BUSINESS
RECORDER
Friday, 12th May, 2017

Tariff lines:

Government to seek concessions from China

MUSHTAQ GHUMMAN

Pakistan is likely to seek unilateral concession on 40-50 tariff lines from China during the visit of Prime Minister Nawaz Sharif starting from Friday (today). Prime Minister entourage will comprise Chief Ministers, Federal Ministers and officials. Commerce Minister, Engineer Khurram Dastgir Khan is also accompanying the Prime Minister.

"We have identified 40-50 items for unilateral concessions prior to entering into the second phase of Free Trade Agreement (FTA) which will be placed before the Chinese leadership. Relocation of Chinese industry is part of the agenda of Prime Minister," said an official Pakistan, sources said, will also convey concerns of domestic industry to the Chinese side as incentives being offered to China in Special Economic Zones (SEZs) will be disincentives for the domestic industry. Pakistan and China have held several rounds on FTA-II but the outcome shows that both sides are still reluctant to proceed further due to disagreement on some of the issues.

Earlier, China had agreed to compensate Pakistan for losses in trade but later on the Chinese official backed out, saying that "he did not understand English properly that"s why it was written in the minutes". In December 2016 Pakistan and China held talks to review the FTA but failed to evolve a consensus on a methodology to further expand FTA after both sides expressed dissimilar claims of the impact on bilateral trade.

Pakistan-China volume of trade which was in the range of $4 billion in 2006-07 reached an all time high of $13.77 billion in 2015-16. The sources said, under-invoicing is one of the key issues between the two countries due to which a difference of at least $2 billion has been reported. Standing Committees of Senate and National Assembly on Commerce have also raised this issue on several occasions.

According to sources, Islamabad has taken principled decision that it will not go for FTA II until its concerns are resolved properly. Commerce Ministry has also sought Prime Minister"s guidance for further action. China, sources said, maintains that Pakistan has to follow the world with respect to liberalization if it wants to compete in the world. "China wants Pakistan to open 90 per cent of its trade immediately and is ready to give even 15 years for liberalization of ten per cent tariff," the sources continued.

Commerce Ministry has conducted a study which shows that import of cheap raw material from China has increased competitiveness of Pakistan"s industry. In addition, the Commerce Ministry is calculating revenue impact of FTAs, expected this year, as Federal Board of Revenue (FBR) maintains that FTAs are inflicting a revenue loss.

Another official said that no scientific study has been conducted on CPEC"s likely impact on local industry and industry so far, and no one knows whether its impact would be positive or negative. During the meeting of December 2016, the Pakistani side highlighted the need for dovetailing all projects for co-operation between China and Pakistan including CPEC long term plan and CPFTA for integrating both the economies. In this regard, Pakistan referred to the protocol signed between the two countries in 2009 which provides a legal framework for incentivizing Chinese investment in Special Economic Zones and tariff reduction/elimination on the products manufactured in these zones. Both sides agreed to further hold internal consultations on ways and means to implement the protocol which was an integral part of CPFTA. The two sides had also agreed to discuss this issue in detail in the next round of negotiations. Commerce Minister argues that there is a delay in the finalization of FTA-II with China due to differences, adding that Pakistan will expand trade with China when imbalance of trade will be rectified

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BUSINESS

RECORDER

Friday, 12th May, 2017

Islamabad, Beijing to sign framework for revival of ML-1

TAHIR AMIN

Pakistan and China will sign a new framework for the revival and upgradation of Main Line-1 (ML-1) from Karachi to Peshawar during the Prime Minister Nawaz Sharif's visit to China. Official sources revealed to *Business Recorder* that financial support to Pakistan Railways under the China-Pakistan Economic Corridor (CPEC) is currently estimated at $5.7 billion and is expected to increase to $8.2 billion after approval of the new framework.

The Prime Minister is schedule to leave for China on Friday (today) to attend the two-day 'Belt and Road Forum for International Co-operation,' beginning in Beijing on Sunday. Federal Minister for Railways Khawaja Saad Rafique and secretary, advisor and director planning of Pakistan Railways already left for China on Wednesday last. Sources further revealed that China while terming ML-1 a strategically important project of CPEC has agreed to provide long-term loan on most favourable terms for its up-gradation from Karachi to Peshawar. Work on the project would commence by the end of the current year and would be completed in five years.

With the up-gradation of ML-1, train's speed will increase to 160 kilometers per hour compared to the current 120 km/h while train capacity would be increased from the current 32 to 171 trains per day. Sources said that Railways earlier had completed first feasibility of ML-1, which caters 70 per cent of the Railway traffic up-gradation with its own resources while the second feasibility in collaboration with Chinese experts has also been completed. China and Pakistan had established working groups for discussion on up-gradation of the rail line and negotiations started earlier in January 2017. According to the new framework, underpasses and flyovers would also be constructed on level crossing points. Further to make travel by train safer, tracks in populated areas would be fenced.

BUSINESS RECORDER

Friday, 12th May, 2017

Budget strategy approved by Cabinet

ZAHEER ABBASI

The federal cabinet is said to have approved budget strategy for the next fiscal year, targeting 6 per cent growth and bringing down inflation to 4 per cent of the GDP by June 2020. A press release issued after the cabinet meeting, presided over by the Prime Minister Nawaz Sharif on broader budget contours of the next fiscal year and Budget Strategy Paper 2017-20, quoted Finance Minister Ishaq Dar as saying that as per the Fiscal Responsibility and Debt Limitations Act, the fiscal deficit of the federal government would be brought down to 4 per cent of GDP by June 2020.

The government had budgeted 3.8 per cent fiscal deficit for the current fiscal year, however, senior officials of Finance Ministry acknowledge that it is likely to be missed by a sizeable margin due to feared shortfall in projected tax and non-tax revenue.

An official on condition of anonymity said the finance minister has held back to back meetings with FBR officials during the last two days and directed them to make every possible effort to maximise the collection. Dar stated that the government has devised a medium-term macroeconomic strategy to increase foreign reserves and reduce fiscal deficit.

He further stated that the upcoming budget will demonstrate fiscal prudence while focusing on key investment sectors such as CPEC, energy, communications, and poverty reduction, etc. He said that fiscal prudence will provide impetus to lower inflation, higher investments and low public debts. The minister also added that the government had initiated a study on revaluation of the GDP as many sectors are currently not fully recorded in the national accounts.

The meeting was also informed about the government's resolve to provide incentives to farmers for enhancing agriculture productivity. It was apprised that the Prime Minister's agriculture package has yielded positive results on agriculture output as demonstrated by bumper crops of sugarcane, wheat and maize. The finance secretary on the occasion made a detailed presentation on the current state of the economy, outlines of the budget 2017-18 and the medium-term macroeconomic framework.

