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Debt settlement continues to pique PML-N's pride

ZAHEER ABBASI

Settlement of Rs 480 billion circular debt continues to haunt the present government after a sub-committee of the Senate Standing Committee of Finance has recommended that there are blatant violations in the payment and matter should be referred to FIA and NAB for an investigation.

A three-member sub-committee was constituted a few months ago by Senator Saleem Mandviwalla of Pakistan Peoples' Party Parliamentarians (PPPP) by taking one member each from Pakistan Muslim League (Nawaz), Saud Majeed, Pakistan Tehreek-e-Insaf, Mohsin Aziz, and Pakistan Muslim League (Quaid), Kamil Ali Agha, to look into the audit report on payment of Rs 480 billion circular debt by the present government after coming into power in 2013 and suggest recommendations.

A meeting of the Senate Standing Committee on Finance presided over by Senator Saleem Mandviwalla adopted the sub-committee's report for onward presenting it in the next session of the Upper House of the Parliament for taking action on its recommendations after a discussion. Senator Mohsin Aziz, the convenor of sub-committee, later told media that the sub committee recommended recovery of Rs 60 billion for idle capacity, running some power plants at single cycle against Nepra's approved tariff for double cycles, sales tax as well as on other heads.

Earlier, submitting a report to the committee, he stated that the committee has documented a unanimous report that payment of circular debt was made within one day after bypassing Accountant General of Pakistan Revenue (AGPR) and endorsed all the irregularities pointed out by the Auditor General of Pakistan (AGP) in its audit reports.

Chairman of the sub-committee Mohsin Aziz said the report was unanimous and the sub-committee appreciated the role of the AGP for an in-depth analysis of each payment and bringing the wrongdoings on record.

Aziz said the committee did not agree to the government's contention that the payment of circular debt was made within one day due to emergency after taking all the steps from preparation of the proposal to approval and then to transfer of the amount into the accounts.

He further stated that all the members of the committee also believed the payment could have been negotiated as it was an ongoing payment and could be delayed. Senator Kamil Ali Agha, a member of the sub-committee, said, "This case should be made an example for others." The chairman of the committee stated that the report "accused the people of wrongdoing and this would be the second report of the finance committee which would be forwarded to the FIA and NAB for probe, fixing responsibility of individuals or ministries and recovery of Rs 60 billion on various accounts. Chairperson Benazir Income Support Programme Marvi Memon also briefed the committee on the ongoing desk approach in the four districts and maintained that 46 per cent work has been completed.

She also stated that BISP has made improvement in both education and nutrition sectors. She said of the total suspicious cases, 125,174 cases were updated wrongly, which had been blocked two years ago. She said that action has been taken against the 67 officials and some of them have been terminated from service, while some others have been suspended for their involvement. She said that some cases have also been forwarded to the FIA for investigation.

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Controversial amendments to Nepra law:
Centre, provinces reach agreement

MUSHTAQ GHUMMAN

The federal government and provinces are said to have reached an agreement on controversial amendments in the Nepra Act called 'Generation, Transmission and Distribution of Electricity Act, 1997 (Act XL of 1997)' here on Tuesday. Consensus was evolved at a meeting convened by Minister for Water and Power Khawaja Asif and attended by Chief Minister Sindh Syed Murad Ali Shah, Chief Minister Khyber Pakhtunkhwa Pervaiz Khattak, Chief Secretary Balochistan, Chief Secretary Punjab and officials of the Ministries of Water & Power and Finance.

The key differences between the Ministry of Water and Power and provinces, especially Sindh and KPK, were about clauses 14, 21 and 31 of the Nepra Act. The meeting took into consideration the proposed amendments in detail. All the participants gave their inputs and the amendments were agreed upon after necessary modification/ improvements in the language.

The sources said the Ministry of Water and Power presented the draft of amendments in the Act in the light of proposals submitted by the provinces at a recent meeting of the Council of Common Interests (CCI), adding that as the provinces give concurrence on amendments, the draft Act will be tabled in the Parliament for approval.

The federal minister for water and power thanked Chief Minister Sindh and Chief Minister KPK for their keen interest in the matter. He appreciated them for their active participation in the process. He said the government is committed to building consensus on matters of national importance.

The chief ministers of Sindh and KPK also thanked the federal minister for water and power and assured their full support on matters of national importance. Later on talking to media, Minister for Water and Power Khawaja Asif said that a meeting has been held in accordance with guidelines of the CCI. The chief ministers of KPK and Sindh have expressed their viewpoints after which amendments have been finalised unanimously.

The chief minister Sindh, who was standing with the minister, said that Sindh had reservations and observations on the proposed amendments, adding that in accordance with the article 157(2) provinces have the right to establish own power generating units, install transmission and distribution systems and fix tariff but unfortunately it was not translated into the Nepra Act.

The national grid company shall not exclusively be considered the only company to provide transmission service in the service territory. In pursuance of Article 157 of the Constitution and Section 7(4) of this Act, a provision shall be made to allow Provincial Transmission and Despatch Company to share the service territory with national grid company in the respective provincial territories. The WAPDA has no mandate of transmission lines. KESC is now KE. A detailed section shall be inserted to define role, responsibility and domain of provincial transmission company, he said.

The CM Sindh further stated that the proposed amendment shall be restricted to establishment of thermal and renewable energy power projects in the country. However, it shall not be extended to a company or public entity which intends to establish hydroelectric generating stations. Any generating company or public entity intending to set up a hydroelectric generating station shall prepare and submit a detailed scheme covering all financial, geological, hydrological, technical, safety and environmental aspects to the Authority for its concurrence. The Authority, in turn, before concurring shall consider whether or not in its opinion the proposed river work will prejudice the prospects for the best ultimate development of the river or its tributaries for power generation and are consistent with the requirements of drinking water, irrigation, flood control or other public purposes. The Authority shall also satisfy itself before concurring that necessary technical studies have been conducted and NOCs from all stakeholders (IRSA, FFC etc) have been obtained.

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A provision that a provincial distribution company may also provide identical service in a service territory already licensed to any distribution company shall be added. The provincial distribution company may provide such services in the whole or part of the service territory of any distribution company.

The KPK was of the view that dedicated transmission lines within the service territory of a distribution company will be contrary to the law. The proposed provision is borrowed from the Indian Electricity Act, 2003. The words used are not defined in the Act such as "Grid" and "Generation Station." Sale of electricity has also been made unregulated.

The CM Sindh further stated that the issue of bagasse-fired power plants was pending with Central Power Purchasing Agency Guaranteed (CCPA-G) and the minister has assured that the issue will be resolved. Sindh wants its tariff as early as possible, he said.

