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Gas connections:
Cabinet accords approval to CCoE recommendations

NUZHAT NAZAR

The federal cabinet on Wednesday approved recommendations of Cabinet Committee on Energy (CCoE) regarding lifting of moratorium on gas connections and also approved the Hajj Policy 2017. The meeting presided over by Prime Minister Nawaz Sharif rejected proposal regarding a hike in the cost of Hajj and directed the ministry to analyse and review Hajj expanses again and present a report in the next cabinet meeting.

While lifting ban on government jobs, opening gas connections to schemes launched in last four years and launching housing schemes for the homeless persons, PM Nawaz Sharif said that the government is committed to providing housing facilities to the poor. He further directed the Ministry of Religious Affairs to fully facilitate the pilgrims.

State Minister for Information and Broadcasting Maryam Aurangzeb in a media briefing after the cabinet meeting said that the cabinet also cleared routine unavoidable government business including approval of Hajj policy, amendment in the Drug Act and outsourcing of country's three largest airports to private sector, besides endorsing decisions of the Economic Co-ordination Committee and giving permission for signing of over 20 MoUs of various nature.

The cabinet also approved amendments to the recruitment policy or mechanism to 'ensure merit based recruitment' in government jobs. Aurengzeb said the recruitment policy has been improved under which those currently working on daily-wage, temporary and contract bases would be given age relaxation and a point based selection criteria.

The inductions/regularisation for grade 1-15 employees would be done directly by the relevant ministries and divisions while those in grade 16-17 would be hired through Federal Public Service Commission. The minister said the meeting after a detailed briefing by Minister for Planning Ahsan Iqbal on housing situation constituted a committee led by Minister for Housing Akram Khan Durrani and comprising ministers for planning, railways and states and frontier regions (Safron), secretaries to the prime minister, finance, housing and planning ministers, and senior representatives of the State Bank of Pakistan and the National Bank of Pakistan to work out financial arrangements for the housing scheme within 10 days and resubmit a report to the cabinet for approval.

The state minister added that the scheme proposed undertaking housing projects for tens of thousands of homeless people, and the payment would be made through monthly instalments on a long-term basis.The cabinet also approved removal of moratorium on gas connections for industrial, commercial and residential consumers imposed in 2011 due to gas shortage, said state minister for information. She added that moratorium was removed as it was already recommended by the Cabinet Committee on Energy led by the Prime Minister earlier this week in view of an improvement in gas supplies due to imported regasified liquefied natural gas (RLNG).

She said the cabinet meeting also approved execution of gas development schemes approved by the government and gas supply to these schemes. Maryum Aurangzeb said the cabinet also approved outsourcing of Karachi, Lahore and Islamabad airports and their miscellaneous allied facilities to private sector. She added that this suggestion was presented by the Aviation Division.

She said some quarters are unnecessarily raising objections over the outsourcing of airports being done under an Aviation Policy approved in 2015. She said it is a universal practice that agencies like Civil Aviation Authority (CAA) act as regulators while airports and allied facilities are operated by the private companies for improved services.

She said the private partnership is also important for the fact whenever there is an accident, its investigations are carried out by the same agency that operates the airports and hence the quality of inquiries into accidents gets compromised. She said the decision to outsource airports would improve management and service delivery and the CAA would continue to have a regulatory role.

Responding to a question, she said the issue of Indian spy Kulbhushan Yadav did not come up during the cabinet meeting as the Defence Minister Kh Asif had given a policy statement in this regard in the Parliament. Dr Tariq Fazal Chaudhry, Minister for Capital Administration and Development Division who flanked the information minister during the press conference, said Pakistan would not bow down to any external threat in matters of national interest and give the same treatment to spies from any other country, if caught. Aurangzeb said the prime minister also approved appointment of Dr Abdullah Malik as member oil of the Oil and Gas Regulatory Authority

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Energy, water & other sectors:

ECNEC approves over Rs 275 billion projects

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The Executive Committee of the National Economic Council (ECNEC) has approved over Rs 275 billion projects for energy, water, transport and communication sectors. A meeting of the ECNEC presided over by Finance Minister Ishaq Dar on Wednesday considered and approved the project for evacuation of power from 2x660MW Thar Coal Based SSRL/SECL Power Plant at a revised total cost of Rs 21.782 billion. The main objective of the project is evacuation of power from 2x660MW Thar Coal Power Project in the national grid to up-country load centre.

The related work includes 275km long 500kV HVAC double circuit transmission from power plant to 500kV Matiari Switching station, and extension at 500kV Matiari Switching station for construction of two bay. The meeting also approved land acquisition for 138km Faisalabad-Abdul Hakeem Motorway (M-4) at a revised cost of Rs 4.220 billion. The project envisages acquisition of 3,139.5 acres of land for construction of 138km long, 4-lane Faisalabad -Abdul Hakeem Motorway (M-4) having right of way (ROW) corridor of 100m.

The ECNEC also considered and approved project regarding improvement and construction of Jalkhad-Chilas Road at a revised total cost of Rs 7.605 billion. The project envisages improvement and construction of 71.05km long Jalkhad - Chilas rRoad to widen it to 7.3m carriageway with 1m wide shoulders on either side. The scope of work also includes construction of 11 bridges, 95 culverts, 28 causeways, slope protection and drainage works. Road project is the last segment of Mansehra-Naran-Jalkhad Road.

The ECNEC accorded approval for the project for dualisation and improvement of existing N-50 from Yarik-Sagu-Zhob including Zhob Bypass (210-km) at a total cost of Rs 76.486 billion. The project envisages construction of 210-km 4-lane controlled access highway starting from Yarik on N-55 to Zhob on N-50 via Sagu, Daraban, Mughal Kot, Manikhuwa as part of western route of CPEC.

The proposal for rehabilitation of NHA Highway KKH (N-35) between Thakot-Raikot (remaining length of 136.4-km damaged road between 191km-471km) damaged due to unprecedented monsoon rains and flash floods in 2010, was also approved by ECNEC at a total cost of Rs 8,341.136 million.

The proposal for construction of 2-lane highway from Basima to Khuzdar (length 106-km) was approved at a cost of Rs 19.188 billion. The project aims at construction of 106-km two lanes road to a standard 7.3m wide single carriageway with 2.5m shoulders on either side from Basima to Khuzdar on new alignment at a distance of 100m from the edge of the shoulder of existing road. The project also includes land acquisition, construction of bridges, culverts, retaining structures, drainage & erosion works along with allied facilities.

The ECNEC accorded approval for Green Bus Rapid Transit System Karachi, from KESC Power House Chowrangi (Abdullah Chowk), Surjani to Central Business District, Karachi at a revised total cost of Rs 24.604 billion.

The upward revision in cost is due to increase in length of corridor from 17.80-km to 27.45-km, increase in number of stations from 22 to 35, and increased length of elevated portion from 3.45-km to 9.4-km. The project aims at construction of 27.45-km long (18.05-km at grade and 9.40-km elevated) two lanes, each lane 3.5m wide, dedicated signal-free Bus Rapid Transit System. The project would benefit 400,000 passengers every day in Karachi.

The proposal regarding the dualisation of Indus Highway (N-55) Sarai Gambila to Kohat Section, was also approved by ECNEC at a cost of Rs 30.130 billion. Under the project dualisation of existing 128-km long two lanes (7.3m wide) Indus Highway (N-55) from Sarai Gambila to Kohat would be carried out to make it a 4-lane facility.

The ECNEC approved proposal of Ministry of Water & Power for 500kV Chakwal

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substation at a revised cost of Rs 6.709 billion. The project envisages installation of new 500kV substation at Chakwal along with associated transmission s to meet the growing demand of the areas including Choa Saidan Shah, Gujjar Khan, Dandot, Pinanwal, Talagang, Tamman, Padshahan and Chakri under the jurisdiction of IESCO.

The ECNEC approved proposal for the 7th secondary transmission and grid stations (GEPCO), covering 6 districts of Punjab, ie Gujranwala, Sialkot, Narowal, Gujrat, Hafizabad and Mandi Bahauddin, at a total cost of Rs 7.528 billion. The project aims to provide adequate facilities for reliable and stable supply of electricity to meet growing demand of domestic, commercial, industrial and agricultural customers of Gujranwala Electric Power Company (GEPCO). Under the project work construction of 8 new grid stations and transmission s (190-km), addition of 15 power transformers and capacitors at grid stations, and transformation capacity addition (661.5 MW) would be carried out.

The ECNEC also approved project for enhancement in transformation capacity of NTDC system by extension and augmentation of existing grid stations, covering 28 districts throughout the country, at a total cost of Rs 16.526 billion.

Project aims to enhance existing 500kV and 220kV grid stations at various locations. The project will result in addition to 7,146MVA in the system at 28 existing grid stations, and is expected to reduce transmission losses by 40.7MW. The project for evacuation of power from 2x1100MW K-2/K-3 coastal power plant near Karachi was also approved by ECNEC at a revised total cost of Rs 7.501 billion. Objective of the project is evacuation of 2x1100MW power from K-2/K-3 nuclear power plants to the national grid envisaged to be installed at coastal area near Karachi.

The ECNEC considered and approved proposal regarding compensation to affected people of Mirani Dam (EL-264 to 271.4 for houses & EL-245 to 271.4 for fruit and non-fruit plants) at a cost of Rs 3.5 billion, will be borne equally by the federal government and government of Balochistan on a 50:50 basis.

The ECNEC also approved the project for construction of infrastructure and allied works for Metro Bus Services Peshawar Morr-New Islamabad Airport at a total cost of Rs 16.427 billion. The project envisages construction of 25.6-km long dedicated 2-lane signal-free corridor for bus rapid transport system, to connect the already-constructed metro bus station at Peshawar Morr to the new Islamabad International Airport.

The ECNEC also considered and approved proposal for preliminary design study of up-gradation / rehabilitation of Main (ML-I) and construction of New Dry Port / Cargo Handling Facility at Havelian (Baldher), district Haripur, at a cost of Rs 10.641 billion.