He told the members of the cabinet that despite challenges, Pakistan's economy is moving in the right direction. He said inflation has been contained to 4.09% in the first nine months of the current financial year and credit to private sector has grown by 53% with agriculture credit by 23% in the first ten months as compared to the same period of last year.

In order to achieve 6 percent of economic growth, the finance secretary said that the measures will be taken to enhance growth in agriculture, industrial and services sectors of the economy. Prime Minister Nawaz Sharif said the focus of the next year's budget would be on achieving higher, sustainable and inclusive growth. He directed the cabinet members to accord priority to areas under their domain that could lead to improved economic growth and generate additional employment opportunities.

While chairing the meeting on budget strategy paper, the Prime Minister stated that the government is determined to increase investments in both human and physical infrastructure. In this regard, highest priority would be accorded to the increase in development budget and poverty reduction. He said time has come for the nation to reap the benefits of the economic policies of the government.

The Prime Minister asked members of the cabinet to suggest measures which would discourage hundi and other informal channels for money transfers leading thereby to increased foreign remittances through regular channels. The Prime Minister valued market capitalisation in the stock exchange that would soon touch $100 billion. The meeting was reportedly informed that federal outlay may be around Rs 4.7 trillion for the next fiscal year with around Rs 850 billion allocation for federal Public Sector Development Programme. Federal Board of Revenue tax collection target may be fixed around Rs 4 trillion for the next fiscal year. The defence expenditure may be around Rs 950 billion. The federal budget is scheduled to be presented on May 26. The Prime Minister has reportedly directed the Ministry of Finance to ensure relief measures for the general public in the last year of his government's tenure.

BUSINESS
RECORDER
Friday, 12th May, 2017

THE RUPEE: Steadier trend

RECORDER REPORT

The rupee moved cautiously in relation to the dollar on Thursday in the process of trading, dealers said. The rupee extended overnight winning streak, picking up more three paisas versus the dollar for buying and selling at Rs 104.78 and Rs 104.80 respectively, they said.

INTERBANK MARKET RATES: In the fourth Asian trade, the dollar edged up to eight week highs against the yen in early Asian trading, as investors' focus turned back to the strength of the economy and away from US politics.

The dollar was slightly up on the day at 114.31 yen after earlier rising as high as 114.37, its highest since March 15. The yen had gained in the previous session after US President Donald Trump abruptly fired FBI Director James Comey, raising investors' fears that the controversial move would lead to political turmoil and derail US stimulus steps and tax reform.

Such fears were not entirely vanquished. Days before he was fired, Comey told lawmakers he sought more resources for his agency's probe into possible collusion between Trump's presidential campaign and Russia to sway the 2016 US election, a congressional source said on Wednesday.

But with markets pricing in around a 90 percent chance that the economy is strong enough for the Federal Reserve to raise interest rates at its meeting next month, investors did not lose sight of fundamentals. The dollar was trading against the Indian rupee at Rs 64.525, the greenback was at 4.346 versus the Malaysian ringgit and the US currency was at 6.905 in terms of the Chinese yuan.

Interbank buy/sell rates for the taka against the dollar on Wednesday: 80.50-80.50 (previous 80.47-80.48).

OPEN MARKET RATES: The rupee stayed put against the dollar for buying and selling at Rs 105.70 and Rs 105.90 respectively, they said. The rupee shed 10 paisas in terms of the euro for buying and selling at Rs 114.60 and Rs 116.10 respectively, they said.

Open Bid	Rs. 105.70
Open Offer	Rs. 105.90

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

Bid Rate	Rs. 104.78
Offer Rate	Rs. 104.80

RUPEE IN LAHORE: The Pak rupee recovered its earlier losses against the major currencies including the American dollar and the British pound in the local currency market on Thursday.

The currency dealers said the trading activity of the US dollar commenced on a negative note amidst lack of buyers' interest in the market. Consequently, it slid to Rs 105.80 and Rs 106.00 on buying and selling sides, respectively, as compared to the overnight trend of Rs 105.85 and Rs 106.05 respectively, the dealers added.

Versus the pound sterling, the local currency also followed the same suit. The pound's buying and selling rates drifted from Wednesday's closing rates of Rs 136.40 and Rs 137.00 to Rs 135.60 and Rs 136.00 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 Thursday.

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.

BUSINESS
RECORDER
Friday, 12th May, 2017

1,320 megawatts coal-fired power project to be ready before December 2017

TAHIR AMIN

Ministry of Water and Power claimed on Thursday that the 1,320MW coal-fired power project at Port Qasim would be completed before its deadline of December 2017. This was stated by Syed Ghulam Mustafa Shah while talking to *Business Recorder* after chairing an in-camera meeting of the National Assembly Standing Committee on Ports and Shipping.

Shah said that the committee was briefed on the updated status by the officials of Water & Power Ministry on the recommendations made by the committee in its meeting held on November 28, 2016 on Port Qasim relating to the coal-fired power project.

The committee has recommended the ministry to expedite work on the project and complete it within the given deadline as the country is facing the menace of load-shedding, the committee chairman said, adding that the ministry officials claimed that the power project is likely to be completed before the deadline.

Prime Minister Nawaz Sharif had directed to make Bin Qasim Power project operational by December 31, 2017. Mustafa Shah further said that Ministry of Ports and Shipping also briefed the committee on ferry services. The ministry officials said that the ferry service could not be launched till completion of all required formalities, including customs, etc. However, the committee has directed for expediting the work on the project so as to facilitate passengers intending to visit Iran, Dubai, etc, he added.

The committee also discussed the issue pertaining to exchange of harsh words between Aijaz Hussain Jakhrani and Muhammad Salman Khan Baloch in the last meeting of the sub-committee of National Assembly Standing Committee on Ports and Shipping. The committee endorsed that the latter had hurt the privilege of not only the committee member, but also of the whole committee.

BUSINESS
RECORDER
Friday, 12th May, 2017

Budget (2017-18):

Government may grant anti-smuggling powers to DGI&I IR

SOHAIL SARFRAZ

On the pattern of powers delegated to Law Enforcement Agencies (LEAs), the government may grant anti-smuggling powers to the Directorate General of Intelligence and Investigation Inland Revenue (IR) in budget (2017-18) to check smuggled & foreign counterfeited cigarettes.

