BUSINESS
RECORDER
Tuesday, 9th May, 2017

Rs 32 billion PSM 'resurgence' plan prepared

MUSHTAQ GHUMMAN

Business Development Committee (BDC) of PSM Board of Directors (BoD) headed by former Chairman Oil and Gas Development Company Limited (OGDCL) Razi-ud-Din Razi has prepared a new business plan of Rs 32 billion titled "Resurgence of Pakistan Steel Mills" to be discussed at a meeting of PSM Board on May 12, 2017, well-informed sources in Ministry of Industries and Production told *Business Recorder*.

The members of Business Development Committee (BDC) visited key production units ie Coke-Oven Batteries (COBP), Blast Furnace-IMD, thermal power plant, wasted, waste material yards, land disposal for SEZ, CPEC & NIP site, transport yard, production facilities of PSFCL, Township and 100-bed hospital. The business plan, which initially will be for two years, will be submitted to Finance Minister Ishaq Dar before the commencement of Ramazan.

The sources said PSM will raise Rs 22 billion from banks to clear a portion of liabilities to SSGC, K-E and for expense on minor things, whereas Rs 10 billion will be obtained for value addition. Of this, the government will extend Rs 5 billion from its resources. This will be the sixth bailout package to help revive the mills.

Before the formal proceedings, the CEO (PSM) briefed the committee on the annual report of FY 2016 State Bank of Pakistan which acknowledged a significant contribution of PSM in the Large Scale Manufacturing (PSM) sector and he quoted the following: "growth in LSM was recorded at 3.2 percent in FY 2016, lower than last year. It was primarily due to complete halt of operation in PSM. The issue with PSM operations led to 9.3 percent contraction in steel production during the year. Not only this contraction eclipsed vibrancy in private steel manufacturing, it also pulled down the overall LSM growth. Excluding the PSM, LSM showed a growth of 3.7 percent in FY 16, compared to 3.0 percent last year".

CEO PSM further added that PSM should strive for revival in the light of Business Plan which is to be formulated by the BDC. After visiting multiple plants of PSM, all the Directors showed firm stance towards revival of dysfunctional PSM. According to Chairman of BDC, an out of the box approach has been adopted and in this regard PSM's top brass needs to be restructured with induction of qualified professionals. He further added that personnel with steel industry experience from abroad would be more beneficial, since at present there seems to be nobody experienced enough to manage PSM.

The chairman proposed the following team: (i) CEO 40 year's old to be paid Rs 4 million per month salary; (ii) Chief Technical Officer (CTO) with 50 year age and Rs 3 million salary; (iii) Chief Financial Officer (CFO) with 50 year age and Rs 2 million salary; (iv) Vice Presidents -5, with 50 year age and Rs 2 million salary per month; and (v) Advisors -5, of 50 year age and Rs 1 million salary per month.

He further proposed that a panel of five experts/advisors for BoD/CEO/CTP/CFO be hired with remuneration package of Rs 1 million/month each. Moreover, hiring policy may be derived/ modified so that the qualifying candidates may be offered joining bonus and resignation compensation. The whole process is to be initiated by engaging experienced executive HR Search companies of repute. The HR Search firms will screen out the suitable candidates, which will be interviewed by the Board of Directors for PSM.

The Chairman further added that by having competent, hi-profile and specialized management, acceptance level of the business plan will be high in the Government of Pakistan and commercial banks for acquiring financial assistance. The committee members deliberated on the proposal with an emphasis on CEO's salary, which is high as compared to past practices of PSM and needs to be rationalized in consultation with the line ministry. The matter was recommended for consideration in the next BoD meeting. PEO (TS/Prod/A&P), A/PEO (BMR&E) and A/CFO may prepare papers on technical road map.

The Chairman proposed a modernization and optimization plan captioned as "Road Map Technical" which covered IT (ERP), Process, Energy, Admin Cost, Marketing, Supply Chain Management (SCM) and HR section. During discussion of this composite technical road map, the chair was informed that PSM is using an outdated Inventory Management System which is not at par with modern practices, thus the chair proposed that PSM should opt for implementation of modern techniques like ERP, Apps and process automation. In this regard, the chair offered to share information pertinent to ERP providers like SAP, Oracle and Sun etc. He further added that PSM should initiate integrated process automation, which is to be implemented by expert and seasoned professionals like M/s Honeywell, Siemens etc. Further working on the roadmap is to be under taken by ISMD & BMR&E.

In continuation of the discussion, the Chairman suggested that the technical and finance experts of PSM should devise a mechanism for process optimization and cut down the unwarranted expenses, so that the cost of production may be curtailed by 2%, 5%, 10% in 1, 2 & 4 months, respectively. In continuation to optimization scheme, it was further emphasised that a reduction of expenses in term of gas and electricity charges from this day on is necessary. He suggested that gas and electricity consumption/ton sales be reduced by 2%, 5%, 10% in 1, 2 & 4 months respectively, when operational. Professionals from technical services and production directorate may play a key role in this regard. The committee asked the ACFO to furnish a report on share of gas and electricity bill in total expenses, whereas CAPU % wise consumption of said utilities may also be provided.

Furthermore, cost cutting techniques should be implemented in administration section and administration cost may be curtailed by 10% & 20% in two months. A&P department may initiate this process on fast track. The chairman further added that zero inventory policy must be adopted while no material be sold on credit, thus no valuable funds may be blocked. Moreover, the optimised procurement policy of supply chain management is to be implemented so that unwarranted stocks may not pile up. Commercial and marketing departments would play a pivotal role in this regard and develop SOP, policies and systems.

Razi-ud-Din Razi argued that PSM management should revaluate the Key Performance Indicators (KPI) pertinent to human resources and implement optimization policy for HR/KPI on fast track and Human Resource department to present its plan of KPI to the BoD by June, 2017.

While continuing the presentation, Chairman DBC asked the management to take officers and staff into confidence and proposed that this may be done by adopting a resolution in the next BoD meeting, which may state that the newly constituted Board of Directors is working for revival of PSM which will be revived with support of PSM's officers and staff, A&P and HRD and working papers in this regard should be prepared for the next BoD meeting.

It was proposed that BoD should hold conferences of stakeholders and experts of steel industry, so that a roadmap for PSM revival may be chalked out. Extending the proceedings, the chair proposed that PSM must not sell its land except leasing 1500 acres site proposed by GoP for Special Economic Zones (SEZ) under China-Pakistan Economic Corridor (CPEC). During a further discussion of the financial matters, the committee asked the A/CFO to share the financial model with all committee members.

Committee member Sheikh Muhammad Asif added that prior to consideration of Initial Public Offer option PSM must improve its market image by initiating a vigorous public relation campaign.

The committee emphasised value addition in the production section. Sheikh Asif proposed that PSM should produce wire rod which is of high market demand. As GoP has imposed heavy duty on import of wire rod value addition in this regard will benefit PSM in the longer term.

Chairman of the committee asked A/CFO to prepare a brief feasibility report on proposed and all other possible value additions, while PEO (T.S/Prod) & A/PEO (BMR&E) should prepare technical papers. The committee that visited PSFCL opined that such an important facility of works and revenue generation needs to be optimally used immediately for which ACFO and technical departments, including officers working in PCFCL, must present a business plan by end May to the BDC for onward presentation to BOD. The chair further asked A/CFO to furnish multi-year Budget MYB (July-2015 to June 2020) and multi-year cash flow statement (July-2010 to June 2010) in 15 days whereas PEO (TS/Prod) & A/PEO (BMR&E) should help the A/CFO on as and when required basis.

The Chairman of the BDC proposed that PSM management should take employees into confidence and negotiate with the CBA and frame a way to curtail the sick/casual leaves, so that unwarranted absence from duty may be curtailed. In addition to this proposal, the chair added that all retiring within 6 months be given option to stay home. In response to this, PEO (A&P) informed the committee that PSM has already implemented the policy of "Leave Prior to Retirement (LPR)" and it extends over a span of one year.

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APCC to consider Rs 700 billion PSDP outlay on May 17

ZAHEER ABBASI

The Planning Commission has convened a meeting of the Annual Plan Co-ordination Committee (APCC) to consider the proposed Public Sector Development Programme (PSDP) outlay of Rs 700 billion of the federal government for the next fiscal year, revealed a senior official of Planning Commission. On condition of anonymity, a senior official of Planning Commission Monday said the meeting has been convened on May 17, 2017.

He added that Rs 700 billion proposed federal PSDP does not include allocation for Temporary Displaced Persons (TDPs), Prime Minister's Youth and Hunarmand Programme and allocation for Gas Infrastructure Development Fund. He added that these projects are not part of the PSDP and would be financed directly by the Finance Division.

He further stated that the Finance Division had earmarked Rs 100 billion for Temporary Displaced Persons and security enhancement, Rs 20 billion for Prime Minister's Youth and Hunarmand Programme and Rs 25 billion for GIDC in budget for the current fiscal year. Finance Division has proposed allocation of Rs 700 billion for the PSDP projects for the next fiscal year which is 6.87 per cent higher than Rs 655 billion allocated for the same purpose in the current fiscal year, he added. The official further stated that invitations have been sent to all the ministers for finance and planning and development of all the provinces for the meeting.

