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NA passes Finance Bill 2017

Govt. takes step towards arresting export slide

NAVEED BUTT & AAMIR SAEED

ISLAMABAD: The National Assembly on Tuesday passed the Finance Bill 2017 without participation of the opposition parties by decreasing sales tax rate further from 2 percent to 1 percent on supplies to unregistered persons in five export-oriented sectors, and announcing new tax concessions for agriculture, Islamic banking, e-commerce, oil marketing companies, mutual funds, IT services, stock market, listed companies and entertainment industry.

Concluding the budget debate in the Lower House, Finance Minister Senator Ishaq Dar said that tax rate on five export-oriented sectors is decreased from 2 percent to 1 percent on suggestions from the Federation of Pakistan Chambers of Commerce and Industry and All Pakistan Textile Mills Association.

He said the exporters were given a subsidy under the Prime Minister's Export Package for the first six months as per volume of their exports while majority of them have already been paid subsidies and the remaining will be given during the next financial year as already Rs 15.5 billion have been allocated in this regard.

The minister said the government has linked the export package from the next financial year with an increase in export volume to 10 percent with consent of the exporters. He said the Tamarind Gum is also being zero rated to facilitate the export-oriented sectors.

He also informed the house that limit of agriculture loan for small farmers is being increased from Rs 50,000 to Rs 75,000 for one crop and the total volume of the loan could be Rs 150,000 for two crops in a year.

The sales tax on peter engine of 3 to 36 horsepower has been abolished, he said, adding that customs duty on spare parts of the engines has been reduced to 3 percent from 20 percent.

The minister said that to promote Islamic banking several steps are taken as investment in Sukuk has been exempted from tax if investment reaches up to Rs 2 million.

He said the government is exempting the goods including plant machinery under Murrabaha, Musawamah, Bai Muajjal, Bai Salam, Istisna, Tijarah, Istijrar from dual payment of sales tax.

The minimum wage has also been increased from Rs 15,000 announced in the budget to Rs 15,400, he said.

The minister said that all oil marketing companies approved by Oil and Gas Regulatory Authority could avail income tax-free imports.

On Senate's suggestions, dealers and wholesalers of batteries are exempted from WHT of 0.2 percent and 0.5 percent.

The minister said that for promotion of agriculture sector, the sales tax on feed gas has been reduced to 10 percent from 17 percent and sales tax on feed gas driven from LNG has been reduced to 5 percent from 17 percent.

To promote poultry industry and value addition in the sector, customs duties on different products has been reduced to 16 percent and 11 percent from 20 percent and 16 percent respectively, he said.

The minister said the sales tax on fishing feed has been reduced to 10 percent to encourage investment in fisheries.

The government has also abolished the customs duty on permanent magnets used in DC fans to further promote the renewable energy.

The tax rate on dividend income up to Rs 2.5 million from mutual fund investments has been decreased from 12.5 percent to 10 percent, he said, adding that new rates of capital gains tax shall not apply on securities purchased before July 1, 2016.

The tax on services of Pakistan Stock Exchange and Pakistan Mercantile Exchange is reduced from 8 percent to 2 percent, he said, adding that for secondary market development, tax on listed derivatives is reduced from 15 percent to 5 percent for a period of 3 years.

The minister said the tax on importers of raw plastic is being reduced to 4.5 percent from 6 percent to avoid evasion while for industrial units tax rate has been reduced to 1.75 percent from 6 percent.

In case of listed companies payout of less than 40 percent, tax on surplus reserves shall be taxed at 7.5 percent as against earlier proposed rate of 10 percent, he said.

To promote e-commerce or electronic business or trading entities to get cut in turnover tax and commission turnover tax for e-commerce entities have been reduced to 0.5 percent from 1.25 percent and tax on commission will be reduced to 5 percent from 12 percent, he said.

He also promised to present a special package in the house soon for restoration of drama and film industry.

Regarding non-profit organisations, the minister said that they are being exempted from 15 percent tax on their administrative expenditures in the first three years of their establishment, provided their turnover does not exceed Rs 100 million.

The minister also claimed that foreign debt was $ 48.1 billion in June 2013 when the PML-N assumed charge of the government while the total foreign debt in March 2017 was $ 58.4 billion.

He also claimed that public debt to GDP ratio was 60.2 percent in June 2013 that was reduced to 59.3 percent in March 2017.

The minister informed the house that Senate proposed 276 recommendations on the budget, out of which 147 were related to the PSDP and have been sent to the Planning Commission for further deliberations.

He said the government has accepted 75 out of 129 Senate recommendations partially or completely.

Later, the finance minister presented the Finance Bill 2017 for its passage in the National Assembly in the absence of the opposition parties that had staged a walkout from the house. The house approved the Finance Bill with some amendments moved by Law Minister Zahid Hamid.

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Revenue collection and expenditure

Revised estimates likely to face slippages

ZAHEER ABBASI & SOHAIL SARFRAZ

ISLAMABAD: The government-revised estimates of revenue collection and expenditure, as claimed in budget 2017-18 documents for the current fiscal year, are likely to face slippages with significant shortfall in tax collection and increase in current expenditure.

Sources told Business Recorder here on Tuesday that the exact quantum of shortfall in tax collection and increase in current expenditure would be ascertained by the end of August when consolidated budgetary operations would be uploaded by the Finance Division. However, they added that the FBR is facing a challenging task to meet the downward revised target of Rs 3,521 billion for the outgoing fiscal year.

The Federal Board of Revenue (FBR) has provisionally collected Rs 2860 billion during July-May (2016-17) against the downward revised annual target of Rs 3,521 billion, reflecting a shortfall of Rs 661 billion – an amount that is impossible to collect in the remaining one month of the fiscal year. The budgeted amount was Rs 3,621 billion.

In June 2015-16 FBR collected Rs 465 billion and Rs 381 billion in 2014-15. Sources on condition of anonymity revealed to Business Recorder that revised estimates of the current expenditure were prepared to meet the fiscal deficit target of 4.2 percent for the current fiscal year. They contended that a more realistic fiscal deficit for the current fiscal year would be around five percent and not 4.2 percent. This implies the revised estimates of the current expenditure are under stated and the exact quantum would be evident at the end of the August 2017, when the consolidated fiscal operation would be uploaded.

However, sources identified power sector and interest payments on government borrowing as well as other accounts as being at the top of the list in terms of higher expenditure compared to the revised estimates as noted in budget documents.

The government budgeted Rs 95.4 billion subsidy to PEPCO and WAPDA for the current fiscal year which was projected at Rs 102 billion in the revised estimates but given the track record the projected revised estimate of Rs 102 billion for power sector subsidy is unrealistically low. The government is therefore likely to incur higher than the revised estimates for power sector subsidies given that a subsidy of around Rs 10 billion monthly is required to produce electricity from oil guzzler state run generation companies (Gencos), they added.

Sources further added that in May 2017, the government would have certainly made available the required subsidy to the power sector to minimize load shedding during Ramazan.

Another current expenditure item that is projected to witness higher allocation than claimed in the revised estimates is interest payment due to government borrowing to bridge the fiscal deficit due to considerable shortfall in revenue collection. The federal government supports an over valued rupee to understate external borrowing and reduced the interest rate on products on offer by the National Savings Directorate to reduce the burden of domestic borrowing; yet it is relying heavily on expensive very borrowing from the external banking sector, at present around 2 billion dollars, to meet the rising trade deficit as well as prop up the foreign exchange reserves.

In addition the government has decided to raise Rs 41 billion from commercial banks to bailout the power sector with an official claiming that the servicing of mark up, principal payment when due may be the responsibility of the Finance Division.

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THE RUPEE

Firm trend

RECORDER REPORT

KARACHI: The rupee maintained present levels against the dollar on the money market on Monday in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee slipped by one paisa against the dollar for buying and selling at Rs 104.87 and Rs 104.88 respectively, dealers said.

In the second Asian trade, the dollar held steady against a basket of currencies, with the focus on the US Federal Reserve's two-day policy meeting, while the Canadian dollar rose after its central bank hinted interest rates could rise sooner than anticipated.

The dollar index, which tracks the greenback against a basket of six major rivals, last traded at 97.245, staying above a seven-month low of 96.511 set last week.

The greenback was trading against the Indian rupee at Rs 64.435, the US currency was at 4.260 in terms of the Malaysian ringgit and the dollar was at 6.797 in relation to the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Tuesday: 80.60-80.60 (previous 80.60-80.60).

OPEN MARKET RATES: The rupee held overnight levels against the dollar for buying and selling at Rs 105.90 and Rs 106.10 respectively, they said.

The rupee gained 10 paisas against the euro for buying and selling at Rs 118.50 and 119.50, they said.

Open Bid	Rs. 105.90
Open Offer	Rs. 106.10

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

Bid Rate	Rs. 104.87
Offer Rate	Rs. 104.88

RUPEE IN LAHORE: The Pak rupee depreciated on buying side while it stayed unchanged on selling side versus the greenback in the local currency market on Tuesday.

According to currency dealers, the greenback resumed trading on its overnight closing trend of Rs 105.90 and Rs 106.20 as its buying and selling rates, respectively.

At the close, it appreciated by 10-paisa on buying counter and ended at Rs 106.00. However, no change in its value took place on selling counter as its sustained its opening trend of Rs 106.20, they added.

Furthermore, the national currency showed strength as it recovered its day earlier losses against the pound sterling. The pound's buying and selling rates slid from Monday's closing trend of Rs 134.90 and Rs 135.80 to Rs 134.20 and Rs 135.20 respectively, they said.

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

The dollar opened at Rs 105.95 (buying) and Rs 106.10 (selling) against last rate of Rs 105.90 (buying) and Rs 106 (selling). It closed at Rs 105.95 (buying) and Rs 106.10 (selling).

