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Shahzad Ayub vying for APTMA's top slot

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Shahzad Ayub of Zainab Textile Mills Ltd, Industrial Estate Hattar is set to contest election for the central Chairmanship of APTMA against Ahmed Kuli Khan Khattak of Bibojee Group of Companies which compriseS of Rahman Cotton Mills Ltd, Janana De Malucho Textile Mills Ltd, Bannu Woollen Mills Ltd, and Babri Cotton Mills Ltd Ahmad Kuli Khan Khattak is the son of late Lieutenant-General Habibullah Khan Khattak (retd.).

The central chairman of APTMA is elected on rotation basis from all four provinces and for this year 2017-18 its KPK's turn to elect APTMA Central Chairman from its Region.

Sources in APTMA told this scribe that Ahmed Kuli Khan Khattak has submitted an objection against the nomination of Shahzad Ayub in the DGTO office Islamabad on the grounds that Shahzad Ayub has violated the condition of section 37 sub section (i) of Memorandum & Articles of Association of APTMA.

The nomination forms should have been submitted to the Secretary General instead of the regional office. He has also violated the condition of the circular inviting nomination for the Executive Committee of APTMA that the nomination form must be submitted to the Principal Office in Karachi or at the concerned regional office at Peshawar whereas Shahzad Ayub has submitted his nomination at APTMA Punjab Region which is a clear violation of the Memorandum and Articles of Association.

Khyber Pakhtunkhwa has few textile mills which already operate under very difficult circumstances. They lie outside the cotton growing belt which leads to higher freight costs bringing raw material to the mills. They also face unique security challenges which other provinces don't. It is the right of any member of the KP APTMA to run for central chairmanship after 6 years.

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Ministry, Nepra at loggerheads over proposed amendments

RECORDER REPORT

ISLAMABAD: The Ministry of Energy and National Electric Power Regulatory Authority (Nepra) are still at loggerheads over proposed amendments in the Regulation of Generation, Transmission and Distribution of Electric Power, Bill 2017 – an apparent move to clip the wings of the regulator.

This was witnessed at a meeting of the National Assembly Committee on Energy presided over by Chaudhry Bilal Ahmad Virk. Minister of State for Power Division Abid Sher Ali, Secretary Power Division Yousaf Naseem Khokhar and chairman Nepra Brigadier Tariq Saddozai (retired) represented their respective organizations.

The moment discussion on the proposed amendments in Nepra Act began, Secretary Power Division Yousaf Naseem Khokhar promptly said that Ministry of Energy and Nepra be given some time to evolve a consensus on the amendments.

Chairman Nepra stated that the regulator is making all-out efforts to ensure transparency in the power sector, and expressed his gratitude to the Chairman of the Committee for giving a chance to his organization to present its viewpoint given Nepra's reservations on the proposed amendments.

As Chairman Nepra began to present his argument Chairman Standing Committee intervened, asking both the Energy Ministry and Nepra to sit together and evolve a consensus on the amendments within a week. He directed Nepra to submit its reservations regarding the amendments to the Committee's Secretary.

Minister of State for Power Division Abid Sher Ali said that there is no load shedding in around 250 feeders in Khyber Pakhtunkhwa due to improved recovery of bills.

He later spoke to the media and claimed that generation has touched 20,000MW and the government will formally announce "no load shedding" in November.

Chairman Standing Committee dropped a few items on the agenda due to absence of CEO KE and CEO Sepco. However, CEO Pesco gave an overview of the electricity situation in KPK. One of the members raised the issue of massive over-billing in Karachi.

Managing Director Sui Southern Gas Company Limited (SSGCL) informed the parliamentary panel that running the company on a commercial basis was not economically viable with surplus staff regularized during the tenure of the PPP-led coalition government.

Managing Director SSGCL also told the committee that it had been compelled to bear the extra burden of 4000 employees regularized through a presidential order during the PPP government's tenure. He added that as the head of the company it was his responsibility to run it in profit but it was difficult given the scale of over-staffing.

The committee discussed in detail the dismissal of contractual employees of the two gas distribution companies - Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited.

Pakistan Tahreek-e-Insaaf Member Shehryar Afridi stated that third party contractual employees were terminated on the letter-head of gas companies that do not have the mandate to fire them, as per law.

Afridi further contended that an estimated 1000 contractual employees were regularized in SNGPL through a presidential ordinance while 400 employees were regularized on higher scales on the recommendations of the regularization committee headed by Syed Khurshid

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Shah in 2008.

Afridi maintained that services law stipulates that management of SNGPL should regularize those contractual employees who have served the company for more than ninety days.

Defending his decision to sack contractual employees, Managing Director Amjad Latif SNGPL pointed out that these employees were contractually obligated to leave after the expiry of their contracts; they however filed a petition in the High Court which upheld the termination decision of SNGPL. "We are ready to follow the ruling of court of law in case it directs that the services of the sacked employees be restored," he assured the committee.

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THE RUPEE

Minor changes

RECORDER REPORT

KARACHI: Slight changes marked on the money market on Thursday as the rupee moved cautiously versus the dollar in the process of trading activity, dealers said.

INTER-BANK MARKET RATES: The rupee slipped by one paisa against the dollar for buying and selling at Rs 105.40 and Rs 105.41 respectively, they said.

OPEN MARKET RATES: The rupee did not move any side in relation to the dollar for buying and selling at Rs 106.00 and Rs 106.20 respectively, they said.

The rupee dropped by 50 paisas in terms of the euro for buying and selling at Rs 125.80 Rs 127.30 respectively, they said.

In the fourth Asian trade, the euro held firm ahead of a European Central Bank policy decision, with the focus on what the ECB might say about the currency's recent strength and how that may influence the policy outlook.

The euro edged up 0.1 percent to $1.1925, still some way off last week's high of $1.2070, its highest level since January 2015.

The common currency has lost some momentum since hitting that 2-1/2 year peak, weighed down by rising expectations that a stronger euro could slow the ECB's plans to rein in its bond-buying stimulus. Only 15 of 66 economists polled by Reuters expect the ECB to announce a reduction of its monthly asset purchases at Thursday's ECB policy meeting -- a sharp reversal from a month ago when slightly over half of respondents expected such a move.

The dollar was trading against the Indian rupee at Rs 64.020, the greenback was at 4.214 in terms of the Malaysian ringgit and the US currency was available at 6.523 against the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Thursday: 80.70-80.70 (previous 80.70-80.70).

Open Bid	Rs. 106.00
Open Offer	Rs. 106.20

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

Bid Rate	Rs. 105.39
Offer Rate	Rs. 105.40

RUPEE IN LAHORE: The Pak rupee showed strength and gained 20-paisa on buying side whereas it remained unchanged on selling side in relation to the greenback in the local currency market on Thursday. According to the currency dealers, because of sufficient supply, the dollar's buying rate dropped from the overnight closing of Rs 106.00 to Rs 105.80. However, its selling rate stayed unchanged at its day earlier closing of Rs 106.20.