The project envisages hiring of consultants for carrying out preliminary design, preparing bidding documents for EPC contract and hiring of engineering and consultancy services for review and vetting of earlier work carried out by the first consultants for the priority project of ML-I, besides establishment of Havelian Dry Port.

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Public sector Gencos accused of showing worst-ever performance

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) has accused public sector power generation companies (Gencos) of showing the worst-ever performance in three years ie 2012-2013 and 2014, causing billions of rupees financial loss to the national exchequer as CPPA-G purchased energy from RFO - power plants at Rs 19.1 and Rs 19.7 per unit and kept gas-based power plants on a standby mode.

Nepra, in its performance evaluation report of four public sector generation companies ie Jamshoro Power Company Limited (Genco-I), Central Power Generation Company Limited (Genco-II), Northern Power Generation Company Limited (Genco-III) and Lakhra Power Generation Company (Genco-IV), has also disclosed equipment deterioration, lack of scheduled and preventive maintenance, insufficient technical expertise and poor management. Nepra's evaluation is contrary to the recent claims of Water and Power Ministry that it saved billions of rupees through efficient utilisation of Gencos.

Nepra is the sole regulator of power sector in the country and protection of consumer's interest is an integral part of its regulatory regime. In this regard, apart from monitoring performance of transmission and distribution licences, Nepra also monitors the performance of generation licencees. Nepra framed Performance Standards Generation Rules (PSGR) back in 2009. Under PSGR, each generation company is required to submit to Nepra a quarterly performance report as per the format prescribed in the PSGR. The data provided by generation licencees is reviewed and analysed on a regular basis.

This Performance Evaluation Report (PER) is based on the quarterly reports submitted by Gencos for years 2012, 2013 and 2014. The report highlights the performance of Gencos on the basis of parameters namely, auxiliary consumption, standby mode, availability factor, net capacity factor, net output factor and energy availability factor.

The performance evaluation report disclosed that the data provided by Gencos reflects that GENCO-I, II & III consumed excess auxiliary power over the allowed limit with an energy loss of around 777 million during service mode, which translates into a financial loss of about Rs 11.69 billion to the national exchequer during the years 2012, 2013 and 2014. TPS Muzaffargarh (GENCO-III) contributed almost half of this loss.

The data provided by GENCOs further shows that certain gas based power stations such as GTPS Kotri, GTPS Faisalabad and SPS Faisalabad remained on standby mode for most of the time during the years 2012, 2013 and 2014 thereby squandering the potential to generate significant amount of economically efficient energy. On top of that, the units/machines of GENCO-I, II &III have drawn around 763 million kWh (units) energy during standby mode under the head of auxiliary power consumption, resulting in a financial loss of around Rs 6.04 billion to the national exchequer. Almost half of the energy consumption under standby mode was contributed by TPS Muzaffargarh.

The data also indicates that few units of TPS Jamshoro (GENCO-I), TPS Guddu (GENCO-II) and TPS Muzaffargarh (GENCO-III) have violated the allowed limit of planned and unplanned outages as specified in their respective Power Purchase Agreements (PPAs) signed with the NTDC. Had this limit not been exceeded by aforementioned power stations, they could have been available for more time for generating power.

Nepra data submitted by Gencos reflects that the availability factor, on average during the 3 years, remained very low for some of the power stations such as TPS Jamshoro, TPS Guddu and Lakhra power stations. The latter in particular showed the worst results and remained available only for 39% of the period. While reviewing the results of Net Capacity Factor (NCF) , it was observed that the NCF remained quite low mostly for the gas-based power stations such as GTPS Kotri, GTPS Faisalabad and SPS Faisalabad implying that most of the time these power stations remained on a standby mode or planned/unplanned outage mode during the subject period.

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The Net Output Factor (NOF) for some of the power stations of Gencos remained very low implying lack of maintenance on the part of respective Gencos . This also shows the unreliability of power Energy Availability Factor (EAF) which measures the amount of time in which a unit/machine practically remained available ie less any equivalent planned/unplanned de-rated hours, for generation of power at full net capacity. After reviewing the data, it was noted that the EAF is not equal to the AF in case of TPS Jamshoro, TPS Guddu and TPS Muzaffargarh, which shows that their net capacity was temporarily reduced due to equivalent planned and unplanned de-ratings during the reported period.

In addition RFO-based TPS Jamshoro and TPS Muzaffargarh remained the most expensive power stations among all public sector Gencos as the CPPA-G procured energy from them at the unit rate of Rs 19.7/- and Rs 19.1/- respectively during the years 2012, 2013 and 2014.

On the contrary, Gas-based GTPS Faisalabad and TPS Guddu were found to be the most cost-effective power stations as the CPPA-G purchased energy from these at the unit rate of Rs 5.3/- and Rs 5.9/- respectively. This indicates that gas-based power stations contributed economical energy during 2012 to 2014 but their units were mostly put on standby mode during this period, due to which the energy was procured by CPPA-G from the RFO-based expensive power stations at that time. The data provided by Gencos present a poor state of affairs at Gencos' power stations which may include equipment deterioration, lack of scheduled and preventive maintenance, insufficient technical expertise and poor management. Therefore there is a need to improve the performance of Gencos since they can contribute a significant share of the total energy demanded.

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Two-part tariff for NTDC approved by Nepra

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) has approved a two-part tariff for National Transmission and Despatch Company (NTDC) to meet 7.4 per cent increased revenue requirements: Rs 31.413 billion in 2016-17 from Rs 29.247 billion in 2015-16 for provision of transmission and allied services to Central Power Purchasing Agency - Guaranteed (CPPA-G) and power Distribution Companies (Discos). The regulator has determined fixed charge (USCF) at Rs 136.04/kW/month and variable charge (USCV) at Rs 0.163363/kWh x Losses and Load (LaL) factor.

According to the tariff determination, NTDC- the petitioner - had submitted transmission scheme for the dispersal of power from Neelum Jhelum, Karot and Azad Pattan hydropower projects. PC-I of these projects was approved by ECNEC on March 2, 2015. NTDC had further submitted that construction of 500 kV double circuit transmission line for dispersal of power from 969 MW Neelum-Jhelum hydropower project is expected to be completed by December, 2016 however its latest status is unclear. The petitioner also submitted that selection of EPC contractor for construction of 765 kV Transmission Line from Dasu Project to Islamabad is at an advanced stage.

The Authority after public hearing of petition and evaluation of available documents, allowed NTDC to charge the tariff on following terms and conditions: (i) Use of system charges - since FY 2015-16 has already lapsed, therefore, the Authority has incorporated the impact of difference in the tariff determined for the FY 2015-16 and the tariff actually charged by the petitioner during this period, in the assessed revenue requirement for the FY 2016-17 as Prior Year Adjustment (PYA); (ii) the petitioner will pay Rs 117.79 million to CPPA-G on account of market operation fee of CPPA-G for the FY 2015-16, which has been included in the revenue requirement of NTDCL while working out the PYA for the FY 2015-16; (iii) in case of DISCOs, NTDCL will charge only the fixed charges ie Rs 136.04/kW/month. The variable charge will only be applicable to the energy in kilowatt-hours (kWh) transmitted / delivered during a billing period; (iv) recording of the maximum demand in kW and energy delivered in kWh will be carried out at meters installed at the common delivery metering points ie inter-connection point between NTDC transmission system and the bulk power consumer, NTDC system and the transmission system of a special purpose transmission licencee, NTDC system and the transmission system of another country connected under an arrangement approved by the federal government and NTDC system and a Disco receiving power in bulk either for sale to its own consumers or on behalf of another distribution company or a BPC located in another distribution company.

The directions of the Authority given to NTDC are follows: (i) provide detailed evacuation plan in terms of all upcoming power projects by June 30, 2017; (ii) ensure completion of its planned activities within the prescribed timeframe to avoid tripping incidents in future and progress in this regard be shared with the Authority on quarterly basis; (iii) file next tariff petition, ie, for the FY 2017-18 on the basis of calculation of MDI on coincidental basis and to share the latest progress on the implementation of system for recording of MDI on coincidental basis with the Authority immediately after the issuance of this determination and on quarterly basis afterwards: (iv) file next tariff petition in time either under SYT or MYT regime, as the petitioner in the past has failed to file tariff petitions on a timely basis, ie, for every financial year; (v) apprise the Authority about the progress of five 220KV grids stations along-with allied transmission lines of KPK by June 30, 2017;(vi) provide proper evidence and detailed calculations for the requested amounts for the future tariff petitions; (vii) complete process of creation of separate post retirement funds and to transfer the amount of provision already allowed by the Authority in the post-retirement benefits fund; (viii) provide complete details in respect of new hiring made during the FY 2015-16 and FY 2016-17 along-with their financial impact in its next tariff petition; (ix) ensure

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implementation of reliability indices for all its future projects; (x) provide a detailed report on the improvements in networks undertaken to prevent transmission system breakdowns resulting in black outs and tripping; (xi) provide loading position of its 500 kV and 220 kV components to the Authority on quarterly basis; (xi) submit a detailed report regarding the reasons for major incidents of brownouts and blackouts and the preventive measures taken or to be taken to avoid such frequent system collapses in future; (xii) ensure installation of Secured Metering System (SMS) on remaining Common Delivery Points (CDPs). A comprehensive report in this regard shall also be submitted to the Authority by June 30, 2017; (xiii) submit updated progress regarding dispersal of power from major power plants in southern parts of the country on monthly basis; (xiv) share the ToRs set for the engagement of international consultant for the capacity building of NTDC's planning department;(xv) provide a detailed progress regarding evacuation of power from large hydro power projects on quarterly basis; and (xvi) pursue the matter with Tavanir Iran on a war footing basis and update the Authority on every step forward and to submit the ToRs of the Joint Working Group formed in this regard.

Nepra has also determined the Discos will maintain an average power factor during a billing period at the delivery metering point of at least 85% lagging. In the event of the said power factor falling below 85% in a billing period the concerned Discos will pay to NTDC a penalty as determined by the Authority for general applicability on the recommendations of NTDC and after consultation with the generation and distribution licencees.

