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Textile industry demands payment of refunds, drawbacks

HASSAN ABBAS

LAHORE: The leadership from All Pakistan Textile Mills Association (APTMA), Pakistan Textile Exporters Association (PTEA), All Pakistan Textile Processing Mills Association (APTPMA), Pakistan Hosiery Manufacturers Association (PHMA), Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) and Towel Manufacturers Association (TMA) on Friday demanded payment of refunds, duty drawbacks against exports and competitive energy price, enabling textile industry to perform.

Chairman APTMA Aamir Fayyaz said that government was loosing its credibility by not implementing the textile package announced by Prime Minister Nawaz Sharif on January 10, this year.

He said the amount to be disbursed over the last three months was estimated at Rs 30 billion at Rs 10 billion per month against the export package of Rs 180 billion spread over 18 months period. “We have not received a single penny from the package up till now,” said Amir.

He also said that chairman Federal Board of Revenue (FBR) should resign on taking decisions like rolling back of Refund Payment Orders (RPO). He said the government was trying to hide budget deficit by taking such type of decisions.

He urged the Prime Minister and Finance Minister to immediately pay sales tax refunds and drawbacks to the exporters. He also urged the federal government to give priority to the exporting industry in order to reduce trade imbalance and create jobs and export surplus.

He said reimbursement of duty drawback amount under the Prime Minister’s Export led Growth package, announced on Jan 10, should be immediately made to the claimants and all future payments be timely made to the manufacturers cum exporters on realization of export proceeds.

The joint communiqué said there should be one energy price across the country in order to remove disparity in energy price for industry. In this respect, it is proposed that the five exporting sectors being zero rated by the FBR should be also zero rated from surcharges of Rs 3.63 including TR, FC & NJ surcharge to bring the tariff in line with the regional competitors. Electricity tariff should not be more than Rs7/kWh and the RLNG should be merged with the system gas to arrive at weighted average cost of gas (WACOG) in order to provide uniform pricing to the industry. The rate should not be more than Rs600/MMBTU inclusive of GIDC which was closer to the rate of international competitors, it added.

Pakistan Hosiery Manufacturers Association Chairman Adil Butt while condemning the rude attitude of the government with the export-oriented industry, has asked Finance Minister Ishaq Dar to apologize for not fulfilling the commitments with the industry.

Adil Batt said the government made several commitments on different occasions to facilitate the industry, including payment of sales tax refunds and PM Rs 180 billion package, but not a single promise was fulfilled unfortunately.

He said the prime minister’s Rs180 billion revival package for the export-oriented industries will not meet the target unless exporters’ outstanding refunds are cleared along with the release of funds under the PM Package without any delay.

The long-awaited export package, if implemented, would give boost to the country’s exports and positive results would be in the offing within next six months if the issue of liquidity crunch is also resolved on emergency

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basis. He said that hosiery exporters have not received their rebates and their major portion of working capital is stuck up with the Customs Department.

PHMA chairman said the benefit of GSP Plus move from the European Union had been virtually nullified due to our incompetitiveness as compared with Bangladesh, India, Sri Lanka and China. The declining Euro had thrown a big blow on the face of industry and thus the exporters to European countries had to bear big losses. The export package will provide support to the dwindling textile export sector and can put it on right track.

He appealed the PM Nawaz Sharif to direct the authorities to start releasing the funds under PM Package, as the high value-added industry, are badly deprived of liquidity.

PRGMEA former chairman Sajid Minhas, addressing the press conference, said the government was losing its credibility with respect to commitments it has made repeatedly to the industry and exporters. He said immediate steps are needed to arrest the adverse situation arising out of the liquidity crunch, as the exporters are under the threat of losing their export orders. Towel Manufacturers Association chairman appealed the PM Nawaz Sharif to direct the authorities to start releasing the funds under PM Package, as the high value-added industry is badly deprived of liquidity.

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PM's package for exporters

Scope of DLTL expanded

ZAHEER ABBASI

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet has expanded the scope of Drawback of Local Taxes and Levies (DLTL) of Prime Minister's incentive package for exporters.

A meeting of the ECC presided over by Finance Minister Ishaq Dar approved a proposal of the Ministry of Commerce with respect to the Prime Minister's package of incentives for exporters. For export shipments until 31st March 2017 under the package, the ECC approved extension in deadline for submission of claims from 90 days to 120 days after every shipment. The ECC also approved inclusion of certain finished leather projects in the DLTL order under the package.