On the contrary, the rupee remained weak and depreciated its worth against the pound sterling that was traded at Rs 136.80 and Rs 137.80 on buying and selling counter as compared with the Wednesday closing of Rs 135.50 and Rs 136.50, respectively, the dealers said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The value of rupee against the remained uncharged at the open currency markets of Islamabad and Rawalpindi here on Thursday. The dollar opened at Rs 107.10 (buying) and Rs 107.20 (selling) against same last rate. It closed at Rs 107.10 (buying) and Rs 107.20 (selling) in evening session.

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Listed cos' CEOs to bring issues of default risk to BoD's notice

SOHAIL SARFRAZ

ISLAMABAD: The chief executive officers of listed companies will bring significant issues of default risk due to any loan, other obligations including penalties and other dues to a creditor, bank or financial institution or default in payment of public deposit, TFCs, Sukuk or any other debt instrument, to the notice of board of directors.

It is learnt that the draft of Listed Companies (Code of Corporate Governance) Regulations 2017 has highlighted issues to be placed for decision of board of directors.

The chief executive officer of the listed company shall place significant issues for the information, consideration and decision, as the case may be, of the board of directors or its committees that include but are not limited to the following:

As soon as the chief executive officer foresees risk of default concerning obligations on any loans (including penalties and other dues to a creditor, bank or financial institution or default in payment of public deposit), TFCs, Sukuk or any other debt instrument, the same shall be brought to the attention of board.

The issues also included annual business plan, cash flow projections, forecasts and strategic plan; budgets including capital, manpower and overhead budgets, along with variance analysis; matters recommended and/or reported by the audit committee and other committees of the board and quarterly operating results of the listed company as a whole and in terms of its operating divisions or business segments.

The issues also included internal audit reports, including cases of fraud, bribery, corruption, or irregularities of material nature; management letter issued by the external auditors; details of joint venture or collaboration agreements or agreements with distributors, agents etc and promulgation of or amendment to a law, rule or regulation, applicability of financial reporting standard and such other matters as may affect the company and the status of compliance therewith.

The significant issues also included status and implications of any law suit or proceedings (show cause notice, demand or prosecution notice) of material nature, filed by or against the listed company; failure to recover material amounts of loans, advances, and deposits made by the listed company, including trade debts and inter corporate finance; any significant accidents, fatalities, dangerous occurrences and instances of pollution and environmental problems involving the listed company and significant public or product liability claims made or likely to be made against the listed company, including any adverse judgment or order made on the conduct of the listed company or of another company that may bear negatively on the company.

The chief executive officer of the listed company shall place before board of directors report on governance, risk management and compliance issues. Risks to be considered shall include reputational risk and shall address risk analysis, risk management and risk communication.

The chief executive officer of the listed company shall place before board of directors' disputes with labour and their proposed solutions, any agreement with the labour union or collective bargaining agent and any charter of demands on the listed company.

The issues also included reports on /synopsis of issues and information pursued under the whistle blowing policy, clearly disclosing how such matters were dealt with and finally resolved or concluded and implementation of

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environmental, social and governmental and health and safety business practices including report on corporate social responsibility activities and status of adoption/compliance of corporate social responsibility (Voluntary) Guidelines 2013 or any other regulatory framework as applicable.

The chief executive officers of the listed companies shall brought to the notice of board of directors significant issues like quarterly details of foreign exchange exposures and the safeguards taken by management against adverse exchange rate movement, if material.

The board of directors shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees.

All listed companies shall make appropriate arrangements to carry out orientation courses for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed companies for and on behalf of shareholders.

A newly appointed director on the board shall acquire, unless exempted or already in possession of the required certification, the directors training program certification within a period of six months from the date of appointment as a director on the board. Provided that director having a minimum of 14 years of education and 15 years of experience on the board of a listed company, local and/or foreign, shall be exempt from the directors training program.

The removal of the chief financial officer, company secretary and head of internal audit of a listed company shall be made with the approval of the board of directors provided that the head of the internal audit may be removed upon recommendation of the audit committee.

Qualification of the chief financial officer.- No person shall be appointed as the chief financial officer of a listed company unless he has at least five years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and is a member of a “recognized body of professional accountants” or has a postgraduate degree in finance from a university in Pakistan or equivalent recognized and approved by the Higher Education Commission of Pakistan (HEC), SECP added.

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Forex reserves up $386m

RECORDER REPORT

KARACHI: The country's totalled foreign exchange reserves posted an increase of $386 million during the last week supported by arrival of official inflows.

According to State Bank of Pakistan's weekly report issued on Thursday, the country's total foreign exchange reserved stood at $20.387 billion as on Aug 31, 2017 compared to $20 billion as on Aug 25, 2017, depicting an increase of $385.9 million.

During the week under review, SBP's reserves increased by $338 million to reach $14.681 billion end of the last week up from $14.343 billion a week earlier. The surge in SBP's reserve occurred due to arrival of official inflows.

In addition, reserve held by banks increased slightly $48 million to $5.706 billion as on Aug 31, 2017 compared to $5.657 billion as on Aug 25, 2017.

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NY regulator fines HBL $225m

WASHINGTON: The New York State Department of Financial Services said on Thursday it had fined Pakistan's Habib Bank and its New York branch $225 million for failures to comply with laws and regulations designed to combat illicit money transactions.

The DFS statement followed an announcement by the regulator last month that it was seeking to fine Pakistan's biggest lender, known as HBL, up to $630 million for "grave" compliance failures relating to anti-money laundering and sanctions rules at its only US branch.

The DFS said on Thursday it had also imposed an order outlining conditions for the orderly closure of HBL's New York branch. These conditions include an investigation of transactions processed by the branch from October 2013 to the end of September 2014, and from April 2015 through the end of July 2017.

The enforcement action was brought following a 2016 review during which the department said it found "weaknesses in the bank's risk management and compliance" which bank management had failed to address.

"The bank has repeatedly been given more than sufficient opportunity to correct its glaring deficiencies, yet it has failed to do so," Financial Services Superintendent Maria Vullo said in the statement.

"DFS will not stand by and let Habib Bank sneak out of the United States without holding it accountable for putting the integrity of the financial services industry and the safety of our nation at risk."

Officials at Habib Bank, which is listed in Karachi, were not immediately available for comment outside normal working hours.

The bank disclosed last month that it was in negotiations with the DFS regarding the potential fine and would also shutter its New York branch.

Nausheen Ahmad, the bank's company secretary, said in a statement at the time that the DFS did not recognize "the significant progress that HBL has made at its branch in New York" and that the bank would vigorously contest the proposed fine in US courts.

The bank also said the closure of its New York operation would have no material impact on its business outside the United States.—Reuters

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Code of Corporate Governance

SECP issues draft of Listed Companies Regulations

RECORDER REPORT

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has decided that no person shall be elected or nominated or hold office as a director of a listed company including as an alternate director of more than five listed companies simultaneously.