In reply to another question he said that Sindh is facing load-shedding of 18 hours a day.

Khawaja Asif said that it is the joint effort of federation and provinces to end load-shedding during this year, adding that it the responsibility of centre to resolve the issues of provinces. Replying to another question, the Chief Minister Sindh said that distribution of water should be in accordance with the Irsa Act. The Chief Minister KPK, however, did not speak to media persons after meeting with Minister for Water and Power Khawaja Asif.

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Questions raised over Rs 100 billion USF

TAHIR AMIN

A parliamentary panel Tuesday raised several questions on the collection and utilisation of over Rs 100 billion Universal Service Fund (USF) and role of Finance Ministry in its utilisation, as some parliamentarians stated that it is allegedly reflected in foreign reserves.

The National Assembly Standing Committee on Information Technology and Telecommunication, which met with Capt Muhammad Safdar (Retd) in the chair, witnessed an unusual situation when the chairman expressed doubts about the collection and utilisation of the USF. "When we came into the government, the USF was around Rs 60 billion, which is around Rs 100 billion by now," said Safdar, adding that nobody knows about its whereabouts.

The parliamentarians led by Safdar repeatedly asked the Ministry of Information Technology and Telecommunication about the actual amount collected in the fund; however, the ministry officials maintained silence in this regard. However, MNA Syed Ali Raza Abidi said that it was reportedly around $ 2 billion. The committee chairman said the collection in the USF can be converted into dollars and more can be earned on it. Further, it can be parked in an account against which the government can borrow huge loans, as the company lacks the capacity to utilise it, he added.

Shazia Marri said that finance minister reportedly takes decisions about the utilisation of USF. If the government has no role, how finance minister takes decision about the utilisation of USF, she asked.

The committee sought complete details of USF collection and its utilisation in the next meeting. The committee also raised questions over the proposed pilot programme of the USF under which 18,000 smart phones would be given to the Benazir Income Support Programme (BISP). The officials of the ministry also admitted that it is based on "ideas" and is not a research-based project.

The committee unanimously expressed serious concerns over the issue of blasphemous/objectionable material posted on social media and asked the ministry, Pakistan Telecommunication Authority (PTA) and Federal Investigation Agency (FIA) representatives about the actions taken till date and the progress to mitigate the issues relating to this important subject. The representatives from the M/o IT&T, PTA and FIA briefed the committee about steps taken against blasphemous/objectionable material on social media. They also briefed about the culprits arrested across the country in connection with posting and propagation of blasphemous material. The committee appreciated the efforts being undertaken so far by the M/o IT&T, PTA, FIA and other agencies to tackle the issue.

The PTA had taken several steps even before the matter was taken up by the courts. Facebook had been requested to block the reported contents and the relevant accounts. Facebook on several occasions took out the material. However, due to the nature of social media, new accounts were created with similar contents. These accounts were reported to Facebook and they did take some action but not to the satisfaction of the PTA. Keeping this in mind, the chairman PTA met Facebook senior officials in Barcelona and highlighted this matter in the strongest possible terms and sought their co-operation.

Resultantly, Facebook started co-operating fully by removing and blocking reported contents for Pakistan. There were two Facebook accounts mentioned by Islamabad High Court (IHC) with the name "Behnsa" and "Machar" which were searched by the PTA and additionally eight other pages were identified with the similar names containing blasphemous contents. The same were reported to Facebook and the pages were blocked for Pakistani viewership. Besides, the PTA has also searched, identified and blocked 12,968 websites containing blasphemous contents till April, 2017.

In addition to the above, the PTA has developed an electronic portal to facilitate stakeholders to lodge complaints relating to objectionable web contents. In this regard around more than 3,900 complaints have been received so far, which are being disposed of accordingly. A research cell comprising 25 IT

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professionals has been developed by the PTA which proactively searches blasphemous contents and takes action as per standard operating procedure (SOP).

Blasphemous material being uploaded on internet is in different forms i.e. literature, pictures, audio, video, etc. Therefore identification of blasphemous material without human intervention is not possible. As already mentioned, the PTA has deployed a team of 25 personnel for the purpose and so far it has blocked around 12,968 such links. Given the fact that a huge amount of contents is being produced every minute and uploaded on the internet, it is almost impossible to restrict and block any one or more of the content categories completely.

Facebook Inc was also asked to help law-enforcement agencies (LEAs) in Pakistan by providing them with the requisite data they asked for. Facebook reiterated its commitment towards removal/blocking of the blasphemous and objectionable contents and assured that it will improve the response time. They informed the participants of the meeting that they will continue to respect the local laws. Regarding the help extended to the LEAs, they mentioned that they received around 1,000 requests in 2016 from Pakistan and about 70 per cent of them have been complied with and that they will continue to support such requests. Visit of Facebook's senior management to Pakistan is due this month.

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$1.315 billion borrowed from foreign banks

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In a bid to keep foreign currency reserves at a historic high, the federal government has borrowed $1.315 billion from foreign commercial banks in the current financial year (July-April) 2016-17. The government has budgeted $2.005 billion from foreign commercial banks for the current financial year 2016-17. According to official data the government borrowed $300 million from Industrial and Commercial Bank of China Limited in the current fiscal year (July-April) 2016-17.

Ministry of Finance has finalised arrangements for $600 million commercial loan from two Chinese banks to be utilised for balance of payments and budgetary support and received $300 million in January. Further, the country borrowed $200 million from Noor Bank PJSC for budgetary support and $700 million from China Development Bank as non-project aid during the month of September. The government borrowed $115 million additional in the month of March from Noor Bank PJSC for budgetary support, bringing the borrowing from foreign commercial banks to $1.315 billion in the current financial year. In addition, the government issued Sukuk of one billion dollars at 6.5 percent rate of return during the period under review. The government has also borrowed $19 million from Asian Infrastructure Investment Bank (AIIB) in the current financial year which was not budgeted as per the Economic Affairs Division (EAD) data. The data shows that government borrowed $5 million from the Eco Trade Bank in the month of February which was not also budgeted.

Islamic Development Bank (IDB) has released $63.47 million in the current fiscal year against the budgeted $18.82 million. Moody's Investors Service has predicted that Pakistan's external debt will grow to $79 billion by June this year, which is much higher than initial estimates. The country's weak fiscal strength will weigh in on its ability to afford the ever growing debt burden.

In its latest report, the international credit rating agency said that Pakistan's challenges include a relatively high general government debt burden, weak physical and social infrastructure, a fragile external payments position and high political risk. Moody's assessed Pakistan's fiscal strength at negative "(-) Very Low", which it said was hindering debt affordability and increases the debt burden. It said Pakistan's limited tax base restricts its fiscal space, while low savings and shallow capital markets hinder stable domestic financing of sizeable budget deficits.