As Minister for Planning, Development and Reform Ahsan Iqbal and Chief Plan Co-ordination Section Dr Afzal are away from the country and soon after their return the agenda and working paper would be finalised. Final approval of the PSDP outlay would be given by the National Economic Council (NEC) meeting presided over by the Prime Minister, most probably in May.

Sources said that Dr Afzal would return from abroad on Wednesday. A major chunk of PSDP allocation is expected to be made for energy sector and infrastructure related projects and primary focus of the government in terms of development spending is expected to China-Pakistan Economic Corridor (CPEC) related energy projects. A senior official of Finance Ministry said the federal government had very little fiscal space owing to expected shortfall in revenue collection. He said that there may not be possible for the federal government to allocate a hefty amount for PSDP. The government's collection, sources said, on account of non-tax and tax revenue may be considerably lower to the target projected in the current fiscal year, which in turn would have serious ramification on the fiscal deficit.

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NAC to review provisional growth target on May 15

RECORDER REPORT

A National Accounts Committee (NAC) meeting has been convened on May 15 to review and examine the provisional growth target for the current fiscal year. An official told that provisional growth target would be reviewed on the basis of the latest data of various sectors of economy. Sources privately acknowledged that the GDP growth rate may cross 5 percent, but achieving 5.7 percent target would be extremely difficult.

However, they added, the picture would be clear after reviewing the latest data of various sectors of economy, once it is placed before the National Accounts Committee. Sources said that the Pakistan Bureau of Statistics (PBS) has convened the NAC meeting to finalise projected growth target of 5.7 percent, likely to be revised downward for the current fiscal year. The meeting will be attended by all relevant federal and provincial representatives as well as officials of provincial bureau of statistics to consider the latest available data of various sectors.

They said that the meeting would review growth targets of agriculture, industrial and services sectors projected for the current fiscal year and would also give approval of the growth target of previous fiscal year. These targets would then be placed before a meeting jointly presided over by ministers for finance and Planning Commission before presenting it to the National Economic Council (NEC) meeting for its final approval along with growth target for the next fiscal year.

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Oman, Pakistan for promoting regional connectivity

RECORDER REPORT

Pakistan and Oman have underscored need for bridging the gap among countries surrounding them to promote greater regional connectivity and economic boost to achieving stability and economic prosperity of the masses. This was stated by Adviser to the Prime Minister on Foreign Affairs Sartaj Aziz while addressing a joint press conference along with visiting Omani Foreign Minister Yousuf bin Alawi bin Abdullah. Aziz said that both Pakistan and Oman enjoy unique geo-economic locations, and the role of Oman in regional stability and peace has always been commendable.

"We've discussed a number of important matters of mutual interest and issues related to promotion of regional peace and stability. We agreed that there should be more regular political dialogue on such issues to promote these understandings even further." He said that Pakistan and Oman have also been traditional partners supporting each other on various international fora and lobbying for each other's candidatures in various international bodies.

Oman is one of Pakistan's closest maritime neighbours, just 202 nautical miles away, sharing intimate bonds of affinity with Pakistani region, particularly in Gwadar and Balochistan. "We have excellent opportunities to take advantage of the complementarities between our economies and the proximity that we enjoy," he said adding these commonalties are a good omen for forging a deeper political and economic partnership.

Sartaj Aziz said, "Closer linkages between our maritime interfaces, airports and seaports by availing the new opportunities offered by CPEC and Gwadar port project were also discussed." It was agreed that the concerned authorities should have more regular interactions to suggest the best way forward in making use of these opportunities.

Matters related to enhancement of investment by private Omani companies and the necessary facilitation required by them in this regard also came up under discussions. Issues concerning enhancement of bilateral trade were also discussed, he said. He was of the view that regular exchanges of high-level visits between Pakistan and Oman have strengthened the friendship between the two countries. The visit of Chairman State Council (Upper House) Dr Yahya bin Mahfoudh Al Mantheri to Pakistan in January 2017 has further strengthened the bilateral relationship with the establishment of a closer linkage between the two parliaments.

"We look forward to more frequent exchanges between our parliamentarians in future," he added. Oman holds special significance for Pakistan in view of its geographical proximity and also because it hosts over 0.25 million strong Pakistani diaspora. As such it is the 3rd largest destination for Pakistani workers, which themselves are the 3rd largest expatriate community in Oman.

"We hope that in future these bonds will strengthen further. I welcome my brother and dear friend, the Foreign Minister of our brotherly nation the Sultanate of Oman, Yousuf bin Alawi bin Abdullah on his visit to Pakistan. I also very fondly remember the wonderful hospitality offered to me and my delegation during my visit to Muscat last year in September. During my visit I had had the opportunity to comprehensively review the traditionally close relations between our two countries," he remarked. "Foreign Minister Yousuf bin Alawi's presence here today is indicative of the closeness and depth in our bilateral relationship," Sartaj Aziz said. "We really appreciate the great vision and sagacious leadership of Sultan Qaboos and the importance he has always attached to Oman's relations with Pakistan. Pakistan also attaches great importance to its relations with Oman. We take great pride in Oman's success and development in recent years," he remarked.

He said that he had discussed with the foreign minister of Oman ideas to enhance existing co-operation between the two countries in all areas including culture, trade, commerce, investment, people to people contacts and regional connectivity. "We also reviewed the pace of work on early completion of a number of important MoUs and agreements under consideration on both sides," he said.

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THE RUPEE: Upward trend

RECORDER REPORT

Rising trend was witnessed on the money market on Monday as the rupee moved with modest gains in relation to the dollar in the process of trading, dealers said. The rupee moved cautiously versus the dollar for buying and selling at Rs 104.85 and Rs 104.86, they said.

INTER-BANK MARKET RATES: In the first Asian trade, the euro pulled away from highs hit early in the Asian session on Monday as investors took profits from its gains after centrist Emmanuel Macron's victory over the far-right Marine Le Pen in France's presidential election.

Macron's margin of victory appeared even larger than expected. With most votes counted, he had garnered around 65.5 percent against Le Pen's 34.5 percent-a wider gap than the 20 or so percentage points pre-election surveys had suggested.

The euro had been on a rising trend in the days ahead of the election, as investors began to position for a Macron victory. It last slipped 0.2 percent to $1.0975 against the dollar, and to 123.76 yen, also down 0.2 percent. The dollar was available against the dollar at Rs 64.215, the greenback was at 4.332 in terms of the Malaysian ringgit and the US currency was at 6.902 in relation to the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Monday. 80.45-80.45 (previous 80.45-80.45).

OPEN MARKET RATES: The rupee picked up 10 paisa against the dollar for buying and selling at Rs 105.50 and Rs 105.70, they said. The rupee also gained 40 paisas in terms of the euro for buying and selling at Rs 115.10 and Rs 116.60, they said.

Open Bid	Rs. 105.50
Open Offer	Rs. 105.70

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

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pakistani rupee remained strong for the second consecutive day against the American dollar in the local currency market on Friday.

According to currency dealers, the US dollar resumed trading on a negative note and kept on declining amidst lack of buyers' interest in the market. At close of trading, it further slid to Rs 105.60 and Rs 105.80 on buying and selling sides, respectively, as compared to the overnight closing rates of Rs 105.75 and Rs 105.95 respectively, they added.

On the contrary, the local currency failed to sustain as it registered reduction versus the pound sterling. The pound's buying and selling rates rose from Thursday's closing trend of Rs 135.40 and Rs 136.10 to Rs 135.80 and Rs 136.50 respectively, they added.

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

The dollar opened at Rs 105.90 (buying) and Rs 106 (selling) against last rate of Rs 106 (buying) and Rs 106.10 (selling). It closed at Rs 105.90 (buying) and Rs 106 (selling).

Pound Sterling opened at Rs 135 (buying) and Rs 135.50 (selling). It closed at the same rate.

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PTEA chief for actual implementation of zero-rating regime

RECORDER REPORT

Fiscal policies for the coming year should be oriented to support the export sectors as artificial props are tumbling down and fierce competition is heralding the survival of the fittest. Main thrust of the budgetary provisions should address the challenges faced by exports and economy.

Briefing the newsmen about PTEA's budget proposals here on Monday, Chairman Pakistan Textile Exporters Association Ajmal Farooq stressed for implementation of zero rating regime for export sectors in true sense. In finance bill 2016-17, exports were allowed zero rating; however at the time of implementation, zero rating on coal was allowed only on local purchase not on import, he elaborated.

Lauding the Prime Minister's Trade Enhancement Initiatives, he termed it a positive move of the towards exports promotion and demanded its continuation in next budget. "FBR should evolve mechanism for ending practical hassles, liquidity problems of refund claimants and frivolous litigation pertaining to refunds," he added. Pointing out the issue of subsequent recovery proceedings against blacklisting of supplier on a subsequent stage, he said it was principally agreed at different forums that status of the supplier at the time of transaction/supplies will be reckoned for initiation of recovery proceedings.

He stressed for amendment in Sales Tax Act and Sales Tax Rules and also in the relevant section 21, sub section (2). He said that locally produced machinery is liable to sales tax whereas import of machinery by manufacturers is included in the Eighth Schedule. This exemption should be withdrawn as the same is causing disparity vis-a-vis commercial importers/manufacturers of exempt goods/local manufacturers of machinery. He further added that at present capping of 90 percent of input tax against output tax has been imposed under section 8B of the Sales Tax Act, 1990 which is causing hardship and undue financial burden on the taxpayers and should be withdrawn.