Buying and selling rates of British Pound is Rs 136.50 (buying) and Rs 138.50 (selling).

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Banking sector continues expansion in Q1CY17

RECORDER REPORT

KARACHI: The banking sector continues its steady expansion as both investments and advances are showing growth during the first quarter of this calendar year. According to Quarterly Performance Review of the Banking Sector for the quarter Jan-March 2017 issued by the State Bank of Pakistan (SBP) against the usual pattern of seasonal retirement of advances during first quarters of a calendar year, Q1CY17 witnessed an uptick in private sector advances.

Interestingly, Islamic banking industry took the lead in flow of credit. Besides corporate sector's borrowing for fixed investments, a healthy growth in production of sugarcane led to higher levels of borrowing by both public and private sectors under financing for sugar. The increase in deposits has been marginal and the sector has resorted to borrowing from financial institutions, mostly from the SBP, to fund the asset growth, the report said.

Low interest rates and build-up of low yielding stock of short term government bonds has moderated the profitability of the banking sector. Although accretion of advances has partially augmented the interest income, sector's emphasis on enhancing outreach and strengthening the banking infrastructure (technology, human capital etc.) has resulted in lowering overall earnings. Accordingly, ROA has reduced to 1.9 percent in Q1CY17 (2.3 percent in Q1CY16).

The credit risk profile of the banking sector has improved with decline in non-performing loans ratios and Capital Adequacy at 15.9 percent remains satisfactory.

The QPR has highlighted that the asset base of the banking sector has expanded due to rise in both the advances and investments supported by marginal rise in deposits and increase in borrowings from financial institutions. The profitability of the banking sector has moderated while the asset quality has improved and the capital adequacy remains at satisfactory level.

Besides corporate sector's borrowing for fixed investments, a healthy growth in production of sugarcane led to higher levels of borrowing by both public and private sectors under financing for sugar. The corporate sector, capitalizing on the low interest rates and improved business environment, has been enhancing its longer-term exposures, thereby strengthening the capital formation. Within consumer finance, auto and mortgage finance have mainly contributed towards the growth of this sub-segment. Moreover, Islamic banking industry has contributed significantly in growth in overall advances.

Deposits, the key funding source of the banking sector, have increased by 0.1 percent in Q1CY17 in contrast to 0.6 percent contraction in Q1CY16. Flow of funds have largely been seen in savings (Rs 54 billion), current account-remunerative (Rs 44 billion) and others categories. Apart from deposits, borrowings from financial institutions provided the funding necessary for asset expansion.

Asset quality of the banking sector has improved with decline in non-performing loans ratio to 9.9 percent. This positive development has been brought about by a decline of 2.4 percent (YoY) in NPLs and a strong growth of 15.5 percent (YoY) in advances. The infection ratio stands at its lowest level since 2009.

The banking sector has posted profit after tax of Rs 49 billion during Q1CY17 compared to Rs 52 billion in Q1CY16. This moderation in profits coupled with growth in assets narrowed down the ROA to 1.2 percent (1.5 percent as of end March, 2016).

Capital Adequacy Ratio

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(CAR) has slightly adjusted downwards to 15.9 percent during Q1CY17 mainly due to continuing growth in private sector advances. Banks are well positioned from solvency standpoint as the prevailing CAR is well above the minimum required level of 10.65 percent.

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Plea against K-E sell-off

SC issues notices to govt, other parties

RECORDER REPORT

ISLAMABAD: Supreme Court on Tuesday issued notices to the government and three other parties in response to a plea of Jamaat-e-Islami (JI), seeking reversal of K-Electric (formerly KESC) privatisation on grounds that transaction was made in "violation of law" of the land.

Filing a pro bono publico petition before the apex court, the JI made Federation of Pakistan, Shanghai Electric Power Company Limited (SEPCL), China, and Securities and Exchange Commission of Pakistan (SECP) and Competition Commission of Pakistan (SECP) through their chairpersons as respondents.

Resuming the hearing of the matter, a three-member bench led by Chief Justice Mian Saqib Nisar observed that it is a strong resolve of the common man that the judiciary will dispense justice and provide remedy.

Chief Justice Mian Saqib Nisar further remarked that due to the reason people invoke the apex court's jurisdiction instead of raising issued before the relevant forums, saying the court will not discourage them and will provide remedy.

The bench also observed that the court needs to figure out if the power company can be bound to bring load-shedding to an end, and if the government has the resources to provide uninterrupted electricity to consumers.

The petitioner's counsel sought, among other things, court's directives for reversal of the KESC (now K-Electric) privatisation on grounds that the same was conducted in violation of the Constitution and the applicable privatisation laws and that Al-Jomaih Holding Company was allowed to assume the majority interest in KESC in a thoroughly biased and irregular manner.

The hearing of matter was adjourned for an indefinite period.

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KPT tells KICT

PCL must get back its 10pc shareholding

AHMED MALIK

KARACHI: The Karachi Port Trust has asked the Karachi International Container Terminal (KICT) to reinstate and restore Paramount Communication Limited (PCL) to its original shareholding of 10 percent.

The decision on the directives of the Ministry of Ports and Shipping takes effect immediately.

In a letter to Paramount Communication on June 6, the KPT had said that the company's removal from the Karachi International Container Terminal was "illegal and unjustified,"

On May 29, the Ministry of Ports and Shipping, in its letter to KPT said "Upon detailed examination of the case regarding KICT, the removal of PCL dated January 31, 1995 from Karachi International Container Terminal is illegal and unjustified". The Ministry of Ports and Shipping asked the KPT Chairman to instruct KICT to reinstate and restore PCL to its original shareholding of 10 percent with immediate effect. "A compliance report to the Ministry may be furnished after issuance of the necessary instructions", the letter said.

"Expressions of Interest were invited from foreign and local entrepreneurs for setting up new dedicated terminals at the Karachi Port Trust in the year 1993", a brief report for the President of Pakistan dated June 7, 2006 said. Proposal from a consortium comprising M/s American President Lines, International Container Terminals and Paramount Communication Limited, for setting up of Container Terminal at Berths 22-24 was considered by the KPT Board.

It was resolved under B.R. No. 810 dated March 7, 1994 to issue a Letter of Intent subject to certain conditions including 10 percent equity share by KPT and its representation on board of directors. Accordingly, KPT chairman requested approval of the federal government to issue Letter of Intent to M/s APL/ICT/PCL and to finalize the Implementation Agreement for early execution.

However, PCL was dropped from this consortium and the shares of KICT were later transferred to Hutchison without settling with PCL.

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Qatar LNG exports: safe for now

Analyses & Comments by BR Research

The diplomatic crisis in the Middle East might have far-reaching repercussions for the region and the global energy markets. But the Saudi led blockade of Qatar, the world's largest exporter of liquefied natural gas, will only result in disruption if the situation aggravates further and international sanctions are put on Qatar.

This does not seem likely in the current situation. Despite US President Trump's incitement of the GCC countries, Qatar remains an important US ally with its largest military base in the region based out of the tiny gas-rich emirate.

Another factor going in favour of Qatar is the sheer size of its contribution to global LNG exports. According to the International Group of Liquefied Natural Gas Importers (GIINGL), Qatar exported roughly 80 million tons of LNG in 2016. That is equivalent to almost one third of the global LNG supply.

And then there are the customers. The list includes Japan, China, India, and a host of European countries with enough political clout to ensure a befitting response should any attempt is made to stop Qatar's energy exports to these regions. For now, even with Saudi and other Emirati waters off-limits to Qatar, it can continue using the Iranian route or sail through the Strait of Hormuz as long as Oman does not join the Saudi led embargo.

However, the ban will result in additional refuelling costs and delivery time in the medium to long term as the UAE's port of Fujairah is one of the key ports for the global energy market and is used as a stop-over for carriers heading to Asia, Europe and the United States.

There is an option available to Qatar to retaliate by cutting off gas supply to the UAE via the Dolphin pipeline that accounts for supply of more than 2 billion cubic feet per day. According to Bloomberg, this is equivalent to almost one-fourth of the country's consumption and can have highly adverse impact with the soaring temperatures in the Middle East set to rise even further entailing increased energy consumption. However, this will result in aggravating the situation further, which will hurt Qatar more in the long term and possibly damage its reputation as a reliable energy supplier.

The other key route is through the Suez Canal, which is so far open to Qatar. Egypt is bound under international law to allow all ships to pass through with the exception of countries it is at war with. However, if for some reason the Suez Canal also becomes off-limits to Qatari carriers, Europe would see an additional three to four weeks increase in shipping times for its energy imports from Qatar.

For Pakistan, the risk does not seem high in the short to medium term. The country imports only 600 million cubic feet per day (mmcfd) of LNG and the route via Iran will not be affected ensuring a reliable supply.

Qatar Petroleum has issued assurances to all its importers including Pakistan of reliable energy supplies, and for the time being it looks like the Emirate will be able to honour its commitments. However, with the global supply glut persisting in both the LNG and oil markets, a prolonged siege by its neighbours will surely hamper the Qatar's economic prospects.

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Textile, load-shedding & Ramazan

In addition to people feeling the heat, our industry is feeling the heat of load shedding too. Last week, the Pakistan Apparel Forum issued a statement highlighting the 7-8 hours of load shedding in industrial areas of Karachi, where production has been scaled down by 40 percent. This statement came a day after the Commerce Minister said that an increasing trend in exports is being observed since the announcement of the PM's export package!

First things first; so far, there isn't enough evidence to suggest any 'rebound,' as the Commerce Minister likes to claim (Read: "Textile exports 10MFY17," published on May 24, 2017). That's because there remains a divide between implementation and policy. The new budget didn't introduce anything new either, and the exporters' claims are still pending. The cotton production was, despite an improvement over the previous year, also underwhelming, and has resulted in the cotton ginners successfully lobbying for an import duty.