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IMF Regional Outlook:
CPEC to boost investment

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A new IMF report on regional outlook noted foreign-financed infrastructure spending as a key driver in propelling growth in oil importing countries, including Pakistan where implementation of the China-Pakistan Economic Corridor will boost investment. Pakistan is clubbed with MENAP region that includes Middle East, North Africa, Afghanistan and Pakistan in IMF Regional Outlook report released on Monday.

The report noted that among the regional countries, growth will be particularly robust in Djibouti and in Pakistan, mainly owing to the investment under CPEC. Overall, regional growth in MENAP region is expected to increase from 3.7 percent in 2016 to 4 percent in 2017 and to 4.4 percent in 2018. "More generally, the improved outlook reflects the continued dividends from past reforms, which have reduced fiscal deficits and improved the business climate (Morocco, Pakistan), supported by a scaling up in public investment (Pakistan)," the report noted.

Global growth is gaining momentum and is projected to reach 3.5 percent in 2017 and 3.6 percent in 2018, a steady improvement over the 2016 growth rate of 3.1 percent. Although, the savings from low oil prices and reduced subsidies have allowed for increased spending on infrastructure, health care, education, and social services in countries including Egypt, Morocco, Pakistan, Tunisia, it will be increasingly difficult to maintain this spending now that oil prices are expected to be higher.

The report said that in the light of the expected rise in oil prices, there was a need to push subsidy reforms through to completion and to contain losses from state-owned enterprises. More generally, a key priority for oil-importing countries is to generate higher revenues by broadening the existing tax base, the report said adding that it will require simplifying the tax rate structure and eliminating exemptions in countries including Djibouti, Egypt, Jordan, Lebanon, Morocco, Pakistan, Sudan, Tunisia.

"Across MENAP oil importers, growth rates are too low to reduce unemployment or provide a broad-based and resilient improvement in incomes. And fiscal constraints will prevent country authorities from boosting growth through public spending alone".

The outlook remains vulnerable to changes in oil prices and the global outlook, and to geopolitical developments. US interest rates have risen, and tighter and more volatile global financial conditions could increase borrowing costs for MENAP oil importers and their banks, adding to fiscal sustainability concerns, weighing on bank balance sheets, and undermining private sector activity. "Such tightening could be particularly challenging for countries such as Egypt, Jordan, Lebanon, Pakistan, and Tunisia, which will be competing for funds in international markets," the IMF Regional Outlook observed.

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Islamabad, Tehran to trade in euro or yen

RIZWAN BHATTI

In order to facilitate trade between Pakistan and Iran, the State Bank of Pakistan (SBP) and Bank Markazi Jomhouri Islami Iran (BMJII) have devised a payment settlement mechanism for trade transactions between the two countries. According to SBP, as per the mechanism for settlement of trade transactions between Pakistan and Iran, euro or JPY-denominated transactions will be eligible for settlement.

The settlement mechanism has been formulated after an agreement signed between the State Bank of Pakistan (SBP) and Bank Markazi Jomhouri Islami Iran (BMJII) for Banking and Payment Arrangement. It aimed at establishing a banking channel for trade between the two neighbouring countries. The agreement was signed by Riaz Riazuddin, Deputy Governor SBP and Ghulamali Kamyab Vice Governor BMJII in the middle of April 2017.

According to SBP FE Circular No. 04, the said mechanism will be available as an additional mode and does not restrict the use of other permissible mechanisms for settlement of trade transactions as per the instructions issued by the SBP from time to time.

This mechanism will be available for payment of goods and services traded between Pakistan and Iran and transactions eligible for settlement under this mechanism will be denominated in euro or yen and based only on documentary Letter of Credits (L/Cs) conforming to the Uniform Customs and Practice for Documentary Credits UCP 600 published by the International Chamber of Commerce (ICC).

The SBP has also described the modus operandi for processing of transactions. Under this mechanism for the payment of imports by Pakistan, importer's bank in Pakistan will credit the foreign exchange (ie the amount due under L/C) in Nostro account of the SBP for onward payment to the exporter in Iran and inform the same to the SBP. Upon confirmation of receipt of funds in Nostro account, the SBP will instruct BMJII to pay the exporter's bank for onward payment to exporter in Iran.

In case of receipt of funds against exports from Pakistan, on receiving payment instructions from importer's bank in Iran, BMJII will instruct the SBP to make payment in Pakistan. The SBP, on receiving the instructions from BMJII, will credit the Nostro account of exporter's bank in Pakistan in FCY. Participating banks have been asked to ensure that transactions conducted under this mechanism are not proscribed and do not involve individuals/entities proscribed under international sanctions. In addition, execution of transactions under this mechanism will be subject to compliance of all applicable foreign exchange rules and regulations.

The State Bank has asked Authorised Dealers, interested to work under this mechanism, to send their written consent to the Director, Domestic Markets & Monetary Management Department, State Bank of Pakistan, Karachi latest by May 31, 2017. After lifting of US sanctions, imposed on Iran, Pakistani traders were keen to initiate exports to the neighbouring country, however due to unavailability of a banking channel they were facing difficulties.

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THE RUPEE: Stable trend

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Firmness prevailed on the money market on Tuesday as the rupee sustained overnight levels in relation to the dollar in the process of trading, dealers said. The rupee did not move any side versus the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, they said.

INTER-BANK MARKET RATES: In the second Asian trade, the euro pulled back from recent six-month highs, but remained well-supported as fading worries over political populism and signs of improving economic conditions in Europe bolstered investor confidence. The euro fell to $1.0921 from $1.1024, its highest level in six months, hit in early Monday trade on relief after centrist Emmanuel Macron's victory in France's presidential election.

The euro's retreat was driven solely by profit-taking. "I think it is going to regain momentum over time," said Yukio Ishizuki, senior currency analyst at Daiwa Securities. Reflecting easing concerns over European politics, the common currency gained against the safe-haven Swiss franc, hitting a seven-month high of 1.0918 franc on Monday and last stood at 1.0915.

Against the yen, it stood at 123.72 yen after Monday's one-year high of 124.58. The dollar was trading against the Indian rupee at Rs 64.535, the greenback was at 4.341 versus the Malaysian ringgit and the US currency was at 6.907 in terms of the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Tuesday: 80.47-80.48 (previous 80.45-80.45).

OPEN MARKET RATES: The rupee stayed put against the dollar for buying and selling at Rs 105.50 and Rs 105.70 respectively, they said. The rupee appreciated by 35 paisas in terms of the euro for buying and selling at Rs 114.75 and Rs 116.25 respectively, they said.