The Ministry of Commerce in the proposal stated that the ECC approved the Prime Minister's package of incentives for exporters, dated 11.01.2017. In this regard various incentives have been extended to textile and non-textile sector, besides tax related concessions for FY 2016-17 and 2017-18 entailing a financial impact of approximately Rs 180 billion.

The ministry further stated that in pursuance to the ECC decision, it issued DLTL (Non-Textile) Order, allowing drawback at the rates approved by the ECC on shipments made from 16th January 2017 to 30th June 2017. The support provided to the sectors include tanned leather. The support, however, was not provided to finished leather which was inadvertently omitted. Pakistan Tanners Association (PTA) approached Ministry of Commerce for inclusion of finished leather under the category of value added products for drawback support already available to tanned leather.

The Ministry of Commerce supports the viewpoint for inclusion of finished leather in the DLTL Order and hereby proposes the inclusion of to various PCT headings (4107.1200, 4107.9100, 4107.9200, 4112.0000, 4113.1000 and 4113.9000) in the Prime Minister's package.

The ECC also approved Rs 380 million salaries of Pakistan Steel Mills (PSM) employees for the month of January 2017.

The meeting also approved the proposal of Finance Ministry for issuance of Letter of Comfort (LoC) to National Bank of Pakistan or any other financial institution, which will in turn issue a Standby Letter of Credit (SBLC) for the comfort of commercial lenders of the Lahore-Sialkot Motorway project.

On a proposal submitted by Ministry of Petroleum and Natural Resources, the ECC also approved allocation of 10 mmcfd gas from Tolang Gas Field to SNGPL. The price of gas will be as per the applicable petroleum policy.

Another proposal of the Ministry of Petroleum regarding transportation of crude oil from Adhi Oil Field also got approval of the ECC, which authorised the concerned company to deal with the transportation arrangement of crude oil from the field purely on open competition basis without any involvement of the government.

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LSM sector shows 4.51pc growth in Jul-Feb

ISLAMABAD: The country's Large Scale Manufacturing (LSM) sector has shown 4.51 percent growth during the first eight months (July-February) of fiscal year 2016-17 as compared to same period last year.

According to the data of 37 items available with Business Recorder, growth in sugar production has witnessed 24.86 percent. The growth is calculated on the basis of data of 88 sugar mills collected by the Provincial Cane Commissioners.

Cigarette has witnessed 39.77 per cent rise which is based on the data directly collected from the cigarette manufacturing units. Growth in cotton yarn has recorded a growth of 0.67 per cent, ie, listed mills 0.72 per cent and non listed mills 0.01 per cent whereas cotton cloth achieved 0.12 per cent growth of which mill sector witnessed 0.43 per cent growth followed by non-mill sector growth of 0.08 per cent.

The data further shows 18.76 per cent growth in jute goods, of which increase in hessian was 33.00 percent growth, sacking 23.27 per cent and others 10.06 per cent.

Papers and Board has witnessed 5.71 per cent growth, of which papers i.e. printing, writing and packing, showed 1.23 per cent growth(printing 4.84, writing , 5.93 per cent and packing 12.05 per cent), paper board 8.49 per cent growth and chip board 100 per cent. Soda ash and caustic soda has recorded 3.90 per cent and 1.26 per cent growth respectively.

Overall growth in fertilizer sector was 0.43 per cent, of which urea 1.86 per cent, Ammonium Nitrate 10.48 per cent, Nitro Phosphate 9.16 per cent, S. Phosphate 5.41 per cent, Diammonium Phosphate 0.36 per cent NPK 0.78 per cent, fertilizer nitrogenus 0.49 per cent and fertilizer phosphatic 1.98 per cent.

Data directly collected from cement units reveals growth in cement sector increased by 7.17 per cent, sheets/float glass by 2.97 per cent and bicycles 0.42 per cent.

Growth in iron and steel products i.e. coke, pig iron/H metal, cast/rolled billet, HR coils/plates, CR. Coils and glav products has witnessed 100 per cent increase. However, ingots & billets showed a posted a growth of 25.43. Growth in re-rolled items has witnessed 8.83 per cent rise.