Terming liquidity shortage as major hurdle in export growth, he said that extreme cash flow crunch had squeezed the financial streams and breading the liquidity jerks to the exporters as billions of rupees of textile exporters are stuck up in Sales Tax, Custom Rebate, Income Tax refund regime and textile policy incentives creating extreme liquidity crunch. He asked the Government to allocated necessary funds in coming budget for long payment of outstanding refunds of exporters.

Highlighting the high energy cost for Punjab industries, he said that textile industries in Punjab is still getting least amount of system gas though domestic demand has dipped significantly on rising temperature. While suggesting amendments in Punjab sales tax on services, he said textile exporters are engaged in export of goods and services received in this regard are used in exports. Since exports are zero-rated, therefore, there is no justification to collect sales tax from the export and to refund the same. He proposed that that rate of sales tax may kindly be rationalized to provide level playing field for service providers across the country as sales tax rate is different on same kind of services in other provinces. He further proposed that minimum threshold for registration may be assigned to minimize compliance cost of the small scale service providers.

PTEA Vice Chairman Muhammad Naeem was of the view that textile sector, an important segment of the national economy is under crisis and industrial production is not in accordance with the built up manufacturing capacity. Due to this underutilization, the country is not fetching the full potential of foreign exchange earnings. "There is need to enhance the industrial production to accelerate economic growth and generate vast opportunities of employment." He demanded that government should concentrate upon some truly visionary steps and address genuine concerns of the industry with innovation and bring extraordinary solutions in the upcoming budget.

Chairman All Pakistan Bedsheet & Upholstery Manufacturers Association (North Zone) declared high production cost as major setback to the industry and exports and said industry had been hitting hard by the soaring prices of supplies and ancillary goods. "Price hike in supply items is creating a chain effect of increases and ultimately placed a burden on cost of production of industrial goods making them uncompetitive," he contended. He demanded to provide inputs at competitive rates ensuring competitiveness edge within the region.

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Does GDP justify corruption?

BR Research

Freedom of expression is valuable. But not every expression is worth in gold or even a broken dime. Last week Prime Minister Nawaz Sharif expressed his thoughts on corruption at the site of a development project.

"A lot is worth probing in this country. Believe me if we start probing then our time would be spent in that and all this (development) work would be left undone. There is so much to be probed; the problem of embezzlements or corruption scandals cannot be overstated," said PM Nawaz (original quote in Urdu).

Whether he meant that his time should not be wasted in his own investigation after the Panama Case, or whether he was subtly saying that the PML-N could also task government institutions to probe the members of his political opponents, is a matter best left to real politic interpreters.

Regardless, such statements do not suit a person who holds the highest political office of the country. It does not suit him, not only because he is to appear before a joint investigation team, but more importantly, because it is morally repulsive to put economic growth and development before corruption.

In the obsession with economic growth and development, where does one draw the line? Would PM Nawaz be comfortable putting economy first and democracy second? When a CEO is involved in insider trading, would he allow the SECP and Board of Directors to look the other way just because the CEO turned around a sick company and made it profitable? Would he also support a man who kidnaps a malnourished girl from an ultra-poor household, takes away her honour, and at the same time tries to 'make good' by providing her healthy food, education, clothing, toys, and shelter? Surely not.

Granted that certain rights often offset certain wrongs; but crimes against constitution, crimes of corruption, or kidnapping cannot be mitigated by economic growth or development. Freedom from official corruption may not be a universal and inalienable right to which every citizen is inherently entitled to, but there is no doubt that corruption eventually violates the universal human rights. And that the delivery of public services, the functioning of markets, and the exercise of democratic rights are also impaired by corruption.

Tomes of both traditional wisdom and modern academic research suggest that the problem of corruption cannot only be fixed through institutional or governance reforms.

A change in behaviour and social norms to eradicate the acceptability of corruption at all levels of society also needs to be exhibited and demanded by ordinary citizens and leaders alike, for there is no a messiah or a magic bullet out there. In that vein, the prime minister's statement last week comes in poor taste.

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Listless business on cotton market

RECORDER REPORT

Mills and spinners were conspicuous by their absence on the cotton market on Monday in the process of trading, dealers said. The official spot rate was unchanged at Rs 6700, they said. In ready session, not a single deal was reported till our going to the Press, they said. Market sources said that listless was witnessed as mills and spinners were not taking interest in new deals.

Cotton analyst, Naseem Usman said that local traders were under pressure owing to smuggling of foreign cotton and garment in the country.

This factor is pushing the unemployment rate further up, the local spinners and mills were facing severe liquidity crunch.

Further more, he narrated that the falling prices of textile items in the world market and continued decline in the local exports increasing uncertainties among the traders.

Other experts said that delay in sowing and announcement of relief packages by the government were main concern for the growers and ginners.

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 06.05.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,700	135	**6,835**	**6,835**	NIL
40 Kgs	7,180	145	**7,325**	**7,325**	NIL

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Cotton drops to three-week low

RECORDER REPORT

ICE cotton futures fell to a three-week low on Monday as favourable planting conditions across major producing areas across the United States and the world raised prospects of better production. The July cotton contract on ICE Futures US settled down 0.75 percent at 77.19 cents per lb, after touching its lowest since April 17 at 77.05 cents earlier in the session.

"We've had really good weather in major planting countries. It has been particularly good in Texas, pretty good in China and moderate in India," said Gabriel Crivorot, analyst at Societe Generale in New York. "None of these places have had any large issues that could compromise crop mostly indicating that production could be higher than initially expected."

The US Department of Agriculture's World Agricultural Supply and Demand Estimates (WASDE) report is due on Wednesday. There is potential for very strong planting progress to be made this week, as weather conditions turned mostly warmer and dry across most US cotton producing regions over the weekend, Louis Rose, co-founder and director of research and analytics at Rose Commodity Group said in a note on Sunday. The July cotton contract on ICE Futures US settled down 0.58 cent, or 0.75 percent, at 77.19 cents per lb. It traded within a range of 77.05 and 77.77 cents a lb. Total futures market volume rose by 215 to 21,359 lots. Data showed total open interest fell 1,653 to 261,375 contracts in the previous session. The dollar index was up 0.45 percent.

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	77.48	77.48	76.78	76.78	14:45 MAY 08	76.78	-2.98	44	79.76
Jul'17	77.70	77.77	77.05	77.19	14:45 MAY 08	77.19	-0.58	15226	77.77
Oct'17	74.78	75.26	74.78	74.79	14:45 MAY 08	74.79	-0.87	1	75.66

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Energy crisis persists

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Contrary to statements by the Federal Minister for Water and Power Khawaja Asif on floor of the House on 19th April that the power crisis will see its end in the 'next eight to ten days' the power shortage, according to reports, has again soared at 7,000MW which is comparable to the shortage in the summer months during the tenure of the PPP-led coalition government. There was a brief period of reprieve for the hapless consumers end-April which, experts maintain, was due entirely to a drop in temperatures in Northern Areas of the country, reducing demand.

Khawaja Asif had, at the time, explained that the earlier than in previous years' onset of high temperatures led to a dramatic rise in unannounced load-shedding which could not be met due to the fact that a few power plants were undergoing routine maintenance while the snow, as always, would not melt at high altitudes till end-April which again routinely negatively impacts on hydel generation during this time of the year. By 1st May, the Minister assured Parliament that there would be no unannounced load-shedding. It is now the second week of May and the demand-supply gap has simply widened.

Few take statements by members of the cabinet in parliament seriously anymore, though prominent opposition leaders must bear their share of the blame by rarely attending parliament themselves, thereby prompting ministers to deliver unchallenged statements on floor of the House. But in this particular instance, invalidation of Khawaja Asif's latest commitment no doubt makes a mockery of the numerous inaugurations of mega power projects by the Prime Minister in recent months and persistent claims by the PML-N leadership that the energy crisis would be over by the next elections - a claim based on the several generation projects under construction. The claim that generation has increased by an amount larger than the known annual increase in managed demand is, however, not accompanied by a commensurate rise in transmission capacity which at last count by the relevant ministry was around 16,500MW - up by only 1500MW from 2012-13.

What is the assessment of the multilaterals with respect to our energy sector? The World Bank, the lead agency among multilaterals engaged in this sector, in an overview updated on 14th April 2017 states that: "There were early successes in taxation, the financial sector, the business environment (at both the national and provincial levels), and the electricity sector. However, significant reforms undertaken in the electricity sector have stalled since the Government stopped privatisation a year ago. Circular debt cleared earlier has piled up again nearly to its 2013 levels. There have been efforts to reduce the electricity regulator's independence." The International Monetary Fund after the completion of Article IV consultations uploaded the following on its website dated 5th April 2017: "bringing the power distribution sector to full cost recovery will be critical to ensure long-term success of new energy initiatives and minimise fiscal costs". Entwicklungsbank, in an internal document which was leaked to the media, was even more critical and referred to the claims by the Sharif administration with respect to the performance of the energy sector as politically influenced; but later apologised after Khawaja Asif took exception to this paper.

There is evidence of a growing tendency on the part of the federal cabinet to attack and compel those engaged in doing business with the government to back down rather than to make any serious attempt to take criticism constructively and take the appropriate mitigating measures. One can only hope that belligerence is replaced with a focus on improvement rather than on dismissing all criticism as either false or politically motivated.