Open Bid	Rs. 105.50
Open Offer	Rs. 105.70

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

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pakistani rupee failed to sustain it's gains as it registered reduction versus the US dollar in the local currency market on Tuesday.

According to the currency dealers, the dollar commenced trading on a positive note following buyers' interest in the market. At the close, it rose to Rs 105.70 and Rs 105.90 on buying and selling sides, respectively, as compared to the overnight closing trend of Rs 105.50 and Rs 105.70 respectively, they added.

On the contrary, the local currency showed strength as it recovered its earlier losses against the pound sterling. The pound's buying and selling rates slid from Monday's closing rates of Rs 136.00 and Rs 137.00 to Rs 135.90 and Rs 136.90 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee remained firm against the dollar at the open currency markets of Islamabad and Rawalpindi here on Tuesday. The dollar opened at Rs 105.90 (buying) and Rs 106 (selling). It closed at the same. Pound Sterling opened at Rs 135 (buying) and Rs 135.50 (selling). It closed at the same rate.

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SECP will go after financial crimes: Hijazi

SOHAIL SARFRAZ

Chairman Securities and Exchange Commission of Pakistan (SECP) Zafar Hijazi Tuesday said that the Commission will go after financial crimes without getting any influence, as the SECP is closely watching social media used by certain individuals to misguide investors in making stock market investments.

Addressing a press conference here on Tuesday at the SECP headquarters, he said that, "Now after a hard work of around two years we can comfortably claim that no financial criminal can hide from the SECP as we are continuously watching the capital markets. Wherever the SECP will find a financial crime, it will go after it without any influence", he added.

He said that the SECP has communicated names of 34 individuals to the FIA for taking action against such persons using social media to give wrong information and attract investors for making investments in stock market. Such individuals give self-serving investment tips to their followers to gain profit. He said that the SECP has also written a letter to the Secretary Interior for constitution of the joint Task Force of SECP and FIA for checking cyber crimes and controlling use of social media by such kinds of self-styled stock gurus. Task Force would also check financial crimes related to capital market.

Zafar Hijazi said that the SECP has significantly strengthened its abilities for continues surveillance of stock market trading and its intermediaries. Chairman SECP said that the most competent officials in the SECP were selected and properly trained to watch the stock trading efficiently to remove the earlier weakness and bottleneck. During the past two months the SECP has filed nine cases against individuals for disseminating false information or luring investors towards improper investments.

He said that another case of insider trading has been detected in a bank by the SECP involving 27 persons. The commission has carried out extensive investigation of the case. He shared the details of self-styled stock guru Mir Muhammad Ali Khan (MAK), who was levering his followers at social media by giving self-serving investment tips. To a query, he said that the SECP will ask the Interior Ministry to place his name on the ECL.

The SECP has caught this man red handed, after monitoring him for almost. A criminal case has been filed against him and he used to give advice over Stock Market and actively engaged in giving interviews etc while not being a registered research analyst.

The SECP officials said that MAK accumulated scrip from the equity market and subsequently starting sharing his analysis / research at social media on that scrip and proposed a target price. MAK subsequently re-posts on the same scrip with additional highlights / pointers on scrip, which induces general investors to follow his advice. Contrary to his advice, MAK sold his holdings and in the past six months posted a profit or around Rs 58.65 million. The SECP informed the details of stock market operations by MAK.

Sharing details of his scheme of fraud, Zafar Hijazi said that this person accumulates scrip from the equity market and subsequently starting sharing his analysis / research on Facebook on that scrip and proposes a Target Price. MAK subsequently re-posts on the same scrip with additional highlights / pointers on scrip, which induces general investors to follow his advice. Contrary to his advice, MAK exits / sells his holding which is achieved from the reaction of general public to buy on his advice on social media and realizes extraordinary return on his investment through price difference achieved with positive impact on scrip's price through inducement.

For instance, in the case of Ghani Automobile Limited (GAIL), he shared his analysis on the scrip of GAIL on Facebook on July 13, 2015 and told his followers that the management of GAIL had revealed to him about GAIL in process of obtaining license to manufacture tractors. GAIL disseminated clarification to the Commission and the Stock Exchange on July 24, 2015 denying the rumours on Obtaining License for Production of Tractors. The aforementioned contradicting post of GAIL brought the suspicion of a probable manipulative activity being carried out in the scrip of GAIL. The SECP asked both, MAK and the GAIL to explain their positions. GAIL itself disseminated clarification to the Commission and the Stock Exchange on July 24, 2015, denying the rumours on obtaining license for production of tractors.

Before sharing this news on his Facebook page, MAK bought a quantity of 2,554,500 from the account of his mother Ms Razia Farhat Khan. When his followers attracted to buy GAIL shares and the price of GAIL shares start rising, this person sold his holding and earned undue profits. He has repeated same practice in the shares of seven other scripts.

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Punjab government to expand tax net in budget

MUHAMMAD SALEEM

The Punjab government has planned to expand the scope of tax net for improving tax infrastructure in the province instead of imposing new taxes in the upcoming budget 2017-18. In the upcoming budget, the sources claimed that the government is making exercise to bring over seven services under tax net. Under the 18th constitutional amendment, more powers have been vested to the provinces for recovery of taxes. However, federating units require taking benefit from the NFC for harmonizing taxation system, the sources added.

The sources further said the Punjab government is also considering a proposal of setting up of an agency for recovery of all kind of taxes at provincial level. In this regard, a committee is already working for firming up necessary recommendations. The sources said the provincial government has already directed the Punjab Revenue Authority to simplify tax forms and other information for common man while recovery system is being computerized completely so that chances of leakage and other malpractices could be eliminated.

The sources said in order to discharge newly evolving areas of work relating to corporate financial management, debt management and taxation policy and to strengthen release of funds for development schemes, a restructuring exercise was undertaken by the finance department. Now the finance department has been divided into two wings - budget and resources wing and expenditure and investment wing. Under the new arrangement, budget and resource wing is comprised of five groups of office: budget, establishment, regulation, monitoring and policy and planning. An 'establishment' group of office has been carved out of the budget wing to look after the affairs of attached departments of the finance department. The expenditure and investment wing is consisted of economic services, social services, local government finance and development.

The coordination function for release of development funds has been concentrated in the 'development' group of office under the expenditure and investment wing of the department to help improve coordination with planning and development department on this important function. Specialized units such as tax reform unit, debt management unit, corporate finance unit and NFC Secretariat have been added to build the department's capacity for modern day PFM needs, the sources added.

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Economy faces enduring challenges: IPR

HASSAN ABBAS

LAHORE: The Institute of Policy Reforms (IPR) report states that economy of Pakistan faces enduring challenges like twin fiscal and current account deficits, insufficient funds for services and investment, and ineffective public spending.