Now, given the resumption of load shedding in Ramadan, it appears that matters will only be worse before they can get better. In addition to Karachi, industrial load shedding is taking place in Punjab as well, from Iftari to Seheri, as per a source in APTMA. Prior to the holy month, both Punjab and Sindh were receiving a steady supply of electricity. In Ramadan, however, the government diverts the supply of electricity from the industry to consumers.

Energy has long been a core issue for the industry. Even when there is no load shedding, the tariff is the highest in the region. The textile industry claims to pay 100 percent of what it consumes from WAPDA, yet it is being charged Rs3.6 as theft surcharge. The gas-pricing issue persists as well; Punjab is getting RLNG for Rs1050, whereas Sindh is getting Sui gas for Rs600.

It's understandable that the government diverts the electricity from industry to consumers, but it doesn't seem to be working for the consumers even! Why are the consumers suffering as well? Where are all the megawatts going that the sitting government so proudly likes to flaunt? It's unfortunate that the load shedding epidemic has gotten so bad that both the industry and the everyday consumers are currently at a loss.

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Bhikki gas power plant resumes production

RECORDER REPORT

LAHORE: With the rectification of technical fault in the turbine of Bhikki gas power plant, provision of more than 300 megawatt electricity from this plant has been restored.

This was revealed by Punjab Chief Minister Shahbaz Sharif, while presiding over a meeting of Board of Directors of Quaid-e-Azam Thermal Power Limited Company, here on Tuesday. The meeting took detailed performance review of the company.

While addressing the meeting, Shahbaz said Bhikki gas power plant is providing cheap electricity to the consumers. He added that work is in progress day and night to repair the technical fault in second gas turbine.

He directed that landscaping of the project should be conducted to beautify the project environs and added that this task should be outsourced.

The CEO of Quaid-e-Azam Thermal Power Limited Ahad Cheema gave a briefing about performance of the company.

Provincial Finance Minister Dr Ayesha Ghaus Pasha, Chairman BOD of Quaid-e-Azam Thermal Power Limited Chaudhry Arif Saeed, President LCCI Abdul Basit, as well as concerned officials attended the meeting.

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PTI MPA asks Sindh govt to scale down sales tax to 6pc

ANWAR KHAN

KARACHI: An MPA of Imran Khan's Tehreek-e-Insaf asked the government on Tuesday to expand the sales tax radius by scaling down its rate to six percent so as to ensure financial relief to the public.

Discussing the proposed fiscal budget of 2017-18 in the Sindh Assembly, PTI parliamentary leader Samar Ali Khan slammed the PPP government for what he called its failure to ensure better nutrition for children in the province, where he said 98 percent of them suffer from malnutrition.

He proposed that the government slash the sales tax to six percent but widen its base across the province, saying that the poor are forced to pay direct taxes of about 70 percent. He said that high taxation directly affects the public.

Turning to education, he said Sindh's education system had "virtually collapse."

About 74 percent of state-run schools do not have a single teacher, he told the house. "Raising budgetary allocations is not the solution," he said.

Citing Khyber-Pakhtunkhwa as an example, where the PTI is the governing party, he said that parents, including provincial ministers, had pulled out some 98,000 children from private schools to readmit them in public sector academic institutions.

The parliamentary leader of the Pakistan Muslim League (Functional), Nand Kumar,

said that over 30,000 schools in Sindh lacked basic facilities for students. He pointed out that the education system in Sindh has been devastated.

Turning to a more controversial subject, he asked the treasury members to avoid criticizing those who have passed away, such as Gen. Zia-ul-Haq, If the PPP members continued to attack the late dictator, he would disclose embarrassing facts about the PPP's founder, Zulfikar Ali Bhutto. The MQM's Saifuddin criticized the PPP's Manzoor Wasan for his claim that Keamari Town generates revenue for the national exchequer along Bin Qasim Town, saying that the port town does not even have funds to pay salaries to its civic officials. He said Keamari port is under the federal government's jurisdiction and does not earn revenue for the province.

The MQM's Muhammad Hussain said that the Sindh government inflicts 37 different taxes on Karachi's public but fails to provide adequate facilities to the city's taxpayers. Sindh Home Minister Sohail Anwar Siyal said that the city has been cleansed of the target killing menace, which came about because of the efforts of the Rangers and police. He credited his own government for the to extortion and unrest in Karachi.

"At present, there is 95 percent peace in Karachi," he said, announcing the government will recruit 10,000 personnel for police next fiscal year.

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Industrialists assured of resolution of labour laws

RECORDER REPORT

KARACHI: Sindh Minister for Labor, Human Resources, Transportation and Mass Transit, Nasir Hussain Shah has assured the industrialist that all of their reservations regarding labor laws will be addressed soon

"Sindh government will try its best to facilitate business community," Shah said speaking at an Iftar dinner hosted by Korangi Association of Trade and Industry (KATI). He also assured them that amendments made last year to labor laws would be reviewed with the meaningful consultation of industrialists and employers.

Replying to the concern that Sindh Chief Minister was not giving appointment to business community for a meeting, Nasir Shah assured them that their meeting with the Chief Minister would be arranged soon. He said that Chief Minister himself was eager to listen to them. Shah said that development projects for industrial areas would be included in budgetary allocated schemes.

"PPP chairman has categorically directed Sindh government to resolve every problem of business community on priority basis," he said.

Former president of FPCCI S M Muneer praised Sindh chief minister Syed Murad Ali Shah saying he earned his name as a "doer" hence he expressed hope business community's concerns would be resolved soon.

"An affective committee should be formed to review this issue and that must be given needed authority," he said.

Muneer said that businessmen were paying all taxes but were not even getting basic facilities such as water while their complaints about deteriorated sewerage system in Korangi Industrial Area and other industrial zones were also not being heard.

He urged the Sindh government to take notice of severe issue of ruined roads and sewerage system.

"Business community of Karachi wants to convey their concerns and grievances to Sindh Chief Minister but we are not getting an appointment," he complained.

Head of KATI's standing committee on Labour, EOBI & SESSI, Zahid Saeed, briefed the minister on the anomalies of the amended laws in previous year. He said that more than a dozen labour-related laws have been amended last year but not a single suggestion was taken by business community.

"Without meaningful consultation with the employers how the labour laws could be implemented, effectively and productively," he asked.

He said that many laws were contradictory. He urged that change of definition of employer, profit share of employees, contractual issues, welfare fund, EOBI, SESSI and many other subjects should be addressed.

Zahid Saeed proposed that a committee be formed in which representatives from among government officials, employers and workers should be included to resolve the issue.

Senior vice president of KATI Ghazanfar Ali Khan also endorsed the formation of committee and stressed to resolve all issue as soon as possible.

On this occasion, vice president of KATI Umer Rehan, Zubair Chhaya, Gulzar Firoz, Ehtisham Udddin, Shujaat Ali Baig, Mirza Ikhtiyar Baig, former chairmen and presidents of KATI, members of executive committee and other senior members were also present.

The KATI president couldn't attend the Iftar party due to illness of his mother. The participants prayed for his mother's early recovery and stable health.

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Cotton growers warned of ‘harsh weather conditions’

RECORDER REPORT

KARACHI: The Met Office has asked the cotton growers to irrigate their standing crops keeping in view the ‘harsh weather conditions’ ahead.

It said that the rice growers should sow the crop in accordance with the recommendation by the agriculture experts. “Removing weeds from the standing crops is very important as weeds utilize moisture and food which are to be utilized by the crop,” it added.

Growers should take measures to preserve the standing crops and vegetables from the damaging effects of varying weather patterns.

In the next 10 days: It said that light to moderate rainfall is expected in the most parts of Punjab while light rainfall is likely at isolated places in Karachi Division.

It said that light to moderate rainfall is expected at isolated places in Khyber Pakhtunkhwa, besides isolated places of Kalat, Zhob and Makran Divisions. Light to moderate rainfall is expected in the most parts of Gilgit-Baltistan and Kashmir during the period.

Heat waves: The Met said that Karachi is expected to suffer from the hot weather with high humidity of 80 percent and 37 degrees Celsius of temperature on Wednesday and Thursday (June 14 and June 15). It said that weather is expected to remain partly cloudy with drizzle.

Maximum temperature was recorded in Sibbi as 48 degrees Celsius followed by Nokkundi, Dalbandin, Noorpur Thal and Bhakkar 46, each, Larkana, Jacobabad, Shaheed Benazirabad, Dadu, Turbat and Sukkur 45, each in the last 24 hours.

In the next 24 hours: Mainly hot and dry weather is expected in the most parts of the country. However, rain-thunderstorm is expected at few places in Malakand, Hazara, Rawalpindi, Multan, Bahawalpur, D. G. Khan and D. I. Khan Divisions, besides Islamabad, Gilgit-Baltistan, Kashmir and its adjoining hilly areas.

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TDAP focusing on non-traditional markets to enhance exports

RECORDER REPORT

FAISALABAD: Secretary Trade Development Authority of Pakistan (TDAP) Inam Ullah Khan has said that TDAP has focused on non-traditional markets to enhance Pakistani exports. In this connection, efforts to create strong linkages between the businesses of Pakistan and its counterparts are under way.

While addressing the members of Pakistan Textile Exporters Association here on Tuesday, he said that increase in exports was imperative for better economy and TDAP, with consultation of stakeholders was making strenuous efforts to achieve that cherished objective.

Terming GSP plus a turning point, he said Pakistani exports to EU had recorded a phenomenal increase. He admitted that country's exports recorded a continuous decrease; however, "we are making serious efforts to give a quantum jump to our exports by focusing particularly on non-traditional markets and encouraging exports of non-traditional items."

Earlier, Chairman Pakistan Textile Exporters Association (PTEA) Ajmal Farooq, apprising the Secretary TDAP, highlighted the major irritants in export growth. Textile exporters have been traditionally concentrating on European and American markets and had built good reputation in home textiles and made ups, especially in bed linen. However; this is the right time to focus non-traditional markets and generous efforts should be made to explore the untapped potential of African and South American region, he added.