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Size of Pakistan's GNP

DR HAFIZ A PASHA

The Finance Minister has apparently asked the World Bank to undertake a study to estimate the 'true' Gross National Product (GNP) or Gross National Income (GNI) of Pakistan, as reported by a leading English-language daily in the country. The expectation is that this will lead to a significant increase in the size of the national economy, of even up to 25 percent.

If this happens, what are the implications? First, the public debt to GDP ratio will come down sharply, probably below the limit of 60 percent of the GDP imposed by the Fiscal Responsibility and Debt Limitation Act. This will indeed be a very ingenious way of managing the public debt. Further, it could once again restore Pakistan's position with respect to India. Currently, India's per capita income is higher by 9 percent. This gap could be eliminated by the re-estimation of Pakistan's GNP in US $ and contribute greatly to boosting the national ego.

However, there is also a downside. It will imply a lower ratio of tax revenues, exports and investment to GDP. This will further expose the structural weaknesses of Pakistan's economy. For example, the estimated level of investment was 20.5 percent of the GDP in 2005-06. Following rebasing it turned out to be 17.7 percent of the revised GDP. Similarly, the tax to GDP ratio fell from 10.5% to 9.8%.

The World Bank actually does estimate already the Gross National Income (GNI) of all countries in US dollars. The approach is different from that adopted by national statistical agencies. It is based on the application of the ATLAS method, which at least partially adjusts for the over or undervaluation of the national currency with respect to the US dollars.

According to this method, the GNI of Pakistan is estimated at $ 272 billion in the calendar year of 2015. With this size, it is ranked as the 41st largest country immediately after Singapore, Malaysia and Egypt. The corresponding estimate of the GNI by the Pakistan Statistical Bureau (PBS) is $ 295 billion, higher by $ 23 billion or 8 percent. Therefore, handing over the re-estimation of GNP to the World Bank may even imply a fall rather than an increase in the size of Pakistan's economy. The basic reason for this is that Pakistan's currency is currently significantly overvalued. If in the foreseeable future, the rupee depreciates then the GNI in US dollars will fall further.

The re-estimation of the GNP is tantamount to what is known as the 'rebasing' exercise of national income. The last such exercise was completed by the PBS in 2012-13. It led to change in the base year of GDP at constant prices from 1999-2000 to 2005-06. Technical assistance was provided by the German NGO, GIZ.

The rebasing did lead to an increase in the GNI by 7 percent. Much of the increase was in the agriculture and service sectors of the national economy like minor crops, livestock, wholesale and retail trade, housing services and transport, storage and communications. Value added in the industrial sector was actually brought down by 16 percent, with a fall of almost 64 percent in small-scale manufacturing.

Earlier, a rebasing exercise was undertaken in 2003, during the tenure of the Musharraf government, to change the base year from 1980-81 to 1999-2000. This led to a bigger rise in GNI of almost 20 percent. Here again, bulk of the increase was concentrated in sectors, characterised by mostly informal activities, like wholesale and retail trade, transport and communications and social, community and personal services. In addition, the livestock and mining sectors jumped up substantially in size.

The consequence of this rebasing exercise was that it facilitated Pakistan's progressing from low income and joining the ranks of (lower) middle income countries by 2007-08. This has been considered as a major achievement by the Musharraf government. Whether the 20 percent jump in GNI from 1999-2000 onwards was illusory or real is difficult to judge seventeen years later.

What is likely to be the impact of a rebasing exercise in 2017-18? On the positive side, the GNI could be augmented by proper estimation of emerging and fast growing economic activities like private security, information technology, Islamic banking, courier and internet services, public transport, etc. Also, the informal economy may have expanded at a more rapid rate, especially the part linked to illicit transactions.

However, on the negative side, the input-output coefficients have increased significantly since 2005-06. This implies that the value-added component in the value of production is lower. The prices of agricultural inputs like fertiliser and fuel for tube wells have gone up faster than commodity prices. Similarly, the prices/tariffs of electricity and gas inputs have gone up at a relatively fast rate. Also, imported intermediate goods prices have increased at a more rapid rate than manufactured output prices. The likelihood is that a rebasing exercise could lead to a contraction in the size of the agricultural and industrial sectors while the value added in the services sector could go up significantly. At this stage, the net impact of rebasing on the size of the national economy is not clear.

The precondition for a proper rebasing exercise is the availability of data from recent censuses or surveys of particular sectors. PBS has been updating surveys on labour force, household income and expenditure and access to basic services, more or less, annually. But the last Census of Establishments was undertaken in 2005, Census of Manufacturing Industries in 2005-06, Livestock Census in 2006 and so on. These primary data collection exercises will have to be undertaken to provide appropriate benchmarks for rebasing. As such, the re-estimation of GNP could take up to two years, especially since the PBS is currently fully pre-occupied with the ongoing Population Census and probably not in a position currently to undertake more surveys.

Also, the logical international agency for providing technical assistance is not the World Bank but the United Nations Statistics Division. The latter institution has developed the System of National Accounts (SNA), which is used globally and provides technical support to member countries.

The expectation is that an objective resizing of the economy from the new base year onwards will eventually not only provide a more accurate estimate of the size but also of the annual growth rate of GDP in recent years. This is essential because the present Government has tended to exaggerate significantly the economy's growth rate since 2013-14.

(The writer is Professor Emeritus and former Federal Minister)

BUSINESS
RECORDER
Tuesday, 9th May, 2017

Predicting the budget

SYED BAKHTIYAR KAZMI

Predicting anything is a Mug's game, except if you are a celebrity anchor, or a senior analyst, on the electronic media and make sufficiently numerous predictions to ensure that the law of averages makes at least one of these predictions come true, thereby giving you an opportunity to brag about it for the next one year at the minimum. Albeit when it comes to the budget, one particular prediction is a perfectly safe bet across the globe; even if a rupee of tax is imposed, it will be the common man who will end up paying it. The rich are in the business of extracting monopoly rent, not of paying taxes, unless of course it's an amnesty scheme in which case they can laugh all the way from their bank to the tax office. And to make a prediction in passing, end of May, Pakistan's rich elite might be a jolly lot.

Historically, as those belonging to the days of yore will testify, the budget time in Pakistan has always been worrisome; I cannot recall if we ever had a surplus budget or one which at least, in real terms, alleviated the troubles of the common Pakistani. Notwithstanding, if you think about it, planning to borrow so that you can spend more than you earn should hardly be referred to as budgeting, or deemed prudent for that matter. Another mind boggler is the practice of deeming public debt and public account as capital receipts; all of that is a debt too! In fact worse, it is a time bomb whose ticking is ominously getting louder and louder with time. Dear Readers, those who are aware that our budgeted revenue receipts for 2016-17 don't even cover our debt servicing and defence spending, kindly bestow upon your own selves the honorary "You Da Man" certificates. With all this history as a benchmark, and considering that it is election year budget and development budget has to go up, it is a walk in the park to predict in passing that the government in this budget will plan to borrow at least a cool Rs 2 trillion.

I also predict that all those who know everything about anything will, at this juncture, enthusiastically attempt to ridicule these carefully packaged concerns about the rapidly increasing national debt, retorting that the nation has been borrowing since as long as they can remember and nothing happened. This view even contradicts the fifth Universal Law: The Law of Cause and Effect. In the first instance, something has happened over the last few years; debt servicing surpassed defence spending as the largest expenditure item in the budget by hundreds of billions of rupees. An amusing analogy is the horse cart in the old movie, "The Day they robbed the Bank of England"; the greedy thieves keep loading the horse cart with gold bricks, until that final brick when the weight becomes too much for the cart. Except in this case, it's not gold bricks which will break through! Accordingly, to predict that debt servicing will continue to be the bane of balancing the budget for the government is a no brainer.

Easy to predict is the government insisting that it is a people-friendly budget and the opposition insisting it is not. After the recent spate of extended unexpected load shedding, the masses are already in an uproar; a cracking budget designed to manage the fiscal deficit will break the common voters back, which the government can ill afford. Election year is all about spending and lax monetary policy thereby flooding the economy with money to create a perception of good times. While, at least to my mind, a people-friendly budget, like a benevolent dictator, is ab initio a myth, this time around the government will have its hand full trying to even classify the budget as such, much as it would be desperate to do so to keep the voters happy. Accordingly, it might be safe to predict that contrary to much needed austerity measures, the government might opt for a bigger development budget and for increasing subsidies and payouts to the lower middle class and the poor in one form or the other.

Some factors remain largely uncontrollable and can have an overbearing effect on the all is well illusion that the government will want to foster. Firstly, commodity prices are on the rise internationally and if, especially, oil prices even temporarily move adversely, inflationary pressures will wreak havoc with the domestic economy. Secondly, all is not well on the foreign front; curtsey worryingly declining exports and even more worryingly falling workers' remittances, both of which factors are playing havoc with the Current Account. Consequently, the Government is already seeking emergency loans to meet its looming foreign debt obligations and had it been not for the Chinese coughing up around US$ 1.2 billion, might have had a tougher time. Under these conditions maintaining a stable rupee and at the same time keeping interest rates in check will be a herculean feat, both of which are conditions precedent to avoid an even worse scenario on the debt management front.