Sources told *Business Recorder* here on Thursday that the Federal Board of Revenue (FBR) is considering different proposals of the Inland Revenue Enforcement Network (IREN) - a special task force of Federal Board of Revenue (FBR) for coming budget. At present, anti-smuggling powers have been delegated to the law enforcement agencies (LEA) without analysing any data or outcome of performance of LEAs in checking smuggling of cigarettes at borders. However, keeping in view the remarkable performance of Directorate General of Intelligence and Investigation Inland Revenue, powers may be extended to the said directorate of IR on the pattern of LEAs, sources said.

A meeting of IREN was held at Directorate General I&I-IR Islamabad attended by all the stakeholders/members. In the said meeting all relevant aspects of combating illicit trade of cigarettes/tobacco was discussed threadbare and decisions were communicated by IREN for further necessary action by the concerned wings of IR at FBR. The Inland Revenue Enforcement Network recommended to do away with Section 40B of Sales Tax Act 1990 from the local cigarette manufacturing units as the same has become toothless and futile. Currently seizures of non-tax paid cigarettes are being jeopardised because of department's inaction against the officials whose presence fails to forestall clearance and transportation of non-tax paid cigarettes. It is further proposed that this action needs to be invoked for monitoring at GLT (green leaf thrashing) Units.

In line with the Board's existing policy of delegation of enforcement powers to various law enforcement agencies, similar delegation of anti-smuggling powers to Directorate General I&I-IR, with specific reference to smuggled & foreign counterfeited cigarette may be considered in the forthcoming budget, it recommended.

The Board is requested to review the existing mechanism of auctions of seized smuggled cigarette by customs department against the payment of duty/taxes. Currently this regime is being grossly misused and on the strength of paltry amounts paid against auction certificates, huge quantities of non duty/tax paid cigarette is being sold in the market. The Board may like to ascertain the volume of revenue currently being raised under this head. If the amount is negligible then all such stocks may be outrightly confiscated for destruction. In case substantial revenue is involved then foolproof certification mechanism is to be put in place, whereby cigarette-specific auctions be properly documented and linked with stock taking - this system would help ensure that auction and onward sales are equal.

The Inland Revenue Enforcement Network recommended hiring of suitable premises/buildings to be used as warehouses for confiscated tobacco/cigarettes. Custom authorities are requested to provide data to IREN regarding the import of cigarette paper & filters to determine exact manufacturing capacity of registered manufacturing units and also to unearth differential number, it recommended.

Adequate workforce shall be provided to Directorate General of Intelligence & Investigation-JR to ensure proper monitoring of cigarette/tobacco sector, it recommended.

The Inland Revenue Enforcement Network recommended that funds for weapons & bullet proof jackets may be provided to raiding teams in order to ensure their safety and security in case of resistance from the other end, sources added

BUSINESS

RECORDER

Friday, 12th May, 2017

Industrialists warn of big electricity crisis

N.H.ZUBERI

The industrial sector has sounded an alarm about the massive closure of industries in Karachi if K-Electric continues eight hours of unannounced load shedding in industrial areas. This could cause massive unemployment and export orders would not be fulfilled.

An emergency meeting was held at the North Karachi Association of Trade and Industry (NKATI) to discuss the issue and decide the future line of action. The industrialists demanded that K-Electric immediately restore power to this indusial area of the city as the load shedding would cause irreparable loss to the economy and many industries would be closed down.

The load shedding by K-Electric in the industrial areas of the city has created enormous problems for the industries. The industrialists expressed the fear that if they lose the export market, overseas markets will be lost to competitor countries. They said that it is unfair that K-Electric blames SSGC for gas supply storage, sometime claiming trip of feeder, breakdown, ongoing repair and maintenance work to carry out unannounced load shedding for hours.

The industrialists said that load shedding by K-Electric would result in the closure of many industries, while production in many factories would be badly affected, due to which they would not be able to pay the workers. The meeting was presided over by the president of NKATI, Akhtar Ismail, and attended by patron-in chief Moiz Khan, the chairman of the K-Electric sub- committee, Mohammad Naseen Akhtar and a very large number of members of the association.

Meanwhile, complaints were also receiver from various residential areas that K-Electric has once again increased the durations of load shedding in residential and commercial areas, blaming it on the gas shortage and technical faults. Six to ten hours of load shedding are being carried out in various city areas.

People complained that power outages span surged to ten hours in different areas, including Malir, Shah Faisal Colony, Gulistan-e-Jauhar, Gulshan-e-Iqbal, safoora, Gulberg, defiance and Nazimabad. They alleged that the government seems to be unconcerned about load shedding in the city as there seems to be no intervention from its side to protect consumers.

BUSINESS
RECORDER
Friday, 12th May, 2017

OICCI Business Confidence Index on downward trajectory

RECORDER REPORT

The Overseas Investors Chamber of Commerce and Industry (OICCI) shared the results of its Business Confidence Index (BCI) Survey - Wave 14 on May 10, 2017. The survey showed an overall positive Business Confidence Score (BCS) of one percent, a four percent decline over the previous BCS of 17 percent reported in November 2016 (Wave-13). This is also significantly lower than the highest ever BCS of 36 percent recorded in a similar survey of April 2016.

In the latest BCI survey only the Services sector has gained in confidence by 4 percent while the business confidence score of the Manufacturing and Retail sectors declined by nine percent and four percent respectively.Key factors responsible for the fall in business confidence were significant drop in capital investment plans for the next six months, as well as an unstable business situation in the region and the country during the past six months. These views of the respondents in the latest survey were mainly due to continuing challenges in the area of energy, security and government policies, leading to relatively lower demand for products.

The sentiments of the leading foreign investors, represented by OICCI members, who were included in the current survey randomly, also declined by nine percent as compared to last November 2016 survey, but with a BCS of 37 percent, in the April 2017 survey, they continue to maintain significantly more positive sentiments than the remaining respondents. This is a positive indicator for future FDI inflow which can further improve with proactive settlement of issues of the foreign investors.

Commenting on the BCI results, OICCI President Khalid Mansoor said "Downward trend in the business confidence, including amongst foreign investors, is very disturbing considering the current improved economic parameters, government focus on improving the energy and security situation, and the positive fall out expected from the ongoing CPEC projects". He added "OICCI members are confident that economic managers of the country will analyze key messages coming out of these latest comprehensive sentiments of the business community to take proactive corrective measures to reverse the trend."

BCS of various business sectors reflect that Financial services (58 percent), Chemical/Cement (27 percent), Non-metallic (23 percent) and Real Estate (21 percent) are most booming sectors, whereas Tobacco (-38 percent), Petroleum (-13 percent) and Textile (-2 percent) have emerged as most restrained sectors. The BCS of automobile industry nose-dived from positive 42 percent in the previous wave to a mere four percent in the latest BCS - wave 14 - survey.