Through SRO 880(I)2017 issued here on Thursday, the SECP has issued draft of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Moreover, Chairman and the chief executive officer of a listed company, by whatever name called, shall not be the same person. The chairman shall be elected subject to such terms and conditions and responsibilities as provided under Section 192 of the Act and these Regulations.

The board of directors shall ensure that the board as a group comprises members having the core competencies, diversity, requisite skills, knowledge, experience and fulfils any other criteria relevant in the context of the company's operations.

Under the regulations, the minority shareholders as a class shall be facilitated to contest election of directors by proxy solicitation, for which purpose, the listed companies shall annex with the notice issued under section 159 (4) of the Act, a statement by a candidate from among the minority shareholders who seeks to contest election to the board of directors, such statement shall include a profile of the candidate(s).

Listed companies shall provide information regarding members and shareholding structure to the candidates and on a request by the candidate(s) and at the cost of the company, annex to the notice issued under section 159 (4) of the Act an additional copy of proxy form duly filled in by such candidates.

The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher.

Provided that for the purpose of appointing independent directors, the board shall be reconstituted not later than expiry of its current term pursuant to effective date of these Regulations.

The board of directors shall have at least one female director when it is next reconstituted or within the next one year from the effective date of these Regulations, whichever is later.

As per draft regulations, the executive directors, including the chief executive officer, shall not be more than one third of its elected board of directors. Executive director means a director who devotes the whole or substantially the whole of his time (whether paid or not) to the operations of the company.

Responsibilities of Board of Directors and its members revealed that in exercise of powers under Section 183 of the Act, the board of directors of a listed company shall carry out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the company and its stakeholders.

The board of directors is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies. The board shall undertake at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of

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the Company and shareholders.

The board of directors of a listed company shall ensure that a vision and/or mission statement and overall corporate strategy for the company is prepared, adopted and periodically reviewed and a formal code of conduct that promotes ethical culture in the company and prevents conflict of interest in their capacity as member of the board, senior management and other employees. The board shall take appropriate steps to disseminate code of conduct throughout the company along with supporting policies and procedures and these shall be put on the company's website.

The board of directors of a listed company shall ensure adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices; a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company and a formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of board, and of its committees.

The board of directors of a listed company shall ensure the decisions on the following material transactions or significant matters are documented by a resolution passed at a meeting of the board: investment and disinvestment of funds where the maturity period of such investments is six months or more, except in the case of banking companies, non-banking finance companies and insurance companies; determination of the nature of loans and advances made by the listed company and fixing a monetary limit thereof.

The board of directors shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive sub-committee of the board that may be set up for the purpose.

The board of directors shall maintain a complete record of particulars of the significant policies along with their date of approval or updating.

The Chairman of the Board shall, at the beginning of term of each directors, issue letter to appointed directors setting out their role, obligations, powers and responsibilities in accordance with the Act and listed company's Articles of Association, their remuneration and entitlement.

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Revising the textile policy

Policymaking is one of the most important tools the state has to shape a particular sector and provide a roadmap of where it ideally wants the sector to be. If drafted and implemented in letter and spirit, a good policy frame-work can provide a sound business enabling environment.

However, when it comes to the textile policy, things have turned out to be far from ideal. In fact if one goes through the list of goals mentioned in the Textile Policy 2014-19, there has been hardly any progress. In fact things have gone in quite the opposite direction.

Recently, the Pakistan Readymade Garments Association (PRGMEA) called for a revision to the existing textile policy. Its Chairman, Ijaz Khokhar, is of the view that the revised policy should be disaggregated to cater to each segment of the textile value chain rather than having a one size fits all approach.

The garments sector has been the one that has shown promise when it comes to boosting exports as all other categories have shown sluggish and in many cases negative growth. However, the policies as they stand currently are tilted more in favour of the initial value chain such as spinning.

Ijaz believes that the lack of quality fabric locally has constrained the garments sector exports as foreign buyers now require garments made from G3, G4 and technical fabric raw materials which are not locally produced by weavers in Pakistan. The Textile Policy aimed to “improve fibres mix in favour of non-cotton from 14 to 30 percent.”

But the progress has been negligible. Similar to the ambitious target of doubling textiles exports from $13 billion per annum to $26 billion per annum. The case of pending refunds both for sales tax refund and custom rebates has sapped exporter liquidity.

This column has already shed light upon the poor economic policies that have led to surplus sugarcane at the cost of cotton production. Then there has been the undue imposition of anti-dumping and non-tariff barriers even on items whose local production is negligible.

Recall that APTMA has been trying to limit the import of cotton yarn by requesting FBR to make it compulsory for all consignments of imported yarn from India and China to be subjected to independent inspections at three stages in order to curb yarn import. The Pakistan Textile Exporters Association (PTEA) is strongly against the move and believes there will be a severely negative impact on the entire textile value chain and points out that only 3 percent of total yarn consumption is being imported.

Another example is the National Tariff Commission’s (NTC) recent imposition of an average anti-dumping duty of roughly 7 percent on PFY exporters from Malaysia and China with the duty ranging from 3- 11 percent.

PYMA believes that for polyester FDY yarn (HS. Code 5402.4700) the local production amounts to only 3 percent and the remaining is imported. Similarly, polyester DTY’s (HS Code 5402.3300) local production amounts to only 25 percent of the required needs of the weaving industry whereas the rest again needs to be imported.

Then there is the cost competitiveness element. There has hardly been any proper subsidy implementation for the higher value added textile segments which includes garments. It is the need of the hour to subsidize inputs to encourage value addition. But again the opposite stance is being taken. Gas and electricity rates for the local industry are already far higher than neighbouring India, Vietnam or Bangladesh.

The time has come then to reevaluate and revise the Textile Policy 2014-19 and instead develop policies for each sub-component of the value chain including

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spinning, weaving and readymade garments. The over-arching aim should be to provide a level-playing field to all players while at the same time increasing their cost competitiveness in global markets.

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ANALYSIS

Mixed tone seen on cotton market

DR ZAFAR HASSAN

LAHORE: While earlier in the week the cotton prices were relatively on the tight side, a reaction was seen to have set in on Thursday as prices pared the gains. Thus on Thursday the ready cotton market presented a mixed tone. It may be recalled that cotton prices on the New York cotton futures market had generally ranged from about 67 to 75 cents a pound for the frontal months, on Thursday it was reported that frontal month price for ICE Futures Cotton No. 2 has retreated by half to one cent per pound in the evening for some time while the session was still in progress.

The price for seed cotton (Kapas/Phutti) from Sindh was reported to range from Rs.2600 to Rs. 2800 per 40 Kgs on Thursday, according to the quality. Sindh seed cotton containing more moisture was said to be selling even at Rs.2100/Rs.2300 per 40 Kgs. In the Punjab, seed cotton was said to be selling from Rs.2600 to Rs.2900 per 40 Kgs, according to the quality.

Ginned cotton from Sindh was said to be selling from Rs.6100 to Rs.6150 per maund (37.32 Kgs) on Thursday, according to the quality. In the Punjab, lint was reportedly selling from Rs.6200 to Rs.6250 per maund, according to the quality. Cotton prices have been moving up and down since the past two or three days.