If all that were not enough, taxation options are rather limited too. It would be very difficult to play around with indirect taxes which optically and substantively impact the common man in the street. Even in the case of withholding taxes, if you exclude them from indirect tax which perhaps is an incorrect classification, the options are limited; let's not forget that non-filers in general are largely not the rich and wealthy. Beyond a few snips here and there it is, if not impossible, rather improbable for the Government to further burden the populace with regressive taxes in an election year, especially with an extremely belligerent and overzealous opposition. So where is the money coming from?

With a serious decline in agriculture economy, and industry already struggling due to various factors, luxury imported goods and service sector are expected to be the only remaining usual suspects to bear the brunt of the budget proposals. This is not good news for the Tobacco industry, which in spite of already being at the wrong end of the Laffer curve, might get taxed more. Bank stakeholders perhaps might also not be sleeping easy; after all, heightened media spotlight on their profits is bound to make the tax collector's mouth water eventually. Other sectors in the crosshair probably include telecom and hospitality, which can largely be classified as non-necessary spending. A key policy decision the government might need to tackle with is reverting, in these difficult times, to across the board higher tariffs on imports, excluding the bare necessities of life. This will obviously provoke criticism by international institution and multilateral agencies, and can have an adverse impact on future calls for help; which scenario cannot all together be eliminated.

Undoubtedly, the government over its term has admirably reversed the macro trends, however, as someone has rightly said, the devil lies in the details. Admittedly, budget alone is not sufficient for the much-needed revolutionary changes in the micro economy, except that the bigger problem is that the domestic economy seems immune to conventional policy initiatives designed in the West. Frankly, while predicting the budget was easy in light of the known constraints and limitations, it must be extremely hot in the driving seat right now. For my part, I can only wish those driving the economy all the best and hope that they can strike the elusive perfect balance between taxes and growth.

(The writer is a chartered accountant based in Islamabad. Email: syed.bakhtiyarkazmi@gmail.com)

BUSINESS
RECORDER
Tuesday, 9th May, 2017

Karachi Yarn Market Rate

RECORDER REPORT
KARACHI
Karachi Yarn Market Rates on Monday (May 08, 2017).

CONES CARDED

10/1.

Popular Fibre 920.00

Diwan 950.00

Tritex 930.00

12/1

Nadeem Textile 1120.00

Indus 1160.00

Popular Fibre 1100.00

Bajwa 1150.00

16/1.

Nadeem Textile 1180.00

United 1190.00

Popular Fibre 1150.00

Abdullah Textile 1150.00

Indus 1220.00

A. A. Cotton 1200.00

Tritex 1170.00

Bajwa 1210.00

21/1.

Ishtiaq Tex 1240.00

Al-Karam (A.K) 1250.00

Suriya Tex 1250.00

United 1250.00

GulAhmed (G.Lite) 1260.00

Popular Fibre 1220.00

Shadman 1240.00

Indus Dyeing 1290.00

Abdullah Textile 1220.00

Lucky Cotton 1230.00

A. A. Cotton 1300.00

Diwan 1240.00

22/1.

Bajwa 1270.00

United 1260.00

24/1.

A. A. Cotton 1370.00

Tritex 1320.00

26/1.

AL-Karam 1370.00

Dewan 1320.00

Amin Text 1350.00

Shadman Cotton 1350.00

Diamond Int'l 1320.00

Popular Spinning 1300.00

Ishtiaq Textile 1320.00

Lucky Cotton 1320.00

A. A. Cotton Hosiery 1450.00

28/1

Abdullah Textile 1350.00

30/1.

Amin Tex. 1450.00

Al-Karam 1430.00

Jubilee Spinning 1350.00

BUSINESS

RECORDER

Tuesday, 9th May, 2017

GulAhmed (G.Lite) 1430.00

Lucky Cotton 1350.00

Diamond Intl 1400.00

A. A. Cotton Hosiery 1480.00

32/1

Abdullah Textile 1380.00

40/1

Lucky Cotton 1650.00

52/1

Lucky Cotton 1700.00

COMBED CONE

40/1

Indus CF 1740.00

20/2.

GulAhmed 1340.00

Amin 1350.00

Indus Dyeing 1360.00

Bajwa 1350.00

Shadman Cotton 1340.00

42/1

Abdullah Textile 1650.00

52/1

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1.

Abdullah Textile 1750.00

70/1

Abdullah Textile 1850.00

CHEES CONES

10/1.

Kasim Tex 700.00

Latif Tex. (Latif) 700.00

Super 690.00

Abdullah Textile (OE) 690.00

16/1. (O.E.)

Kasim Textile 880.00

Masal 870.00

RATES OF PAKISTANI/IMPORTED POLYESTER YARN (PER LBS) + GST

Imported 50/36 FDY 90.00

Local Mill 130.00

Rupali 75/78 FDY NA

Import 75/72 FDY 72.00

Local Mill 82.00

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

Imported 75/36/0 DTY 84.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

BUSINESS
RECORDER
Tuesday, 9th May, 2017

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 70.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 96.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 74.00

Local Mill 70.00

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 74.00

Local Mill 73.00

Imported 150/144 SIM 75.00

Local Mill NIL

RATE OF BLANDED YARN IN RUPEES (PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 107.00

20/1 PVB

A.A. Textile 110.00

A. A. Cotton 110.00

24/1 P.V. BRIGHT

A.A. Tex. 115.00

Sana 109.00

A. A. Cotton (80:20) 115.00

26/1.PV Bright

A.A. Tex. 120.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 126.00

Sana 120.00

A. A. Cotton 126.00

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

A.A. Textile 120.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 145.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 145.00

46/1 PVSD

Ibrahim Fibre 170.00

28/1 PV SLUB

A.A. Clock Tower 150.00

30/1 PV SLUB

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB (PP) 150.00

Sana SLUB (PP) 145.00

Sana (PV) 150.00

Sana SLUB (V) 165.00

BUSINESS

RECORDER

Tuesday, 9th May, 2017

40/1 SLUB

Sana (V) 180.00

SEWING THREAD YARN

Sana

21/1 PP 84.00

30/1 PP 96.00

40/1 PP 105.00

50/1 PP 122.00

20/1 PVT

Sana 118.00

30/1 PVT

Sana 128.00

10/1 PP

A. A. Cotton 93.00

12/1 PP

A. A. Cotton 98.00

16/1 PP

A. A. Cotton 103.00

20/1 PP

Sana 110.00

Diwan 98.00

A. A. Cotton 110.00

Agar 96.00

26/1 PP

A. A. Cotton 115.00

30/1 PP

Agar 101.00

Anwar 109.00

Sana 120.00

Diwan 103.00

A. A. Cotton 120.00

34/1. (PP)

A. A. Cotton 99.00

40/1 PP

A. A. Cotton 133.00

60/1. (P.P)

Agar 124.00

Diwan 125.00

Anwar 130.00

A. A. Cotton 146.00

8/.1.

A. A. Cotton (52 48) 95.00

10/.1.

Zainab 115.00

A. A. Cotton 95.00

Lucky Cotton 135.00

12/1

A. A. Cotton 100.00

14/1

Zainab Tex 118.00

A. A. Cotton 105.00

16/1

AA SML Carded (52 48) 114.00

IFL (52 48) 120.00

A. A. Cotton 105.00

P.C. COMBED

20/1. PC

A.A.SMLCARDED 123.00

Zainab (Combed) 123.00

BUSINESS
RECORDER
Tuesday, 9th May, 2017

A. A. Cotton (Carded) 112.00

A. A. Cotton CVC (65 : 35 110.00

24/1. PC

A. A. SML Carded 123.00

Zainab (Combed) 128.00

A. A. Cotton 109.00

25/1

A.A. Cotton 117.00

30/1. PC (52 : 48)

Zainab Textile (combed) 138.00

Stallion 100.00

K. Nazir 112.00

Al-Karam 112.00

AA SML (Carded) 131.00

A. A. Cotton (Carded) 122.00

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

36/1. PC

IFL Tex (Combed) 149.00

A. A. Cotton 140.00

40/1 PC

A.A. Textile (Combed) 157.00

45/1 PC

Zainab 170.00

10/1 CVC

A. A. Cotton (60:40) 100.00

12/1 CVC

A. A. Cotton (60:40) 107.00

16/1 CVC

A. A. Cotton (60:40) 112.00

20/1 CVC

A. A. Cotton (60:40) 118.00

AASML 114.00

24/1 CVC

A. A. Cotton (60:40) 123.00

Sana 146.00

AASML 111.00

30/1 CVC

A. A. Cotton 128.00

AASML 122.00

40/1 CVC

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

READY RATES OF STAPLE FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 125.00

I.C.I. 1.2 (SD) 125.00

I.C.I. Bright 127.00

Rupali 1.D 125.00

Rupali 1.2 (SD) 125.00

Ibrahim Fiber (SD) 125.00

Ibrahim 1.D 125.00

Ibrahim Fiber Bright 127.00

Ibrahim Trilobal Bright 127.00

VISCOSE K.G.

BUSINESS
RECORDER
Tuesday, 9th May, 2017

-

FCFC 44 MM Taiwan 250.00

FCFC 51 MM Taiwan 250.00

Grysum India 250.00

Thai Reyon 51 MM 250.00

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

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ACRYLIC FIBER K.G.

-

Monty 1.2x51 Italy 200.00

Acelon Korea 1.2x51 200.00

BUSINESS

RECORDER

Tuesday, 9th May, 2017

Faisalabad yarn and fibre prices

RECORDER REPORT

FAISALABAD
Cotton yarn rates in rupees per 10 Lbs on Monday (May 08, 2017).