Stressing to steam up the Pakistani trade missions abroad, he said trade missions should transmit back information about market analysis, import and export rules and regulations, market intelligence and serious buyers of their destined country. Declaring B2B interaction key tool in trade promotion, he suggested frequent exchange of trade delegations with the trading partner countries to explore the potential of trade. "Pakistani economy is based on cotton and textile exports are the main source of generating foreign exchange for the country. Sector specific single country exhibitions should be organized to attract foreign buyers and for promotion of Pakistani items in the world," he suggested.

Furthermore, only genuine buyers and foreign importers should be invited in "Expo Pakistan" in order to get maximum benefits. TDAP should also form the overseas delegations to visit this mega event for fruitful results. He recommended more FTA's and PTA's should be finalised to enhance the Pakistani exports.

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Cotton spot rate falls on selling pressure

RECORDER REPORT

KARACHI: Selling pressure by ginners pushed the official spot rate down on the cotton market on Tuesday in the process of trading, dealers said.

The official spot rate drifted lower by Rs 50 to Rs 6750, they said. In the ready session, nearly 7000 bales of cotton changed hands between Rs 6900-6975, they said.

In Sindh, seed cotton prices were available at Rs 3400-3500, they said.

According to the market sources, expectations of better cotton production this year, propelled ginners to dispose off unsold stock, casing fall in present levels.

Recent rains in India and good cotton production in the other cotton producing countries, pushed down rates and it is most likely prices may come down further in the near future.

Cotton analyst, Naseem Usman said that mills and spinners were not interested in fresh buying on rising anticipations of more decline in present rates.

Adds Reuters: ICE cotton futures were mostly unchanged on Monday, holding near two-week lows hit on Friday amid a weaker dollar.

Cotton contracts for December settled down 0.05 cent, or 0.07 percent, at 72.44 cents per lb. It traded within a range of 72.33 and 72.64 cents a lb.

Total futures market volume fell by 4,185 to 34,669 lots. Data showed total open interest gained 45 to 232,985 contracts in the previous session.

The following deals reported: 3000 bales of cotton from Rahim Yar Khan at Rs 6900 and 3400 bales from same station at Rs 6975, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL					
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**	**Spot Rate Ex-Karachi As on 12.06.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,800	135	**6,935**	**6,935**	-50/-
40 Kgs	7,288	145	**7,433**	**7,433**	-54/-

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Cotton mostly unchanged

NEW YORK: ICE cotton futures were mostly unchanged on Monday, holding near two-week lows hit on Friday amid a weaker dollar.

Cotton contracts for December settled down 0.05 cent, or 0.07 percent, at 72.44 cents per lb. It traded within a range of 72.33 and 72.64 cents a lb.

"July options are expiring this week... textile mills are focusing on locking prices for on-call positions and the market is kind of on a slow reaction process before looking at the WASDE numbers again," said Anestis Arampatzis, risk management consultant at INTL FCStone.

"They are too early in the season and talking about cotton that is still very young and still on the ground.

There was no reason for the market to react aggressively despite the revision in export outlook."

The government lowered its US export outlook for the new crop on Friday.

Meanwhile government data on Friday showed that speculators had cut a net long position in cotton by 6,820 lots to 81,755 lots in the week to June 6.

Intercontinental Exchange (ICE) said on Friday it would delist all currently listed world cotton futures contract months as of the start of trading on Monday, and would defer listing any new contract months.

Total futures market volume fell by 4,185 to 34,669 lots. Data showed total open interest gained 45 to 232,985 contracts in the previous session.

Certificated cotton stocks deliverable as of June 9 totalled 456,328 480-lb bales, up from 453,374 in the previous session.

The dollar index was down 0.10 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was down 0.47 percent.—Reuters

New York cotton

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The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	75.10	75.14	74.31	74.59	14:20	-	-0.54	19054	75.13
Jul'17	73.58	73.99	73.27	73.99	14:20 MAY 17	-	-0.12	6	74.11
Oct'17	72.32	72.42	71.75	71.95	14:20 MAY 17	-	-0.49	16594	72.44

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Drop in home remittances

It is unfortunate that home remittances, which had contributed a great deal in containing current account (C/A) deficit of the country within reasonable limits, have, of late, tended to decline. According to the latest data released by the SBP, overseas Pakistani workers remitted an amount of $ 17.46 billion in the first eleven months (July-May) of FY17 as compared with $ 17.84 billion in the corresponding period of last year, showing a fall of 2 percent. The detailed data revealed that major declines were witnessed in the inflows from the US, the UK and Saudi Arabia. Workers' remittances from the US fell by 3.22 percent to $ 2.18 billion compared to $ 2.25 billion in the same period last year while inflows from the UK decreased by 8.13 percent to $ 2.08 billion from $ 2.27 billion a year earlier. Inflows from Saudi Arabia came down from $ 5.39 billion last year to $ 5.03 billion, denoting a fall of 6.57 percent. Remittances from the UAE amounted to $ 3.9 billion, registering a decline of 0.88 percent during the year. The EU was the only region from where inflows rose by 15 percent to $ 425 million. However, remittances during May, 2017 amounted to $ 1.87 billion which were higher by 21.36 percent and 3.77 percent over April, 2017 and May, 2016 respectively. This may be due to the month of Ramazan and coming Eid-ul-Fitr during which higher remittances are generally received. Internationally known charity organisations in the country also attract millions of dollars during Ramazan as donations and Zakat. The total amount of remittances, nonetheless, may not touch the record level of $ 19.9 billion witnessed during 2015-16 even if inflows increase further during the month of June, 2017 due to these factors.

Though the aggregate amount of home remittances is still quite high, the fall in their inflows over the last several months is definitely a cause of concern. Such a trend is all the more disturbing because it is not likely to be reversed in the foreseeable future because of low oil prices in the international market and worsening fiscal trends in oil producing countries where most of the Pakistani labour force is employed and "localisation requirements" are shrinking employment opportunities for high-skilled workers from abroad. Tightening of anti-money laundering laws in the US, the EU and many other countries have also reduced the inflows from developed countries to a certain extent. Anyhow, a declining trend in home remittances would not have been a cause of much worry if other components of the balance of payments would have behaved positively. Since exports are down, imports are up and trade deficit is widening simultaneously, the decline in home remittances has only added to the deficit in the C/A and exacerbated the situation. The consequences of such a negative trend are obvious. The C/A deficit of the country could worsen further and this would have to be filled either by increased foreign borrowings at high interest rates or further depletion of foreign exchange reserves which are not very high at present to sustain a continuous haemorrhage on the external sector. Pakistan's forex reserves have already fallen by $ 3.51 billion since October, 2016 to $ 20.52 billion on 2nd June, 2017. Reserves held with the State Bank have dropped by $ 3.22 billion to $ 15.7 billion during the same period. It is generally believed that the government will try to keep the exchange rate of the rupee around the current levels till the general elections through the SBP intervention in the forex market but would be constrained to depreciate the rupee later on. Repayments on borrowed money have also started to pick up pace and could get worse in the coming years if the country continues to borrow from sources abroad to fill the widening gap in the current account.

We feel that most of the factors impacting the current flow of home remittances are beyond the control of the government but there are few options which could be availed. Friendly Middle Eastern countries should be persuaded to continue employing our labour force

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so that the present flow of home remittances is not affected. This may be difficult in the current circumstances but there is no harm in trying. Secondly, PRI, a joint initiative of the SBP, Ministry of Finance and Overseas Pakistanis, needs to be revamped to facilitate expatriates. Thirdly, efforts need to be made to equalise the inter-bank and open market rates so that overseas Pakistanis are not tempted to remit the money through non-banking channels. Lastly, it needs to be recognised that the real solution of the problem is in expanding exports because home remittances are subject to exogenous factors and their continued inflow cannot be generated in the long run. Although the government has offered a package and some incentives to the exporters but these measures could prove insufficient to compensate for the rise in imports and a slowdown in home remittances.

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SCO's global economic reach

M Ziauddin

The eight-member Shanghai Cooperation Organisation (SCO) is an inter-governmental organisation comprising China, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, Uzbekistan, Pakistan and India.

The main objectives of the SCO are to (i) strengthen relations among member states; (ii) promote cooperation in political affairs, economics and trade, scientific-technical, cultural, and educational spheres as well as in energy, transportation, tourism, and environmental protection; (iv) safeguard regional peace, security, and stability; and (v) create a democratic, equitable international political and economic order.

With assistance from the Asian Development Bank and the United Nations Economic and Social Commission for Asia and the Pacific, SCO members have already developed an intergovernmental agreement on facilitating international road transport.

A programme for multilateral trade and economic cooperation, defines the basic goals and objectives for economic cooperation within the SCO framework. It has also laid out priorities and achievable steps for cooperation, the free movement of goods, capital, services, and technologies.

A Framework Agreement to enhance economic cooperation has also been already signed by the SCO members. A proposal for a long-term objective to establish a free trade area in the SCO is under discussion, while other more immediate measures are being taken to improve the flow of goods in the region. A follow-up plan with 100 specific actions has also been signed by the members.

The SCO has pledged to prioritize joint energy projects; such will include the oil and gas sector, the exploration of new hydrocarbon reserves, and joint use of water resources. The creation of an Inter-bank SCO Council has also been proposed in order to fund joint projects. Russia is developing plans for an SCO "Energy Club".

Pursuing a responsible currency and financial policy, control over the capital flowing, ensuring food and energy security have been gaining special significance in the SCO.

Keeping in view the defectiveness of the monopoly in world finance and the policy of economic selfishness the SCO proposes to take part in changing the global financial structure so that it will be able to guarantee stability and prosperity in the world and to ensure progress.