The 2017/2018 cotton crop production may range from 12 to 12.5 million bales (155 Kgs). Upto now, no serious damage has been reported to the standing crop. Water supply from the rivers has been relatively low up to now, but several rain showers during the previous several weeks have increased the water supply to the cotton fields in several areas.

On Thursday, cotton consultant Naseem Usman informed that about 5000 bales of cotton from Sindh were sold at prices ranging from Rs.6100 to Rs.6150 per maund (37.32 Kgs), according to the quality. In the Punjab, about 4000 bales of cotton were sold at prices ranging from Rs.6200 to Rs.6250 per maund, according to the quality. Yarn and textile prices are reported to be very weak.

Mr. Abdul Sattar Balagamwala, the Managing Partner of M/s Balagamwala Cotton and Pressing Factory and also Former Chairman of the Karachi Cotton Association, (KCA) passed away on 5th of September 2017. He rendered valuable services to the cotton trade and the KCA. The late Mr. Sattar Balagamwala as a senior cotton merchant and enjoyed a very good reputation in cotton trade. He was very humble, sincere and highly respected by the cotton community. May Allah Almighty bless his soul and provide patience and fortitude to the members of his family and friends.

On the global economic and financial front, several equity indices around the world fell at mid-week fearing rising tensions in North Korea and fears that showdown in Washington over the United States budget and federal debt ceiling impasse in the American Congress would suspend government funding. However, President Donald Trump finalized a debt ceiling deal with Democrats which would enable hurricane disaster relief funding and also raising the debt ceiling to rehabilitate the people and also the vast economic disaster resulting from the historically high devastations ensuing from the hurricanes Harvey and Irma.

Thus earlier this week investors on the bourses were weary of the North Korean tensions as well as the difficulty of the American Government’s ability in arranging for the funding of the government’s spending to tackle the devastation wrought by the two hurricanes.

We thus saw that on last Tuesday and Wednesday Wall Street suffered big losses due to the scary headlines pertaining to the North Korean tensions. Similarly, the Chinese stocks also look a dip earlier in the week. The Nikkei index was reported to have fallen for the third day since the beginning of this week due to what has been called the lingering worries pertaining to the ongoing nuclear crisis.

Hong Kong stocks dipped similarly last Wednesday following declines in other world markets as investors followed a profit taking spree. However, reports from Sydney informed that Australian shares closed down on Wednesday because of the problems being faced by the Common Wealth Bank of Australia over a money laundering scandal.

A Reuter report from Mumbai stated that share prices fell on Wednesday and the Indian rupee dipped to its weakest level in three weeks against the dollar as tensions over North Korea's recent nuclear test continued to dampen the investor sentiments globally. Similarly, the Southeast Asian markets were also subdued due to the North Korean nuclear conundrum.

On Thursday the equity markets started to move up at opening time but later became volatile with increasing fluctuations. Bloomberg reported that "the dollar tumbled and Treasuries rallied as investors sounded a note of caution with Hurricane Irma barrelling toward Florida and North Korea issuing threats. The euro strengthened after the European central bank signalled prolonged stimulus". It appears that the global economy is not yet moving towards the desired growth and stability.

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Phutti rates move both ways

RECORDER REPORT

KARACHI: Prices of seed cotton moved both ways on the cotton market on Thursday in the process of trading, dealers said.

The official spot rate picked up more Rs 50 to Rs 6100, they said. In the ready session, nearly 24,000 bales of cotton changed hand between Rs 6050-6350, they said. In Sindh, seed cotton prices shed Rs 50 to Rs 2600-2800 and in Punjab rates, however, rose by Rs 100 to Rs 2600-2900 as per 40 kg, they said.

Some experts said that a kind of panic buying was seen in the market as leading buyers were busy in the fresh dealings. Another factor behind the price flare-up was hectic buying by the world's leading cotton merchant, they said.

Cotton analyst, Naseem Usman said that besides, hurricane, Irma was also an adding factor, which pushed rates sharply higher. In fact, many spinners who were anticipating that prices to come down in days to come, they indulged in panic buying but it looks that trading activity may come down in near future, analysts observed.

Adds Reuters: ICE cotton futures edged lower on Wednesday, after touching an over five-month high, on selling by producers.

Cotton contracts for December settled down 0.38 cent, or 0.51 percent, at 74.5 cents per lb, snapping six sessions of gains. It traded within a range of 74.04 and 75.65 cents a lb, its highest since March 20.

Total futures market volume fell by 22,156 to 44,680 lots. Data showed total open interest gained 4,967 to 234,800 contracts in the previous session.

The following deals reported: 1600 bales from Mirpurkhas at Rs 6050/6100, 400 bales from Kotri at Rs 6100, 1200 bales from Sanghar at Rs 6100/6150, 2000 bales from Tando Adam, 2000 bales from Shahdadpur, 400 bales from Maqsoodo all were done at the same prices, 1200 bales from Nawabshah at Rs 6140/6200, 1000 bales from Shahpur Chakar at Rs 6175/6200, 800 bales from New Saeedabad at Rs 6200, 400 bales from Rohri, 400 bales from Salehpat all were settled at the same rates, 600 bales from Ahmedpur at Rs 6275, 1200 bales from Burewala at Rs 6275/6350, 800 bales from Bahawalpur, 400 bales from Lodhran, 400 bales from Rajanpur, 400 bales from Hasilpur all were sold at Rs 6300, 800 bales from Vehari at Rs 6300/6350, 400 bales from Chichawatni at Rs 6350, 600 bales from Dera Ghazi Khan, 1200 bales from Haroonabad, 400 bales from Kabirwala, 600 bales from Khanewal, 600 bales from Layyah, 1200 bales from Mianchano, 200 bales from Mianwali, 400 bales from Samundri, 400 bales from Bakhar and 200 bales from Chistian all were finalised at the same prices, dealers 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 06.09.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,100	145	**6,245**	**6,195**	+50/-
40 Kgs	6,537	155	**6,692**	**6,639**	+53/-

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ICE cotton futures dip

NEW YORK: ICE cotton futures inched lower on Thursday ahead of weekly US export sales data due on Friday, while traders remained cautious of the impact of Hurricane Irma on the crops.

Cotton contracts for December settled down 0.23 cent, or 0.31 percent, at 74.27 cents per lb. They traded within a range of 73.37 and 74.48 cents a lb.

"Some trade was doing some bearish options this morning that was putting some pressure on the price," said Peter Egli, director of risk management at British merchant Plexus Cotton.

"Right now everyone is on wait-and-see mode ahead of the storm (Irma) hitting the Southeast over the weekend ... There is still a chance this storm could do some harm to a lot of crops," Egli added.

Hurricane Irma is expected to hit the United States along the eastern coast of Florida, according to the National Weather Service, before moving on to Georgia, South Carolina and North Carolina, which are states known for cotton, grain and livestock production.

"(Cotton) producers along the eastern seaboard are looking at the potential for three consecutive years of significant damage at the hands of an active tropical season," Louis Rose, co-founder and director of research and analytics at Rose Commodity Group said in a note.