"There are indications that energy prices may increase again. This will increase pressure on the Balance of Payment and on inflation. The latter has been in control recently. Manufacturing growth is well below target and agriculture has only modestly recovered from last year's radical decline. Exports are stagnant," the Report said.

The IPR report released on Tuesday shows concerns with the way government makes the budget. Both its stated goals and estimates often turn out to be misplaced. In most years, the budget sets out to realize the aims of growth and poverty alleviation. However, few measures in the budget support these goals. Similarly, Government of Pakistan (GoP) forecasts a lower than justified target for the fiscal deficit. It usually gives higher revenue and lower expense amounts than circumstances merit. It also uses high provincial surplus estimate to bridge the gap.

The report gives comprehensive proposals for the coming budget. It says that without an overall strategy, the new budget will again tweak at the edges. It also says that a meaningful budget should be guided by a medium-term economic strategy. So far, it seems that this is being done in name alone. Clarity of goals and coherence in government plans are important for economic management. The report called upon the government to respond especially to the balance of payments challenge. Depending on Chinese largesse is not a plan.

The Report says to earn more revenue, GoP must make hard choices that affect the political economy of tax avoidance and evasion. To make spending more effective, it must revisit subsidies for Public Sector Entities (PSEs) and power supply.

The government should focus on debt management and development priorities. Government has done well at fiscal consolidation recently. In fact, 2015-16 was the first time in years that FBR achieved its target. Yet, for many reasons we are far from having a stable macro economy that can underpin growth.

The budget cannot meet all the above challenges, but it must begin to move the economy in the right direction. That is possible only if it is part of a strategy, because most important shifts must take place before preparation of the budget.

The report calls on GoP to strengthen the macro framework. This is possible by increasing government revenue through broadening the tax base, reducing exemptions, and strengthening compliance. There is also need for structural tax reforms through simplified procedures, rationalized systems, and removal of distortions.

On the other hand, GoP must rationalize expenditure and to the extent possible increase the share of development spending. It must reduce subsidies by reforming or privatizing PSEs. There is urgent need also to review the power sector policy structure.

The present power policy will take us back to a dead end after initial improvement. The report especially raises the issue of governance. No economic policy will work without governance improvement. Pakistan performs poorly in all governance indicators with the result that in most areas government is a hindrance rather than a support to economic activity.

The Public Sector Development Program (PSDP) has too many projects with an average throw forward of eight years. To be effective it must keep just those projects that directly support growth in priority sectors.

The above proposals will help with competitiveness of the economy. There is need also to focus on urban infrastructure so that cities support economic growth and serve as service clusters. Skills development and R&D too are key for the economy, especially for priority sectors. Such support must go with setting up industrial parks under CPEC.

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"We must offer opportunity to the young and those outside the economic mainstream. This is important for economic progress and social stability. GoP can stimulate private sector investment through access to credit and make an earnest review of regulations that reduce barriers to investment. It should make major investment in training of youth. Training centres may collaborate with international providers of mass open online courses to train millions of young people each year," Report said.

At the same time, GoP must link unemployed youth with an existing social security system e.g. BISP. It must promote export of workforce by providing skills training with international certification.

The budget must also keep an eye on the country's need for stability. The data is instructive. Pakistan has a young population with about 60% people below the age of 25 years. This means there are about 120 million young people in the country. While overall unemployment in the country is below 6%, 11% of the young are without jobs. Two million young people enter the job market each year. GoP estimates that 22.6 million children are out of school. About a third of the young suffer from malnutrition that could affect their cognitive skills forever. These numbers are important. It shows how Pakistan has lost the potential that a young population offers. Such disadvantages are also drivers of instability as they cause alienation. All over the world, populist ideologies have captured the imagination of young minds. In Pakistan, this has happened for many years.

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Small business on cotton market

RECORDER REPORT

KARACHI: Small business was witnessed on the cotton market on Tuesday during the day, dealers said.

The official spot rate was unchanged at Rs 6700, they said. In ready session, approximately 1400 bales of cotton changed hands between Rs 6700-6940, they said.

Some brokers said that trading activity improved following the fresh buying by mills and spinners.

Cotton analyst, Naseem Usman said that the textile industry is suffering from losses in the country. Other experts said that inflows of yarn and fabrics through illegal channels are hurting the domestic industry as a result many industries started closing down. These discouraging factors creating financial problems, they said.

Besides, news coming from the fields that after sowing many growers were facing shortage of irrigation water, they added.

Reuters adds: 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.

The US Department of Agriculture's World Agricultural Supply and Demand Estimates (WASDE) report is due on Wednesday.

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.

The following deals reported: some 400 bales of cotton from Fort Abbas at Rs 6940, 730 bales from Jalalpur at Rs 6800 and 244 bales from Rahim Yar Khan at Rs 6700, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi	Spot Rate Ex-Karachi As on 08.05.2017	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

BUSINESS
RECORDER
Wednesday, 10th May, 2017

Cotton moves up

NEW YORK: ICE cotton futures halted a two-session decline on Tuesday, helped by short-covering ahead of a monthly crop supply and demand report from the US government.

The US Department of Agriculture's World Agricultural Supply and Demand Estimates (WASDE) report is due on Wednesday.

Some people covered shorts while some added length to their positions. People with different interests wanted to get squared before the WASDE report, said Louis Rose, co-founder and director of research and analytics at Rose Commodity Group.

About 21 percent of plantings have been completed in 15 major cotton-producing states across the United States in the week to May 7, up from 14 percent the previous week, the US Agriculture Department said in a weekly report released after market close on Monday.

The July cotton contract on ICE Futures US settled up 0.24 cent, or 0.31 percent, at 77.43 cents per lb. It traded within a range of 77.07 and 77.82 cents a lb.

Total futures market volume rose by 3,544 to 25,130 lots. Data showed total open interest fell 1,948 to 259,387 contracts in the previous session.

India looks likely to receive higher monsoon rainfall than previously forecast as concern over the El Nino weather condition has eased, the chief of the weather office said on Tuesday, raising prospects of higher farm and economic growth.—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
Jul'17	77.19	77.82	77.07	77.43	14:45 MAY 09	77.43	0.24	14413	77.19
Oct'17	74.19	74.35	74.15	74.35	14:45 MAY 09	74.35	-0.44	3	74.79
Dec'17	73.35	73.67	72.96	73.04	14:45 MAY 09	73.04	-0.29	5889	73.33

DAWN
Wednesday, 10th May, 2017

Goods carriers' strike enters second day

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Oil tankers are parked at the Shireen Jinnah Colony terminal on Tuesday during a strike called by goods transporters.—PPI

KARACHI: A strike by intercity goods carriers entered its second day on Tuesday, with five representative bodies of transporters operating in other parts of the country expressing solidarity with them.