Date obtained from Pakistan Auto Manufacturers Association (PAMA) auto sector showed a growth of 19.70 per cent, cars/jeeps increased 2.59 per cent of which growth in cars was witnessed 2.60 per cent, jeeps-, LCVs39.18 per cent, trucks, 43.18 per cent, buses, 20.93 per cent, tractors 78.90 per cent. However data obtained from Engineering Development Board motor cycle showed 21.63 per cent growth.—MUSHTAQ GHUMMAN

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Exports drop by $4.3bn in three years, Senate told

ZULFIQAR AHMAD

ISLAMABAD: The Senate was informed Friday that the exports of the country have come down by $ 4.3 billion during the last three years of the present government that took over in 2013.

Minister for Trade and Commerce Khurram Dastgir Khan in a written reply said that exports in 2013-14 stood at $ 25.110 billion which declined to $ 20.787 billion in 2015-16, while they remained $ 23.667 billion in 2014-15.

He said that during last three years, there was a slight increase in imports as they were $ 45.073 billion in 2013-14, $ 45.845 billion in 2014-15 and $ 44.685 billion in 2015-16. The trade deficit of the country, according to the minister, stood at $ 19.973 billion in 2013-14, $ 22.178 billion in 2014-15 and $ 23.898 billion in 2015-16.

The minister said that to enhance regional trade, the government is playing a proactive role in activating the two most important regional organisations i.e. South Asian Association for Regional Cooperation (SAARC) and Economic Cooperation Organisation (ECO).

Engineer Khurram Dastgir said that agreement on South Asian Free Trade Area (SAFTA) was signed during the 12th SAARC Summit held at Islamabad on 6th January, 2004. The Tariff Liberalization Programme under SAFTA has been fully implemented by all the member countries, he added.

He said that all member countries are in the process of further reducing their respective Sensitive Lists by 20%, adding Pakistan was to hold a South Asia Business Leaders Conclave before the SAARC Summit which could have provided an opportunity to all the leading business communities of South Asia to come together for the benefit of regional commerce. “Unfortunately, due to postponement of SAARC Summit, the holding of the event has also been delayed. The SAARC Agreement on Trade in Services (SATIS) was signed during the 16th SAARC Summit held at Thimphu, Bhutan, on 28-29 April 2010. The SATIS has been ratified by all member states and has entered into force with effect from 29 November 2012,” he said.

He said that considering this fact, Pakistan has actively supported all ECO initiatives towards establishment of institutional arrangements including ECO Trade and Development Bank and ECO Chamber of Commerce and Industry.

“Pakistan has also been recommending 47 expeditious actions on the formation of ECO Reinsurance Company which will be headquartered in Karachi.”

The minister in-charge of the Cabinet Secretariat told the House in a written reply that 3,193 government employees have foreign nationality and out of them 66 officers are working in grade-17 to grade-22.

In a written reply to a question by Senator Usman Khan Kakar of Pakhtunkhwa Milli Awami Party (PkMAP), the minister in-charge for Cabinet Division said that the total number of officials whose spouses have foreign nationality stands at 3193.

“The officers from grade-17 to grade-22 who have foreign national spouses are 66, while there are 3,127 officers from grade-1 to grade-16 who also have foreign spouses,” the minister said in a written reply.

About the names of sections or services being outsourced at Karachi, Lahore and Islamabad airports, the minister in-charge for Aviation Division in a written reply said that only airport services are being considered for outsourcing whereas Air Navigation Services will be provided by Pakistan Civil

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Aviation Authority (PCAA).

"To elaborate further when aircraft starts up and taxis out, it is under provision of Air Navigation Services (ANS), whereas when it is on parking stand it is under provision of airport services. On ground most of the services are under domain of airport services whereas in air they are under the domain of ANS," he added.

He said that reserved activities comprising customs, immigration, security, health, meteorology, plant and animal quarantine, CNS/ATM services and other statutory or sovereign functions are not going to be outsourced.

About the number of aircraft and number of employees with Pakistan International Airlines at present, the house was told by the Aviation Division said that at present PIA has 35 aircraft in its fleet and has 14,317 permanent employees.

About the step to control the losses of the airline, the division said that Privatisation Commission of Pakistan has appointed Dubai Islamic Bank as financial advisor for restructuring of the balance sheet and devising the future course of action for settling loans whereby modalities will be submitted by them.

Following the path of fleet modernisation the company is in the process of acquiring more fuel-efficient aircraft for replacing aged fleet. About any proposal to purchase new aeroplanes for PIA, the minister in-charge of Aviation Division said there is no proposal under consideration while PIACL has invited bids to acquire aircraft on lease. Presently, PIACL has 35 serviceable aircraft in its fleet.