Total futures market volume fell by 19,530 to 26,236 lots. Data showed total open interest gained 3,184 to 237,984 contracts in the previous session.

Certificated cotton stocks deliverable as of Sept. 6 totalled 8,730 480-lb bales, unchanged from the previous session.

The weekly export sales report from the US Department of Agriculture will be released on Friday, delayed due the Labour Day holiday on Monday.—Reuters

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct'17	74.71	75.10	74.50	75.03	14:45 Sep 07	75.03	-0.23	43	75.26
Dec'17	74.25	74.48	73.37	74.27	14:45 Sep 07	74.27	-0.23	31342	74.50
Mar'18	73.15	73.19	72.10	72.92	14:45 Sep 07	72.92	-0.32	11472	73.24

BUSINESS
RECORDER
Friday, 8th September, 2017

What actually ails our exports?

The million dollar question that has been begging a plausible answer since the 2013 general elections is: What actually ails our exports? It seems to have finally found an answer. There are a number of items that constitute Pakistan's export basket. Our exports continue to be dominated by cotton textiles and apparels. The other export items include rice, fruit, cement, leather goods, rugs, carpets, sports and surgical goods and livestock meat.

The answer to this profound question about the export slide emerged from a discussion between the Secretary, Ministry of Commerce and, textile manufacturers/exporters. Pointing out the fact that the sharp fall in exports constituted a major challenge to the government, Commerce Secretary and former Water and Power Secretary Younus Dagha, who is widely known for bringing about positive changes in activities that fall under his bureaucratic domain, told the exporters that the textile sector must regain its position on the global market stage without any further loss of time. But this would not be possible without scaling up innovation, better branding of products and higher manufacturing output.

Agreeing to the exporters' argument in relation to sales tax refunds that have caused liquidity constraints leading to reduced output and job opportunities, Dagha, however, made it clear that the private sector must not expect to receive "everything" from the government, as any government's essential job is policymaking and implementation of rules to provide a level-playing field to all. In this regard, he pointed out that the textile sector has never made a serious effort to carry out research to boost its ability in relation to product innovation, branding and output. This failure, according to him, has led to curtailing its share in the global market. It is, however, not known whether or not businesspeople agreed with his assertion that the government in its package has set a seven percent duty drawback, which is a kind of incentive for value-added textile sector. Dagha appeared to be equally blunt about the legitimacy of businesspeople's principal argument. According to him, 90 percent of textile sector's concerns are genuine but citing high cost of production as "the only reason" for the fall in exports is highly unjustified. Emphasizing the need for taking into account fashion trends, he pointed out that higher exports are not possible in the absence of increased manufacturing output which is, unfortunately, stymied by lack of fresh investment in the sector as real estate and stock exchange have become more lucrative options for prospective investors from the textile sector or for that matter manufacturers in general for the past many years. In this regard, he also made a revelation, saying that investors in Bangladesh and India bring back their savings to their own countries but the Pakistani investors prefer to park their foreign exchange earnings abroad because of growing financial insecurity in their own country.

Although commerce secretary's outlook showed greater understanding of the issues involved, his assertion that the higher cost of doing business cannot be cited as the lone reason behind the export slide, however, unjustly militates against a fairly plausible argument that cost of doing business always remains the fundamental or critical concern or issue for any person before he sets out to conceive, plan and execute his business plan or venture. Secondly, the facts in relation to energy, that constitutes at least 30 percent of any manufacturing unit's cost, speak for themselves. Businesspeople do business to make profits; they don't make investments in the absence of anticipation of returns. How could the government deny facts that the country's industrial gas tariff is 126 percent higher than Bangladesh's, 63 percent higher than India's, and 26 percent higher than Vietnam's? Wages, too, are much higher in Pakistan than in India, Sri Lanka, Bangladesh and Vietnam. There exists a major anomaly on the national landscape as well. Water rates in Karachi, the economic hub of Pakistan, are almost five times higher than rest of the country, including Punjab's major industrial towns Lahore, Faisalabad, Gujranwala and Sialkot.

Not only is the government, therefore, required to address the concerns of businesspeople without any further loss of time, it is also expected to play a proactive role towards regaining and expanding the country's share in the global market. This will require it to take a prudent approach as setting an ambitious target for country's beleaguered export sector will achieve little or nothing. The profound failure of Strategic Trade Policy Framework 2015-18 that envisaged the target of $35 billion exports is a strong case in point. The key responsibility on the part of the business community, however, would be to make fresh investments in the textile sector with a view to improving products and achieving higher manufacturing output.

BUSINESS
RECORDER
Friday, 8th September, 2017

Rise in NPLs

It is of course sad that Non-Performing Loans (NPLs) of the banking industry continue to increase. According to the latest statistics released by the State Bank, NPLs of banks and DFIs reached the mark of Rs 630.5 billion as of June 30, 2017 from Rs 618.5 billion on December 31, 2016, depicting an increase of Rs 12 billion or 2 percent over the period. Quarter-wise, the major chunk of NPLs was accumulated during the second quarter of 2017 when NPLs soared by as much as Rs 10.87 billion. A detailed analysis revealed that the NPLs of DFIs rose by Rs 1.78 billion to Rs 15.66 billion while the NPLs of all banks registered an increase of Rs 10.15 billion to reach Rs 614.82 billion at the end of June, 2017. Under the banking category, the entire surge was registered in NPLs of specialised banks which rose by Rs 16.12 billion to Rs 52.34 billion in June, 2017 as against Rs 36.22 billion in December, 2016. On the other hand, NPLs of public sector banks fell by Rs 1.51 billion to Rs 187.59 billion and those of private banks came down by Rs 4.44 billion to Rs 371.86 billion. NPLs of foreign banks declined nominally by Rs 26 million to Rs 2.94 billion. However, as advances of banks also rose during the six-month period, the ratio of net NPLs to net loans remained stable at 1.68 percent.

Although it is difficult to exactly pinpoint, a number of factors could have contributed to the rising level of NPLs. Some of the major reasons for this unhealthy phenomenon could be a sluggish business activity, decline in the exports, refund claims, energy shortages, growing political uncertainty in the country and the general tendency of borrowers to delay the payment of loans as long as possible. However, whatever the reasons, the rise in NPLs and deteriorating asset quality is a cause of concern for the banking industry and economic managers of the country as the rising NPLs could retard economic activity, promote unemployment and deepen poverty in the country. Such a situation is all the more annoying when a major chunk of investable resources of banks is locked in government securities which are entirely risk-free and cannot increase the level of NPLs. It is also strange that business community had complained about high interest rates in the past which contributed to the rise in NPLs. The position should have been reversed when the interest rates are down. We are concerned about the rising level of NPLs because the continuation of such a situation would necessitate higher provisioning requirements and incentivise the financial institutions to further increase investment in government securities and reduce credit to the private sector. A higher level of NPLs would also reduce the profitability of financial institutions, forcing them to offer lower deposit rates to their customers and discourage saving and investment in the economy. It is fortunate that Pakistan has so far not faced the kind of financial crisis witnessed in some other countries and the ratio of NPLs to outstanding loans still continues to be within manageable limits but this does not mean that the banking industry should not take precautionary measures to arrest the rising level of NPLs. Although a vibrant industrial activity and a thriving economy are the best guarantee for avoiding the emergence of NPLs, a better oversight by the SBP and improved appraisal and monitoring standards by banks themselves could also play a role towards curbing the rising level of NPLs.