Following the 2008 global financial crisis, China had announced plans to provide a US$10 billion loan to SCO member states to shore up the struggling economies of its members. China and Russia are also demanding a bigger quota for them in the International Monetary Fund.

The SCO's increasing global economic reach needs to be viewed in the backdrop of expanding economic relations between China and a Europe that has already lost the United Kingdom and at the same time losing fast its socio-economic and political links with the US.

Both Beijing and Brussels hope to move ahead with economic globalization, and during the annual EU-China Summit held in Brussels on June 1–2, the two sides forged a new green alliance to combat global warming. One of the areas in which China and the EU have developed strong ties is in the monetary field. Beijing has traditionally supported the euro, which is the only serious alternative to the dollar, and has diversified its foreign exchange reserves—the world's largest—so that it now holds over one-third in euros and just slightly more than half in dollars, a decrease of around 30 percent since 1999, when the European common currency came into circulation. What this means is that in the last several years, Beijing has swapped dollars for euros, a trend

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that is likely to continue in future.

China's diversification of its foreign reserves has accelerated since August 2011, after Standard & Poor's downgraded the credit ratings of the US federal government from AAA (outstanding) to AA+ (excellent). Sino-European financial and monetary links deepened as a result, because China began divesting away from dollar-denominated assets and purchased growing quantities of eurozone bonds, in particular German Bunds, which were perceived to be safer than US Treasuries.

This has come at the expense of the United States, which has had to raise the yields on its securities to attract investors. Moreover, China's diversification strategy signals that the dollar is no longer the world's only reserve currency, and this is important to Beijing, which is trying to internationalize its currency as it weans itself off of its dependency on the United States' economic cycle and monetary policy.

The reserve status of the dollar means that the world needs greenbacks for making payments, and this has allowed the US government as well as Americans to borrow at lower costs. The fact that China supports the European common currency at the expense of the dollar has thus major geostrategic implications.

Europe has, in turn, supported many of China's monetary ambitions. The Europeans unanimously backed the decision by the International Monetary Fund (IMF) in December 2015 to include the renminbi in the basket of currencies making up the Special Drawing Right (SDR), an international reserve currency that includes the US dollar, the euro, the British pound, and the Japanese yen.

The decision was clearly political. The EU wanted to send a friendly message to China, the world's second-largest economy, as well as to recognize what Beijing had done to support the euro during the euro crisis of 2009–11, when the European common currency became the target of speculative attacks mainly stemming from Wall Street–based banks and hedge funds. At the time, Chinese leaders intervened on various occasions to reassure the financial markets by buying eurozone bonds.

Europe's decision to support the renminbi's inclusion in the IMF's currency basket was also taken in defiance of Washington, which had argued for years that the Chinese currency should be included in the SDR only if China opened its capital account, meaning it would allow companies, individuals, and banks to move money without overbearing rules and government approvals; let its currency float freely; and loosened government control over its central bank. None of this has happened. But Europe believed that including the renminbi would encourage China to liberalize its capital account further.

Today, the old continent is home to the largest number of renminbi bank clearings or offshore hubs where the Chinese currency can be traded. The fact that offshore renminbi hubs have also emerged in Budapest, Frankfurt, Luxembourg City, Madrid, Milan, Paris, and Prague indicates Europe's willingness to promote the use of the Chinese currency.

In the same vein, most of Europe's central banks have accepted—or are considering accepting—China's currency as a viable reserve. Although London is currently the most important offshore market for renminbi trading, once the United Kingdom leaves the EU, significant shares of renminbi trading in London will most likely move to the continent, in places such as Paris, Frankfurt, and Luxembourg, thus strengthening the China-EU monetary axis even more.

Between 2002 and 2016, total EU-China trade has risen dramatically, from 125 billion euros to roughly 515 billion euros. Today, China and the EU trade more than 1.5 billion euros in goods each day, and total bilateral trade in 2016 was 514.6 billion euros according to the European Commission—nearly equivalent to what China exchanges with the United

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States. In fact, the EU is now China's most important trading partner, although China ranks number two for the EU, after the United States.

Europe is now the top destination for Chinese foreign investments, surpassing the United States. According to the China Global Investment Tracker, a joint project of the American Enterprise Institute and the Heritage Foundation, China invested nearly $164 billion in Europe between 2005 and 2016. During that same period, it invested $103 billion in the United States.

China on the other hand restricts foreign investment in its domestic market for almost all sectors, with limited openings in banking and finance. Should the two - China and Europe - reach an agreement on these issues, however, there would be a significant boost to Sino-European trade and investment at the expense of other important players, most notably the United States, which would likely receive less inbound investments from China.

China's annual steel output is almost double the EU's, and the European Commission maintains that Chinese steel exports are damaging Europe's steel sector by putting tens of thousands of jobs at risk.

Still, as the early June summit revealed, there are a number of issues on which China and the EU agreed. Both pledged to continue efforts to reduce pollution and combat rising sea levels even without the United States. China and the EU also agreed to cut back on fossil fuels, develop more green technology, and raise funds to help poorer countries, particularly in Africa, cut their emissions. (Information on China-EU relations liberally gleaned from an article - A New Era for EU-China Relations? - By Nicola Casarini, Published in Foreign Affairs Today on June 7, 2017)

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Qatar crisis to speed rise of Asia's spot LNG trade

Henning Gloystein

Qatar's isolation by other Arab nations has dealt a strong hand to Japanese utilities in talks reviewing long-term gas contracts with the top LNG exporter, likely accelerating a shift to a more openly traded global market for the fuel.

If Japan gets its way in the periodic contract review, the world's biggest buyer of LNG would have to import more short-notice supplies from producers such as the United States, another step away from rigid deals that run for decades towards a more active spot market.

At stake for Qatar are 7.2 million tonnes of annual liquefied natural gas (LNG) sold in contracts that expire in 2021. The $2.8 billion a year in gas mostly goes to Japan's JERA, a joint venture between Tokyo Electric and Chubu Electric that is the world's single biggest LNG buyer.

"Since the crisis emerged, the Japanese are sure not to renew all contracts and they will push very hard to get more flexible terms," said an advisor on LNG contracts, speaking on condition of anonymity due to the sensitivity of ongoing negotiations.

Qatar and Japan as seller and buyer will each account for nearly a third of 300 million tonnes to be shipped this year in 500 tankers. Any change in how volumes trade between them is sure to jolt an industry where practices in place since the 1970s are already being challenged.

In some ways the situation is similar to what happened in Europe between 2008 and 2014, when amid an economic crisis and tensions between Europe and Russia, European utilities renegotiated gas purchase terms, freeing up more supplies for spot markets.

Three deals between Japan and Qatar are under a periodic review, three sources with knowledge of the matter said, potentially allowing for some adjustments, and the buyers may also only partially renew the contracts when they expire.

An official with a Japanese buyer would not comment on individual contracts, but said purchase agreements were typically reviewed every five years.

That fits with the deals under discussion, which will expire in 2021 and were signed in 1997/1998 and in 2012.

Qatar Petroleum was not available for comment.

LNG volumes grew to 260 million tonnes last year from 250 million tonnes in 2015, produced by around a dozen countries, with more than half coming from Qatar, Australia and Malaysia.

Thirty-nine countries imported LNG in 2016, up by four from the previous year, with 70 percent of world consumption in Asia.

Facing competition from new producers, Qatar talked tough with Japan ahead of the contract reviews, warning buyers not to demand too many changes, or Japanese companies could be squeezed out of their stakes in Qatar's LNG projects.

But the tables have turned since Arab nations including Saudi Arabia, Egypt, and the United Arab Emirates (UAE) cut ties with Doha, boycotting its trade and weakening Qatar's negotiating position.

Cheniere, the only U.S. company to export LNG so far, is offering its supplies as an alternative.

"This dispute is a timely reminder of the value of the diversity and flexibility of supply that destination-free U.S. exports bring to individual buyers," said Cheniere spokesman Eben Burnham-Snyder.

Unlike other exporters, Cheniere allows its buyers to re-sell cargoes.

The Qatar crisis "will further encourage international

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LNG buyers to include more American LNG ... for reliability reasons," said Kent Bayazitoglu, director of market analytics at Gelber & Associates in Houston.

This all comes as a growing number of producers and importers are joined by more commodity houses that trade LNG.

Supplies are outpacing demand, leaving a lot of LNG stranded without takers and pulling down Asian LNG spot prices by over 70 percent since 2014 to below $6 per million British thermal units.

Trying to bring their LNG to the market, producers including Australia's Woodside Petroleum and Royal Dutch Shell have said they will grant greater contract flexibility.

Spot LNG trading made up 18 percent of supplies in 2016, up from 15 percent a year before, according to the International Group of Liquefied Natural Gas Importers.

In an informal Reuters survey, a majority of more than 30 industry experts expected at least 25 percent of Asian LNG volumes to be traded in the spot market by the end of next year. And if Japan wins concessions from Qatar, this share could rise faster, traders said.

Preparing for this, trading houses are beefing up their LNG presence.

Top commodities traders Vitol and Glencore have both said this year that they expect more spot trading over the next 18-24 months.

Vitol says its physical LNG trading volumes will rise from 3 million tonnes in 2016 to 4.5 million tonnes this year.

Japanese trading houses, eyeing the changes being driven by the country's utilities, are also preparing for more spot trade.

"We are going to reinforce our LNG team at our energy trading unit in Singapore as LNG spot trading is on the rise," Hiroyuki Kato, executive vice president of Mitsui & Co Ltd said last week.—Reuters

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Banks' profitability dips amid low interest rates

Shahid Iqbal

KARACHI: Banks' profitability declined, return on assets fell and deposits grew just 0.1 per cent in Jan-March, according to the quarterly performance review of the banking sector released by the State Bank of Pakistan (SBP) on Tuesday.