6-8/S Cone (Cotton)

ARY 490.00

Sher 400.00

Nelibar 660.00

Al-Falah 540.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 660.00

Model Soft 660.00

Adil 500.00

Neilum 535.00

Nelibar 690.00

Owais Karni 500.00

Gold Star 690.00

Urooj 690.00

Shaheen 660.00

Al-Falah 490.00

Zam Zam 480.00

A.T.M 510.00

Sun flower 490.00

Apple Soft 640.00

Apple Hard 630.00

Ton-Ton 630.00

10/S Cone (Soft)

Es Guard 965.00

S.B. 840.00

Nelibar 850.00

Kinoo 900.00

Malta 970.00

Ayesha 840.00

12-14/S Cone (Cotton)

Model 700.00

Qadri 650.00

Adil 680.00

16-18/S Cone (Cotton)

Nova 710.00

Chagi 700.00

Adil 700.00

Model 750.00

Neeli Bar 1070.00

Super Motia 775.00

Prince 690.00

Prince W

BUSINESS
RECORDER
Tuesday, 9th May, 2017

1070.00

Acro
970.00

Apple
830.00

Malta
920.00

Golden Eagle
850.00

20/S Cone (Cotton)

Zahidjee
1250.00

Anmool
1200.00

J.K.
1240.00

Khalid Shafiq
1040.00

Acro
1040.00

Darulsalam
1200.00

Ravi
1030.00

Hadabia
1230.00

22/S Cone (Cotton Warp)

Crescent
1280.00

Yahya
1260.00

HAR
1285.00

Tayyab
1240.00

Polo
1240.00

Ulfat
1260.00

24/S Cone (Cotton Warp)

Polo
1330.00

Prince
1290.00

Acro
1260.00

H.A.R.
1260.00

Silver Lines
1320.00

ATM
1310.00

Anmool
1330.00

30/S Cone (Cotton Warp)

Al Noor
1440.00

Crescent
1440.00

Acro
1430.00

Glamour
1340.00

Arain
1420.00

J.K.
1400.00

Gulistan
1525.00

Ujalla
1410.00

Khalid Shafique
1465.00

Shafi
1420.00

Chakwal
1525.00

Anmool
1430.00

Ittehad
1430.00

Hadabiya
1460.00

32/S Cone (Cotton)

Ahmad
1435.00

Malikwal
1430.00

Chand
1425.00

J.K. 1575.00

Target 1460.00

Hadabiya 1440.00

A Three 1450.00

Araian 1430.00

Acro 1425.00

Nafees 1420.00

H.H. 1430.00

40/S Cone (Combed Cotton)

JK 1710.00

JK Carded 1560.00

Acro 1710.00

Nishat 1775.00

Betray 1610.00

Ittihad 1630.00

Al-Nasar 1700.00

Ejaz 1620.00

Nafees 1560.00

Nisar 1755.00

Three-G 1535.00

Suraj 1730.00

MKB 1530.00

Ramzan 1540.00

Ahmad 1510.00

Super Shaheen 1520.00

Darul Islam 1525.00

Four-G 1570.00

A. Three 1520.00

Azam 1500.00

Wasal Kamal 1520.00

Super Gold 1540.00

Jubilee 1530.00

Babri 1520.00

Sally 1550.00

52/S Cone (Combed Cotton)

Crescent 2100.00

Ittihad 2125.00

Suraj 2250.00

Al-Nasar 2100.00

Tanveer 2125.00

Sultan 1900.00

Diamond 2000.00

Koiyal 2025.00

Malikwal 1950.00

Parado 2050.00

Four Star 2100.00

N.P. 2020.00

Prime Plus 1900.00

Saif 2020.00

Super Shaheen 1800.00

Nafees 1900.00

Habib 2025.00

Colony 1950.00

Umer auto 1700.00

Two-G 1900.00

60/S Cone (Combed Cotton)

Nishat 2275.00

J.K. 2250.00

Ittehad 2250.00

Mapal Leaf 2325.00

Koiyal 2450.00

Gujjar Khan 2400.00

Pagri 2400.00

Deen 2225.00

Alam 2350.00

72-74/S Cone (Cotton)

Prime 2400.00

Commander 2400.00

N.P. 2525.00

Tower 2500.00

80/S Cone (Cotton)

Gold King 2650.00

Super King 2675.00

Mapel Leef 3025.00

Amjad 2800.00

Khan Buhadur 2750.00

Admiral 2850.00

Commander 2800.00

Four Star 3025.00

Rolex 3000.00

Diamond Gate 3025.00

Al Falah 3050.00

Chairman 2950.00

Battery 3125.00

Chairman 2950.00

30-31/S Cone (Polyester Cotton)

Gold Star 139.74

Sun 130.56

JK 109.00

Bilal 103.00

Tahir Rafique 106.00

Zahidjee 106.00

Bashir 114.00

Shadman 105.00

Sarfraz 105.00

Cherry 105.00

Khalid Nazir 105.00

Wasal Kamal 104.00

North Star 105.00

Super Khuwaja 106.00

Anaar 115.00

Action

BUSINESS

RECORDER

Tuesday, 9th May, 2017

96.00

Marjan 107.00

Pak Panther-ll 106.00

Nayab 109.00

Kiran 113.00

NP 109.00

Mehtabi 105.00

Club 109.00

K.K. 107.00

Ruby 110.00

Metro 98.00

38/S Cone (Polyester Cotton)

Gold Star 150.96

Shahpur 136.96

North Star 136.00

A.D. 112.00

Multan 116.00

Golden 111.00

Kirshma 111.00

Al-Azhar 136.00

Sarhad 113.00

Aslam 94.00

Corolla 110.00

Royal 107.00

Chairman (N) 111.00

40/S Cone (Polyester Cotton)

A.A. 161.16

Mehtabi 138.00

Shadab 139.00

Marjan 132.00

40/S Cone (AV)

Koiyal 170.00

Super LG 154.00

A.J. 165.00

Ahmad Fine 160.00

Asheana 206.04

40/2 Cone (AV)

Koiyal 184.00

Super LG 179.00

A.J. 180.00

Ahmad Fine 174.00

30/S Cone (CVC)

Ayesha 125.00

SUN 134.65

Kamal 124.00

26/S Cone (PV)

AA

BUSINESS
RECORDER
Tuesday, 9th May, 2017

122.40

Ashiana 121.38

MM 92.00

Blue Star 93.00

Super Jett 93.00

Shuttle 91.00

M-4 95.00

Bemisal 90.00

Ghouri 91.00

U-2 93.00

L.G. 102.00

U-7 85.00

Triple two 89.00

AJ Gold 92.00

Candle 92.00

Jaguar 92.00

34-36/S Cone (PV)

A.A. 143.86

Ashiana 142.84

Sapna 134.00

Blue Star 104.00

Super Jett 104.00

Shahzad-H 105.00

Shuttle 102.00

Bemisal 101.00

Shuttle less 102.00

Cheeta 98.00

Candle 102.00

Target 101.00

Dewan 102.00

Royal 97.00

Spin Cott 102.50

H.R. 101.00

S.S. 112.00

Tanveer 110.00

44-46/S Cone (PV)

A.A. 172.36

Ashiana 171.34

Sapna 151.00

Super Jet 120.00

Bemisal 119.00

Marghala 120.00

U-2 120.00

Cheeta 120.00

Target 119.00

S.S. 135.00

65/S Cone (PV)

Ashiana 223.38

U-2 175.00

Bemisal 170.00

Ghori 175.00

Cheeta 175.00

A.J Gold

178.00

Tanveer 170.00

Maqbool 170.00

34/S Cone PP

Zamin 79.00

Shadman 98.00

Ellahi 98.00

Dewan 80.00

U-2 81.00

60/S Cone PP

Zamin 104.00

Anwar 103.00

Taj Mahal 103.00

36-38/S Cone (Staple)

Diamond Gate 1600.00

Marghala 1560.00

Saif 1570.00

Four Star 1590.00

A.J. 1620.00

Fazal Cloth 1560.00

L.G. 1550.00

Super Gold 1570.00

Azam 1560.00

Best 1540.00

K.P.K. 1560.00

Colony 1600.00

Martial 1580.00

30/S Cone (Ecrylic)

Koial 152.00

Saif 150.00

Combine 136.00

40/S Cone (Ecrylic)

Koial 164.00

Saif 163.00

Combine 146.00

Pagri 162.00

DAWN
Tuesday, 9th May, 2017

Ogra issues show-cause notices to top oil companies for overcharging

KHALEEQ KIANI

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has issued show-cause notices to seven top oil marketing companies (OMCs) for alleged overcharging and substandard sale of petroleum products in Azad Jammu and Kashmir (AJK).

Informed sources said the regulator had also written to the AJK government to activate their district administration to take action against retailers found selling petroleum products of poor quality and lower quantity, and overcharging.

The companies that have been issued show-cause notices include Pakistan State Oil (PSO), Shell Pakistan Ltd (SPL), Total Parco Marketing Ltd (TPML), Attock Petroleum Ltd (APL), Askar, Admore and Overseas Oil Trading Company Ltd (OOTCL).

An official explained that the regulator could take action only against OMCs under the Ogra law and related rules for being licensees of Ogra while retail outlets were outside its legal jurisdiction.