BCS of metro cities of Karachi/Lahore/Islamabad combined, declined and recorded a positive of 10 percent only, as compared to 19 percent in the previous survey, mainly due to fall in BCS of Lahore to a negative three percent from positive 26 percent in the previous survey. BCS for Karachi on a standalone basis declined to positive 10 percent vs 17 percent whereas for Islamabad/Rawalpindi it registered a significant improvement and posted a BCS of 33 percent vs 19 percent previously. The BCS of non-metro cities of the four provinces improved to a positive 20 percent compared to 8 percent recorded in November 2016.

Moving forward, 48 percent of businesses expect to expand their business in next six months but with marginally lower growth in sales volume, sales revenue, profits, and ROI. The planned business expansion is significantly more than the 35 percent who had indicated expansion of their business in the previous survey. There is, however, a significant drop in terms of intention to make new capital investment, probably because of concerns on availability of energy, security and government policies, leading to relatively lower demand for products.

Whilst drawing attention to the survey results, Khalid

BUSINESS
RECORDER
Friday, 12th May, 2017

Mansoor, advised the respective government authorities to "Expedite necessary interventions on critical issues hindering good governance and ease of doing business". He opined that "Business sentiment is strongly related with governance which needs to be supported by a progressive, transparent, consistent and predictable policy framework."

Khalid Mansoor urged the authorities to "Address issues of policy implementation, lack of coordination among federal and provincial authorities, tax anomalies and settlement of the long pending tax refunds through proactive engagement with key stakeholders."

The survey conducted through field interviews in all four provincial capitals, Islamabad and key business towns across the country, is based on feedback from representatives of all business segments in Pakistan, including retail, and covers roughly 80 percent Gross Domestic Product of the country.

The OICCI is the collective voice of major foreign investors in Pakistan. The 193 OICCI members, from 35 different countries, have a presence in 14 sectors of the economy and contribute over one-third of Pakistan's total tax revenue, besides facilitating transfer of technology and skills and providing employment to a sizeable number of people. Of these, 57 OICCI member companies are listed on the Pakistan Stock Exchange and 50 are associates of the 2016 Global Fortune 500 companies.-PR

BUSINESS

RECORDER

Friday, 12th May, 2017

Dullness prevails on cotton market

DR ZAFAR HASSAN

Though there are barely 175,000 bales (155 Kgs) left unsold on the cotton market from the current season (2017/2018), yet a dullness prevails because the buyers, the domestic textile mills, are in very bad shape due to lack of textile sales and very tight liquidity. A considerable quantity of spinning and textile capacity is closed or is running only partially.

Mill's sources say that high cost of doing business and smuggling of large quantity of Indian cloth smuggled through Dubai and also printed cloth from China has flooded the local market which has become very depressed. Several domestic textile mills are reported to have suffered large bosses and have thus gone out of production. Sowing for the new cotton crop (August 2017/July 2018) is now in operation in both Sindh and Punjab after a delay of 15 to 20 days. Punjab sowing was said to be slow due to lack of water but has now picked up. It is initially being estimated that Pakistan may produce between 11.5 and 12.5 million bales of cotton (155 Kgs) during the forthcoming season (2017/2018).

Current cotton crop (2016/2017) is generally being sold within the broad range of Rs 6500 to Rs 7000 per maund (37.32 Kgs), according to quality. Today some 200 bales of lower quality cotton from Chichawatni in Punjab are reported to have sold at Rs 6200 per maund (37.32 Kgs). Also, 2300 bales of cotton from Punjab sold variously from Rs 6800 to Rs 7000 per maund, according to the quality.

Some ginners are asking for Rs 7000 to Rs 7100 per maund (37.32 Kgs) for their cotton, but the mills are not obliging. The larger mills are reported to be mostly covered which includes considerable quantities of imported cotton bought earlier. Smaller mills are said to be buying hand to mouth as they lack liquidity.

Yarn exports are below normal quantities compared to previous years. Thus little yarn exports are materializing. Yarn exporters are not satisfied. Thus spinning business is reported to be in bad shape.

Both India and Pakistan are planning to plant larger areas of cotton during the forthcoming season (2017/2018). It has been reported that sowing in Pakistan will be 10 percent more than the previous season (2016/2047), while increased cotton sowing in India will be 15 percent compared to the previous season. On the global economic and financial front, diverse analysts and observer's have become frightened and even alarmed that with so many adverse political and business factors around the world, the bourses are hardly portraying corresponding declines in share values. Indeed the equity markets and not showing commensurate fall in share values. After all, with president Trump's non-traditional ways and means of governing the United States, there should have emerged related uncertainty and volatility on the stocks and commodity markets, but they appear alarmingly oblivious to the new method and manner in which America is being ruled.

Moreover, there is still Brexit looming large over the European horizon, not to mention the divisive nature of French politics which has rendered France a divided country. Then the American decision to help Kurdish Turks is likely to create chaos in Turkey which will impact Europe in a largely negative way. However, Europe's economy is reported to be strengthening, according to the European Union, which has increased this year's growth forecast unmindful of global risks which could slow down its fifth year of recovery.

No doubt that the strength in earnings over the past few years have provided the necessary support to the markets which are still mostly positioned at record high levels.

Unsubstantiated calm continues to rule the markets but few investors appear to opt for a short position and there appears to be no immediate talk of a sell-off. There seems to be no fear in the mind of the investor's of a possible decline in the equity markets which could be conceivably shocking.

It appears that too many investors are relying on president Donald Trump's promised largesse of a large tax cut bringing it down from 35 to 15 percent, along with the provision which would entice business firms to repatriate cash held by them overseas following Donald Trump's victory in the American presidential race during the end of 2016. The euphoria following the electoral win by Donald Trump appears to be continuing without any signs of any political trouble even though a section of the American people now see the United States as a divided nation. Some even see a constitutional crisis in America. However, small businesses in America are duly worried about president Trump's policy which would cut them off from the international markets. Moreover, a strong American dollar is also hurting exporters who ship their produce abroad.

BUSINESS
RECORDER
Friday, 12th May, 2017

Mills take interest in fresh buying

RECORDER REPORT

Some latest developments propelled mills and spinners to make forward buying on the cotton market on Thursday, dealers said. The official spot rate was unchanged at Rs 6700, they said. In ready session, approximately 2000 bales of cotton changed hands between Rs 6200-7000, they said. Commenting on the latest development, cotton analyst, Naseem Usman said that mills took renewed interest in buying of Lint after suspension of cotton import from India.

Measures to increase cotton production in the country were also positive, which encouraged mills to look forward, other brokers said. In the meantime, cotton production rising the world over, this factor bring the rates down slightly, they said.