DAWN
Friday, 8th September, 2017

HBL agrees to pay $225m fine

The Newspaper's Staff Reporter

KARACHI: Habib Bank Ltd (HBL) has settled out of court with the Department of Financial Services (DFS) of New York State by agreeing to pay a fine of $225 million against various violations of the state's regulatory provisions.

The fine, which is the largest ever imposed upon a Pakistani bank by regulatory authorities, has to be paid within 14 days. The amount is large, but still far smaller than the $630 million that the regulator had earlier assessed.

HBL declared profit after tax of $327 million last year.

The bank had already agreed to surrender its licence to operate a branch in New York and unwind its operations there. The branch has been operational since 1978.

In a strongly worded release, the DFS harshly castigated the bank and added that "DFS will not stand by and let Habib Bank sneak out of the United States without holding it accountable for putting the integrity of the financial services industry and the safety of our nation at risk."

HBL's senior management remained confident that the episode will soon be a passing affair.

"All charges have been dropped following this consent order," said a senior bank officer who did not wish to speak for attribution.

"Obviously we will have to take this on our books this year. Our capital is strong enough. The underlying business remains strong. HBL agreed to the settlement as protracted litigation was not in the interest of the bank or the country. The charges were not proven, and they have been dismissed."

The closure of the branch has no impact on the bank's business, he added, since it was an "immaterial part of the balance sheet and profitability".

"Our correspondent banking relationships remain intact and we are already providing these services to our customers."

The impact of the fine on dividend payouts, staff bonuses and other business is too early to determine, he said. "The bank's board will decide on these matters at the appropriate time."

The regulator announced that it will press on with its investigation, with an expanded "lookback", which refers to a detailed examination of all foreign transactions going through the branch. The expanded lookback will now cover periods from October 1, 2013 through September 30, 2014 and April 1, 2015 through July 31, 2017, according to the DFS release.

In the year ending Dec 31, 2015, the New York branch processed correspondent banking transactions totalling $287 billion.

HBL had become the target of an enforcement action by DFS for 53 separate violations allegedly committed between 2007 and 2017. A hearing was scheduled for Sept 27, but that has now been cancelled since the matter has been resolved.

DAWN
Friday, 8th September, 2017

Sindh govt asked to waive ST on service exports

Parvaiz Ishfaq Rana

KARACHI: The Karachi Tax Bar Association (KTBA) has urged the Sindh Revenue Board (SRB) to exempt the exports of all kinds of services from sales tax.

Acknowledging that the provinces have the right to tax all services, the KTBA said the SRB should exempt services exports from sales tax in line with the Punjab Revenue Authority (PRA) and the Federal Board of Revenue (FBR).

KTBA office-bearers demanded the exemption at a seminar on Sindh Finance Act 2017 on Thursday.

The SRB is currently collecting three per cent sales tax on the exports of all categories of services, except those relating to information technology and chartered accountancy that are exempted.

In the budget for 2017-18, the SRB also imposed sales tax on services by call centres. The SRB is already collecting a 3pc tax from the providers of indenting services.

KTBA President Abdul Aziz Tayabani said tax laws in Sindh overlap and contain ambiguities. He added that the provinces have varying definitions for different terms, which creates problems for taxpayers and tax practitioners. A major issue is the difference in tax rates being charged by the province, he added.

Mr Tayabani pointed out that provincial laws allow reverse charge, which is like double taxation and against the constitution. “Many people work abroad. Therefore, they should not be taxed,” he said.

He demanded the appellate forum should be independent of provincial authorities. He said the SRB routinely issues notices beyond its jurisdiction, although the constitution clearly defines the domains of the federation and provinces.

Keynote speaker Adnan Mufti said the rate of sales tax on travel agents and tour operators, renting immoveable property services, indenting services and call centres has been reduced, which is a positive development.

DAWN
Friday, 8th September, 2017

Debt servicing stood at 65pc of FY17 deficit

Shahid Iqbal

KARACHI: Domestic debt servicing played a key role in the record high fiscal deficit in 2016-17 as its share in the deficit was 65.4 per cent.

The latest data of Ministry of Finance revealed that domestic debt servicing reached Rs1,220 billion in FY17, higher by Rs70bn compared to FY16.

Despite low interest rates prevailing for more than a year, the rising debt servicing suggests increased government borrowing from domestic sources.

The government raised Rs1,087bn for budgetary support in FY17 from banking sources, mainly from the central bank. Borrowing from the banking sector is relatively cheaper than other sources like bonds and National Savings Schemes.

However, the government's preference for Pakistan Investment Bonds (PIBs) proved very costly as the high-yielding PIBs still constitute the largest share in the stock of government borrowing from the banking system.

The data shows the government held PIBs worth Rs4,391bn including Rs3,173.6bn by banks and Rs1,218.2bn by non-banks till end June 2017.

Debt servicing in FY17 was 30.7pc of the tax revenue and 90.8pc of the direct taxes (Rs1,343bn). The debt servicing in terms of percentage against GDP slightly decreased to 3.8pc while it was 3.9pc in FY16.

DAWN
Friday, 8th September, 2017

Reserves rise by $386m

The Newspaper's Staff Reporter

KARACHI: Pakistan's total liquid foreign exchange reserves amounted to $20.38 billion on Aug 31, up $386 million or 1.9 per cent from a week ago, the State Bank of Pakistan (SBP) said on Thursday.

Reserves of the SBP increased $338m to $14.7bn due to official inflows.

Net foreign exchange reserves held by commercial banks amounted to $5.7bn on Aug 31, up $48m from the preceding week.

DAWN
Friday, 8th September, 2017

Commodities

Buying spree continues on cotton market

The Newspaper's Staff Reporter

KARACHI: Brisk activity was witnessed on the cotton market for the second consecutive session on Thursday as strong demand from needy spinners and some exporters pushed lint prices higher.

The overnight frenzied buying was evident from the outset but as the session moved forward some selling set in and checked the rising trend in cotton prices.

This was mainly because the New York cotton market also came under correction and prices came down slightly. Market reports suggest that a leading international cotton trader, who had booked huge stocks a day earlier, moved in and sold some stocks which put pressure on cotton prices. According to reports, the trader booked around 10,000-12,000 bales on Wednesday but preferred to dispose off part of the stock which had quality issues.

Consequently, during second half of the trading session selling pressure checked the rising trend in prices.

However, by and large buyers remained in the forefront and tried to get hold of quality lots. As a result prices moved higher by Rs50 in ready trading. The official spot rates were also revised higher by Rs50 to Rs6,100 per maund.