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PSO inks two LNG deals, NA told

AAMIR SAEED

Pakistan State Oil (PSO) has signed two agreements with two different companies for import of the Liquefied Natural Gas (LNG) at a price of 13.37 per cent of Brent for supply of 4.5 million tons per annum (MTPA) LNG. The National Assembly was informed this Wednesday during the Question Hour in response to a question asked by Pakistan Peoples Party Parliamentarians (PPPP) MNA Dr Nafisa Shah.

The House was informed that the PSO has made agreements with Qatargas (government-to-government basis), which is supplying 3.75 MTPA LNG at a price of 13.37 per cent of Brent and with M/s Gunvor (through competitive bidding) at a price of 13.37 per cent of Brent for supply of 0.75 MTPA LNG. Moreover, Pakistan LNG Limited (PLL) has made agreement with M/s Gunvor (through competitive bidding) for supply of 0.75 MTPA LNG at price of 11.6247 per cent of Brent.

The National Assembly was informed that the PSO made the agreement with Qatargas for 15 years and with M/s Gunvor for 5 years, while the PLL made the agreement with the Gunvor for 5 years too. To another question, the House was informed that Punjab produced 137 MMCFD (3.4 per cent of the total share), Khyber Pakhtunkhwa 377 MMCFD (9.3 per cent of the total share), Sindh 2630 MMCFD (65.2 per cent share) and Balochistan 889 MMCFD (22.1 per cent share) from July 2016 to December 2016. In the same period, Punjab consumed 1,069 MMCFD, Khyber Pakhtunkhwa 267 MMCFD, Sindh 1,758 MMCFD and Balochistan 424 MMCFD.

PPPP MNA Shazia Marri said the federal government is not giving fair share of natural gas to consumers in Sindh rather the major share of the gas connections are being given in Punjab province. Speaking on the issue, Leader of Opposition in National Assembly Syed Khursheed Ahmed Shah accused the government of weakening the Federation by discriminating against the smaller provinces including Sindh, Balochistan and Khyber Pakhtunkhwa.

He said the discrimination in the gas connections and supply of the natural gas to smaller provinces is increasing their sense of deprivation and the government should address it at the earliest. Shah said that his party has been doing politics on the basis of equal rights for all the people across the country and working to strengthen the Federation by granting due rights to the people of smaller provinces.

He also asked the government what it would do if the people of Sindh stand against it like the people of East Pakistan stood for their rights. He urged the government to look into the problems being faced by the people of smaller provinces at the earliest to strengthen the Federation. Responding to it, Minister of State for Petroleum and Natural Resources Jam Kamal Khan said the government has been struggling to address issues of the people across the country without any discrimination.

He also dispelled the impression that the federal government is discriminating against the smaller provinces in provision of new gas connections, saying the federal government is executing all the schemes with help of the provincial governments. The House was also informed that Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Company Limited - the TAPI Project Company - has been jointly formed by the four TAPI parties (Turkmenistan, Afghanistan, Pakistan and India).

The TPCL has initiated the Pre-FID activities which include detailed route survey of the entire route, environment impact assessment studies and etc. The Turkmenistan has started the development of gas field. The House was informed that the actual construction work would start after the completion of technical studies and achieving the financial close by the end of this year as the project is scheduled to be completed by December 2020.

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WTO eyes feeble global trade recovery in 2017

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The World Trade Organization said Wednesday it expected global trade to rebound slightly in 2017 but warned the threat of protectionism and other uncertainties risked hampering the recovery. The organisation forecast that global trade would expand by 2.4 percent in 2017, up from just 1.3 percent last year. But it cautioned that "the unpredictable direction of the global economy in the near term and the lack of clarity about government action on monetary, fiscal and trade policies raises the risk that trade activity will be stifled", acknowledging that trade growth this year could fall anywhere between 1.8 and 3.6 percent.

Among the "policy shocks" that could easily send trade growth to the lower end of that range, it said, was the potential effect of Britain's decision to leave the European Union, and a growing trend towards protectionist policies, including in the United States.

"Trade has the potential to strengthen global growth if the movement of goods and supply of services across borders remains largely unfettered," WTO chief Roberto Azevedo said in the statement. But he warned: "If policymakers attempt to address job losses at home with severe restrictions on imports, trade cannot help boost growth and may even constitute a drag on the recovery."

The WTO, which sets the rules of global commerce, has long been sounding the alarm over the "threat of creeping protectionism", exemplified in a steady flow of protectionist rhetoric from US President Donald Trump's administration. Trump, who kicked off his presidency in January vowing to put "America First" and has blamed globalised trade for US economic woes and lost industrial jobs, has promised a more aggressive approach to open up foreign markets to US companies and has threatened to slap import duties on certain goods.

The US also refused at a G20 meeting in March to renew a long-standing anti-protectionist pledge, to the dismay of the group of top developed and developing nations. Azevedo declined Wednesday to comment directly on the US position, saying he was waiting for Washington to appoint a new representative to the WTO to launch a dialogue. "We have to be patient and wait," he told reporters. The WTO chief did acknowledge that "trade does cause some economic dislocation in certain communities."

But he stressed that "its adverse effects should not be overstated, nor should they obscure its benefits in terms of growth, development and job creation". "We should see trade as part of the solution to economic difficulties, not part of the problem," he said. The sluggish trade growth last year - the weakest since the financial crisis - was in part due to slower economic activity overall, "but it also reflected deeper structural changes in the relationship between trade and economic output," the WTO report said.

It pointed out that slumping investment spending in the United States and China's shifting focus from investment to consumption had significantly dampened import demand. WTO's trade growth forecast for this year meanwhile looks more promising, even better for next year, when the Geneva-based body forecasts growth of between 2.1 and 4.0 percent.

But WTO stressed that its more promising forecasts were predicated on a number of assumptions, including on anticipated economic growth this year of 2.7 percent and next year of 2.8 percent, up from 2.3 percent GDP growth in 2016. Trade is a key measure of the health of the global economy, which it both stimulates and reflects.

Historically, the volume of world merchandise trade has tended to grow about 1.5 times faster than global economic growth, but since the 2008 financial crisis the ratio of trade growth to GDP growth has fallen to around 1:1, WTO said. Last year marked the first time since 2001 that trade grew at a slower pace than the economy, with the ratio dipping to 0.6:1, it said.

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CPEC, IMF programme strengthen economy: Moody's

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Moody's, a globally recognised credit rating agency has said that the Pakistani economy has strengthened following the completion of a three-year programme under International Monetary Fund (IMF), in comments issued recently. The agency went on to explain that the fiscal deficit has narrowed, while growth has been observed in the foreign exchange and structural reforms planned out earlier.

Primarily fuelled by the China-Pakistan Economic Corridor (CPEC), the nation's economy is forecasted to register a 5 percent expansion rate over the coming two years, Moody's stated. CPEC, the agency discussed further, is set to reduce infrastructural gaps via higher investment in two main facilities - transportation services and power supply.

Pakistan's general debt level, as gauged by the debt-to-GDP ratio, is not up to its standards, the agency stressed, adding that it came in at 67 percent against the 50 percent benchmark. Among factors that hinder curbing the fiscal deficits, Moody's highlighted the country's limited tax base and said that low savings, coupled with the shallow capital market, lead to instability in the domestic financing. However, successful efforts to resolve these issues, if put in place, may aid Pakistan in securing a much stronger credit profile. The agency, nevertheless, underscored that Pakistan's current account deficit is widening mainly due to the interest payments, while the level of debt incurred is expected to boost in order to finance imports.

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Success rate of ADB projects drops to zero: IED

TAHIR AMIN

The success rate of the Asian Development Bank's (ADB) projects for Pakistan fell from 36 percent in 2012-14 to 0 percent with all three projects evaluated in 2014-16 rated unsuccessful, according to Independent Evaluation Department (IED). The Annual Evaluation Review (AER) 2017 of the ADB's IED states that projects evaluated in Pakistan have consistently underperformed over the 2008-16 review period.

Although Pakistan projects represented an average 41 percent of the 127 projects evaluated during 2008-2016, Pakistan's share of the evaluated portfolio has been falling since 2011-2013 period ending at 13 percent for the 2014-16 period. But the success rate for Pakistan projects fell from 36 percent in 2012-2014 to 0 percent with all three projects evaluated in 2014-16 rated unsuccessful. Overall, infrastructure sectors performed slightly better at 53 percent compared to non-infrastructure at 46 percent during the 2014-16 period. Transport dominated the infrastructure sector, and finance and public sector management (PSM) for the non-infrastructure sectors.

The IED review states that infrastructure sector projects account for a much larger proportion of ADB lending, however, their performance has fallen below that of non-infrastructure sector projects. The three-year moving average success rate for 2014-2016 shows that 75 percent of the infrastructure sector projects were rated successful while non-infrastructure sector projects was at 81 percent. In non-infrastructure, all education and public sector management projects were rated successful but health sector projects dipped below the average rating (at 79 percent) owing to projects in Indonesia, Pakistan, and the Philippines.

Pulling down the overall performance of blend countries were those rated less than successful in Armenia, Pakistan, Papua New Guinea, and Timor Leste. Blend country programs scored lower on efficiency, sustainability, and development impact.

Among the major blend countries (Bangladesh, India, Pakistan, Sri Lanka, and Viet Nam), relevance of project operations has been moderate (77 percent effective), while efficiency (53 percent efficient), effectiveness (59 percent), and sustainability (52 percent) have been relatively weak. Results for Pakistan, a major blend country, have been an important factor in the overall blend country results.

Large borrowers including India, Pakistan, the Philippines, and Sri Lanka have less than 50 percent of projects assessed less than efficient since then. The review further states that Punjab government efficiency improvement program in Pakistan was relevant during program formulation but not at completion. It was in line with the government's development goals and it built on past ADB interventions. However, worsening economic conditions and a change in government, aggravated by a deteriorating security situation and by natural calamities, prompted the government to opt for expenditure outlays to counter poverty and security risks, instead of high-impact reforms. Consequently, the program was rated less than relevant at completion due to the change in government priorities.

