures to generate employment, promote exports and encourage import substitution.” He said, “The industry had requested reduction in turnover tax. On the contrary the government has increased turnover tax from 1 percent to 1.25 percent.” He pleaded for reduction in the minimum turnover tax to 0.25 percent.

He said, “The government has imposed 2 percent further tax on supplies to unregistered persons, it should also do away with the imposition of 2 percent further tax on the textile industry since the industry gets burdened with 2 percent additional cost as the end users do not pay this tax.”

He said, “Presently the system of zero rating is distorted and is actually not zero rating in true spirit. It needs some changes because there is no zero rating on some of the inputs.” He requested the government that before passing the federal budget from the National Assembly it should ensure zero rating of all inputs including packaging materials, spare parts and fuel and energy in true spirit.

Mazhar also stated, “The government has again extended delay in arranging timely refunds of sales tax which is crippling the liquidity of the industry, which will further lead to disastrous consequences. Presently an amount of more than Rs. 200 billion is stuck up in delayed refunds of sales tax resulting in creation of severe liquidity problem of the industry. This should be addressed on immediate basis.”

He demanded immediate payment of all refunds for which RPOs have been issued. He said, “All unprocessed refund claims should also be processed and paid by August 14, 2017 to improve liquidity of the textile industry.”

He further said, “Unfortunately the government’s priorities do not include the textile industry which is earning about 60 percent of the foreign exchange through exports for the country and providing more than 38 percent employment in the manufacturing sector has been hit hard because of shortage, high price and duty on the import of raw materials including cotton and synthetic fiber.”

He said, “The situation is further aggravated due to high cost of energy both gas and electricity as compared to the regional competitors. The government should remove the levy of Gas Infrastructure Development Cess (GIDC) on the system gas.”

He further demanded, “The government provides gas at the regionally competitive rate of Rs. 400/MMBTU as was earlier announced by ECC in November 2016 but was not implemented. The rate of re-gasified liquefied natural gas (RLNG) should also be reduced. The electricity tariff for independent feeders should be Rs. 7 kwh without levy of surcharges.”

Mazhar said, “The textile industry demands practical measures and not mere announcements. The export-led growth package announced by Prime Minister Nawaz Sharif in January this year for textile industry was merely an eyewash, as only an amount of Rs 1 billion has been released by State Bank of Pakistan (SBP) so far and government has budgeted a meager amount of Rs. 4 billion only for the next financial year against the total package of Rs. 180 billion for a period of 18 months based on the requirement of Rs 10 billion per month.”

In order to arrest the continuous decline in exports of textiles and clothing, he demanded implementation of the Rs. 180 billion export-led growth package announced by the prime minister of Pakistan in letter and spirit. He requested the government that, “All incentives announced in the Prime Minister scheme should be implemented without any delay.”

“Since the country has already suffered huge losses due to failure of cotton crop for the last two consecutive years, the Vice

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Chairman APTMA further demanded the government to ensure availability of raw materials to the industry by continuing the policy of import of cotton without duty and sales tax and review its decision to re-impose custom duty and sales tax on import of cotton as it will be suicidal for the textile industry.

He demanded the government to properly address the problem of shortage of cotton by putting emphasis on the research of cotton and getting better production and yield to meet the consumption requirement of the country.

He said, “Our annual requirement of cotton is 15 million bales whereas we have produced around 10 million bales each in the last two seasons. If proper attention is given then the crop size can even reach 20 million bales which can give a boost to the textile industry and the economy of the country.”

Mazhar said, “The trade deficit this year is expected to reach $31 billion as imports are projected to close at $51 billion as against estimated exports of $20 billion. However the textile industry of Pakistan is capable enough to reverse this negative trend.”

“It can generate employment and at the same time achieve export target of 12 percent of the GDP ($36 billion) provided the decisions and policies are made to support it instead of discourage it. The country has a potential to reach annual GDP growth of 8 percent provided the government immediately starts giving attention to the export sectors especially the textile industry,” he said.

“Otherwise our dream of economic growth might turn into a nightmare and then even the China Pakistan Economic Corridor (CPEC) would not help us to survive in the international market and we will be reduced to a trading based country,” he said.

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Uninterrupted power supply to industries demanded

Our Staff Reporter

KARACHI - Pakistan Apparel Forum Chairman and Chief Coordinator of Karachi Industrial Forum Muhammad Jawed Bilwani has strongly condemned unannounced industrial loadshedding by K-Electric (K-E) for 7 to 8 hours daily in S.I.T.E. Industrial Area, Korangi Industrial Area, F.B. Industrial Area, North Karachi Industrial Area, Landhi Industrial Area and S.I.T.E. Superhighway Industrial area, which is highly unjustified and unlawful. He demanded the government to intervene and ensure uninterrupted power supply to the industries in Karachi.

Expressing reservation, Jawed Bilwani stated that Karachi is highest taxes paying city but is suffering from the highest electricity loadshedding and said that after residential areas, the industrial zones have been facing unannounced power outages. A complete one shift of industrial production has suffered and production losses are 40 percent. It will hamper the export efficiency and will also widen trade deficit.

He stated that K-Electric is not operating its thermal power generation units and has created a fake power crisis in Karachi in the name of technical faults and breakdowns as claimed by power utility which is totally an eyewash. K-Electric produces electricity from its own power generation units with an installed capacity of 2,247 MW and has also signed power purchase agreements for 1,053 MW to get from various independent power producers. The power utility claimed that during last few years company has also enhanced its capacity. KE also gets 650 MW from national grid but since its privatization many years back, the Utility has not honoured its commitment to provide uninterrupted and quality electricity to Karachi. Instead, the company has become habitual of paying lip-services, making false commitment and hoodwinking citizens and the government. The Utility has, during the years, not addressed basic issues and problems and KE has become habitual of giving misleading statements of loadingshedding due to breakdowns and technical faults. Jawed Bilwani added that the management of K-Electric deliberately not operating thermal units operated on furnace oil. If KE shall operate all its power generation units, electricity loadshedding in Karachi will come to an end. He stated that Karachiites should not be held hostage to K-E for electricity needs which is a basic amenity. The energy problems and loadshedding in the industries areas is causing unprecedented production loss to the tune of billions of rupees daily.

Bilwani urged the federal and provincial government to intervene in the issue of loadshedding by K-E to save Karachi and its industries, otherwise Pakistan's economy will suffer irreparable loss.