The banking sector posted an overall profit after tax of Rs49 billion in the first quarter of 2017 against Rs52bn a year ago, reflecting negative earnings growth of 7.2pc.

Despite a historically low policy interest rate, banks still rely heavily on investing in government papers. But the returns on government papers have been slashed drastically that curtailed banking profits.

Low interest rates and a build-up of low-yielding stock of short-term government bonds have moderated the profitability of the banking sector, said the report. Accordingly, the return on assets reduced to 1.9pc in Jan-Mar against 2.3pc a year ago, it added.

The SBP report said that deposits, which constitute a key funding source for the banking sector, increased 0.1pc in the first quarter in contrast to 0.6pc contraction in the same quarter of 2016.

The report said the flow of funds has largely been in savings (Rs54bn) and current account-remunerative (Rs44bn) categories.

Gross advances grew 2.4pc during the first quarter against 0.78pc a year ago. Most of the growth originated from Islamic banking institutions that added Rs102bn of fresh loans in the quarter under review, the SBP said.

The major thrust in volume terms came from sugar, automobile/transportation, electronics and electrical appliances sectors, it added.

In terms of segments, corporate financing -- working capital, fixed investment and trade finance – showed relatively higher year-on-year growth in Jan-Mar. "Encouragingly, the private sector has availed the major share (78pc)," said the report.

The report said the index of large-scale manufacturing (LSM) witnessed the growth of 10.46pc in March (quarter-on-quarter growth of 15.04pc). Food, beverage and tobacco, automobiles, cement and iron and steel were major contributors.

The report said that all categories of consumer finance – credit cards, auto finance, mortgage finance and personal loans -- have seen positive growth. Auto financing has been on the rise for the last few years and its share in consumer financing has also been increasing. Higher growth in auto financing is due to the increased interest of banks in secured financing where margins are relatively higher. In the backdrop of declining interest rate environment, it is also attractive for consumers, the central bank said.

Similarly, mortgage financing portfolio is continuously growing since the third quarter of 2014. "Presently, the 'search for yield" motive of Islamic banks and preference for Shariah-compliant mortgage products by customers have resulted in Islamic banks achieving the highest share in this sub-segment," it said.

Mortgage financing provides immense opportunities to banks and it is imperative that they take measures for enhancing its share in the overall loan portfolio.

During the second half of 2016, the government shifted its reliance for budgetary borrowing from commercial banks to the central bank. This resulted in shrinking of treasury investments of the banking sector.

However, this trend reversed in Jan-Mar as the government borrowed Rs268.1bn from commercial banks while retiring Rs121.1bn to the SBP. Most of the growth (12pc) has been in treasury bills, which are short-term in nature. Resultantly, the investment-to-deposit ratio (IDR) inched up from 64pc to 68.2pc in a single quarter. Banks' investments in other avenues (term finance certificates, bonds, debentures and other investments) also increased during the first quarter of 2017.

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Service exports flat at $4.7bn

The Newspaper's Staff Reporter

ISLAMABAD: Service exports plummeted 36 per cent year-on-year to $380 million in April after posting growth in the past few months, the Pakistan Bureau of Statistics said on Tuesday.

As a result of the monthly fall, the growth in service exports in July-April slowed down to 0.65pc; the proceeds amounted to $4.707 billion during the 10-month period.

Service exports stood at $5.46bn in the preceding fiscal year, a year-on-year drop of 7.14pc.

The service sector, which accounts for more than half of the economy, has emerged as the main driver of economic growth. Its major sub-sectors are finance and insurance, transport and storage, wholesale and retail trade, public administration and defence.

Pakistan has opened up its market to foreign service-providers, particularly in banking, insurance, telecommunications and retail areas. Service imports rose 1.48pc to $7.023bn in July-April. In April, however, they dropped 12.5pc year-on-year to $702.86m.

The import of services amounted to $7.87bn in 2015-16, down 11pc year-on-year. Services imports that dropped during July-April included transportation, travel, communications, insurance, financial, computer/information and other business services.

The trade deficit in services increased 3.23pc to $2.315bn in July-April on a year-on-year basis.

Pakistan’s share in the global trade in services stood at less than 0.06pc in 2016 while its share in GDP posted a substantial increase.

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Govt introduces 25 new amendments to finance bill

The Newspaper's Staff Reporter

ISLAMABAD: The government has introduced 25 new amendments to the Finance Bill 2017, most of them relating to income tax measures.

Of them, 12 amendments are related to income tax measures, 10 to sales tax and three to customs duty. These amendments were introduced following recommendations from senators and other stakeholders.

These amendments along with budgetary measures will come into effect from July 1.

The limit of agriculture loan for small farmers has been raised from Rs50,000 to Rs75,000 for one crop and the total volume of the loan could be Rs150,000 for two crops in a year. The minimum wage has been increased from Rs15,000 to Rs15,400.

Through the Finance Act of 2017, the government has reduced customs duty to 3pc from 20pc on parts of Peter agricultural diesel engine. This was in addition to the budgetary decision of complete sales tax exemption on agricultural diesel engines of between 3 and 36 horsepower.

The tax incentives package of information technology has been extended to IT-enabled companies as well. The government exempted the goods including plant machinery under various Islamic instruments like Murrabaha, Musawamah, Bai Muajjal, Bai Salam, Istisna, Tijarah and Istijrar from dual payment of sales tax.

The rate of tax has been further reduced to 1pc from 2pc for five export-oriented sectors — textile, leather, sport, surgical and carpet. The tamarind gum has also been declared zero-rated for the export-oriented sector.

To facilitate oil companies, the government has exempted the procedure to apply for exemption certificate for the import of oil. Withholding tax of 0.2pc and 0.5pc was exempted from distributors, dealers and wholesalers of batteries on recommendation of senators.

In the fertiliser sector, sales tax has been reduced to 10pc from 17pc on feed gas. On supply of LNG for feed gas, the sales tax rate has been reduced to 5pc from 17pc and supply of fertiliser has been exempted from further tax.

In the poultry sector, customs duty has been reduced from 20pc to 16pc and from 16pc to 11pc on all the materials used in the value-added sector. On the fish feed, the sales tax has been reduced to 10pc from 17pc.

For the manufacturers of direct-current (DC) fans, the customs duty has been exempted on import of permanent magnets; the tax rate on dividend income of up to Rs2.5m from mutual fund investments has been decreased from 12.5pc to 10pc, and the new rates of capital gains tax will not apply on securities purchased before July 1, 2016.

The tax on services of Pakistan Stock Exchange and Pakistan Mercantile Exchange has been reduced from 8pc to 2pc, for secondary market development, tax on listed derivatives has been reduced from 15pc to 5pc for a period of three years.

Tax on imports of raw plastic has been reduced to 4.5pc from 6 pc to avoid evasion while tax rate for industrial units has been reduced to 1.75 pc from 6pc.

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Cotton price falls on slow buying

The Newspaper's Correspondent

MULTAN: Slow trading was witnessed on the cotton market on Tuesday as buyers remained away from the market and only a few deals took place. The Karachi Cotton Association cut its spot rate by Rs50.

Brokers said buyers were showing less interest despite the fact that new cotton season has started.

They said that as the Punjab government had discouraged early sowing in the country, buyers were waiting for the assessment of crop size which would take a few more days.

The government should announce duty on the import of cotton without any delay, they said, as cotton was being imported from the United States, India and Brazil.

Earlier, it was announced that the government imposed duty on the import of cotton from May. Later on, it was announced that duty will be imposed before the start of new cotton. However, the government hasn't imposed the duty so far which will cause financial losses to the farming community.

Brokers said the government should also devise a strategy to regularise the transportation of cotton from Afghanistan, Turkmenistan, Tajikistan and Uzbekistan, as a huge quantity of cotton is being transported to Pakistan.

They said that as many as 10 ginning factories have been functional in the bordering cities of Afghanistan.

The government should immediately intervene in the matter of import and transport of cotton to safeguard the interest of cotton growers.

Deals of about 2,700 maunds (1 maund = around 37 kilograms) of new phutti took place. The price in Badin was Rs3,450, Jhadu Rs3,475, Kunri Rs3,500, Thatta Rs3,525, Tando Ghulam Ali Rs3,425 and Nawan Kot Rs3,475.

Major deals on the ready counter were: 200 bales from Mirpur Khas at Rs6,750 per maund, 200 bales from Shahdadpur at Rs6,850, 200 bales from Tandu Adam at Rs6,850, 1,000 bales from Rahim Yar Khan at Rs6,950, and 800 bales from Khanpur at Rs6,900, 3,000 bales from Rahim Yar Khan at 6,900 and 3,400 bales from Rahim Yar Khan at Rs6,975.

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.60	104.80	105.90	106.10
UK	132.34	132.59	135.25	136.50
Euro	117.07	117.30	118.50	119.50
S.Arabia	27.89	27.94	28.25	28.45
UAE	28.48	28.53	28.90	29.10
Japan	0.9510	0.9529	0.9565	0.9765

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

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

LIBOR

Special US dollar bonds for June 12

Three months	1.24167 %
Six months	1.42183 %

THE NEWS
Wednesday, 14th June, 2017

Shanghai Electric withdraws offer to buy K-Electric stake

KARACHI: China's Shanghai Electric Power Company has withdrawn an offer to buy 66.4 percent stakes of K-Electric Limited after the power utility's key shareholder failed to secure a national security clearance certificate to complete the transaction, an official said on Tuesday.

"We have received a copy of the withdrawal of public announcement of intention for acquisition – directly or indirectly – of up to 66.4 percent of the voting shares of K-Electric Limited by Shanghai Electric Power Company," Mohammad Rizwan, director finance at K-Electric said in a notice sent to the bourse.

Stocks market cheered the news as K-Electric's share surged 2.7 percent in the intra-day trading, and settled with a gain of 0.28 percent because of profit-taking.