The transporters went on strike on Monday in protest against the restriction imposed by the Sindh High Court (SHC) on the movement of heavy vehicles in Karachi.

Transporters said they could not run their vehicles in Karachi due to the imposition of Section 144 and harassment by the police.

Moreover, confusion continues over the timing allowed for the movement of heavy vehicles within the city's jurisdiction. Some transports believed that the Supreme Court has fixed the timing between 11pm to 6am while others said the SHC has imposed a 24-hour ban.

Yasin Niazi, the chairman of United Goods Transporters Alliance (UGTA), told Dawn that five other transporters' bodies have joined hands with Transporters of Goods Association-KPT, which represents intercity goods carriers.

He said transporters operating in upcountry areas also had to face similar situation as they could not enter or leave the Karachi port by moving within the city's jurisdiction.

Mr Niazi said the transporters' alliance has even approached Home Secretary and apprised him about the issues being faced by goods carriers. He claimed that the secretary even issued a notification for allowing the movement of heavy vehicles between 11pm to 6am, but Deputy Inspector General Traffic said he only accepted the SHC order.

Transporters of Goods Association President Anwar Soomro said they haven't received any response from the Sindh government so far. He said cargo movement from Karachi port to industrial areas of the city, particularly Port Qasim, Landhi and Korangi industrial areas, remained suspended.

He said goods carriers had to take longer route which has increased their cost to Rs35,000 from Rs8,000. Earlier, the transporters used to take the intercity route via Mai Kolachi to Sunset Boulevard and then to Korangi industrial area.

He said Car Carriers Association, Balochistan Transport Association and Karachi Goods Carriers Association have voluntarily joined the strike.

Meanwhile, port users said they have discussed the issue with KPT vice-chairman Arif Elahi as it could severely damage country's economy and also hinder exports.

They said if the situation persisted for another couple of days, it would cause port congestion and create shortage of raw material to the industry; consumers may also suffer because many commodities would not reach warehouses located in industrial areas.

DAWN
Wednesday, 10th May, 2017

Rs480bn circular debt case referred to FIA, NAB

THE NEWSPAPER'S STAFF REPORTER

ISLAMABAD: The Senate Standing Committee on Finance on Tuesday decided to refer the case of payment of Rs480 billion to settle the circular debt to the Federal Investigation Agency (FIA) and National Accountability Bureau (NAB).

The recommendation was made by a three-member subcommittee of the Senate body, comprising a member each from the PML-N, Pakistan Tehreek-i-Insaf and PML-Q. The one-time spending of Rs480bn to clear circular debt was made in early days of the current government that assumed power in 2013.

The Senate body adopted the subcommittee's report which will be submitted in the upcoming session of the upper house.

PTI's Senator Mohsiz Aziz is the convener of the subcommittee while other members include PML-N's Senator Saud Majeed and PML-Q's Senator Kamil Ali Agha.

According to the unanimous report, the payment of circular debt was made by bypassing the Accountant General of Pakistan Revenue (AGPR), Senator Aziz said.

The payment was made in one day along with several irregularities which were also pointed out in the Auditor General of Pakistan's (AGP) reports.

Senator Aziz said members believed the payment could have been negotiated as it was an ongoing issue.

Senator Saleem Mandviwalla said several people have been named in the report, but the FIA and NAB will investigate and fix responsibility for financial misconduct.

Talking to the media later on, Senator Aziz said the recovery of Rs60bn has been recommended from electricity producers.

Later, Benazir Income Support Programme (BISP) Chairperson Marvi Memon briefed the committee on the survey in four districts to identify weaknesses of the programme.

She highlighted that action has been taken against 67 officials; some of them have been terminated from service while others have been suspended for their involvement.

The BISP chairperson said some cases have also been forwarded to the FIA for further investigation.

DAWN
Wednesday, 10th May, 2017

Cotton trading picks up

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Renewed buying interest at the lower level helped cotton market witness some activity on Tuesday. However, only few needy spinners were seen active in the ring.

According to a report, the Punjab government has launched an incentives scheme to encourage growers to produce more cotton. Under the scheme, 19 districts have been selected and growers holding over five acres of land would be given gifts worth Rs14 million on achieving higher yield.

The Karachi Cotton Association's spot rates were unchanged at overnight level.

The following deals were reported to have changed hands on ready counter: 400 bales from station Fort Abbas at Rs6,940 per maund (around 37 kilograms), 731 bales from Jalalpur at Rs6,800, and 244 bales from Rahimyar Khan at Rs6,700.

The leading world cotton markets gave mixed trend with New York coming under profit selling and Chinese and Indian markets remaining steady.

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

DAWN
Wednesday, 10th May, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	105.50	105.70
UK	135.35	135.61	136.00	137.50
Euro	114.21	114.43	114.75	116.25
S.Arabia	27.86	27.92	28.10	28.30
UAE	28.43	28.48	28.75	28.95
Japan	0.9228	0.9245	0.9212	0.9412

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.90	6.15
Six months	5.92	6.17
One year	5.97	6.47

LIBOR

Special US dollar bonds for May 08

Three months	1.18456 %
Six months	1.43683 %

THE NEWS
Wednesday, 10th May, 2017

GSP's Rs663mln project to be incorporated in PSDP 2017/18

ISLAMABAD: A project worth Rs663 million of the Geological Survey of Pakistan (GSP) would be incorporated in the Public Sector Development Programme (PSDP) for the year 2017/18.

Under the project, the GSP will launch 3D mineral surveys in potential areas of Sindh and Balochistan to assess metallic mineral reserves of iron, copper, gold, silver and molybdenum, official sources told APP on Tuesday.

The project, scheduled to start on July 1, 2017 and complete in four years, had already been approved by the National Assembly Standing Committee on Petroleum and Natural Resources. The survey would be carried out at two prospective sites, including Moti Jo Wandio in district Tharparkar of Sindh and Mashkichah in district Chaghi of Balochistan province to evaluate potential economic mineral resources, they added.

The project areas fall in the pre-Cambrian Shield Rock and Chaghi Magmatic Arc, which have high potential of metallic and non-metallic minerals. The sources said that the GSP has demanded Rs271.684 million fund allocation for the next fiscal year to initiate an extensive 3D mineral exploration programme to demarcate such prospects by carrying out necessary investigations consisting of geological and geophysical prospecting, chemical analysis on 'XRD, XRF, EPMA, ICPMS, SEM, etc' at Geoscience Advance Research Laboratory GSP, Islamabad and drilling at the selected sites.