The PIACL has not purchased any aeroplane during the last five years, while 19 aircraft on dry lease and 5 on wet lease have been acquired during the last 5 years. At present, PIACL has 35 aircrafts in its fleet including four B737 obtained on wet lease till May 2017.

The commerce minister said that 1,847,960 metric tones of chromite, worth $ 449.05, has been exported to different countries from 2011-12 to 2015-16.

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Wind power projects
Sindh approaches Nepra for upfront tariff

MUSHTAQ GHUMMAN

ISLAMABAD: Sindh government has approached National Electric Power Regulatory Authority (Nepra) for determination of upfront tariff and review of benchmark tariff for wind power projects.

Directorate of Alternative Energy, Energy Department, Sindh on April 24, 2017 had furnished its comments

on determination of upfront tariff for wind power projects highlighting that the competitive bidding process already exists in the NEPRA Competitive Bidding Tariff (Approval Procedure) Regulations, 2014 and the Government of Pakistan Policy for Development of Renewable Energy Power Generation 2006, which explicitly states that the competitive bidding process is restricted to solicited proposals.

According to Sindh government, for unsolicited proposals, the tariff options of negotiated tariff (i.e. cost plus) and upfront tariff are clearly determined. The Department has requested the Authority that the competitive bidding process be limited to solicited project proposals only and an upfront tariff may be determined for unsolicited projects, in line with the Renewable Energy Power Generation Policy 2006. Subsequent to Nepra's determination of benchmark tariff for wind power generation, Sindh Energy department on February 6, 2007 reiterated that pursuant to the policy for renewable energy power generation 2006, the competitive bidding process cannot be implemented on unsolicited projects. Furthermore, only two wind power projects initiated by the department are eligible to be considered for bidding after confirmation of grid Interconnection.

According to provincial Alternative Energy Development, in continuation with the communication and feeling aggrieved with the recent determination, being restrictive, the petitioner submitted with the Authority the review petition under the Nepra review procedure regulations, 2009, and sought urgent and favorable adjudication and also specifically requested the Authority to grant an opportunity of being heard.

The provincial government has requested that the earlier communication may be treated an integral part of this review petition and in compliance with the Nepra laws. The petitioner, with the review petition, further requested the Authority to review the determination of benchmark tariff for wind power projects and also determine the upfront tariff for wind power projects to expedite the development of existing projects at the earliest and provide the petitioner an opportunity of hearing.

The Sindh government requested the Authority to consider the following grounds and sought an opportunity of being heard before the Authority to decide the review petition: (i) the petitioner has initiated a number of unsolicited wind power projects, all of which are at different development stages and have been delayed due to pending regulatory approvals. In June 2016, ten of these projects obtained grid interconnection approval from NTDC, but suffered subsequent delays as a result of non-issuance of PAR. Moreover, additional thirteen unsolicited wind power projects submitted their respective applications for unconditional acceptance of upfront tariff. The applications still remain pending with the Authority; (i) under the Renewable Energy Policy, 2006, the tariff for sale/ purchase of electricity from the RE IPP may be arrived through (a) competitive bidding, , (solicited proposals), (b) negotiations (unsolicited proposals) and (c) upfront tariff-setting. Furthermore, an upfront tariff or negotiated tariff is mandatory under the RE Policy. The Authority also

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conducted public hearing on July 19, 2016; (iii) on January 27, 2017, Nepra determined new tariff for wind power generation projects, which was received by the petitioner on January 30, 2017. The benchmark tariff for competitive bidding proposed to conduct the bidding process under the NEPRA Competitive Bidding (Approval Procedure) Regulations, 2014. The review request was also submitted on February 6, 2016 through Registrar NEPRA before the authority.

The Sindh government further argues that renewable energy policy expressly restricts the competitive bidding process to solicited proposals only, making no mention of a competitive bidding process for unsolicited proposals.

The new tariff determined by Nepra caters only to solicited proposals which cannot be implemented on unsolicited proposals under the RE Policy 2006. The projects initiated by Sindh government are awaiting determination by the Authority so that this can be applied for unconditional acceptance. Despite conducting upfront tariff hearings since July 2016, the Authority has failed to determine upfront tariff for wind power generation to date. Furthermore, out of the thirty-five wind power projects initiated by Sindh government only two solicited sites of 100 MW (Sindh Renewable Energy Company) are eligible to be considered for competitive bidding pursuant to the new tariff after confirmation of grid interconnection.