On August 30, 2016, Shanghai Electric made a public announcement of intention to acquire 18.335 million shares in K-Electric Limited, representing 66.4 percent of the total issued share capital.

Abraaj Group, a Dubai-based private equity, in partnership with Al-Jomaih Group of Saudi Arabia and National Industries Group of Kuwait, holds a total shareholding of 66.4 percent in K-Electric. The three-firm consortium operates in the name of KES Power, which is the parent company of K-Electric.

Manager to the offer Ahmed Rajani at Arif Habib Limited said the time period for making the public announcement of offer, after an extension by the Securities and Exchange Commission of Pakistan, would lapse as of June 30 on the basis that, "certain regulatory and other approvals for the transaction remain outstanding."

Sources said K-Electric's failure to secure continuance of the pre-existing multi-year tariff was not welcomed by the Chinese and then a disagreement over almost $1.0 billion dues outstanding against the power utility soured the fate of the $1.77 billion deal between Abraaj and Shanghai.

K-Electric is faced with claims roughly worth Rs98 billion, filed by Sui Southern Gas Company and National Tariff and Despatch Company on account of late payment surcharges.

Since the acquisition was contingent upon all the settlements, a KEL delegation in February this year briefed the minister on the status of payables and receivables of K-Electric with regard to various government entities and suggested ways to resolve the pending issues.

However, the Privatization Commission could not be convinced to issue the national security clearance certificate before all the outstanding dues are cleared.

Rajani said Shanghai Electric continued to be fully committed to consummate the transaction and, "they will make a fresh public announcement of intention to acquire stake in K-Electric immediately with effect from the expiry date of the earlier intention i.e. June 30, 2017."

Sources said the fresh intention to acquire K-Electric's voting shares might be much less than the existing offer of $1.77 billion, as the Chinese acquirer would price in the outstanding dues in their offer.

They said K-Electric had assured Shanghai Electric that some Rs50 billion of the outstanding Rs98 billion would be waived. "That, however, didn't happen."

The sources said the Chinese offer had already factored in Rs54 billion of outstanding dues and the fresh intention to acquisition would certainly be down by another Rs50 billion.

Assuming that K-Electric's share would reach Rs9.20 by June 30, the Shanghai Electric's fresh offer will be around $1.2 billion.

THE NEWS
Wednesday, 14th June, 2017

Services exports rise to $4.707bln in July-April

KARACHI: Export of services earned Pakistan $4.707 billion in the first 10 months of the current fiscal year of 2016/17, depicting a 0.65 percent rise over the same period a year earlier, official data showed.

The Pakistan Bureau of Statistics (PBS) said the country's export of services amounted to $4.677 billion in the July-April period of 2015/16. Services export, however, fell 45.81 percent to $380 million in April as compared to March, while the decline was 35.98 percent year-on-year.

Services sector was the major thrust behind a decade-high economic growth of 5.3 percent during the current fiscal year. Comprising of subsectors, including finance and insurance, transport and storage, wholesale and retail trade, public administration and defence, the sector's share reached 59.59 percent of GDP in FY17, according to the Pakistan Economic Survey.

The survey said the services sector recorded a growth of 5.98 percent and surpassed its target which was set at 5.70 percent for the current fiscal year. It added that wholesale and retail trade grew 6.82 percent, "bolstered by the output in the agriculture and manufacturing sectors."

The share of agriculture, manufacturing and imports in wholesale and retail trade growth stood at 18 percent, 54 percent and 15 percent, respectively. The transport, storage and communication sector grew 3.94 percent. Finance and insurance activities showed an overall increase of 10.77 percent, mainly because of rapid expansion of deposit formation (15 percent) and demand for loans (11 percent).

The economic survey said general government services grew 6.91 percent, mainly driven by the increase in real wages and salaries in this sector. Also other private services contributed significantly.

In July-April, import of services also increased 1.48 percent to $7.023 billion, said PBS. Deficit in services sector, however, widened 3.23 percent to $2.315 billion in the first 10 months of the current fiscal year. In April, service imports fell 6.65 percent to 702.86 million as compared to the previous month, and also decreased 12.54 percent year-on-year.

THE NEWS
Wednesday, 14th June, 2017

Patrind plant of 147MW connected with national grid

LAHORE: The National Transmission and Despatch Company Ltd (NTDC) has successfully connected Patrind Hydropower Plant to Muzaffarabad-II grid station through 132kV double circuit transmission line, in Azad Jamu Kashmir.

According to the spokesman of NTDC, one unit of the plant started generating power on Tuesday and was connected with the national grid. After the completion of the testing process, power generation would be increased to its optimal level, he added.

The spokesman said that 147MW Patrind hydropower plant would benefit the areas of Hazara and AJK. "A separate transmission line will also be connected with 220kV Mansehra Grid Station, which will improve the voltage level and help in reducing load shedding in AJK and Hazara Division," he said.

The spokesman further said the government of Pakistan was committed to eradicate load shedding from the country and NTDC has already provided transmission interconnection facilities to many power generation projects with their total installed capacity of 6,164MW.

"These projects include Bhikki 1,200MW, Haveli Bahadur Shah 1,200MW, Balloki 1,200MW, Sahiwal 1,320MW, Chashma C3 and C4 680MW, Quaid-e-Azam, 400MW (For the remaining 600MW, a 220 kV transmission line and associated substation is already complete) and Renolia 17MW," the spokesman added.

During the current financial year, several 500kV and 220kV transmission line projects are at advanced stages of construction. For instance, out of the total 1,123 kilometre of 500kV transmission lines of various projects, construction progress varies between from 60-90 percent.

These lines include Neelum-Jhelum to Domeli, 3rd Circuit Jamshoro-Moro-Dadu-Rahim Yar Khan, Balloki to New Lahore, Haveli Bahadur Shah of 2nd interconnection and Port Qasim to the connection point at NKI to Jamshoro line.

Transmission line to interconnect Neelum-Jhelum Hydropower Project is 90 percent complete and it would be energised well before the CoD of the power house.

Similarly, out of 614km of 220kV transmission lines of multiple projects, construction progress ranges from 62-98 percent. These projects include Lal Suhanra, Jhimpir-TM Khan, Uch-Sibbi and Gharo-Jhimpir. The replacement of existing 220kV transmission line to evacuate Tarbela Ext-4 (1,410MW) power is currently under progress and should be completed well before the completion of the power plant extension project.

The spokesman further said that NTDC has substantially reinforced its network with 2,000MVA transformation capacity through additions of power transformers in newly constructed 220kV Chishtian and 220kV Gujrat substations along with augmentation of three 250MVA transformers each at 500kV Shiekh Muhammadi, 220kV Burhan and 220kV Ludewala substations.

All these additions and expansions have greatly contributed to alleviate the existing transmission system constraints and provided adequate room for serving additional demand on the system, the spokesman said.

THE NEWS
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Pakistan eyes 2018 start for China-funded mega dam opposed by India

ISLAMABAD: Pakistan expects China to fund a long-delayed Indus river mega dam project in Gilgit-Baltistan, part of disputed Kashmir, with work beginning next year, Planning Minister Ahsan Iqbal said in an interview.

Pakistan has been keen for years to build a cascade of mega dams along the Indus flowing down from the Himalayas, but has struggled to raise money from international institutions amid opposition from its nuclear-armed neighbour India.

Those ambitions have been revived by China´s Belt and Road infrastructure plans for Pakistan, a key cog in Beijing´s creation of a modern-day Silk Road network of trade routes connecting Asia with Europe and Africa.

The $12-$14 billion Diamer-Bhasha dam should generate 4,500 megawatts (MW) of electricity, and a vast new reservoir would regulate the flow of water to farmland that is vulnerable to increasingly erratic weather patterns.

Iqbal, the Islamabad lead on the China-Pakistan Economic Corridor (CPEC), said a Chinese company from a Beijing-picked shortlist and a local partner would build the dam over a 10-year period, and work should begin in the "next financial year", which begins in July.

"This water reservoir is most critical for food security in Pakistan, so is a very high priority project for Pakistan," Iqbal told Reuters late on Monday at his ministerial home in Islamabad.

China and Pakistan signed a memorandum of understanding in December for Beijing to help fund and develop Pakistan´s Indus Basin dams, though no timelines have been released.

Pakistan estimates there is 40,000 MW of hydro potential. The Diamer-Bhasha dam and reservoir would displace more than 4,200 families in nearby areas and submerge a large section of the Karakoram Highway to China, Pakistan´s Water and Power Development Authority estimates.

Iqbal said Pakistani and Chinese engineers are also surveying other projects, including the 7,100 MW Bunji hydro power project that will be the first in the cascade that stretches down to the Tarbela Dam near Islamabad.

India´s foreign ministry and ministry for water resources did not respond to requests for comment. India has previously opposed any construction in the Indus Basin it claims as its own, and has criticised CPEC because the $57 billion corridor runs across disputed territory.

India this year fast-tracked $15 billion worth of dam projects on its side of Kashmir, despite fears from Islamabad that the power stations will disrupt vital Indus water flows into Pakistan. Iqbal, a close ally of Prime Minister Nawaz Sharif, said India needs to "stop its myopic thinking towards CPEC" and accept the Chinese-funded project is going ahead.

Better still would be for India to become part of Beijing´s Belt and Road plans, he said. Future CPEC plans are increasingly focused on how Beijing can help build up Pakistan´s ailing industries, creating special economic zones and opening up sectors from mining to agriculture to Chinese firms.

But Iqbal said infrastructure construction won´t stop, with contracts set to be signed for roads and for mass rail transport systems in Quetta, Peshawar and Karachi. He said about $10 billion in new deals should be signed in the next year on top of Chinese pledges topping $50 billion, and that was likely to double by 2020."I would say conservatively $20 billion plus (in new investment by 2020)," Iqbal said, adding this would also include private investment.