They said the project would help develop a reliable database, which would be utilised for geological / geophysical interpretation and techno-economic aspects in both the areas. The sources said mining activities would start resulting in utilisation of the hidden natural resources and enormous economic activities.

Besides, publication of 3D model maps and reports on the mineral potential of the region would attract foreign direct investment in the mineral sector, boosting its share in the overall gross domestic product of the country, they added.

THE NEWS
Wednesday, 10th May, 2017

CPEC projects

'China's $55bln investment to boost economic development'

ISLAMABAD: Federal minister for commerce Khurram Dastgir Khan has said that $55 billion Chinese investment in China-Pakistan Economic Corridor (CPEC) projects has boosted pace of economic development.

During a meeting with his Qatari counterpart Sheikh Ahmed bin Jassim Al-Thani, at the latter's office, the commerce minister said increasing peace in Pakistan is increasing investors confidence.

Khan highlighted the growth of different sectors of Pakistani economy and presented the major trade issues between the two countries in a comprehensive manner. These issues included balancing the Pak-Qatar trade, lifting the ban on procuring Pakistani origin rice through the tenders floated by the government of Qatar, facilitating business visas, fulfilling commitment made by the Emir of Qatar to give 100,000 visas to Pakistani workers, and expediting first meeting of Pak-Qatar Joint Business Council.

The minister also said due to large scale developmental works in Qatar, including the development for FIFA World Cup 2022, the Qatari business companies can benefit from the expertise of Pakistani entrepreneurs, as well as excellent quality of Pakistani construction materials, textile, and food. Khan sought the help of Qatar in resuming negotiations on the free trade agreement (FTA) with the Gulf Cooperation Council (GCC). The Qatari minister assured full support in this regard. Both the sides agreed to enhance the economic and trade relations through regular exchange of trade delegations.

The minister for commerce extended the invitation to the Qatari counterpart to visit Pakistan along with a business delegation on the occasion of upcoming "Expo Pakistan". Thani thanked the minister for generous invitation and pledged to resolve issues raised by him. He appreciated the new economic partnership between Pakistan and Qatar after the landmark $16 billion, 15-year LNG deal. The Qatari minister said he will encourage Qatar's private sector to invest in Pakistan and benefit from the great scope to increase business between the two countries.

THE NEWS
Wednesday, 10th May, 2017

Provincial tax collection grows 23.48pc in 9 months

KARACHI: The tax collection by all the provinces has posted 23.48 percent growth to Rs230.54 billion during July–April 2016/17 as against Rs186.7 billion during the corresponding period of the last fiscal year, sources in the federal finance ministry said on Tuesday.

The sources said main contributor in the provincial revenue was sales tax on services, which grew 31 percent during the period under review. The sales tax on service collected by all the provinces stood at Rs118.74 billion during the first nine months of the current fiscal year as compared to Rs90.67 billion during the corresponding months of the last fiscal year. The sources said that measures taken by Punjab and Sindh during the budget 2016/17 by bringing many new services into the tax net and monitoring of registered taxpayers resulted in significant growth in revenue collection.

The Punjab Revenue Authority collected Rs54.75 billion, depicting 36 percent growth as compared to the collection of Rs40.25 billion. Similarly, Sindh also posted 22 percent growth, as it collected Rs53.35 billion during the period under review. KP and Balochistan are in their initial stages, but managed to collect Rs7.79 billion and Rs2.84 billion, respectively, during the first nine months of the current fiscal year.

The other major component in provincial tax collection is stamp duty, which contributed Rs27.62 billion during the first nine months of the current fiscal year as compared to Rs24.49 billion, showing a growth of 12.76 percent. However, property tax collected by the provinces posted phenomenal growth of Rs6.015 billion during the period under review as against Rs3.54 billion during the same period of the last year, showing a growth of 70 percent.

The sources said the collection of property tax is increasing gradually due to reforms brought in this sector. Punjab and Sindh have revisited their district collector property valuation during the recent years. Besides, in order to discourage under-reporting the Federal Board of Revenue (FBR) has also issued its property valuation tables, which are higher than the provincial valuation, for the purpose of collecting capital gains tax.

The sources said the FBR valuations are still lower than the fair market value, but the buyers are forced to declare this value to pay withholding tax. The FBR valuations also helped the provincial authorities increase their revenue, they added. The collection of motor vehicle tax also posted 14.73 percent growth, as the provinces collected Rs16.43 billion under this head as against Rs14.32 billion.

The sources said that the influx of imported vehicles and higher demand for local motor cars increased the registration process. The revenue collected by the provinces in the current fiscal year would be over one percent of the GDP, the sources said, adding that if the FBR would be able to achieve Rs3,621 billion target, the combined tax-to-GDP ratio would be around 12 percent this year.

THE NEWS
Wednesday, 10th May, 2017

Thar coalfields Block-1 tariff revised 9.2 percent up

KARACHI: Thar Coal Energy Board (TCEB) has revised up the feasibility stage coal tariff for Sino-Sindh Resources Pvt Ltd (SSRL) by 9.2 percent to $44.36/ton for their 7.8 million tons per annum (mtpa) capacity mine at Block-1 of Thar coalfields.

However, the determined tariff is less than the price of $47.27/ton, which SSRL had proposed in their petition. A company official said the determined coal price was acceptable to them and they had expedited their efforts to achieve the financial close before June 30, 2017.

TCEB had initially granted a tariff of $40.62/ton in January, which according to SSRL was not economically feasible for the project, considering its challenging dynamics as well as the deadlines.

The company filed a revision petition proposing price of coal at $47.27. TCEB raised the tariff by 9.2 percent as against 16.4 percent sought by the company.

SSRL plans to develop the 7.8 million tons per annum coal mine and integrated 1,200 MW mine-mouth power plant supplying electricity to the national electricity grid network of Pakistan. The total project cost is estimated at $3.1 billion for which a bankable feasibility has been completed. “On financial close this will be the largest direct investment in Pakistan ever totaling $3.1 billion for mine and power plant combined,” the official added.

The official said SSRL had silently made significant progress on the project and by end 2019; the mine would be fully operational. SSRL holds a 30-year mining lease for Block-1 of Thar Coalfields which covers approximately 150 square km in south eastern Pakistan.

SSRL was awarded the block after an intensive round of International Competitive Bidding in September, 2011. Block-1 holds lignite coal resources of approximately 3.5 billion tons including 600 million tons of measured, 1.9 billion tons of indicated and 1.0 billion tons of inferred resources.

“The project is being developed without government debt repayment guarantee or government equity,” the official said terming it a “huge win for Pakistan”. The official said at $44.36/ton, the coal would be much cheaper than Sindh Engro Coal Mining Company (SECMC), which is $60/ton. “Hence, SSRL will produce cheaper electricity for consumers.”