The provincial government has further submitted that the wind power projects initiated by it are at different stages of development. The project developers have installed wind masts and conducted detailed feasibility studies (e.g. topographic study, soil study, transportation study and grid interconnection studies) approved by NTDC at their own cost. Hence, introducing competitive bidding at this stage for unsolicited project sites will result in not only lengthy litigation proceedings but will also halt the development of the power sector by means of private investment. Moreover, the projects have already submitted applications for unconditional acceptance of upfront tariff. The updated progress on these projects was conveyed to Nepra during the tariff hearings and various meetings through Grid Code Review Panel.

Currently, the country is facing a massive power crisis and to meet the increasing electricity demand, it is the need of the hour to expedite regulatory approvals and mitigate losses. Therefore, Nepra , in its sole and exclusive domain, should review the new tariff for wind power generation and also determine upfront tariff for development of existing projects at the earliest.

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Constitution empowers me to cease gas supplies to other provinces: CM

RECORDER REPORT

HYDERABAD: Sindh Chief Minister Syed Murad Ali Shah has said that the constitution of Pakistan empowered him to provide natural gas to the people of the province first and then share it with other provinces, if it is in surplus.

"The pseudo politicians, parliamentarian and ministers are creating a false impression that Sindh chief minister lacks courage to stop gas supply to other provinces. They should read the Constitution, first," Shah said talking to the media at his native village Wahur where he has gone to observe the 10th death anniversary of his father Abdullah Shah who also served Sindh as Chief Minister.

"I advise them to read the constitution which empowers me to first meet the gas requirement of people of Sindh and then share it with other provinces," he emphasised.

The Chief Minister said that he was working hard to reduce the shortfall of electricity. He said the Sindh government had established a 100 MW power plant and laid transmission line from Nooriabad to Karachi but SSGC at behest of some ministers, who are against the move aimed at steering the country out of darkness, is reluctant to provide gas under one or the other pretext," he said making it clear that it was enough and he would not allow them to play ping pong with Sindh government, in this regard.

Terming the SSGC company's statement about provision of bank guarantee as an absurd demand, Murad Shah said these guarantees are submitted once agreement is signed. He said people of the country were well aware hence SSGC and others must not try to hoodwink them.

Replying to a question, Shah said that Nawaz Sharif is Prime Minister of Pakistan therefore he may visit Jacobabad or any part of the province. "I am inviting him to Sehwan as well. He should visit and sort out the problems of people," she said.

Sindh chief minister claimed that Nawaz Sharif's team itself was trying to fail him because his team members were not sincere to solve the energy crisis.

He said that the IG police continued to work on the instruction of Sindh High Court.

Talking about the Senate Chairman who has returned his security squad against the attitude of federal ministers, he said the PML-N never attached importance to the parliament because they believed in dictatorship.

Syed Murad Ali Shah concluding his talk said that no matter what some ministers, ruling N-League member and other 'seasonal' politicians say on the issue of gas but, he vowed he would protect and fight for rights of people of the province.

"It is my mandate and it is my constitutional responsibility to do so," he concluded.

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SBP signs pact with Iranian bank

RECORDER REPORT

KARACHI: In a major move to establish banking channel for trade, the State Bank of Pakistan (SBP) has signed an agreement with Bank Markazi Jomhouri Islami Iran for banking and payment arrangement.

The SBP has revealed that an agreement on BPA has been signed between the State Bank and Bank Markazi Jomhouri Islami Iran (BMJII) Friday in Tehran. Riaz Riazuddin, Deputy Governor, SBP and Ghulamali Kamyab, Vice Governor BMJII signed the agreement on behalf of their respective central banks.

The objective of the BPA is to provide a trade settlement mechanism to promote trade between Pakistan and Iran. This mechanism will be used for payment of trade conducted via letter of credit (LC) and in accordance with international laws and regulations.

In the next step, both the central banks will invite banks in their respective jurisdictions to act as authorized banks for undertaking trade transactions under the BPA. Details of the mechanism will be issued by the SBP in due course of time.

The State Bank of Pakistan expects that this agreement will help strengthen the trade links between the two countries.

After lifting of US sanctions, imposed on Iran, Pakistani traders are keen to initiate exports to the neighbouring country, however due to unavailability of a banking channel, they were facing difficulties. With this agreement, Pakistani traders can initiate exports to Iran.