Reuters adds: ICE cotton futures fell over 1 percent on Wednesday and hit a four-week low, hurt by a partly bearish monthly crop supply and demand report from the US government and liquidation by speculators. ICE cotton contract for July settled down 0.94 cent, or 1.21 percent, at 76.49 cents per lb. It touched a session low of 76.36 cents a lb, a bottom since April 13.

The July cotton contract on ICE Futures US settled down 0.94 cent, or 1.21 percent, at 76.49 cents per lb. It traded within a range of 76.36 and 77.57 cents a lb. Total futures market volume rose by 9,212 to 34,482 lots. Data showed total open interest fell 1,563 to 257,824 contracts in the previous session. The following deals reported: some 200 bales from Chichawatni at Rs 6200, same figure from Khanewal at Rs 6800, 400 bales from Rahim Yar Khan at Rs 6975, 700 bales from same station at Rs 7000 and 400 bales from Chani Goth at the same price, 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 10.05.2017	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
Friday, 12th May, 2017

Cotton futures surge over three percent on fund buying

RECORDER REPORT

ICE cotton futures soared over 3 percent on Thursday, propped up by fund buying after hitting a one-month low in the previous session. A large number of contracts were sold in a very short period at three points during Thursday's session, which threw prices way up, said Gabriel Crivorot, analyst at Societe Generale in New York.

The July cotton contract on ICE Futures US settled up 3.52 percent at 79.18 cents per lb., the biggest intra-day percentage gain for the contract in 10 months. Weekly export sales data from the US Department of Agriculture (USDA) showed net upland sales last week totalled 160,600 running bales, up 5 percent from the week before.

The July cotton contract on ICE Futures US settled up 2.69 cents, or 3.52 percent, the biggest intra-day percentage gain since July 12, 2016, at 79.18 cents per lb. It traded within a range of 76.17 and 79.21 cents a lb. Total futures market volume rose by 30,961 lots to 65,720 lots. Data showed total open interest fell 3,784 to 254,040 contracts in the previous session. The dollar index was down 0.03 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was up 0.52 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
Jul'17	76.34	79.21	76.17	79.18	14:45 MAY 11	79.18	2.69	23626	76.49
Oct'17	73.29	74.15	73.29	74.15	14:45 MAY 11	74.15	0.65	3	73.50
Dec'17	72.35	73.46	72.15	72.53	14:45 MAY 11	72.53	0.20	9854	72.33

BUSINESS
RECORDER
Friday, 12th May, 2017

Using USF for budget support

RECORDER REPORT

Chairman of the National Assembly Standing Committee on Information Technology and Telecommunications, Prime Minister's son-in-law, Captain Safdar (Retd), stated that annual collections under Universal Service Fund (USF) when PML-N came to power were around 60 billion rupees which are around 100 billion rupees today but 'no one knows its whereabouts'. The USF annual collection amount was challenged by Syed Ali Raza Abidi of MQM-Pakistan who claimed USF collection was no more than around 2 billion rupees and Shazia Marri referred to the well-known decision by the Minister of Finance Ishaq Dar to use USF for budget support. The relevant ministry officials remained silent on the subject no doubt in deference to their concerns that any acknowledgement on their part that the dedicated fund is being illegally used for general budget support may anger the powerful Finance Minister. The committee has sought details of its collection and utilisation in the next meeting.

USF was established under the Pakistan Telecom Act 1996/2000 and collected from licensed telecommunication operators. Its objective was to spread the benefits associated with the telecom revolution to un-served and underserved areas of the country. And even though USF has an independent board of directors comprising an equal number of members from the private and the public sector, it is the federal government that has possession, management and control of the Fund, its income, undertakings, properties and assets and is liable to make quarterly releases as per its approved budget.

To date, the USF has been used for several noteworthy projects, including: (i) rural telecom services project in seven areas with the objective of focusing on rural areas; (ii) broadband for un-served urban areas designed to give a boost to e-services like e-health, e-government, e-commerce; and (iii) providing ICT-related equipment to Al-Shifa Trust Eye Hospital and Pakistan Foundation Fighting Blindness with the objective of helping people with disabilities, overcome their disability and assist them to compete on even basis with their non-disabled peers by using telecom and e-services. Such salutary programmes that were designed to benefit the vulnerable in both rural and urban areas sadly have been abandoned in favour of the use of USF for budget support by the incumbent Finance Minister.

One would suppose the Finance Minister may justify the use of this dedicated fund for budget support by pointing out that his government inherited an unsustainable deficit, with the bulk of the budgeted expenditure on current as opposed to growth spurring development expenditure, and that any funding that narrowed the deficit took priority over bringing the benefits of any dedicated fund to specific sectors. However, it has now been four years into the five-year tenure of the Sharif administration and one would have hoped that the macroeconomic indicators had stabilised significantly to allow the Finance Ministry not to appropriate dedicated funds any longer. That it has not done so is being sourced to flawed economic policies that include: (i) anti-development policy, reference to the ever-rising reliance on provincial surpluses to meet the federal budget deficit which inhibits provinces from investing appropriate amounts in the devolved social sectors as well as on developing infrastructure that is within their purview, including farm to market roads; and (ii) raising borrowing (domestic and external) to unsustainable levels and artificially keeping outflows within the range of sustainability by an overvalued rupee and a manipulated high growth rate. To conclude, the Ishaq Dar-led Finance Ministry must henceforth desist from usurping dedicated funds for example USF as well as the Export Development Fund attributed to an inability to keep the deficit within sustainable levels.

DAWN
Friday, 12th May, 2017

PM relaxes fiscal deficit limit for next three years

KHALEEQ KIANI

ISLAMABAD: Showing signs of a popular budget ahead of the next year's general election, the government on Thursday decided to maximise spending in 2017-18 with a six per cent growth target for the national economy.

As a consequence, Prime Minister Nawaz Sharif agreed to relax the limit for the fiscal deficit for the next three years. Incentives will be provided to the farmers' community and key investments will focus on the China-Pakistan Economic Corridor (CPEC), energy, communications and poverty reduction, according to an official announcement.

Presiding over a meeting of a select group of his cabinet colleagues, the prime minister also approved the Budget Strategy Paper (BSP) 2017-18 presented by Finance Minister Ishaq Dar. It was perhaps the first time in the last 15 years that the BSP was not shared with the entire federal cabinet even though it used to be presented to parliamentary committees for wider expert input.

However, the prime minister's office said the government will aim to bring down the fiscal deficit to 4pc of gross domestic product (GDP) in 2020. This is significantly higher than the targets approved by parliament last year that put the current year's fiscal deficit at 3.8pc and 3.5pc for 2017-18 and 2018-19. The fiscal deficit has already gone beyond 3.7pc of GDP in the first nine months of the current year.