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SBP working on 'Digital Bank'

RIZWAN BHATTI

The State Bank of Pakistan (SBP) is working on introduction of a separate category of bank, ie, 'Digital Bank' in Pakistan. The virtual/digital branch environment, innovative payment solutions, mobile technology, social media interactions will be some of the features of the Digital Bank. Presently, the SBP is in process of developing a concept paper on the Digital Bank and this concept paper would include the international experiences of Digital Bank, regulatory framework available, best international practices, etc.

Addressing the Digital Banking & Mobile Payments Summit 2017, organised by TerraBiz here Wednesday, Syed Irfan Ali, Executive Director Banking Policy and Regulation Group, State Bank said the SBP is working on development of a way forward for digital banks in Pakistan....the central bank would invite comments/feedback of local and international experts on the concept paper.

The SBP would develop a regulatory framework on digital banks after inviting feedback on the concept paper, he added. "The regulatory framework would ideally encompass several areas including entry criteria for the establishment of digital banks, Minimum Capital Requirement (MCR) for establishment of a digital bank and customer on boarding criteria as well as digitisation support for an Omni Channel Banking Paradigm," he maintained.

He said the SBP encourages banks to help shape the stage for digitization by offering innovative and sound products. Banks therefore need to reinvent themselves to some degree which would make the banking sector more stable and resilient towards the needs of customers.

Executive Director, SBP said digital bank will incorporates new and developing technologies throughout a financial services entity, in concert with associated changes in internal and external relationships, to provide enhanced customer services and experiences effectively and efficiently. He said the expectations of customers, especially technology savvy and millennial towards banking services are changing therefore the digital consumers demand more choices, immediate availability and direct access to ready-to-use services.

Technology companies, especially FinTechs are rapidly expanding their activities to financial services, continually innovating and competing/collaborating with banks for digitising the customer behaviour. In order to enhance the financial inclusion in Pakistan, the SBP has formulated and launched National Financial Inclusion Strategy (NFIS) wherein a target of 50 percent growth in bank accounts by adult population till 2020 has been set out to enhance the outreach of basic financial services to unbanked/underserved segments, he said

Irfan said the achievement of financial inclusion is the first and foremost objective of the government of Pakistan and the central bank and branchless banking is considered the strongest driver for achievement of financial inclusion objective. He said presently, there are 11 branchless banking operators in Pakistan which are conducting around 1.3 million transactions a day. Over 20 million people have opened their digital transaction accounts, ie, mobile wallets.

"Financial deepening is another objective that the SBP intends to achieve by increasing the provision of financial services with a wider choice geared to all levels of society. It can also play an important role in reducing risk and vulnerability for disadvantaged groups, and increasing the ability of individuals and households to access basic services," he added.

He said the SBP is keen to work with different stakeholders of banking industry, including but of course not limited to, financial institutions, non-banking financial institutions other regulatory bodies and private sector enterprises in order to further strengthen our local banking sector as well as our economy.

Partnerships between banks and Financial Technologies firms OR FinTechs and starts-ups are needed to succeed in this competitive banking landscape of the future. "SBP is cognisant of the bank-Fintech collaborations and aware that twenty three (23) Fintechs are currently available in our market," he added.

Irfan informed that some 137.7 million Mobile Subscribers and 38.9 3G/4G subscribers are big number that shows the underlying potential for Digital Banking in Pakistan. According to estimate over 35 million smart phones are available in Pakistan and the trend is increasing day by day. Banks therefore need to leverage the distribution network and muscular strength of telecom operators for the financial services.

The emergence of the digital forces - Social, Mobile, Analytics, Cloud and the Internet of Things (IoT) - are creating new and valuable avenues and the means to do the cost effective business. The task at hand is certainly not easy. The digital shift is also a cultural shift, with new skills required to meet new "digitally aware" customers, he concluded.

BUSINESS
RECORDER
Thursday, 13th April, 2017

THE RUPEE: Firm trend

RECORDER REPORT

Firmness prevailed on the money market on Wednesday as the rupee maintained last levels against the dollar in the process of trading, dealers said. The rupee stayed put versus the dollar for buying and selling at Rs 104.86 and Rs 104.87 respectively, they said.

INTER-BANK MARKET RATES: OPEN MARKET RATES: In line with the inter-bank, the rupee did not move any side in terms of the dollar for buying and selling at Rs 106.10 and Rs 106.30 respectively, however it gained 20 paisas versus the euro for buying and selling at Rs 112.00 and Rs 113.50 respectively, they said.

In the third Asian trade, the yen hit five-month highs against the dollar, euro and sterling, as simmering geopolitical tensions checked risk appetite and put the safe-haven Japanese currency in favour.

Investors' flight-to-safety underpinned traditional safe-havens like the yen, Treasuries and gold, amid fresh concerns about the French presidential election and possible US military action against Syria and North Korea. The dollar was at 109.465 yen after going as low as 109.350, its weakest since Nov. 17.

The US currency had slid more than 1 percent the previous day from highs of 110.920, with the 110.00 threshold finally being breached after several close calls over the past few weeks. The euro, which sank more than 1 percent overnight, extended losses and touched a five-month low of 116.020 yen.

The common currency was on track to post its 13th straight session of losses versus the yen. The dollar was trading against the Indian rupee at Rs 64.713, the greenback was at 4.428 in terms of the Malaysian ringgit and the US currency was at 6.894 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Wednesday: 79.78-79.78 (previous 79.77-79.77).

Open Bid	Rs. 106.10
Open Offer	Rs. 106.30

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

Bid Rate	Rs. 104.86
Offer Rate	Rs. 104.88

RUPEE IN LAHORE: The Pak rupee recovered marginally on buying side while it stayed unchanged on selling side against the American dollar in the local currency market on Wednesday.

According to the currency dealers, the US dollar depreciated by five-paisa on the buying side and ended at Rs 106.25 as compared to the day earlier closing rate of Rs 106.30.

However, no change in its value took place on selling side as it sustained its overnight trend of Rs 106.60 respectively.

Furthermore, the local currency remained under pressure for another day versus the pound sterling. The pound's buying and selling rates further rose from Tuesday's closing rates of Rs 131.00 and Rs 132.00 to Rs 131.60 and Rs 132.30 respectively, the dealers said.

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

The dollar opened at Rs 106.35 (buying) and Rs 106.45 (selling) against last rate of Rs 106.50 (buying) and Rs 106.60 (selling).

It showed no change at close. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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Rs 118 billion subsidy:

Senate panel seeks details from Finance Division

ZAHEER ABBASI

The Senate Standing Committee on Finance has sought sector-wise details of subsidy from the Finance Division after the committee was informed that Rs 118 billion have been released so far on account of subsidy. A meeting of the committee presided over by Senator Saleem Mandviwalla here on Wednesday was informed that an mount of Rs 180 billion was budgeted for subsidy in the current fiscal year. So far, Rs 86 billion have been released to the power sector and Rs 13 billion to the fertiliser sector. The meeting was informed that Rs 25 billion are available in GIDC fund.

While giving a briefing on Rs 1.5 billion financial fraud committed from the account of abandoned properties, the officials of Habib Bank Limited (HBL) and National Bank of Pakistan (NBP) have stated that there is positive progress in the case and Rs 260 million have been recovered while two officials who are allegedly found involved in the scam have been arrested. The committee also discussed the budget of Economic Affairs, Finance and Revenue Divisions. The committee was also stated that measures have been put in place to avert such scams in future.

The committee chairman stated that Sindh chief minister has also been complaining that the federal government is not providing funds for K-4 project while Senator Saud Majeed remarked that the funds are allocated for provinces in every budget, however, these are not released to them.

While briefing the committee on the alleged scam of HBL, officials of State Bank of Pakistan stated that the Rs 12 billion scam did not take place, however, HBL suffered a loss of Rs 33 million after an official of the bank tried to increase the shares of the bank artificially. The meeting was informed that Securities & Exchange Commission of Pakistan (SECP) is investigating the matter. The committee also reviewed 162 clauses of the Companies Bill, 2017, which has been passed by the National Assembly. The meeting decided that after completing the review of the bill, a meeting of the committee would also be held in Lahore to take viewpoints of the chambers of commerce of Gujranwala, Sialkot, Faisalabad and Lahore.

BUSINESS RECORDER

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MoC initiates mid-term review of STPF 2015-18

MUSHTAQ GHUMMAN

The Ministry of Commerce has started the mid-term review of "partially unimplemented" Strategic Trade Policy Framework (STPF) 2015-18, for which recommendations have been sought from the public and private sector stakeholders, well-informed sources told Business Recorder.

The main reason behind the review of STPF, 2015-18 announced by the Commerce Minister, Engineer Khurram Dastgir Khan is because it was not implemented due to paucity of funds as the Finance Ministry failed to release the allocated funds. The Commerce Minister had projected $35 billion exports by 2018 which are unlikely to cross $23 billion during 2016-17 which implies there is no possibility of touching $30 billion by 2018. Insiders argue that the trade deficit during fiscal year 2016-17 will remain in the range of $28-30 billion.

In February 2016, the Commerce Minister had stated that "investors' no-confidence is part of the reason that the country is facing issues in exports. If we achieve the export target of $25 billion and exporters do not increase manufacturing/ production capacity, exports will not further increase".

The Commerce Ministry has also acknowledged that Pak rupee is overvalued. Since November 2013, many currencies have significantly depreciated - Indian Rupee by 7 per cent, Chinese yuan by 8 per cent, and South Korean Won by 10 per cent; however Pakistan's currency remains over valued with the objective of understating the rising external indebtedness, a policy supported by the Ministry of Finance and which has had a major negative impact on our exports.

In addition, exporters have been priced out of the international market due to delays in refunds by FBR which have compelled exporters to procure loans from commercial banks for operating expenses - loans that have driven up the cost of production making our export items uncompetitive internationally.

The Commerce Ministry has sent letters sent to Governor State Bank of Pakistan, Federal Ministries/Divisions, Chief Secretaries of provinces, trade missions abroad, attached departments of the Commerce Ministry, President, Federation of Pakistan Chamber of Commerce and Industry (FPCCI), all presidents of chambers of commerce and industry and all chairpersons of respective associations.