Barring New York cotton, which came under profit selling, the other leading cotton markets of the world closed steady.

The following major deals were reported on Thursday: 1,600 bales, Mirpurkhas, at Rs6,050 to Rs6,100; 1,200 bales, Sanghar, at Rs6,100 to Rs6,150; 2,000 bales, Tando Adam, at Rs6,100 to Rs6,150; 2,000 bales, Shahdadpur, at Rs6,100 to Rs6,150; 1,200 bales, Nawabshah, at Rs6,140 to Rs6,200; 1,000 bales, Shahpur Chakar, at Rs6,175 to Rs6,200; 1,200 bales, Burewala, at Rs6,275 to Rs6,350; 800 bales, Bahawalpur, at Rs6,300; 400 bales, Lodhran, at Rs6,300; 1,200 bales, Haroonabad, at Rs6,350; 1,200 bales, Mian Chano, at Rs6,350; 800 bales, Vehari, at Rs6,300 to Rs6,350; and 400 bales, Bakhar, at Rs6,350.

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	**6,100**	**135**	**6,245**
40 Kgs	**6,537**	**145**	**6,692**

DAWN

Friday, 8th September, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	106.00	106.30
UK	137.24	137.50	137.00	138.00
Euro	125.41	125.65	125.60	126.60
S.Arabia	28.08	28.13	28.00	28.15
UAE	28.67	28.72	28.70	28.85
Japan	0.9691	0.9709	0.9750	0.9850

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.90	6.15
Six months	5.91	6.16
One year	5.96	6.46

LIBOR

Special US dollar bonds for Sept 5

Three months	1.31722 %
Six months	1.45500 %

THE NEWS
Friday, 8th September, 2017

Pakistan asks CAREC members to implement economic alliance proposals

ISLAMABAD: Finance Minister Ishaq Dar on Thursday called upon the member countries of Central Asia Regional Economic Cooperation (CAREC) to expedite works on the Pakistan's proposals to accelerate cooperation in aviation, capital markets and capacity development.

"Pakistan seeks to expand trade and investment links with the region in the east, west and central Asia," Dar said in a statement. "It aims to expand oil and gas pipelines, infrastructure, electricity grids and transport networks with these regions so as to create employment opportunities and accelerate growth."

The minister was addressing an inaugural ceremony of the CAREC Institute in Urumqi, China. He said Pakistan is committed to the objective of regional connectivity as it believes that the future of people of the region lies in greater connectivity with each other's markets.

"Enhanced regional cooperation will play a vital role in Pakistan's economic success in the future," he added. Finance minister, referring to the China-Pakistan Economic Corridor initiative, said it is a milestone in regional connectivity, which will benefit Pakistan and China as well as the whole region and beyond.

He described the inauguration of the CAREC Institute as a major step in enhancing regional cooperation and achieving the common goals envisioned under the CAREC program. Senator Dar said Xinjiang province is contiguous with Pakistan's northern areas and having historical, cultural and trade links, "which need further strengthening to declare the same as the gateway between the two countries."

He emphasised on development of rail linkages between the bordering cities of the two countries. The minister commended the permission given to Habib Bank Limited for opening up its branch in Urumqi.

"Given the ever-increasing number of Pakistani businessmen engaged in trade in the province of Xinjiang, opening of a consulate is also a priority for the government of Pakistan." Shohrat Zakir, governor of Xinjiang said the establishment of CAREC Institute will provide a research and knowledge sharing platform for the people of two countries to explore new avenues of development.

The CAREC program is a partnership of 11 countries and six multilateral development partners working to promote development through cooperation, leading to accelerated economic growth and poverty reduction.

CAREC helps central Asian and neighboring countries realise their immense potential in an increasingly integrated Eurasia by promoting and facilitating regional cooperation in the priority areas of transport, trade facilitation, trade policy and energy.

The programme is a proactive facilitator of practical, results-based regional projects and policy initiatives critical to trade expansion and sustainable development. Since 2001, the program has mobilised almost $29.4 billion in transport, trade, and energy infrastructure investments. Asian Development Bank (ADB) has so far provided $10.4 billion for the programme.

Under the ADB's umbrella, the CAREC programme has focused on improving rail linkages among the regional states. Manila-based lender ADB also supports Pakistani government to improve railway system within the country. It said the railway sector needs to be upgraded on a large scale to provide more competitive transport services, regain the market share lost to roads, and ultimately rebalance the unbearably unbalanced modal share between rail and road in the country.

THE NEWS
Friday, 8th September, 2017

Cotton up

Karachi

Active trading continued at the Karachi Cotton Exchange on Thursday, while spot rates increased Rs50/maund.

The spot rates rose to Rs6,100/maund (37.324kg) and Rs6,537/40kg. Ex-Karachi rates also increased to Rs6,245/maund and Rs6,692/40kg after an addition of Rs145 and Rs155 as upcountry expenses, respectively.

An analyst said prices moved up with strong demand of lint in the local market. “Besides, cotton arrivals have also improved after long Eid holidays,” he added.

A total of 29 transactions were recorded at a price of Rs6,050 to Rs6,350 /maund. The transactions were reported from Kotri, Mirpurkhas, Sangahar, Shahdadpur, Shahpur Chakar, Tando Adam, New Saeedabad, Nawabshah, Rohri from Sindh, while Burewala, Bahawalpur, Haroonabad, Vehari, Mian Channu, Kabirwala, Khanewal, Layyah from Punjab.

The Nation on Web
The Nation
Friday, 8th September, 2017

Regulator concerned over proposed amends in Nepra act

SSGCL doing rightsizing as it is oversized by 4,000 employees, NA body informed
Fawad Yousafzai

ISLAMABAD - While expressing reservations over the proposed amendments in NEPRA act, the National Electric Power Regulatory Authority (Nepra) has said that after one year finally the draft has been shared with the regulator.

"We have received the draft amendment after one year and as a regulator and custodian the government is required to incorporate their views in the amendments," said Nepra Chairman Tariq Sadozai while briefing the National Assembly standing committee on Energy. The Standing Committee on Energy met with MNA Ch Bilal Ahmed Virk in the chair and considered "The Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Bill, 2017" and "The Private Power and Infrastructure Board (Amendment) Bill, 2017".

The Nepra chairman said that they have reservations and are reviewing the draft amendments which will enable them to add their input into it. "Grant us some time as we have yesterday received the draft and will inform the committee about our convergence and divergence points," he added. The committee, therefore, deferred both the bills till its next meeting for further discussion. The committee has directed that Ministry of Power may hold a meeting with concerned stake holders to remove lacunas in the purposed legislation if any, and report back to the committee within one week so that the committee could consider them accordingly.

The Sui Southern Gas Company Limited (SSGCL) managing director was grilled over the firing of lower grade employees from a particular labour union. Shehryar Afridi alleged that 16 labour of Insaf Jafakash Union were terminated from jobs. The general secretary of Insaf Union was transferred from Karachi to Nawabshah as a punishment and was asked that if he give in writing that he has no connection with Insaf Union he will be transferred back to Karachi, Afridi alleged.