Despite this expansionary fiscal policy, the government also reduced the economic growth rate target for the next year to 6pc instead of 6.2pc in view of slower-than-anticipated GDP growth during the current year. Sources said the BSP estimated the next year's revenue target at around Rs4.1 trillion while the size of the federal budget is around Rs4.74tr.

The prime minister said the government is determined to increase investments in both human and physical infrastructure. Hence, highest priority will be accorded to an increase in the development budget and poverty reduction. "The time has come for the nation to reap the benefits of economic policies of the government," a statement quoted him as saying.

The prime minister said measures should be taken to discourage hundi and other informal channels for money transfers in order to increase remittances through regular channels. He also appreciated the fact that the stock market capitalisation will soon touch $100bn.

Briefing the meeting, Mr Dar said a medium-term macroeconomic strategy has been devised to increase foreign reserves and reduce the fiscal deficit. "As per the Fiscal Responsibility and Debt Limitations Act, the fiscal deficit of the federal government will be brought down to 4pc of GDP by June 2020," he said.

Mr Dar said the upcoming budget will demonstrate fiscal prudence while focusing on key investment sectors. He said fiscal prudence will provide impetus to lower inflation, higher investments and lower public debt. He said the government has initiated a study on the revaluation of GDP as many sectors are currently not fully recorded in the national accounts.

For 2017-18, he said the government aims to achieve 6pc economic growth and increase revenue generation. He expressed resolve to provide incentives to farmers as the prime minister's agriculture package announced last year has yielded positive impact on the output. It is demonstrated by bumper crops of sugarcane, wheat and maize, he said.

Finance Secretary Tariq Bajwa made a presentation on the current state of the economy, outline of the 2017-18 budget and medium-term macroeconomic framework. He said Pakistan's economy was moving in the right direction and inflation remained 4.09pc in the first nine months of the current fiscal year.

He said that credit to the private sector grew 53pc and agriculture credit rose 23pc in the first 10 months of 2016-17 on a year-on-year basis. In order to achieve 6pc economic growth, measures will be taken to enhance growth in agriculture, industrial and services sectors, he said.

DAWN
Friday, 12th May, 2017

Service exports jump 56pc

THE NEWSPAPER'S STAFF REPORTER

ISLAMABAD: Pakistan's exports of services witnessed growth of nearly 56 per cent year-on-year to $694.99 million in March, the Pakistan Bureau of Statistics (PBS) said on Thursday.

The increase will help the government control the widening current account deficit in 2016-17.

In the first nine months of the current fiscal year, the exports of services recorded a positive growth. Similarly, services exports rose 5.82pc to $4.3 billion in July-March.

The annual drop was 7.14pc to $5.46bn in 2015-16.

The services sector has emerged as the main driver of economic growth. Its share increased from 56pc of the gross domestic product (GDP) in 2005-06 to 57.7pc in 2014-15.

Its major sub-sectors are finance and insurance, transport and storage, wholesale and retail trade, public administration and defence.

Pakistan has opened up its market to foreign service-providers, particularly in the banking, insurance, telecommunications and retail areas.

The import of services was up 2.98pc to $6.299bn in July-March. On a monthly basis, the increase was 8.17pc in March when services imports clocked up at $731.44m.

These fell 10.96pc to $7.87bn in 2015-16 against $8.843bn of services imports in the preceding year.

Services whose imports witnessed decline include transportation, travel, communications, insurance, financial, and computer/information.

The trade deficit in services decelerated 2.74pc to $1.977bn in July-March on a year-on-year basis.

DAWN
Friday, 12th May, 2017

7,500MW to be added to grid in 2017-18: PPIB

KHALEEQ KIANI

ISLAMABAD: The Private Power and Infrastructure Board (PPIB) said on Thursday more than 7,500 megawatts of private power projects will be added to the national grid in 2017-18.

At the same time, however, the private sector has been involved in the transmission segment and will complete the first transmission line by the end of 2019.

In a statement, the PPIB said it is currently facilitating a total of 31 independent power projects (IPPs) of more than 19,000MW based on hydro, R-LNG and coal fuels. This mix is expected to balance energy costs and fulfil future electricity requirements at an affordable tariff.

It said the energy mix is based on a balanced strategy of hiring diversified sources of energy to ensure maximum use of clean indigenous resources by prioritising hydropower and promoting coal-based power generation as a reliable base-load solution.

The PPIB said it has issued letters of intent (LoIs) to 25 power projects of more than 17,000MW, out of which 19 sponsors have been issued letters of support (LoSs) of around 15,000MW capacity. Of them, nine projects of about 8,600MW have achieved financial close since 2014.

As a one-window agency of the government for private-sector investment in the power sector, the PPIB is a frontline agency responsible for the implementation of the flagship China-Pakistan Economic Corridor (CPEC) initiative through processing a major chunk of power generation projects of more than 10,000MW and transmission line projects under the CPEC framework. This has led to a major breakthrough in power generation in the shape of Thar coal utilisation, it said.

It said it has taken a lead role in the national challenge to eliminate loadshedding. It has been able to push through the implementation process that will result in the completion of power projects well in time and “more than 7,500MW will be added to the national grid in 2017-18”, it said.

The PPIB conceded that these upcoming megawatts will now necessitate a vibrant and modern transmission network. “However, due to financial constraints in the public sector, for the first time the private sector has been invited for developing the transmission network.”

Therefore, the PPIB is following up with the 878-kilometre-long Matiari-Lahore transmission line project to evacuate power from the upcoming coal power projects being established in the southern parts of the country.

“LoI has also been issued to this mega project, which is targeted to be completed by the end of 2019,” it said.

Giving details of the projects having achieved financial close, the PPIB said construction started on 147MW Patrind, 720MW Karot, 102MW Gulpur and 870MW Sukki Kinari hydropower projects. Coal-based projects include the 1,320MW plant in Qadarabad, 1,320MW in Sahiwal, 1,320MW at Port Qasim, 330MW at Hub and 660MW at Thar Block II.

Similarly three R-LNG-based projects under advance stages of construction included 1,180MW at Bhikki, 1,223MW at Balloki and 1,230MW at Haveli Bahadur Shah.

Before this, the PPIB was able to complete 31 power projects of more than 9,000MW, accounting for almost 48 per cent of the total power generation. This has materialised around $10 billion of foreign investment since 1994 from United States, United Kingdom, China, Germany, Malaysia, South Korea, Japan and United Arab Emirates.