According to the letter, STPF-2015-18 approved by Prime Minister Nawaz Sharif on March 18, 2016 and announced by Commerce Minister Engineer Khurram Dastgir on March 21, 2016 is in the process of implementation in consultation with the respective government/private stakeholders. In the STPF, Prime Minister had approved the various regulatory amendments in the Import Policy and Export Policy Orders with the view to reducing the cost of doing business and provide facilities to the business community to avoid unnecessary hurdles in importing and exporting of their requirements and at the same time to regulate import/export of sensitive goods for security reasons. The amendments have been notified through the following SROs; (i) Export Policy Order- SRO-344(1) 2016 of April 18, 2016 and ;(ii) Import Policy Order -SRO-345(1) 2016 of April 18, 2016.

In the meantime, Ministry of Commerce has started the process of mid-term review of the existing regime of Import and Export through SROs with a view to further streamline procedures/regulations governing import and export of items.

The Commerce Ministry, in its letter has requested concerned ministries, provincial government, chambers and associations to go through the documents' available on the website of the Ministry and suggest any amendment/ improvement in the area of their concern and forward both in hard and soft form (MS Word). Sources in the Ministry argue that the Commerce Ministry is still struggling to get Rs 6 billion from the Finance Ministry and even failed to get the much talked about Exim Bank functional despite issuance of warning by the Senate Standing Committee of Commerce headed by Syed Shibli Faraz.

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US authorises disbursement of $550 million to Pakistan this year

RECORDER REPORT

The US Department of Defence said on Tuesday that it authorised the disbursement of $550 million to Pakistan this year as recognition of the significant sacrifices the Pakistani military has made in the fight against terrorism. The money comes from the Coalition Support Funds (CSF), which reimburses Pakistan for providing logistical, military, and other support to US operations in Afghanistan. The amount was set aside for this purpose in the US fiscal year 2016, which ended on September 30, and covers the services provided from January to June 2015.

"The department recognises the significant sacrifices the Pakistan military has made in the fight against terrorism, and appreciates Pakistan's continued support for transit of material to coalition forces in Afghanistan," said Adam Stump, the US Defence Department spokesman.

This disbursement uses CSF funds that are not restricted by the Secretary of Defence certification of Pakistan's actions on the Haqqani network. In the 2016 US National Defence Authorisation Act, Pakistan was slated to receive up to $900m from the CSF but the disbursement of the remaining $350m will require the secretary of defence to certify that Pakistan has taken sufficient action against the Haqqani network.

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Experts raise eyebrows over rejection of refund claims

RECORDER REPORT

The tax experts have raised eyebrows over the rejection of all refund claims by the Federal Board of Revenue, saying that dubbing all claims as "dubious" and passing instructions to the field officers to carry out investigation is contrary to legal norms to treat claims per se as dubious without any verification. "Had such letter been issued in developed economies, the court must have taken them to task," they added.

They have pointed out another recent unholy practice that a refund payment order (RPO) is now generated after the approval from the head of electronic system (ERS). Earlier, the ERS used to generate RPO and were sent for the issuance of cheque. "Why now approval is required from the head of the system makes no sense or makes a lot of sense if one is in the knowledge how things are done in the FBR," said one tax expert.

They said the refund on sales tax is actually the tax which the exporter has paid to its supplier and a RPO is generated only after verification. Majority of the tax experts have agreed that apart from other issues hurting exports, the refund payment is invariably and a horribly vicious circle that has trapped every exporter in the country. On the Income Tax refund side, said the experts, the FBR report for the year 2015-16 shows that the FBR had a stock of Rs 90 billion refund pending.

They said a buyer deducts a certain amount on almost every transaction, which is generally 3 to 4 percent as withholding tax and deposit it with FBR through withholding statement every month. Similarly, the manufacturers as well as the commercial importers pay withholding tax on the import of almost every commodity. The taxpayer is entitled to adjust tax already withheld and pay the balance amount towards the end of a year. Alternatively, the e-file refund claims in case withheld tax exceeds is tax liability.

The FBR has devised no electronic mechanism whereby it automatically refunds where the tax withheld has exceeded the liability, they said and added that when the claim is filed his withheld tax is verified through a laborious exercise where such data is electronically available.

In case, the tax payer is lucky enough to pay services charges which generally are informally fixed at 10 percent and he gets his refund. There is a misconception that refund is some kind of concession or subsidy whereas it is the amount which the taxpayer has already paid. It is very painful for a genuine taxpayer to get income tax refund. "Smarter" if he is, earlier gets the refund.

On the Sales tax side, they said, refund accrues where the finished goods are zero rated, or exported. In another case, where he has paid the refund which was not payable and appellate forum or judiciary orders for such amount which was not due to the department. Such claims are filed under section 66 of Sales Tax Act. In most of the cases, refunds filed under section 66 remain dumped unless heavy cost is given to the functionaries to clean the dust and retrieve the refund files and process them for payment.

On zero rated as well as export, the goods which are used in the manufacturing of finished goods are liable to be zero rated. Since sales tax operates in the VAT mode, the tax on the raw material is paid at different stage of supply chain. The FBR claims to have developed technology which could verify tax paid at various stages of supply chain. Under the sales tax law, the refund is to be paid within 45 days after the solution of completion refund claim. However, after 2013, it takes ages before refund claims are paid.

There are certain items which the exporter buys from the open market and for which invoice is not available. All such things are manufactured in the informal sector. In order to compensate exporters, nominal amount is refunded as duty drawback by the customs authorities. Such duty drawback is paid once the sales proceeds are received and confirmed by the SBP. Again, delays complaint and act of impropriety are reported for the payment of nominal duty drawbacks.

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Tax directory next month:

FBR plans to make names of non-filers public

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) is planning to make public the names of non-filers of income tax returns including business community, individuals, bank accountholders, judges, chartered accountants, lawyers, consultants and professionals, etc, through a tax directory to be published next month.

According to sources, everybody should know the names of persons who are liable to file returns but are not filing the same. Tax directory of non-filers would disclose names of all such persons. Tax directory would include names of holders of National Tax Number (NTN) who are not filing returns. The NTN holders are liable to file returns. All those non-filer NTN holders would be made part of the tax directory.

When asked how the FBR will compile names of all non-filers, sources said that the exercise is underway to collect data of non-filers by May 2017. It is a cumbersome exercise to compile such directory of non-filers and make it public, sources said. Tax directory of non-filers would also cover individuals, salaried persons, professionals, armed forces personnel, professionals and all others, who are liable to file returns but are not filing their income tax returns.

A number of non-filers are regularly carrying out banking transactions involving huge amounts and paying withholding tax of non-filers. The persons engaged in banking transactions of huge amounts and liable to file returns would be included in the tax directory of non-filers.

The persons liable to file returns included NTN holders; persons having taxable income; every company; any non-profit organisation; any welfare institution; person who owns immovable property with a specified land area; owner of motor vehicle (engine capacity above 1000 CC); holder of commercial/industrial connection of electricity; resident person registered with any chamber of commerce and industry or any trade or business association or any market committee or any professional body and any other liable to file return under the law.

On the pattern of tax directory for filers, the FBR will also disclose the computerised national identity card (CNICs) numbers of the non-filers, whose names would be published in the tax directory. Sources said that the FBR will publish tax directory on the basis of its own database, third-party information such as buyers and sellers of immovable properties, banking transactions, purchasers of vehicles and other sources of information available with the FBR. The data would be used to ensure filing of returns by these persons and brining them into the tax net.

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FBR bans visitors in board’s premises

RECORDER REPORT

The Federal Board of Revenue (FBR) has imposed a strict ban on visitors from April 12 to avoid leakage of budget proposals pertaining to taxation measures to be taken in 2017-18, it is learnt. In this regard, the FBR has issued a circular here on Wednesday.

Sources said due to heavy engagements of chairman and members of FBR in the budget exercise and for the purpose of maintaining secrecy, entry of the visitors in Board's premises to be restricted with immediate effect. Only visitors of the chairman/members will be allowed entry subject to the approval of officers concerned. In case a visitor has prior appointment, the private secretary concerned will intimate the receptionist well in time. In case of any commitment of the concerned officer, the private secretary will give suitable instructions to the receptionist, including any rescheduling of the meeting.

In case a confirmed meeting is to be cancelled for any reason, intimation thereof will be given to the receptionist well before the appointment time. No officer/staff other than the chairman/members is allowed to receive visitors in their rooms, sources told.

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FBR changes timing of tax deposit by WHT agent

RECORDER REPORT

The Federal Board of Revenue (FBR) has changed the timing of deposit of tax collected/deducted by a person (withholding agent) other than the federal/provincial governments under Income Tax Ordinance 2001. Now in case of local deduction/collection is to be deposited on a weekly basis whereas in case of foreign payment the same is to be deposited before remitting the amount abroad. The FBR has amended the Income Tax Rules, 2002 through a notification issued Wednesday.

Following is the text of the notification: In exercise of the powers conferred by sub-section(1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published vide Notification No S.R.O.206(I)/2017 dated the 27th March, 2017 as required by sub-section (3) of the said section, namely:-

In the aforesaid Rules, in rule 43, for clause (b), the following shall be substituted, namely:

"(b) where the tax has been collected or deducted by a person other than the

Federal Government or a Provincial Government,-

(i) by remittance to the Government Treasury or deposit in an authorised branch of the State Bank of Pakistan or the National Bank of Pakistan, within seven days from the end of each week ending on every Sunday; and;

(ii) by remittance abroad to a non-resident through State Bank or any other banking company, prior to remitting abroad of the amount from which tax is to be deducted or collected."

BUSINESS

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Cotton prices fall on lacklustre business

RECORDER REPORT

Prices came down on the cotton market on Wednesday in the process of lean trading activity, dealers said. The official spot rate drifted lower by Rs 50 to Rs 6700, they said. In ready session, only a deal of 1000 bales of cotton from Rahim Yar Khan finalised at Rs 6900, they said. According to market sources, lack of buying interest was witnessed as leading buyers kept on the sidelines during the session.