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THE RUPEE

Steadier trend

RECORDER REPORT

KARACHI: Ranged-bound trading was witnessed on the money market on Friday as the rupee almost maintained its last levels against the dollar in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee shed one paisa versus the dollar for buying and selling at Rs 104.86 and Rs 104.87 respectively, they said.

OPEN MARKET RATES: The rupee did not move any side in terms of the dollar for buying and selling at Rs 106.00 and Rs 106.20 respectively, however it gained 25 paisas in relation to the euro for buying and selling at Rs

Open Bid	Rs. 106.00
Open Offer	Rs. 106.20

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

Bid Rate	Rs. 104.86
Offer Rate	Rs. 104.87

RUPEE IN LAHORE: The Pak rupee stayed unchanged on buying side while it appreciated on selling side against the US dollar in the local currency

112.00 and Rs 113.50 respectively, they said.

In the final Asian trade, the dollar nursed losses, on track for a losing week as continuing tensions in North Korea underpinned the perceived safe-haven Japanese currency.

The dollar index, which tracks the US unit against a basket of six rival currencies, steadied at 100.590, slightly higher on the day but down 0.6 percent for the week. The dollar rose 0.8 percent against the South Korean won, which last stood at 1,138.5.

In another part of the world, the US military said on market on Friday.

According to currency dealers, no change in the value of the US dollar took place on buying counter as it sustained its opening rate of Rs 106.20. However, in the absence of selling spree, it registered reduction on selling counter and ended at Rs 106.40 as compared to the overnight closing rate of Rs 106.60 respectively, they added.

Moreover, the rupee showed strength as it recovered its earlier losses versus the pound sterling. The pound's buying and selling rates slid from Thursday's closing rates of

Thursday that it dropped "the mother of all bombs," the largest non-nuclear device it has ever unleashed in combat, on a network of caves and tunnels used by Islamic State in eastern Afghanistan.

The dollar edged up 0.1 percent on the day to 109.15 yen, but was down 1.7 percent for the week.

Market liquidity was thinner than usual because of this week's Passover and Good Friday holiday observances around the world. The market for US Treasuries finished trading early on Thursday, and will be closed Friday.

Rs 132.10 and Rs 133.00 to Rs 131.60 and Rs 132.20 respectively, they said.

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

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

It closed at Rs 106.35 (buying) and Rs 106.45 (selling). Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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Over-billing by K-E
Senate body seeks report

KARACHI: The Chairman of the Senate Standing Committee on Water and Power, Senator Sardar Muhammad Yaqoob Khan Nasar has sought a detailed report from the K-Electric regarding the causes of over-billing.

He was chairing the meeting of the Senate Standing Committee on Water and Power here on Friday.

Senator Sardar Yaqoob Nasar was of the view that the K-Electric could not come up with satisfactory reply regarding the reasons for the over-billing'. The agenda before the committee included items such as `massive

Over-billing in K-Electric', the load-shedding schedule in Karachi during the summer 2017.

The Committee chairman told the media that as regard the reasons for the over-billing, the K-Electric could not come up with a satisfactory reply. The Senate Standing Committee has sought from the K-Electric a detailed report on over-billing as well as on various other matters in the next meeting, he said.

Sardar Yaqoob Nasar said that in today's meeting detailed discussions were held with the officials of the K-Electric regarding the duration of load shedding in the metropolis and the over-billing. "We want to resolve this problem", he remarked and said that we have heard the officials of the K-Electric and have sought a detailed report from them as well. He said that we have also raised the point before the officials of the K-Electric that without the connivance of the staffers of the organization there can be no power theft and over-billing. We also asked as to any punishment has been given to anyone in this connection.

Briefing about the load-shedding, the Chief Executive Officer of K-Electric Tayyab Tareen said that in Karachi maximum load shedding of seven and a half hours is carried out in high loss areas. He said that the power demand in Karachi last summer had reached up to 3,200 megawatts. In summer, the power demand increases during the daytime and later there is a gradual reduction in the demand. Yesterday (Thursday) there was power demand of 2,900 megawatts where as the generation was to the tune of 2,400 megawatts and as such there was a shortage of 500 megawatts.

A member pointed out that in the wake of commencement of examinations in the city a strategy be chalked out that there be no load shedding during the papers.