DAWN
Friday, 12th May, 2017

Exports take a hit amid goods carriers' strike

THE NEWSPAPER'S STAFF REPORTER

KARACHI: A strike being observed by intercity goods carriers has started to affect exports and industrial activity as consignments fail to reach port in time.

Many exporters told Dawn that their export consignments have started to miss shipping deadlines as truckers kept their vehicles off the road for the fourth day on Thursday in protest at a Sindh High Court's (SHC) order restricting their movement in Karachi.

Shabir Ahmed, chairman of Pakistan Bedwear Exporters Association, said the members have complained that they could not meet shipping schedule because no trucker was ready to take a long route as specified by the SHC order.

He said industrial activity has also been affected due to a shortage of imported raw material.

Urging Prime Minister Nawaz Sharif to intervene, Pakistan Apparel Forum chairman Muhammad Jawed Bilwani said companies were unable to take finished products from their premises to port.

Exporter Naqi Bari said that even empty export containers were not reaching industrial units for loading.

He said exporters did business on a nominal margin and therefore cannot afford to send shipments by air. Shipments by sea cost around $3,000 per container compared to $1,500 by sea.

DAWN
Friday, 12th May, 2017

Cotton buying picks up

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market became active on Thursday as many spinners rushed to replenish their stocks. However, the underlying sentiment remained uncertain.

The last several days' general lethargy was no more evident as some needy spinners moved in to book quality cotton. It was interesting that most of the deals were finalised at current rates.

Ginners who were eager to dispose of their stocks readily sell their stocks at current rates. There were reports circulating in the market that the Plant Protection Department was likely to ban cotton imports from India by the end of this month. This was a major reason for renewed buying from some spinners, brokers added.

The Karachi Cotton Association left its spot rates steady on Thursday. Major deals on the ready counter were: 200 bales from Chichawatni at Rs6,200, 200 bales from Khanewal at Rs6800, 400 bales from Rahimyar Khan at Rs6,975, 700 bales from Rahimyar Khan at Rs7000 and 400 bales from Chani Goth at Rs7000.

The world's leading cotton markets remained mixed.

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
Friday, 12th May, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.40	104.60	105.70	105.90
UK	132.00	132.25	136.00	137.50
Euro	110.52	110.73	114.60	116.10
S.Arabia	27.84	27.89	28.20	28.40
UAE	28.42	28.48	28.85	29.05
Japan	0.9432	0.9450	0.9211	0.9411

*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 10

Three months	1.18094 %
Six months	1.44211 %

THE NEWS
Friday, 12th May, 2017

Forex reserves fall to $20.79 billion

KARACHI: The foreign exchange reserves of the country depleted $214 million to $20.79 billion by the week ended May 5 from $21 billion during the preceding week, the central bank said on Thursday. During the week, the State Bank of Pakistan's (SBP) reserves decreased $149 million to $15,913 million. The decrease in reserves has been attributed to external debt servicing. The reserves held by commercial banks also went down $65 million to $4.87 billion from $4.94 billion during the preceding week.

THE NEWS
Friday, 12th May, 2017

Cotton steadies

Karachi

Slow trading was witnessed at the Karachi Cotton Exchange on Thursday, 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 some activity was witnessed in the market, as needy mills entered into the market. “Around 200,000 bales are still lying with the ginners, which is a very little quantity and will be sold easily,” he added.

The cotton market recorded five transactions of 2,100 bales at a price in between Rs6,200 and Rs7,000/maund.

Chichawatni’s 200 bales were sold at Rs6,200/maund, 200 bales of Khanewal at Rs6,800, 400 bales of Rahimyar Khan at Rs6,975 and another 700 bales of Rahimyar Khan and 400 bales of Chani Goth exchanged hands at Rs7,000/maund.

THE NEWS
Friday, 12th May, 2017

Economic growth hinges on human capital development

LAHORE: The economic growth of a country is closely linked not only to the macroeconomic stability but also to the quality of its human capital and in this regard Pakistan is unfortunately at the rock bottom in almost all crucial socio-economic indicators among the four major countries of the subcontinent.

On the positive side, we have the lowest policy rates and the most stable rupee in the region. However, as far as its human capital development is concerned, it is pathetic in terms of literacy rate, infant mortality rate, life expectancy, maternal mortality rate, etc.

The literacy rate is 61.2 percent in Bangladesh, 71.2 percent in India, 59.9 percent in Pakistan and 92.3 percent in Sri Lanka. There are 32.9 deaths of children per 1000 live births in Bangladesh, 40.5 /1000 in India, 53.9/1000 in Pakistan and only 8.6/1000 in Sri Lanka. The life expectancy in Bangladesh at birth is 73.2 years. It is 68.3 years in India, 67.7 years in Pakistan and 76.8 years in Sri Lanka. Maternal mortality rate in Bangladesh is 240/100000 pregnancies, 200 per 100000 in India, 260/100000 in Pakistan, and only 35 in Sri Lanka. Bangladesh's annual exports stand at $33.32 billion, India's $271.6 billion, Pakistan's $20.96, and Sri Lanka's exports amount to $10.12 billion. If we look at the GDP growth rates, they also follow the same pattern as seen in social indicators. The GDP growth in 2016 was 6.90 percent in Bangladesh, 7.6 percent in India, 5.0 percent in Sri Lanka, and 4.70 percent in Pakistan. The lower literacy rate means poor knowledge economy that is gaining importance in economic activities.

We have been trying sincerely to close the infrastructure deficit facing the country but our planners have paid no attention to improve the health and education of our population. With a population of 200 billion, out of which at least 100 million are of school or college going age. We provide top quality education to around 5-7 percent of these children. Millions have never seen a school, while the remaining, who attend substandard government schools, gain little or no knowledge at all.

The situation is even worse in health sector, where less than 5 percent of the 200 million people have access to quality health services.

The government-funded vaccines reach only less than 15 percent of the total population. This leaves 85 percent of the children at risk to various preventable but crippling and deadly diseases. The quality of drinking water around the country is very poor making most f the population vulnerable to water borne diseases. Bad health impacts the efficiency of the workforce.

Pakistan lacks an efficient city that operates independent of the general economy of the country. In Bangladesh, Dhaka is the city of stitching experts, rolling out millions of garments a day for the developed world.

The city faces no power or energy shortages or bureaucratic red tape in exports. In India, cities like Bangalore, Chennai, and Hyderabad are models of efficiency with all required infrastructure and human resource. In Pakistan, Karachi is an ideal city that can act as a catalyst of growth, but it lacks infrastructure, required skilled workforce, etc.

It is also short of ethnic harmony as well as law and order, while Lahore, on the other hand, has a superb infrastructure, having well-looked-after industrial estates.