The MD said that majority of the people fired were not the employees of SSGC and instead they were working for the third party contractor. The committee questioned that if they were they were working for the 3rd party contractor then why their transfer/termination orders were issued on the SSGCL letter pad. The MD failed to reply the query.

The MD said that they have to run the organisation commercially and has to make rightsizing as the company was oversized by almost 4,000 employees. However, when pointed by members of the committee that how many top ranking officials of the company have been removed from jobs under the rightsizing drive, the MD was silent again.

The committee expressed concern over the termination of contractual employees by gas distributing companies and pointed out that although the matter is pending before the court for adjudication, the concerned authorities may reconsider their cases on humanitarian ground under existing legislation and treat them equally to avoid any discrimination.

The committee directed that the Ministry of Power may direct to all electric supply representatives to keep proper liaison with the parliamentarian of their respective areas to make them aware about the completed, ongoing and proposed electric schemes of their consequences so that development schemes could be implemented in a real sense.

Private Power and Infrastructure Board (Amendment) Bill, 2017, Sukkur Electric Power Company (Sepco) and Hyderabad Electric Supply Company (Hesco) briefing was deffered for the next meeting of the committee. Besides Minister of State for Energy Abid Sher Ali, MNA Malik Ihtebar Khan, MNA Rana Afzaal Hussain, MNA Mian Tariq Mehmood, MNA Ch Khalid Javaid Warraich, MNA Shahjehan Muneer Mangrio, MNA Shehryar Afridi, MNA Dr Imran Khattak, MNA Abdul Waseem and MNA Sajid Ahmed attended the meeting.

The Nation on Web
The Nation
Friday, 8th September, 2017

Govt misses non-tax revenue target by Rs58b in FY2016-17

Imran Ali Kundi

ISLAMABAD - As like missing tax collection target, the government had also missed the non-tax revenue collection target during fiscal year 2016-17 mainly due to the non-reimbursement of Coalition Support Fund (CSF) from the United States.

The government had budgeted non-tax revenue collection target at Rs959.5 billion for the previous year. However, the government had generated Rs901.6 billion under non-tax revenue collection making a shortfall of around Rs58 billion. Similarly, the Federal Board of Revenue (FBR) had also missed the tax collection target by Rs260 billion as it collected Rs3,362 billion during the year 2016-17.

Therefore, the country's budget deficit had recorded at Rs1.86 trillion during last financial year due to missing of tax collection and non-tax revenue collection targets by wide margin. The country's expenditures were recorded at Rs6.8 trillion (21.3 percent of the GDP) as compared to revenues of Rs4.9 trillion (15.5 percent of the GDP), taking the deficit to Rs1.86 trillion (5.8 percent of the GDP), according to the documents of the Ministry of Finance.

In non-tax revenue collection, Pakistan had received only Rs67.75 billion as defence receipts (CSF) from the US as against the originals estimates of Rs170.75 billion during last fiscal year. The government's revenue from the share of surplus profit of State Bank of Pakistan (SBP) had also reduced to Rs227.8 billion from Rs280 billion estimated in the budget of the previous year.

According to the documents of the Ministry of Finance, the government collected Rs99.7 billion as mark-up on public sector entities, Rs69.7 billion as dividend, Rs20.1 billion as passport fee and Rs9.1 billion as discount remained on crude oil, Rs53 billion as royalties on gas and oil, Rs1.64 billion as windfall levy against crude oil and Rs305.7 billion through other sources.

The documents showed that Pakistan's tax to GDP had increased to 12.45 percent during the fiscal year 2016-17. Collection of taxes by federal and provincial authorities increased to Rs3,969 billion during the last fiscal year. Meanwhile, the federal government's tax collection rose eight percent to Rs3,647 billion during the previous fiscal year 2016-17.

According to the documents, the FBR had missed the tax collection target by Rs260 billion, as they collected Rs3,361 billion as against the target of Rs3,621 billion for the last fiscal year. The last year's collection was, however, eight percent higher than Rs3,112 billion collected during 2015-16.

The Nation on Web
The Nation
Friday, 8th September, 2017

PIAF alliance vows to keep raising voice for businessmen

Staff Reporter

LAHORE - The PIAF-Founders Alliance leaders have pledged to continue to raise voice for the solution of the problems being faced by the business community.

The Alliance leaders, including Mian Misbahur Rahman, Mian Anjum Nisar, Irfan Iqbal Sheikh, Mian Shafqat Ali, Muhammad Ali Mian, Malik Tahir Javed and Abdul Basit, shed light on the alliance's manifesto and promised to resolve the issues being faced by the businessmen attached to different sectors. PIAF leaders Sheikh Asif and Irfan Iqbal Sheikh said that keeping in view of the past experience, it seems difficult to cause a dent in the formidable unity of existing alliance of "The Founder's and the PIAF" in the provincial metropolis.

PIAF Chairman Irfan Iqbal Sheikh said that the names of the alliance candidates have been announced and finalised with the consultation of market representatives. He said that despite unprecedented crisis at national level, all efforts were made to restore the confidence of the business community.

Iqbal hoped the business community would repose confidence in the alliance in the larger interests of the economy of the country. He said that a large number of industrial associations have announced to support the PIAF-Founders Alliance for upcoming LCCI elections.

The Nation on Web
The Nation
Friday, 8th September, 2017

Pakistan committed to regional connectivity: Dar

AFP

URUMQI - Finance Minister Ishaq Dar Thursday said Pakistan is committed to the objective of regional connectivity as it believes that the future of people of the region lies in greater connectivity with each other's markets.

He said this while addressing inaugural session of CAREC institute. The finance minister said Pakistan seeks to expand trade and investment links with the region in the East, West and Central Asia. It aims to expand oil and gas pipelines, infrastructure, electricity grids and transport networks with these regions so as to create employment opportunities and accelerate growth.

He called upon the member countries to expedite work on the proposals made by the prime minister of Pakistan to accelerate cooperation among the member states in the areas of aviation, capital markets and capacity development.

Reiterating Pakistan's strong commitment to the CAREC programme, Ishaq Dar said enhanced regional cooperation will play a vital role in Pakistan's economic success in the future. Referring to the CPEC initiative, he said it is a milestone in regional connectivity which will not only benefit Pakistan and China but the whole region and beyond.

He complimented the Chinese leadership for the One Belt One Road initiative as well as its role in the establishment of Asian Infrastructure Investment Bank, as a new multilateral institution to address the infrastructure financing needs of countries in the Asian continent.

He described the inauguration of the CAREC institute as a major step in enhancing regional cooperation and achieving the common goals envisioned under the CAREC programme.

He thanked the government of the People's Republic of China, the government of the Xinjiang Uyghur Region, and the people of China for their warm reception and generous hospitality in the vibrant city of Urumqi, and also for hosting the CAREC institute.

He also appreciated the efforts of Asian Development Bank, under the leadership of President Nakao, and CAREC members for the institutional support to CAREC, and for making this important event possible.