THE NEWS
Wednesday, 14th June, 2017

Banks' capital adequacy ratio falls in first quarter

KARACHI: The capital adequacy ratio (CAR) of Pakistani banks fell to 15.9 percent at the end of March from 16.2 percent three months ago, however, the banks are well-positioned from solvency standpoint, as CAR is well above the minimum required level of 10.65 percent, the central bank said on Tuesday.

"The solvency indicators of the banking sector continue to provide a healthy reading. The uptick in advances is expected to increase the utilisation of capital and may result in downward adjustment in CAR," according to the State Bank of Pakistan's (SBP) Quarterly Performance Review of the banking sector for the quarter ended March 31, 2017.

"However, continuous plough back of retained earnings will support in keeping CAR comfortably higher than both the local and international benchmarks." The central bank report stated, "Overall, the banking sector is expected to remain sound and resilient in the next quarter."

Bank net advances rose to Rs5.605 trillion in January-March 2017 from Rs5.499 trillion in the previous quarter ended December 31, 2016, with most of the increase coming from Islamic banking institutions which added Rs102 billion of fresh loans during the period under review.

The SBP said that relatively higher growth in bank loans compared with the increase in deposits has led to an improvement in advances-to-deposit ratio, elevating it to 47.5 percent in the first quarter from 46.6 percent in the previous quarter. The central bank sees bank loans to grow in line with historical trend in the next quarter.

The growth momentum is likely to be supplemented by favourable macroeconomic conditions (ie low interest rates, strengthening aggregate demand and uptick of industrial activity), increase in wheat procurement operations and positive outlook (China-Pakistan Economic Corridor related projects gain steam).

"Anticipated uptick of advances and investments due to shifts in government borrowing pattern may induce funding pressures and make it challenging for banks to meet the expected credit growth."

The banking sector's investments are expected to rise, predicted the SBP, given that government has announced auction targets both for Pakistan investment bonds and market treasury bills. And, as government's development outlays are expected to gain momentum towards the end of the fiscal year.

On the funding side, deposit growth would be determined by both the anticipated withdrawals due to upcoming Eid ul Fitr and the growth of advances, the SBP report said.

"The deposit inflows generally get a boost from disbursement of loans and advances; however, the level of Eid related withdrawals may moderate the deposit growth in the second quarter of 2017," it added.

The profitability of the banking sector is expected to see some recovery given anticipated increase in both advances and investments. However, it may remain modest given the shift of banks from long maturity high-yielding bonds towards short maturity low-yielding ones.

The SBP said that the asset base of the banking sector has expanded due to rise in both the advances and investments supported by marginal rise in deposits and increase in borrowings from financial institutions.

The profitability of the banking sector has moderated, while the asset quality has improved.

Besides corporate sector's borrowing for fixed investments, a healthy growth in production of sugarcane led to higher levels of borrowing by both public and private sectors under financing for sugar.

The corporate sector, capitalising on the low interest rates and improved business environment, has been enhancing its longer-term exposures, thereby strengthening the capital formation. Within consumer finance, auto and mortgage finance have mainly contributed towards the growth of this sub-segment. Moreover, Islamic banking industry has contributed significantly in growth in overall advances.

Deposits, the key funding source of the banking sector, have increased 0.1 percent in January-March 2017 in contrast to 0.6 percent contraction in October-December 2016, the SBP report said.

"Flow of funds have largely been seen in savings (Rs54 billion), current account-remunerative (Rs44 billion) and others categories. Apart from deposits, borrowings from financial institutions provided the funding necessary for asset expansion."

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Asset quality of the banking sector has improved with decline in non-performing loans ratio to 9.9 percent. This positive development has been brought about by a decline of 2.4 percent year-on-year in non-performing loans and a strong growth of 15.5 percent in advances. The infection ratio stands at its lowest level since 2009.

The banking sector posted profit after tax of Rs49 billion in first quarter compared to Rs52 billion in the same period of last year.

THE NEWS
Wednesday, 14th June, 2017

Cotton falls

Karachi

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

The spot rates decreased to Rs6,750/maund (37.324kg) and Rs7,234/40kg. Ex-Karachi rates also stood firm at Rs6,885/maund and Rs7,379/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said the activity improved a little bit, but there were chances of market coming back to slow activity until Eid, as arrivals of new crop would be in full swing in July.

Karachi Cotton Exchange recorded two transactions of 3,000 and 3,400 bales at Rs6,900/maund and Rs6,975/maund from Rahimyar Khan. Pakistan has registered cotton exports of 136,877 bales from 2015/16 crop during the period August 1, 2016 to May 23, 2017. During this period, a total of 115,800 bales were shipped.

The Nation on Web
The Nation
Wednesday, 14th June, 2017

Generation shortfall reduces to 15.4pc in June: Minister

Our Staff Reporter

ISLAMABAD - The generation shortfall ratio has reduced from 52 percent in 2012 and 67 percent in 2013 to 15.4 percent in June 2017.

"Four years journey which has brought us close to achieving our target of loadshedding free Pakistan," said minister for water and power Khwaja Asif in a tweet here on Tuesday. As per the tweet, average generation reached to 18052MW in June 2017, as compared to 11240MW in June 2012 and 11840MW in June 2013.

The shortfall at average values has been reduced from 5830MW in 2012 and 7938MW in June 2013 to 2789MW in 2017. Similarly, the generation shortfall ratio has reduced from 52 percent in 2012 and 67 percent in 2013 to 15.4 percent in June 2017.

Peak generation increased from 12946MW in 2012 and 13326MW in 2013 to 19248MW in 2017. The total demand as of 1200 Hrs on June 13, 2017 was 22436MW against the generation of 17872MW. The total shortfall was 4564MW while there is no unscheduled loadshedding, the tweet claimed. Giving break up of generation, the minister tweeted that Hydel generation was 5354MW, Genco's 3086MW and IPP's were 9432MW.

The Nation on Web
The Nation
Wednesday, 14th June, 2017

Businessmen reject proposed hike in gas prices

Our Staff Reporter

LAHORE - The increase in gas tariff by over 45 percent, which has been sought by the SNGPL and SSGC from the Oil and Gas Regulatory Authority (Ogra), would cause devastating repercussions upon the national economy, ousting the export-oriented industries from the international market.

These apprehensions were expressed by Pakistan Industrial and Traders Associations Front (PIAF) Chairman Irfan Iqbal Sheikh. He said that the government has no justification for making tariff hike in when the export industry is already uncompetitive and exports are constantly declining. He argued that the contention which has been portrayed by gas companies time and again that their prices are cheaper than several other countries is fallacious and illogical because the prices quoted by them are not co-related with the cost of living index and hence do not depict the true picture.

He said that the industrial productions are already low and any further increase in gas prices is bound to cause irreparable loss to the overall economy. He said that if the input cost for doing business in Pakistan would be higher than that of neighbouring countries, who would convince the foreign investors to put their money in any new venture in Pakistan. He said that power shortage had already pushed the industrial sector to the wall and a large number of industrial workers had lost their jobs, the government should avoid any anti-industry step. He out-rightly rejected the increase in gas tariff and said that it would be better if the gas companies control line losses, introduce efficiency in their system and control gas theft.

The Nation on Web
The Nation
Wednesday, 14th June, 2017

NTDC connects 147MW Patrind plant with national grid

Our Staff Reporter

LAHORE - The National Transmission and Despatch Company Ltd (NTDC) has connected the Patrind hydropower plant to Muzaffarabad-II grid station through 132 kV double circuit transmission line, in Azad Jamu Kashmir.

One unit of the plant has started power generation on Tuesday and was connected with national grid, whereas with the completion of testing process, power generation will be increased to its optimal level. The 147MW Patrind hydropower plant will benefit the areas of Hazara and AJK. A separate transmission line will also be connected with 220 kV Mansehra grid station, which will improve the voltage level and help in reducing the loadshedding in AJK and Hazara Division.

The NTDC spokesman said that the government is committed to eradicate loadshedding from the country and the NTDC has already provided transmission interconnection facilities to many power generation projects with their total installed capacity of 6,164MW. These projects include Bhikki 1200MW, Haveli Bahadur Shah 1200MW, Balloki 1200MW, Sahiwal 1320MW, Chashma C3 and C4 680MW, Quaid-e-Azam 400MW (For the remaining 600 MW, a 220 kV transmission line and associated substation is already complete) and Renolia 17MW.

During the current financial year, several 500 kV and 220 kV transmission line projects are at their advanced stages of construction. For instance, out of the total 1123 km of 500 kV transmission lines of various projects, construction progress varies between from 60-90 percent. These lines include Neelum–Jhelum to Domeli, 3rd Circuit Jamshoro-Moro-Dadu-Rahim Yar Khan, Balloki to New Lahore, Haveli Bahadur Shah of 2nd interconnection and Port Qasim to the connection point at NKI to Jamshoro line. Transmission line to interconnect Neelum Jhelum Hydro power project is 90 percent complete and it will be energised well before the CoD of the power house.

Similarly, out of the total 614km of 220 kV transmission lines of multiple projects, construction progress ranges from 62-98 percent. These projects include Lal Suhanra, Jhimpir-TM Khan, Uch-Sibbi and Gharo-Jhimpir. The replacement of existing 220 kV transmission line to evacuate Tarbela Ext-4 (1410MW) power is currently under progress and shall be completed well before completion of the power plant extension project.

The NTDC has substantially reinforced its network with 2000 MVA transformation capacity through additions of power transformers in newly constructed 220 kV Chishtian and 220 kV Gujrat substations along with augmentation of three 250 MVA transformers each at 500 kV Shiekh Muhammadi, 220 kV Burhan and 220 kV Ludewala substations. All these additions and expansions have greatly contributed to alleviate the existing transmission system constraints and provided adequate room for serving additional demand on the system.