Therefore, the authority started legal proceedings against the OMCs and referred the case of their retailers to respective district administration for further action.

The district administrations had the powers to impose fines or seal outlets.

The issue came to the fore when deputy commissioner (DC) of Rawalakot, Poonch, AJK, complained to Ogra that pumps of the OMCs in his district were "involved in overcharging and dispensation of substandard quantity of products to the commuters". He asked Ogra "to depute an inspection team for assisting to check/inspect such defaulting sites and to take action" under the relevant laws.

Officials said an Ogra team assisted by the respective local administration in AJK visited various petrol stations in Rawalakot, Khaigala, Hajeera, Abbaspur and Bagh to check price, quantity and quality.

The inspection team found at least 16 retailers of the seven OMCs were overcharging. In some cases, the retailers were charging Rs3 per litre higher than notified rates. In other cases, the pump owners were found selling Rs1.56 to Rs2.8 per litre higher than notified rates.

They included Azeem Petroleum, Shahzeb and Wasif, Al Hussain and Shahid Petroleum belonging to PSO and Gulf Filling Station, Hajeera Filling Station and Bagh Filling Station of SPL; Ultra Fuel Station and Kashmir Petroleum of TPML and Al-Hussain Petroleum, Tahir Filling Station and Akhtar Petroleum of APL; Al-Farooq Petroleum and Ali Petroleum Service of Askar; Cheenar Petroleum of Admore; and Hill View Filling Station of OOTCL.

Ogra said that while the overcharging was detectable on the spot and hence companies were issued show-cause notices, the question of quality standards would be dealt with after receipt of laboratory tests and quality analysis from the Hydrocarbon Development Institute of Pakistan (HDIP).

The authority has written to the AJK government that while it was proceeding against the OMCs under the law, the AJK government should "enforce the notified price at the petrol pumps through DCs concerned and take strict action against the defaulting pumps under applicable laws and rules.

A senior executive of an OMC said the oil companies did not have their own petrol pumps in AJK and most of the retail outlets were selling products on their behalf under a licence and trademark. He said the OMCs were coordinating to deal with Ogra notices but they would also get in touch with respective local administrations to proceed against retailers for violation of quality standards and price.

He said OMCs could cancel licence of retailers for earning them a bad name, impose fines and issue warnings.

DAWN
Tuesday, 9th May, 2017

Commodities

Listless day at cotton market

THE NEWSPAPER'S STAFF REPORTER

KARACHI: In the absence of buying interest, the cotton market on Monday remained listless and spinners holding big inventories of yarn were reluctant to enter into any deals.

Market sources said the textile industry is passing through difficult times as inflows of yarn and fabrics through illegal channels are causing injury to the industry.

The liquidity crunch caused by outstanding payments against refunds and illegal imports of Indian yarn and grey cloth via Dubai are hurting the textile industry, brokers said.

The customs intelligence has recently tracked down containers loaded with Indian yarn and grey cloth coming from Dubai carrying Chinese trade mark. However, Chinese authorities have denied such shipments.

Meanwhile, reports coming from cotton fields indicate that in many cotton growing areas of Punjab there is an acute shortage of irrigation water. However, situation in Sindh is comparatively better.

Consequently, no worth mentioning activity was reported on ready counter but late in the evening some private deals were reported to have been finalized.

The Karachi Cotton Association (KCA) spot rates were also steady at weekend level.

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	**6,700**	**135**	**6,835**
40 Kgs	**7,180**	**145**	**7,325**

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.40	104.60	105.50	105.70
UK	135.24	135.50	136.25	137.75
Euro	114.52	114.74	115.10	116.60
S.Arabia	27.84	27.89	28.10	28.30
UAE	28.43	28.48	28.75	28.95
Japan	0.9264	0.9282	0.9304	0.9504

*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	5.95	6.45

LIBOR

Special US dollar bonds for May 5

Three months	1.18039 %
Six months	1.43267 %

THE NEWS
Tuesday, 9th May, 2017

‘No proposal to withdraw zero-rating status in upcoming budget’

LAHORE: Federal secretary textile Hasan Iqbal expressed embarrassment on government’s failure to honour its commitment to the exporters; however he assured that there was no proposal to withdraw zero-rating status of the five exporting sectors in the next budget.

He admitted in an interactive session with apparel exporters that decisions regarding promised export package and refunds were moving at a snail’s pace. He said after hectic persuasion, the government has finally released only Rs1 billion of the Rs180 billion packages.

He admitted that the exports are suffering because of lack of communication between various ministries. Iqbal release of incentive funds is not in the hands of the Ministry of Textiles. The State Bank of Pakistan releases funds while the Ministry of Finance provides the funds.

“We have suggested the government to instruct the SBP to release payments of the exporters when they are due; with the assurance that the government would reimburse the amount.”

He said the policies announced by the government should be implemented in letter and spirit. “Export facilitation is not the mandate of the Ministry of Textile,” he said, and added that it came under the domain of the Ministry of Commerce.

The Ministry of Textile, he said was established to facilitate manufacturers of textiles, but now the ministry has decided to facilitate exporters too. “The ministry is now actively pursuing other ministries to honour the export incentives announced from time to time,” he said, and added that the FBR has been convinced to release the approved refunds within the next few days.

The apparel exporters demanded that basic textiles sector and apparel sector should be treated separately by the Ministry of Textiles, as both have conflict of interest on the way textiles should be taken forward. Pakistan Hosiery Manufacturers Association (PHMA) chairman Adil Butt said the textile package for instance has placed the garment and knitwear at disadvantage against global competitors. He said the spinners and weavers have passed on the four and five percent discount they enjoy from the export package to their foreign buyers.

“On the domestic front, their prices are higher than export prices, although spinning and weaving is zero-rated” he said, and added, regulatory duty on yarn has ensured that the domestic basic textile sector continues to fleece the apparel exporters.

Adil Butt said there was no justification of imposing regulatory duty on yarn and fabric which were basic raw materials for them. He said high cost of locally produced yarn and fabric, coupled with higher cost of imports of these materials has provided incentive to our foreign competitors.

The PHMA chairman said import of all raw materials consumed by the apparel sector, including fabric should be zero-rated. Pakistan Ready Made Garments Manufacturers and Exporters Association chairman Jawwad A Chaudhry said cited the example of Bangladesh, where apparel raw material movement was given top priority. “The custom department provides 24/7 services to the exporters.”

He said the president of apparel exporters association sits in the Prime Minister’s secretariat and keeps in constant contact with top government functionaries. He said in Pakistan, the apparel exporters were lucky if they get an audience with the prime minister just once a year.

“In India, Modi meets top businessmen and exporters at least once a month,” he said, and added that during the month, the Indian Prime Minister ensures the decisions taken a month earlier were fully implemented.

He recommended the rulers and bureaucracy in Pakistan to adopt similar practices and urged the government to announce an action plan. The exporters should be taken to task if they show slackness in their efforts to boost exports.

At the same time, he said the government should immediately release the held-up refunds that have created a liquidity crunch for the exporters. “We want no subsidies, but simply zero-rating of exports as the norm around the world, and release of refunds,” he added.

Former PHMA chairman Shahzad Azam Khan regretted the lack of commitment on part of the government on export matters. He said besides EU and United States, Bangladesh and many other countries have obtained

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zero-rated facilities for their apparel sector.

“We have a free trade agreement with China but we do not enjoy this facility,” Azam said, while adding that Pakistani planners and bureaucracy perhaps were unaware of this fact. “With little effort Pakistan can get the same facility for its apparel exporters,” he said.

THE NEWS
Tuesday, 9th May, 2017

NSS investment inflows drop 11 percent in 9 months

Erum Zaidi

KARACHI: Flows of investments into the National Savings Schemes (NSS) dropped 11 percent year-on-year in nine months of the current fiscal year of 2016/17, according to latest data published by the State Bank of Pakistan on Monday.

Inflows for the July-March FY17 period stood at Rs169.2 billion, compared with Rs190.4 billion during the same period of last fiscal year. The funds mobilised by the government through NSS were down 40 percent to Rs9.773 billion in March.

The data showed that NSS investments went against the upward trend seen in the last few years, as low interest rates hit investor sentiment. Another possible reason in slowdown of NSS assets is that in a low interest rate environment, investors are moving towards investing in mutual funds, equities and real estate.

“The trend reflects broadly lower market interest rates,” said Bilal Khan, a senior economist at Standard Chartered Bank. “Even though returns on national savings instruments have been increased marginally over the last couple of months, they remain well below the levels seen a couple of years ago,” Khan said.

“Looking ahead, as inflation rises, higher returns may be necessary to make these rupee assets more attractive,” he added. The government slightly increased profit rates on NSS in February.

However, a top official of the National Savings Organisation believed that the amount fetched through various schemes of NSS such as accounts, certificates and bonds were in line with the government target fixed for FY17.

“There is no slowdown in NSS investments….our deposits are profit rate sensitive, so, keeping in view the situation of falling rates, the budget was set,” the official said. “We are well in line with the Rs228 billion target deposits set for the current fiscal year.”

Small savings schemes are fixed income schemes and offer higher returns when compared to bank deposits. Pouring cash into small savings schemes is still attractive for many investors, especially who are retirees, widows and looking for security of their capital despite slide in profit rates.