The K-Electric official said that they are in touch with the officials of the Metric and Intermediate Boards and will consider this demand.

The chairman of the KESC Labor Union, Muhammad Ikhlaq Khan, presenting problems before the Committee maintained that the entrenchment is being carried out. He was of the view that in the name of those shunted out, the K-Electric received 15 paisas per unit from 2.5 million consumers. A sum of Rs. 30 billion has been charged under this head, he further maintained.

The Chairman of the Committee asked the K-Electric officials to explain this in the next meeting.—APP

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‘Qarz Utaro Mulk Sanwaro’ scheme

SBP tells banks to facilitate depositors

RECORDER REPORT

ISLAMABAD: The State Bank of Pakistan (SBP) has directed commercial banks to facilitate the claimants/depositors, who approach their respective banks along with the original receipt/certificate for encashment of their deposits under NDRP-II (Qarz-e-Hasna) as part of the National Debt Retirement Programme (Qarz Utaro Mulk Sanwaro), initiated during the second tenure of the Sharif Administration.

The banks after making the payments will claim reimbursement from SBP against the deposit of paid documents and instruments etc, so states a SBP circular dated 12 April 2017.

Finance Division brief stated that the programme offered three instruments – NDRP-1 consisting of donations, NDRP-II consisting of Qarz-e-Hasna and NDRP-III term deposits inclusive of special savings certificate and defense savings certificates. NDRP II and III were for two years and donations/contribution under NDRP-I-II exempt from income tax, wealth tax and compulsory deduction of Zakat. In addition no questions were to be raised as to the source of the amount donate/deposited in NDRP.

The total amount collected in NDRP in local currency was Rs 2.805 billion in the following categories: NDRP-1 Rs 2.03 billion, NDRP II Rs 470.65 million and NDRP-III Rs 302.540 million.

The SBP circular stated that the total amount collected in foreign currency was $ 178 million - $28 million donations and remaining $150 million Qarz-e-Hasna and term deposits. Almost all these deposits have been repaid, as per the State Bank of Pakistan. According to Finance Division documents the debt retired was Rs 1.7 billion (regarded as the most expensive debt with a mark up of 17.2 percent) from NDRP-1 while the rest of the amount (Rs 1.105 billion) under all three categories was not utilized by the government for debt retirement. Instead it was transferred to the federal consolidated fund, non-food account, on 27.03.1999. This amount was used to facilitate State Bank offices as well as commercial banks to refund Qarz-e-Hasna and terms deposits on maturity of two years.

On 31 January 2000, the Musharraf government revealed that subsequent to refund of Qarz-e-Hasna and term deposits on their respective maturities, the balance in the federal government account No-I stood at Rs 997.5 million.

This included Rs 333 million donations Rs 338 million Qarz-e-Hasna and Rs 305 million term deposits.

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Power sector

Farhat Ali

The power supply to consumers in Karachi this summer is managed better than that in 2016, considering the current heat wave hitting an unprecedented 42 degree temperature as against the same situation last year and the fact that this year, the Karachi gas supply to the power plant is much reduced. This has provoked protests by the government of Sindh to Islamabad. In rest of the country, the heat wave is beginning to show its might putting to test all the structural reforms and the additional power installed and put on the grid in the last four years. The perceived benefits of availability and affordability of the new fuel mix, based on imported LNG and coal, were introduced at the power plants in the public and private sector.

Apparently, the power sector reforms in terms of fixing the ailing power sector in the public domain or regulating the ones in the private sector has not yielded much results, notwithstanding the expectations of the government.

A quick look at the Performance Evaluation Report on the Gencos power generation companies in the public sector, which was presented by Nepra for 2012, 2013 and 2014 explains well the trend of the health of Gencos. Ground realities reveal that the situation was no better in 2015-16, if it had not deteriorated further.

The report says that state-owned power generation companies continue to suffer from lack of maintenance, equipment fatigue, poor technical expertise and lethargic management, as well as from underutilization of the installed capacity. The Jamshoro Power Company, Central Power Generation Company and Northern Power Generation Company operating in the public sector recorded "an energy loss of around 777 million kilowatt-hours…" which translates into financial loss of about Rs 11.69 billion to the national exchequer.

Some gas-based power plants which are economical on fuel, such as the Gas Turbine Power Stations (GTPS) in Kotri and Faisalabad and the Steam Power Station in Faisalabad remained on standby mode for the most part of 2012, 2013 and 2014. The same trend understandably held good in 2015-16 on account of more SGAS shortage.