Cotton analyst, Naseem Usman said that huge amount of outstanding refunds belonging to exporters of textile goods, which failed to meet its export commitments. Some other analysts said that it is true that without basic facilities growth of export is not possible at any cost. They also said that shortage of irrigation water is creating a big problem for the cotton growers. Reuters adds: ICE cotton futures edged down on Tuesday despite a bullish monthly federal report that lowered US inventory estimates for the 2016-17 crop year and raised the exports outlook for the natural fibre. The May cotton contract on ICE Futures US settled down 0.19 percent, at 75.01 cents per lb, after touching a one-week high of 75.80 cents earlier in the session. The May cotton contract on ICE Futures U.S settled down 0.14 cent, or 0.19 percent, at 75.01 cents per lb. It traded within a range of 74.41 and 75.80 cents a lb.

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 12.04.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,750	135	**6,885**	**6,885**	NIL
40 Kgs	7,234	145	**7,379**	**7,379**	NIL

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ICE cotton edge lower

RECORDER REPORT

ICE cotton futures slipped on Wednesday as speculators exited long positions ahead of the first notice day for the May contract. The July cotton contract on ICE Futures US settled down 0.26 percent at 76.23 cents per lb. The market is falling as speculative longs exit, giving unfixed spinners a wonderful opportunity to buy, INTL FCStone analyst Andy Ryan said in a note.

The May contract inched down 0.37 percent at 74.73 cents per lb. The first notice day for the contract is due on April 24. The market has been under pressure over the past three weeks with speculators opting to get out of their long positions, said Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi.

The July cotton contract on ICE Futures US settled down 0.2 cent, or 0.26 percent, at 76.23 cents per lb. It traded within a range of 76.06 and 76.78 cents a lb. Total futures market volume fell by 11,625 to 48,789 lots. Data showed total open interest fell 1,111 to 250,988 contracts in the previous session. The US Department of Agriculture will release its weekly US export sales data on Thursday.

BUSINESS
RECORDER
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Building reserves through borrowings

RECORDER REPORT

It is normal for the countries to accumulate foreign exchange reserves through earning a surplus in their balance of payments position. However, Pakistan has found another way to replenish its reserves when its current account deficit is deteriorating rapidly. Instead of concentrating on improving the outcome in the external sector accounts, it has embarked on a loan procurement spree. It is obtaining loans from a variety of sources, including the multilateral financial institutions, and through the floatation of bonds in the international market as well as from the foreign commercial banks. After assuming power, the PML(N) government has borrowed over dollar 3.3 billion from foreign commercial banks in addition to dollar 4.5 billion by issuing dollar-denominated Euro and Sukuk bonds in the past three years. It is now reported that Pakistan may borrow another dollar 570 million as a short-term foreign commercial loan from China to pay back the Eurobond debt incurred during the rule of Pervez Musharraf. This will be the third major borrowing from Beijing in the past six months. Earlier, the Chinese banks had lent dollar 1.3 billion to support the external sector and provide a cushion to foreign currency reserves. It is argued that borrowings from foreign commercial banks is better because it is hassle-free, involves no scrutiny and conditionalities and is on easier terms. However, compared to five-year to ten-year tenors of bonds, borrowings from commercial banks are short-term in nature, ranging usually from one year to one-and-a-half years period.

It is to be noted that the above data do not fully reflect the extent of borrowings of the country. Pakistan has utilised borrowings from the IMF and other multilateral financial institutions to cover its balance of payment and meet development needs. According to the latest quarterly report of the SBP, it was unaware of the way imports of power generation companies for the CPEC were being financed. The gap in the data on imports maintained by the SBP and PBS had nearly doubled to dollar 3 billion from the 10-year average of dollar 1.6 billion for the first half of any given fiscal year. Obviously, financing from China, both in the form of loans and investments, for the CPEC projects is not being captured in the balance of payments data. These kinds of borrowings may be on deferred payment basis on the import of machinery or may have been financed through Chinese banks but the end-result would be massive expansion in the country's current account deficit and a big rise in outstanding external debt if power generating machinery and other materials imported from China were also covered in the SBP data. Borrowings from various sources to cover the external sector deficit should be a matter of great concern but the authorities of the country continue to boast about high level of foreign exchange reserves and stability in the exchange rate. In fact, a stage has now been reached when Pakistan is almost caught up in a debt trap and started borrowings to retire past borrowings, suggesting its inability to pay back loans from its own resources. No rocket science is needed about the measures to get out of this unsustainable situation. Exports and home remittances have to be increased and imports contained to ensure a reasonable balance in the external sector and avoid the need of further foreign borrowings. If this was not done, Pakistan would soon find itself unable to service its foreign debt and face insolvency. In the meantime, we would advise the government to cover the external sector gap mainly by drawing down its foreign exchange reserves and not through foreign borrowings. This would be preferable for the country as foreign loans are much more expensive than the interest income earned by Pakistan by parking its reserves in foreign banks. Also, the decline in reserves as a result of this policy would make the authorities more aware of the need to control the widening gap in the external sector.

DAWN
Thursday, 13th April, 2017

Ministry told to release funds to provinces

THE NEWSPAPER'S STAFF REPORTER

ISLAMABAD: The Ministry of Finance on Wednesday was directed to promptly release funds for federal projects in provinces to avoid friction.

The Senate Standing Committee on Finance noted the delay in funds disbursement for projects in Balochistan and Sindh.

The committee, chaired by Senator Saleem Mandviwalla, was briefed on the status of funds utilisation by the finance ministry officials.

“We have noticed that the release of funds for several projects is negligible. If not addressed, the issue could assume political dimension,” Senator Saud Majeed of PML-N said.

“When such complaints are raised by the governments of Sindh and Balochistan it lend credence to the perception of Islamabad’s hegemony on resources and its lack of interest in development of provinces,” he added.

Senator Mohsin Legahri expressed disappointment with the conduct of the ministry that ignored Senate’s recommendations for timely release of funds.

Mr Mandviwalla cited the criticism of Chief Minister Sindh Murad Ali Shah over delays in the federal share for water and sewerage projects in Karachi.

The committee directed the finance ministry to provide the details of releases made for federal government funded projects in the provinces.

The committee was informed the subsidies for power sector and fertiliser manufacturers were on track as per their allocations in the Federal Budget 2016-17.

The committee was informed that Rs180 billion was allocated for subsidies in the current fiscal year. So far Rs118bn has been utilised including Rs86bn for power sector and Rs13bn for the fertiliser sector.

The committee also held hearings over complaints against the banking sector. Senior bankers briefed about the steps taken to check frauds, money laundering and inconvenience faced by customers. Officials acknowledged the losses incurred to banks because of frauds and unauthorised money transfers.

They said since the centralization of the data of all bank account holders the possibility of bank frauds has shrunk. The committee also reviewed several clauses of the Companies Bill, 2017 which has been passed by the National Assembly.

The meeting decided that after completing the review of the bill, a committee meeting would also be held in Lahore to discuss budget proposals of Gujranwala, Sialkot, Faisalabad and Lahore chambers of commerce and industry.

DAWN
Thursday, 13th April, 2017

Ecnec approves 15 projects worth Rs261.2bn

KHALEEQ KIANI

Finance Minister Ishaq Dar chairing ECNEC meeting in Islamabad. — APP

ISLAMABAD: The Executive Committee of the National Economic Council (Ecnec) on Wednesday approved 15 development projects, mostly in the power sector, at an estimated cost of Rs261.2 billion.

In a meeting presided over by Finance Minister Ishaq Dar, Ecnec also approved a few projects in the transport and communication sector, including a Rs24.6bn mass transit project for Karachi.

On the request of the Ministry of Communications, Ecnec approved land acquisition for 138-kilometre Faisalabad Abdul Hakeem Motorway (M-4) at a revised cost of Rs4.221bn. The project envisaged acquisition of 3,139.5 acres for building a four-lane motorway having a right-of-way corridor of 100 metres.

The meeting also approved a project to improve and construct Jalkhad-Chilas road at a revised cost of Rs7.605bn. The 71.05km-long road will be widened to a 7.3-metre carriageway with one-meter-wide shoulders on either side.

The scope of work also includes construction of 11 bridges, 95 culverts, 28 causeways, slope protection and drainage works. The project is the last segment of the Mansehra–Naran–Jalkhad road.

Ecnec also approved a project to dualise and improve the existing N-50 from Yarik–Sagu–Zhob, including Zhob Bypass (210km) at a total cost of Rs76.5bn. The project envisages construction of 210km four-lane controlled access highway starting from Yarik on N-55 to Zhob on N-50 via Sagu, Daraban, Mughal Kot, Manikhuwa as part of the western route of the China-Pakistan Economic Corridor (CPEC).

Karachi's Green Line bus project cost raised to Rs24.6bn

A proposal to rehabilitate the National Highways Authority's Karakoram Highway (N-35) between Thakot and Raikot was also approved at a total cost of Rs8.341bn. The road was damaged due to unprecedented monsoon rains and flash floods in 2010.

The meeting also approved construction of two-lane highway from Basima to Khuzdar at a cost of Rs19.2bn.

The project aims at building 106km two-lane road to a standard 7.3-metre wide single carriageway with 2.5-metre shoulders on either side from Basima to Khuzdar on new alignment at a distance of 100 metres from the edge of the shoulder of existing road.

The project also includes land acquisition, construction of bridges, culverts, retaining structures, drainage and erosion works along with allied facilities.

The meeting also approved Green Line Bus Rapid Transit System for Karachi, from KESC Powerhouse Chowrangi (Abdullah Chowk) in Surjani to the central business district of the city at a revised total cost of Rs24.604bn.

The hike in the cost is due to increase in the length of the corridor from 17.8km to 27.45km (18.05km at grade and 9.4km elevated), increase in number of stations from 22 to 35, and rise in length of elevated portion from 3.45km to 9.4km.