Savings products offer better returns when compared to bank deposits. They provide a regular income to the saver; unlike investment products, which could be high-risk, primarily based on capital appreciation as return to the investor.

They provide almost guaranteed returns on investments, compared to alternatives such as mutual funds where the returns may fluctuate. “For now, savers are getting much better returns on NSS products than a bank account,” said a money market analyst.

The rate on NSS is already over one percent higher than what banks offer for similar maturities in the country. So, in terms of pricing of these schemes, the government is already paying about Rs30 billion per annum more than what it should be paying, the analyst added. NSS offers returns ranging from 6.03 percent to 9.36 percent, while the average profit rates on bank savings accounts hover at 5.60 percent to 6.40 percent.

Market watchers expect more cash savers to look at savings products in case of increase in profit rates. However, some believed offering even higher rates will be an additional burden on the tax payers and government exchequer.

“The government should look for avenues from where it can attract money at a lower rate, no matter it is national savings schemes or banks or government bonds,” said an analyst. The central directorate of National Savings can improve savings if it improves the service and automation level. Therefore, customers will find it more convenient to keep their savings in the NSS, rather than putting their money in a bank account.

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Pakistan shows strong growth, reduction in fiscal deficits: Moody's

ISLAMABAD: Strong growth performance, reduction in fiscal deficit and improved inflation dynamics underpin the government of Pakistan's B3 rating with a stable outlook, says Moody's Investors Service.

In a statement issued on Monday, the credit rating agency maintained that the government's very narrow revenue base weighs on debt affordability. The Moody's also claimed that exports and remittance inflows have slowed and capital goods imports have risen, resulting in renewed pressure on the external account.

Moody's conclusions are contained in its annual credit analysis of Pakistan, "Government of Pakistan -- B3 Stable". The analytical factors that are used in its sovereign bond rating methodology are economic strength, which is assessed as "moderate";institutional strength "very low (+)"----etc".

Moody's noted that the prospects for growth have improved following Pakistan's successful completion of its three-year Extended Fund Facility (EFF) programme with the International Monetary Fund (IMF) in September 2016 and the launch of the China-Pakistan Economic Corridor (CPEC) project in 2015.

It also said that the implementation of the China-Pakistan Economic Corridor (CPEC) project has the potential to transform the Pakistani economy by relieving infrastructure bottlenecks, and stimulating both foreign and domestic investments.

"Since 2013, implementation of economic reforms and increased foreign investment flows had contributed to the macroeconomic stability and higher GDP growth.

However, government debt remains elevated and pressure on the external account continues," said William Foster, vice president and senior credit officer at Moody's. The stable outlook represents balanced upside and downside risks to the sovereign credit profile.

Support from multilateral and bilateral lenders has bolstered Pakistan's foreign currency reserves and fostered progress on the economic reforms. Upward triggers to the rating would stem from sustained progress in structural reforms that would significantly reduce infrastructure impediments and supply-side bottlenecks.

This would improve Pakistan's investment environment and eventually aid a shift to a sustained higher growth trajectory, the Moody's added. A fundamental strengthening in the external liquidity position and meaningful reduction in the government deficit and debt burden would also be credit positive, it said.

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FBR's failure to achieve tax collection target

Centre to slash share of provinces under NFC award

Imran Ali Kundi

ISLAMABAD - The federal government would slash the revenue share of the provincial government under National Finance Commission (NFC) award following Federal Board of Revenue (FBR)'s failure to achieve its tax collection target.

The FBR is struggling to achieve its tax collection target of Rs3631 billion during ongoing financial year 2016-17. The FBR had collected Rs2520 billion during ten months (July-April) of the current fiscal year. Therefore, the FBR unofficially revised its target to Rs3500 billion for the year 2016-17.

"The reduction in tax collection target will hit the revenue sharing with provinces under NFC award," said an official of the FBR while talking to The Nation. He further said that federal government has asked the provinces to adjust their budgets according to the new tax collection target.

In the budget 2016-17, the government decided to transfer Rs2.135 trillion to the provinces. The federal government had budgeted to transfer Rs1045.01 billion to Punjab, Rs547.84 billion to Sindh, Rs346.18 billion to Khyber Pakhtunkhwa and Balochistan province to get Rs196.84 billion.

However, the center would now reduce this amount by around Rs70 billion depending on future collection of FBR during last quarter (April to June) of the year 2016-17.

On the other hand, it would be difficult for the provinces to give budget surplus of Rs339 billion to federal government to restrict the country's budget deficit at 4.1 percent of the GDP if it does not receive entire budgeted amount under NFC. The country's budget deficit had already surged to Rs1.24 trillion during nine months (July-March) of the current fiscal year due to the massive expenditures and shortfall in taxes as well as in non-taxes. The government had fixed the budget deficit target at 3.8 percent of the GDP (Rs1.276 trillion) for the current financial year. However, the government had revised the target to 4.1 percent of the GDP (Rs1.375 trillion) due to the massive shortfall in taxes.

The federal government transfers the revenue from divisible pool to provinces under 7th NFC award in the budget. Under the 7th NFC Award, the federal govt is bound to transfer 57.5 percent resources to all the four provinces from federal divisible pool. Under the current award, Punjab gets 51.74pc share, Sindh 24.55pc, Khyber Pakhtunkhwa 14.62 percent and Balochistan 9.09pc under the divisible pool.

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Volume of Pak-Iran trade unsatisfactory

Our Staff Reporter

LAHORE - Pakistan Industrial and Traders Associations Front (PIAF) chairman Irfan Iqbal Sheikh has said the decision of Pakistan and Iran to address the issue of effective border management, through constituting operational committees, will control smuggling and terrorism, further enhancing bilateral trade between the two countries. The shortage of natural gas resources would also be fulfilled after the completion of Pak-Iran Gas pipleline project.

The chairman said that being immediate neighbors and sharing strong cultural, religious and historical ties, Pakistan and Iran have no other option but to work hand in hand to overcome existing challenges at individual, regional as well as international level, exploiting huge potential of two-way trade.

Irfan Sheikh said despite many commonalities, the volume of bilateral trade is unsatisfactory but resumption of the banking channel will boost trade to $5 billion per annum.

Irfan Iqbal said business can bring people of the two countries together and that Iran can become a major exporter of petroleum products to Pakistan, as the opening of the banking channel with Iran could boost bilateral trade by more than one hundred percent within a couple of years. He said Pakistan can import quality pharmaceuticals and steel from Iran while export rice, meat, mutton, fruits and vegetables while chances of barter trade can also be explored.

PIAF urged the authorities to help turning the existent two months' arrangement of local Kinnow export to Iran a permanent feature. He said as per current scheme, import of Pakistani kinnow continued till last April. He said the arrangement should be made a permanent feature and help enhance bilateral trade volume between the two countries.

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The economic turnaround

Nazia Jabeen

The economic turnaround witnessed in the last three years as a result of prudent economic policies of the federal government has transformed the economy of Pakistan from developing economy of the world to the emerging economy of world. The economic boom spiraling upward GDP rate up to five percent in current fiscal year(2016-2017) is expected to be the highest in the last nine years. The five percent GDP growth rate successive of 4 percent growth rate for the last three years is a distinctive feature of economic development. As compare to other South Asian economies, Pakistan's economic growth rate is not promising one but when look back into 2011, it was touching the rates up to 3 percent. The fiscal deficit was 8.2 percent which has brought down to 4.6 percent.

The policies that made economic development more feasible are more on social and national level. Socially, Pakistan was facing the evil forces of extremism and terrorism hitting hard every part of Pakistan. The homeland was not safe enough for the foreign investors. Even Pakistanis were apprehensive of investing in Pakistan. They have started investing capital in other countries specially Dubai and other Middle Eastern countries. Though the civilian and military leadership of the country have taken effective steps to defeat the forces of extremism. National Action Plan was formulated and operation zarb-e-Azb along with Karachi operation was hastened to make the country secure and safe. In the midst of dharna politics, the operation against terrorists gained great success. Externally Pakistan focused to attract foreign investors to invest in the country to bring economic reforms. Pakistan remained successful in convincing foreign investors specially China and Turkey to initiate mega projects of social and economic development.

CPEC, the $46 billion project, was started to converge the regional economies with an aim to bring economic prosperity in whole Pakistan along with regional development. It was started with road projects in Punjab and gradually extended in other provinces of Pakistan. Due to this project, India, the arch rival, started efforts to destabilise Pakistan and strengthened its spying network. Kalbhoshan Yadev episode was a part of it. On the other hand, India accelerated efforts to isolate Pakistan on international level by associating Pakistan with terrorism. Pakistan made great efforts to make world realise that Pakistan is not sponsoring terrorism rather it is a victim of terrorism. It was not hard to believe since Pakistan had all proofs of Indian involvement in subversive activities in Pakistan and they were handed over to Secretary General of UNO. The executive head of Pakistan and Pakistan UN representative in UNO raised this issue on diplomatic front.

The federal government is now preparing to present 5th budget again amid all Panama issue. The agitative forces of society could not knock down the will of Islamabad to achieve sustainable economic growth. To put in the words of Kevin Murphy, the president and CEO of J E Austom, "Mobilisation of political will at top level is imperative for sustainable economic growth". Speaking truthfully it's not only political will but the responsible attitude of people of Pakistan that can truly make a difference and bring drastic socio-economic changes through positive social behaviour.