The catch is that it faces energy shortages and high cost of power. Producing low value-added products in Lahore is expensive as imported inputs come from Karachi, bearing high transport cost and then finished products have to be sent back to Karachi for local consumption or exports, again at a high transportation cost. It's not competitiveness-friendly. While planning infrastructure projects, the planners have failed to establish common water treatment plants in industrial estates. It has resulted in cancelation on export orders of non-compliant small exporters by the environmentally and ethically conscious buyers in the developed countries.

Public sector support currently targets activities, instead of sectors. Activities that are subsidised lack clear potential of providing spillovers and demonstration effects. The mindset of the population would remain passive if they remained deprived of real social benefits that are not dole-outs but better education, training, healthcare, and transportation facilities.

The Nation on Web
The Nation
Friday, 12th May, 2017

Dastagir lauds WCCI for organising business summit

Our Staff Reporter

PESHAWAR - Commerce Minister Khurram Dastagir on Thursday appreciated the efforts of Women Chamber of Commerce and Industries (WCCI) for organising an exclusive event for women entrepreneurs and said the event will be a milestone in empowering women of this region.

Approximately 200 women from across the country attended the two-day international summit tilted as "Women in Business”. The event is being organised by the Khyber Pakhtunkhwa Economic Zones Development and Management Company in collaboration with the Women Chamber of Commerce and Industry, Peshawar.

The summit aimed at providing an opportunity of networking for women entrepreneurs, besides to share experiences and ideas in developing women's leadership and entrepreneurship capacity. Moreover, it would help inspire, connect, support and empower women in order to bring peace and prosperity in the region.

One the first day of the summit, people from different walks of live including prominent entrepreneurs, students, policy-makers and others were present. Well-seasoned and aspiring Pakistani entrepreneurs such as renowned director and producer Momina Duraid; Pakistan's leading retailer of sterling silver decorative accessories Zeenat Ahmad; famous model, actress and cosmetologist - Nadia Hussain; CEO SEED, Faraz Khan; Former CEO, Gillette and a published author, Saad Amanullah Khan; Founder of Roots School System, Faisal Mushtaq and aspiring first female truck driver Shamim Akhtar conducted plenary sessions. International entrepreneurs from Nepal, Sri Lanka, China and Afghanistan shared their experiences with the participants.

On the occasion, Women Chamber of Commerce and Industry President Shamama Arbab said that the event proves to be an opportunity to gather women entrepreneurs and aspirants under one roof and guide them about vast opportunities available in the province.

Arbab, who also the Board Member of Khyber Pakhtunkhwa Economic Zones Development & Management Company (KPEZDMC), appreciated the KPEZDMC team for co-organising, supporting and facilitating this summit. She also signed an MOU with SEED Venture to promote women entrepreneurship in Khyber Pakhtunkhwa.

The Nation on Web

The Nation

Friday, 12th May, 2017

Excise dept collected Rs46,767m taxes in 10 months

Staff Reporter

KARACHI- Sindh Minister for Excise and Taxation & Narcotics Control Mukesh Kumar Chawla has said that Excise and Taxation department has collected Rs46,767.966 million in terms of various taxes in last ten months from July 2016 to April 2017, as compared to Rs39,457.588 millions collected in the same period of last year.

The minister stated this while presiding over a departmental meeting here in his office on Thursday. Excise and Taxation & Narcotics Control Secretary Abdul Haleem Shaikh and Director General Shoaib Ahmed Siddiqui also attended the meeting.

While briefing the meeting, DG Shoaib said that Rs4,989.450 millions were collected in Motor Vehicle Tax, Rs33286.612 million in Infrastructure Cess, Rs149 million in Cotton Fee, Rs1,686.315 million in Property Tax and Rs291 millions in Professional Tax and the remaining amount was collected in various other heads.

Mukesh expressed his satisfaction over recovery of the taxes and said that it was a matter of pleasure that the department had achieved its target earlier. He stressed upon the officers concerned to achieve the tax targets before the current fiscal year ended. “Timely collection of the taxes plays a vital role in the progress of the province and we are supposed to come up to the people expectations,” he added.

The Nation on Web

The Nation

Friday, 12th May, 2017

Exporters demand devaluation of currency opposed

INP

ISLAMABAD - Islamabad Chamber of Small Traders on Thursday said demand of the export sector to devalue currency to boost exports is against the national interests.

Devaluing the weakest currency in the south Asia will increase cost of debt servicing, stoke inflation and make imports costly which are already double than the exports, said Patron Islamabad Chamber of Small Traders Shahid Rasheed Butt.

He said that government should not compromise the interests of masses to benefit a cartel of industrialists which is addicted to subsidies, bailout packages, tax breaks etc.

Shahid Rasheed Butt said that foreign debt has already touched mark of 79 billion dollars, four years ago it was 63.5 percent of the GDP but now it has reached to 66.5 percent of the GDP.

The export sector which has never accepted challenge of facing competition should improve their competitiveness leaving demand of exchange rate depreciation as it will damage masses.

He said that further erosion in the value of rupee will hit importers and masses and it will send a very negative signal. Devaluation will not support the exports as expected therefore the export industries should focus on cost reduction, skill development, value addition and upgradation, he added.

The business leader said that masses should not pay the price for the weakness of exporters and decision to appoint incompetent officials at key positions.

Irresponsible exporters are addicted to subsidies, tax breaks, bailouts while devaluing rupee will deprive them of incentive to upgrade machinery, improve quality and find new markets, he stressed. He said the situation will lead government to borrow more to stabilise forex reserves which is a recipe for economic disaster.

FPCCI calls for promoting

domestic commerce

The Federation of Pakistan Chamber of Commerce and Industry (FPCCI) on Thursday asked the government to promote domestic commerce to trigger economic growth. Exports are not picking up despite best efforts and heavy investment, said Chairman of FPCCI Regional Committee on Industries Atif Ikram Sheikh.

Therefore, he said, now government should focus attention on the neglected sector of domestic commerce which has thirty two percent share in the GDP while it employs twenty percent of the workers.

Atif Ikram Sheikh said that government should announce a comprehensive policy to promote domestic commerce and consider establishing a separate ministry for its promotion.

Improved domestic trade will result in expansion of businesses, employment opportunities, improved revenue and surplus production that can be exported to earn foreign exchange, he added.

The business leader said that road and rail network should be improved, GT Road should be upgraded, motorway should be made affordable for commercial vehicles, and ports as well as dry ports should be developed to make business a bit easy.

He said that the issue of intellectual property rights should also be tackled as weak implementation continues to damage local brands while legal system delays resolution of dispute for decades which is a great impediment.