The project aims at constructing two-lane (each lane 3.5 metres wide), dedicated signal-free bus rapid transit system. The project would benefit 400,000 passengers every day in Karachi.

The dualisation of Indus Highway N-55 Sarai Gambila to Kohat Section was also approved at a cost of Rs30.13bn. Under the project, dualisation of the existing 128km-long two-lane (7.3 metres wide) Indus Highway (N-55) from Sarai Gambila to Kohat would be carried out to make it a four-lane facility.

The committee also approved a proposal of the Ministry of Water and Power for 500-kilovolt Chakwal substation at a revised cost of Rs6.71bn. The project envisages installation of the new substation along with associated transmission lines to meet the growing demand of the areas including Chowah Saidan Shah, Gujar Khan, Dandot, Pinanwal, Talagang, Tamman, Padshahan and Chakri under the jurisdiction of Islamabad Electricity Supply Company.

It also approved seventh secondary transmission line and grid stations, covering six districts of Punjab — Gujranwala, Sialkot, Narowal, Gujrat, Hafizabad and Mandi Bahauddin — at a cost of Rs7.528bn. The project aims to provide facilities for reliable and stable supply of electricity to meet

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growing demand of domestic, commercial, industrial and agricultural customers of Gujranwala Electric Power Company.

Ecnec also approved evacuation of power from two 660MW coal-based power plants in Thar at a revised cost of Rs21.783bn.

The project will evacuate power from the project in the national grid to up-country load centre.

The related work includes 275km-long 500kV HVAC double-circuit transmission line from the power plant to 500kV Matiari switching station, and extension at 500kV Matiari switching station for construction of two-line bay.

The committee also approved enhancement in transformation capacity of National Transmission and Despatch Company's system by extending and augmenting existing grid stations, covering 28 districts throughout the country at a cost of Rs16.5bn. The project aims to enhance existing 500kV and 220kV grid stations at various locations. The project will result in addition of 7,146 MVA in the system at 28 existing grid stations and is expected to reduce transmission losses by 40.7MW.

The meeting also approved evacuation of power from two 1,100MW K-2/K-3 Coastal Power Plant near Karachi at revised total cost of Rs7.5bn. The objective of the project is evacuating power from K-2/K-3 nuclear power plants to the national grid envisaged to be installed at coastal area near Karachi.

Ecnec also approved compensation to affectees of Mirani Dam (EL-264 to 271.4 for houses and EL-245 to 271.4 for fruit and non-fruit plants) at a cost of Rs3.5bn to be equally borne by the federal government and the government of Balochistan.

The construction of infrastructure and allied works for Metro Bus Services Peshawar Morr–New Islamabad Airport was also approved at a cost of Rs16.43bn. The project envisages construction of 25.6km long dedicated two-lane signal-free corridor of 9.6 to 10.4 metres width with normal sections for bus rapid transport system, to connect the already constructed station.

The committee also approved preliminary design study to upgrade main line and construction of new dry port / cargo handling facility at Havelian (Baldher), district Haripur, at a cost of Rs10.6bn.

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Cotton prices under pressure

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Cotton prices on Wednesday came under pressure in the absence of buying from spinners who are faced with liquidity crunch.

The slow off-take of cotton yarn and falling exports of textile goods continue to depress cotton demand, brokers said.

Though the textile industry had been raising voice against long delay in payment of their refunds, the Federal Board of Revenue has so far remained indifferent to the issue.

Though world cotton markets slightly recovered, prices on the domestic market came under pressure, brokers said.

Meanwhile, chairman of Pakistan Cotton Ginners' Association (PCGA) Dr Jassumal met Commerce Minister Khurram Dastgir on Wednesday and expressed his concern over falling cotton production.

The PCGA chairman and other members also met Secretary Finance Tariq Bajwa and informed him about the current situation faced by the textile industry owing to non-payment of refunds as it was also adversely hurting cotton trade.

The Karachi Cotton Association cut its spot rates by Rs50, to Rs6,700 per maund (around 37 kilograms).

On the ready counter, only one official transaction of 1,000 bales was reported from Rahimyar Khan at Rs6,900 per maund.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**
37.324 Kgs Equivalent	**6,700**	**135**	**6,835**
40 Kgs	**7,180**	**145**	**7,325**

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.10	106.30
UK	130.45	130.70	132.00	133.50
Euro	110.79	111.00	112.00	113.50
S.Arabia	27.86	27.92	28.20	28.40
UAE	28.45	28.51	28.90	29.10
Japan	0.9543	0.9561	0.9593	0.9793

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.88	6.13
Six months	5.92	6.17
One year	5.97	6.47

LIBOR

Special US dollar bonds for April 11

Three months	1.15511 %
Six months	1.41544 %

THE NEWS
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Long term funds' assets to GDP ratio crawls to 1.44 percent

KARACHI: The mutual fund industry's assets to GDP ratio surged by a nominal 33 basis points in four years to 1.44 percent in 2016 opening up opportunities for growth if right policies were put in place.

As of April 21, 2017, there are 20 asset management companies in Pakistan managing 198 mutual funds with total assets of Rs625 billion. According to a report issued by Mutual Funds Association of Pakistan (MUFAP), the long term fund industry's (excluding money market funds) assets to GDP ratio was 1.11 percent in 2012, which has improved to 1.44 percent in 2016.

However, Pakistan Stock Market Capitalisation to GDP ratio in the same period improved from to 25.64 percent in 2016 from 17.55 percent in 2012. "There is a correlation in the growth in mutual funds' assets and stock market capitalisation; since mutual funds' assets as percentage of GDP are very low, there is tremendous opportunity for growth, if right policies are put in place," notes Habib-ur-Rehman of Atlas Asset Management in the report.

Pakistan has a robust capital market infrastructure and adequate regulatory frame work. Pakistan Stock Exchange (PSX) is also amongst the best performing stock exchanges in the world. Still the capital market capitalisation and mutual funds' assets to GDP ratios are low.

For growth of the capital markets, the report suggests, the country needs to promote domestic savings; foreign investors can only supplement the growth. "Active participation of mutual funds in the capital markets provides the markets with much needed liquidity. This also helps in price discovery," Habib-ur-Rehman said.

Shahid Ghaffar, chairman, MUFAP, in his review said the outgoing year had been very challenging for the mutual fund industry with continued changes in the tax laws adversely affecting institutional investment in mutual funds. "Declining interest rates and mostly bearish market conditions during the year under review further hindered growth of the mutual fund industry," he added.

The mutual fund industry closed the financial year 2016 at Rs490.37 billion up 10.57 percent over last year. The equity funds category (both conventional and Shariah-compliant) of Rs178.17 billion, were up 12.17 percent from last year, followed by income fund category at Rs127.73 billion up 25.83 percent, and money market category at Rs55.58 billion which was down 30.67 percent from the previous year.

The Shariah-compliant funds category continued growing faster than the conventional category, and closed the year at Rs157.49 billion, recording the growth of 26.78 percent over the previous year. A variety of mutual funds are being offered in this category to suit the varied needs of investors by asset management companies.

According to the MUFAP report, future of the mutual fund industry is dependent on increasing awareness about the mutual fund industry and enhancing the outreach to investors across the country.

"Over the past few years, there has been gradual increase in the retail base which is presently around 34 percent. Asset management companies are offering a diversified range of mutual and pension funds to meet the risk appetite of investors, yet the awareness in the masses is lacking of the options available to them," it added.

THE NEWS
Thursday, 13th April, 2017

KP attracts investment proposals worth $30 billion

LAHORE: The Khyber Pakhtunkhwa province is rapidly emerging as a prospective hot investment hub following introduction of business-friendly policies and development of infrastructure for rapid industrialisation, said a senior official on Wednesday.

At present, the KP government has successfully attracted $30 billion in investment proposals in the shape of letter of interests (LOIs) for development of infrastructure and industrial sectors.

In less than two years, after establishment of Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC), the business environment of the province has transformed in a way that it has grabbed the attention of local as well as global investors. Most of these investment proposals are from China, coupled with proposals from Canada, Italy and some other countries, said Mohsin Syed, CEO, KPEZDMC.

Talking about initiatives taken for improving the confidence of investors, he said, before year 2015, the morale of businessmen in KP was generally low, and many of them were in the process of migrating to other provinces. “Following doing preparatory work and getting feedback from industrialists, we have prepared highly attractive package for investors,” Syed said.

As a first step, he said, KPEZDMC decided to invite investors to establish industry in Hattar Industrial State, located in Haripur district under the special investment package. As per packages, KP government announced five percent discount in interest rate, while 25 percent discount was given on price of land and also on electricity bill. The KP government also announced 25 percent rebate on the cost of transporting plant and machinery through land route. The infrastructure at the estate is similar to landmark Sundar Industrial Estate.

After the announcement of this package, all the 424 acres of land were sold like hotcake in less than a month. Moreover, officials said, investors queued for buying another 700 acres of land for establishing industry.

Keeping in view the huge response of industrialists, KP chief minister gave a go ahead for buying another 1,000 acres of land. “We will offer this land to investors in the next few months,” the company’s CEO said.

One of the biggest investments being made by investors is from a leading biscuit manufacturer, who wants to invest Rs10 billion on a new facility with the aim of increasing sales from Rs30 billion to Rs50 billion, he observed.

This will be their 3rd plant, one in Hattar, second in Karachi and now third again in Hattar. The potential investment of a leading biscuit manufacturer in Hattar has virtually reinvigorated the interest of the corporate sector in KP’s business environment. It acted like the investment of the top multinational beverage company’s investment did for the development of Sundar Industrial Estate, the CEO of company said. It has stimulated a buying spree by top-of-the-line investors, including prominent glass and gas manufacturers, who have come up with investment plans of Rs10 billion each worth of funding. Following the footprints of local investors, foreign magnates, including Chinese industrialists also turned up with investment plans one after another.

Now, he added, we have a solid investor who wanted to manufacture a steel railway track. This track would be used for laying railway line from Peshawar, DI Khan-Quetta up to Gwadar. Sensing the investment climate of KP province, the China North Industries Corporation or Norinco has also been in contact with local officials for boosting investment in the province.