The global market for lignite mining is influenced by the increased need for energy and the rising prices of various energy production resources. Also, with the development taking place in the economies such as India and China, the demand for energy will rise, thereby, increasing the price of energy and its resources.

This rise in price tends to shift the interest of industries towards other resources of energy. Recently, countries such as Germany has stopped its nuclear power generation business and switched to other electricity generating resources. Henceforth, the global market for lignite mining is expected to grow with the rising energy prices and nuclear hazard concerns.

THE NEWS
Wednesday, 10th May, 2017

‘Halal food can take Pakistan’s exports to new heights’

Mansoor Ahmad

LAHORE: Halal food can take the country’s exports to new heights, but the government continues to ignore it. Halal food, particularly beef and meat is another potential where Pakistan enjoys huge advantage. The global trade of halal food has exceeded $300 billion.

Halal beef, mutton and chicken markets are dominated by non-Muslim economies, as most of the Middle Eastern Muslim economies import halal food from Australia, Brazil and other non-Muslim countries.

Abdul Basit, president of the Lahore Chamber of Commerce and Industry (LCCI) said that halal food has substantial market in non-Muslim regions, as well. Europe, for instance, imports halal meat worth $66 billion. France with the imports worth $17 billion is the largest importer of halal meat among European countries.

Punjab Halal Food Board chairman former justice Khalilur Rehman said that global halal food market is up for grab for Pakistan. Halal food and Pakistan are synonymous, as only pure halal meat and other foods are consumed by its entire population.

Still, he said, to export halal food, the exporters need certification from the world Halal Food Board that not only ensures that proper process of slaughtering is practiced, but also the global food hygiene standards are adhered to.

Rehman said that there is a discrepancy that has to be addressed in line with the Shariah laws. Non-Muslim countries stun the animal or birds before slaughtering, he said, adding that in Pakistan, stunning has been declared against the Shariah.

There is a need to create awareness among Muslim countries that slaughtering after stunning is against the spirit of Shariah, he said, adding that this message has been propagated and accepted by some Muslim countries.

Now, the government has to facilitate halal food exporters by making some amendments in the law and quick decisions at the bureaucratic level. There are a few issues on halal practices in Pakistan, but the major concerns of the exporters are head and mouth disease in cattle and bird flu in birds, he added.

Rehman said that after study it was found out that India resolved this issue by creating zones for cattle stocks. A UN-sponsored body visits each zone and after getting satisfied declares that particular zone is free from foot and mouth disease, he added.

That removes the hurdle on the suitability of meat consumption if exports were made from cleared zone. He said after hectic efforts these zones have been established in Punjab, at least. Now, the UN team has been invited to give its report.

In the meantime, he said, PHA received a request from Chinese halal meat importers to visit Pakistan and set up quarantine facilities before exports are allowed.

The Chinese just needed an official invitation from Pakistan in this regard, he said, adding that PHA has requested P&D Department of the Punjab government to issue the invitation, but to no avail.

Basit said that the processed poultry imported by Muslim countries is conditional to the use of spices of certain specifications that are not produced in Pakistan.

The government has imposed a cumulative duty of 68 percent. This increases the cost of processed meat, he said. It is ironic that processed chicken import from countries with which Pakistan has signed free trade agreements (FTA) are allowed at zero duty.

He said these countries use same inputs on which local processors pay 68 percent duty. “It is unfortunate that instead of exporting halal meat, we are promoting import of halal meat from non-Muslim countries.” If duty on those inputs is abolished, the import from even zero-rated countries would stop and Pakistan would embark on sustained export path. Only halal meat exports could double Pakistan’s exports in the next five years, he added.

THE NEWS
Wednesday, 10th May, 2017

Cotton unchanged

Karachi

Slow trading was witnessed at the Karachi Cotton Exchange on Tuesday, while spot rates remained unchanged.

The spot rates remained unchanged at Rs6,700/maund (37.324kg) and Rs7,180/40kg. Ex-Karachi rates also stood firm at Rs6,835/maund and Rs7,325/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said that despite government's efforts to boost up cotton production in the country, sugarcane sowing was at peak in some cotton growing areas in Sindh province.

“Cotton seed and pesticides still remain an issue for the farmer, so they are switching to other crops,” he said.

KCE witnessed three transactions amid prices of Rs6,700 to Rs6,800/maund. Fort Abbas 400 bales were sold at Rs6,940/ maund, Rahimyar Khan’s 244 bales at Rs6,700/maund, while Jalalpur’s 6,800 bales were exchanged at Rs6,800/maund.

The Nation on Web
The Nation
Wednesday, 10th May, 2017

Arrangements made for smooth power supply in Ramazan

Our Staff Reporter

LAHORE - Special arrangements have been made to control electricity fluctuation and tripping, as more than 600 trolley transformers will be available to cope with constraints in power transmission in Lesco jurisdiction during Ramazan.

The 12-member task force will monitor the loadshedding positions in every circle while complaint cells will also be established. The government is vigorously executing hydel, gas and coal projects to overcome energy shortage in the country.

Addressing a press conference here at Lesco head office on Tuesday, Minister of State for Water and Power Abid Sher Ali said there will be no loadshedding during Saher and Iftar timings in Ramazan-ul-Mubarak. He said electricity is being supplied to industrial sector without any interruption.

He said huge quantity of electricity is being added to the national grid after every couple of months, beside establishing new grid stations to provide electricity connections to all applicants.

He said the transmission lines of the Lahore Electric Supply Company (Lesco) have been upgraded, as 274km long new transmission lines have been laid down, which would be capable of transmitting 2,310MVA additional electricity.

Moreover, 29 new grid stations have been set up in Lesco jurisdiction while 65 grid stations were upgraded from 66kv to 100kv.

He said that there would be zero loadshedding across Pakistan by March 2018, except for those areas where people did not pay their electricity bills and power theft ratio is high. He said that with fast completion of energy projects, initiated by the incumbent government, loadshedding duration had substantially been reduced from 12 hours in 2013 to four hours in cities and six hours in rural areas currently.

He said the government has exempted the industrial sector from power outages. He said it is the vision of Prime Minister Nawaz Sharif to end loadshedding in the country and the day is not far when this dream would be materialised.

He said electricity from Sahiwal Coal Power Project would be added to the system by next month. There are some regions in the country with zero power outages, he claimed.

The minister of state said the PML-N government, under the leadership of Prime Minister Nawaz Sharif, took up the issue of loadshedding on priority and initiated various mega projects, including Neelum-Jhelum hydel power project. He said work on tunnels in Neelum-Jhelum Power Project has been completed, adding Prime Minister Nawaz Sharif would visit the site and inaugurate the project.