For the first time, Syed said, the concept of circular railway was being introduced in the province, as the top management of KPEZDMC was working with an investor for connecting Peshawar-Nowshera-Sawabi-Charsadda-Mardan through a loop of 150km with $1.5 billion investment.

There will be no loan involved in this transaction, as China Communications Construction Company (CCCC) will invest this amount and recover its financing through sale of tickets. “Following a visit of China in December 2016, China State Engineering Corporation is in talks for building a road in the rugged mountains for connecting Gilgit-Shindoor-Chitral-Dir. The company wants to invest in the road-link in addition with plan to lay railway line as well,” the CEO of KPEZDMC said.

"On hydropower front, letter of interests for 3,000MW generation capacity have been signed. Moreover, 7,000MW of further capacity would be showcased for investment. “We will also seek investment proposals for 10,000MW of transmission lines.”

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'Agriculture sector must get incentives to save rural economy'

HYDERABAD: Growers, sharecroppers, researchers, and lawyers on Wednesday demanded the government to provide incentives like easy access to banking loans to the agriculture sector, which was on the verge of collapse in Sindh.

They were at a dialogue on "How to regulate relationship between tenants and landlords: Understanding Sindh Tenancy Act", jointly organised by Pakistan Institute of Labour Education and Research (PILER) and Rights Now Pakistan at Sindh Agricultural and Forestry Workers Coordinating Organization (SAFWCO) office, on Wednesday.

The purpose of the event was to understand the issues related to landlords and peasants. Senior lawyer advocate Ali Palh proposed to strengthen the relationship between natural partners, landlords and sharecroppers, saying it was the only way out to save the agriculture economy, which was a huge source of employment in the rural areas of Sindh.

Ali Palh said neither politicians, policy makers, legislators nor judiciary understand the Sindh Tenancy Act, which protects the rights of farmers.

Suleman G Abro of SAFWCO said agriculture does not enjoy importance within the government and policy makers. There is no insurance policy for the agriculture sector unlike the industries, which enjoy such a protection.

He said the entire agro-based industry has been neglected. "Agriculture products do not have proper prices, mentioned in policies. There are no incentives from the government, hence landlords and sharecroppers suffer," he added. Suleman Abro said there was a strong group on top of the chain in agriculture, and haris, being at the lower rung, were being exploited with no access to justice.

Prof Muhammad Ismail Kumbhar of Sindh Agriculture University Tandojam proposed to design new policies with consultation of haris, small, medium and larger growers, lawyers and other stakeholders to save the social fabric and promote agriculture. He said a rural worker should be declared a 'labour', and like an industrial worker should have access to benefits.

Punhal Sario, a leading peasants' rights activist, said the tenancy act was a valid law to protect the rights of peasants. "There are big jageerdars (landlords), possessing thousands of acres of lands," he said, and added that the ecological zones and land fertility showed difference within land in terms of soil fertility and level of yield.

The law needed to be supported and implemented to save the rights of the peasants, he said. Ghulam Ali Leghari, a victim of the feudal system said though there were laws for the protection of haris, they were not being implemented. He rejected the claims of growers about investment in crop cultivation and said haris equally paid the cost.

Ishaq Mangrio, a senior journalist, said the landlords should understand that haris and the rural workforce were their strength to fight the war and get loans from banks and financial institutions.

He said industries benefitted because they followed the law and assisted the workforce. He said irony was that landlords even deprive farmers of their right to vote. Landlords should understand these issues.

Nabi Bux Sathio, general secretary of Sindh Chamber of Agriculture, said the agriculture sector was going downward because of the mistrust between landlords and peasants. He said there was no exact data with the government to show how many haris were there in Sindh. "The government needs to know how many workers, haris were associated with agriculture."

Mir Amanullah Talpur of Sindh Grower Alliance talking about the issue said the Tenancy Act 1950 was a true copy of the act designed during the British Raj in 1868. "Today it is not implementable because of the changes that have taken place in agriculture, such as the need for chemical fertiliser, pesticides and machinery, which earlier were not there," he added.

THE NEWS
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Cotton down

Karachi

Dull trading was witnessed at the Karachi Cotton Exchange on Wednesday, while spot rates decreased Rs50/maund.

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

An analyst said despite increase in the rates in the international market, local buyers remained at the back foot that resulted in a decline in the spot rates. Buyers are citing reason that yarn in not being sold out.

Local industrialists have demanded the government to release their refunds worth billions of rupees. KCE recorded only one deal of 1,000 bales from Rahimyar Khan at the price of Rs6,900/maund.

New York cotton market witnessed mixed trend on its futures. May futures fell 0.14 cents to 75.01 cents/pound and July futures decreased 0.38 cents to 76.43 cents/pound.

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'Inefficiencies in transport sector costs economy 6pc of GDP'

'Inefficiencies in transport sector costs economy 6pc of GDP', | ADB delegation visits LTC, LCCI to review transport projects

Our Staff Reporter

LAHORE - A delegation of Asian Development Bank (ABD), led by Peter Turner, on Wednesday visited Lahore Transport Company (LTC) Headquarter to review transport projects initiated by the government.

During the meeting, the LTC officials and ADB representatives were of the view that development in transport sector is deemed indispensable for robust economy of any country. By keeping in view the public private partnership model, Pakistan has enabling environment for the foreign investors and potential to unleash the available investment opportunities, the LTC officials said. National transport policy master plan, national road safety programme, road assets management is vital for enabling economic corridors through sustainable transport sector development for realising the Pakistan's vision 2025, they added. The objective of visiting various government departments is to ascertain the views and priorities of the provinces, the ADB members said.

The meeting was attended by Peter Turner, Trade Facilitation Specialist David Hunter, LTC CEO Khawaja Haider Latif, Mott McDonald Deputy Team Leader Mahboob Elahi, CFO Mariam Khawar, COO Zafar Qureshi and DM Communication Nasir Hussain.

On the occasion, the LTC CEO briefed the delegation about the new initiatives and existing projects of public interest in respect of public transportation improvement in the city. He said that the LTC was proposing the new projects in upcoming development programme such as drivers training simulator programme, school buses project, provision of installing new bus sheds for public transport infrastructure. He said, "At present we are providing free transport facilities to the handicapped and senior citizens on LTC buses while flat one sided concessional fare to students of public sector educational institutes by issuing student green cards."

"LTC expanded the urban transportation system by regulating the public transport through careful planning and enforcing the relevant laws in Lahore. LTC is imparting affordable, efficient and economical transport facilities to the general public by plying air conditioned CNG buses on urban routes and on adjacent areas of Lahore," he added.

Meanwhile, the ADB delegation called on LCCI President Abdul Basit and discussed a number of issues including National Transportation Policy, Economic development of Pakistan, business climate in the country and china Pakistan Economic Corridor (CPEC).

Turner said that effectiveness of transportation system is directly related to the trade and economic activities. He said that inefficiencies in the performance of the transport sector of Pakistan costs economy by 4pc to 6pc of the GDP annually. He said that Asian Development Bank has been assisting Pakistan to address this issue but investment in transportation infrastructure must be backed by the institutional improvement.

On China Pakistan Economic Corridor (CPEC), he said that it is important project that would help connect Iran, Turkey, Central Asian States and Afghanistan etc. He said that to get good result from CPEC, good transportation system is a must for the movement of trading goods.

The LCCI president said that National transport policy will supplement the government's efforts to improve transport infrastructure that would help enhance local and regional trade. He said that well planned, safe, better maintained, and regionally connected transport infrastructure is the key to unlocking the economic growth potential of Pakistan.

He said it is good to see that seaports, rail network, motorways, tunnels and bridges etc are being developed by spending billions of rupees to support the future requirements of intra-regional trade. He said that the current infrastructural development has opened many avenues to expand the trade links to Central Asian Republics and on the other hand to Turkey via road and sea routes.

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Basit said that Pakistan has acceded the TIR Convention 1975 last year and this year its implementation is scheduled which will facilitate international carriage of goods by road under harmonised system of International Road Transport Union IRU/TIR. He said, “We are worried about low ranking in one of the factors of Ease of Doing Business ie called ‘Trading Across Borders’. As per World Bank Report 2017, Pakistan stands at 172 out of 192 countries.

He said that on April 6, 2017, the government has approved the cross-border trade reforms to be implemented in different phases which will help Pakistan improve its ranking. However, the gap between suggestive measures and ground realities has to be minimised to achieve the desired results. He said that these factors have further necessitated the need of having well thought out National Transport Policy. LCCI Senior Vice President Amjad Ali Jawa and Zeeshan Khalil also spoke on the occasion.

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ICCI concerned over 38pc rise in trade deficit

ISLAMABAD (NNI): The Islamabad Chamber of Commerce and Industry (ICCI) on Wednesday showed great concerns over the rising trade deficit of the country which has gone up to an all-time high of over $23 billion during the first nine months of the current financial year showing an increase of over 38 percent compared to the same period of previous year. The chamber termed it a dangerous trend as it would create serous balance of payment problems, push the country towards heavy borrowing and plunge the economy into further difficulties. ICCI President Khalid Iqbal Malik said that the overall import bill of Pakistan has increased by more than 18 percent during July-March 2017 reaching to over $38 billion while the exports of the country during the period have come down to around $15 billion which showed that the economy was heading towards troubled waters. He was afraid that if the current trend of rising trade deficit continued, it could reach around $30 billion by the end of this fiscal year.

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PBIF chief concerned over decline in exports

INP

ISLAMABAD:- Pakistan Businessmen and Intellectuals Forum (PBIF) President Mian Zahid Hussain has said that imports and trade deficit has crossed all the limits pushing country at the brink of economic collapse. The government should take steps to control imports and boost exports otherwise country will face very serious repercussions, he said. He said that the government should take up the matter with Chinese authorities if import of machinery for CPEC is the reason behind unabated imports which has emerged as a serious threat.–INP

He said that government has announced two packages for exporters but the exports continue to fall because root causes and reservation of the external sector were not addressed in a proper manner.