According to Nepra, a few units of Thermal Power Station (TPS) Jamshoro, TPS Guddu and TPS Muzaffargarh violated the limit of "planned and unplanned outages as specified in their power purchase agreements signed with the National Transmission and Despatch Company."

"Had this limit not been exceeded by the power stations, they could have been available for more amount of time for generating power," it said.

It said most of the power companies were unavailable for power generation during the three years in question.

Genco data reflects that their availability factor, on average during those three years, remained very low for some of the power stations, such as TPS Jamshoro, TPS Guddu and Lakhra power station. The last in particular, showed the worst results and remained available only for 39% of the period, it said.

"Furnace oil-based TPS Jamshoro and TPS Muzaffargarh remained the most expensive power stations among all public sector Gencos as the CPPA-G procured energy from them at Rs 19.7 and Rs 19.1 per unit, respectively, during the years 2012, 2013 and 2014."

On the contrary, gas-based GTPS Faisalabad and TPS Guddu were the most cost-effective power stations as the CPPA-G purchased energy from them at Rs5.3 and Rs 5.9 per unit, respectively.

"This indicates that gas-

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based power stations contributed economical energy from 2012 to 2014, but their units were mostly put on standby mode, due to which the energy was procured by CPPA-G from oil-based expensive power stations," the report said.

It is reported that the subsidies for the power sector are likely to exceed the annual budget allocation of Rs118 billion as the government has so far consumed Rs84 billion.

Independent Power Producers (IPPs) continue to follow the same pattern of demanding clearance of circular debt.

It is reported that by the end of February 2017, the Ministry of Finance paid Rs 84.3 billion in tariff differential subsidies to Pakistan Electric Power Company (Pepco) and K-Electric. The payments were over 71% of the annual allocation, suggesting like the previous three years, the PML-N government would not be able to restrict the subsidies within the target approved by parliament for fiscal year 2016-17, ending on June 30, much to the discomfort of the International Monetary Fund's condition of keeping them at a lower level.

Of the Rs 84.3 billion, Rs 73.5 billion had been paid to Pepco on account of tariff differential claims and subsidy for agriculture tube wells in Balochistan. The payments were 81% of Pepco's annual allocation. K-Electric received Rs 10.8 billion, or about 40% of its annual allocation.

The reduction in energy subsidies was part of the reforms initiated under the three-year $ 6.6 billion IMF loan programme. The subsidies stood at Rs 368 billion in 2012-13 or 2% of gross domestic product (GDP), which the government pushed down to about 0.6% of GDP at the end of the previous fiscal year.

In spite of the government's best efforts, the accumulation of circular debt kept bouncing back over the past four years, causing the resurgence of a Rs385 billion debt. IPPs have once again launched an aggressive campaign to highlight the government's inability to settle their dues, notwithstanding the fact that there are tangible weaknesses on their part also.

The solution to the issue of circular debt lies in power plants and allied networks operational management, and not in the financial management relentlessly and faithfully put in place by the Federal Finance Ministry.

It is intriguing that while the state's energy planners have devoted so much time and invoked investments in setting up new power plants, based on a newer fuel mix of coal and LNG, the structuring and rehabilitation of the existing power plants and network remains ignored although the later could have been achieved at much less cost and time with the additional advantage of substantial cut in subsidies and the resulting circular debt.

The government appears to be in a limbo to decide on the three available options: privatize the power plants in the public sector or regain plant efficiency through retrofits, or close down the inefficient plants.

Sitting on the decision is a bad option as this ailing segment, if not corrected, will bring down with it the newer plants being added on the grid on account of financial compulsions driven by subsidies and circular debt.

(The writer is former President Oversees Investors Chamber of Commerce & Industry)

BUSINESS
RECORDER
Saturday, 15th April, 2017

APTMA invites Chinese investors for JVs

KARACHI: Zahid Mazha, Sr Vice Chairman All Pakistan Textile Mills Association (APTMA) has invited Chinese investors to take advantage of liberal trade & investment policies of the Government of Pakistan by entering into joint ventures with the Pakistani entrepreneurs in the textile industry.

The statement was made on Friday during a meeting of APTMA with the visiting Chinese delegation of Tianjin Peoples Association for Friendship with Foreign Countries. The delegation was led by Chen Weiming, Vice President of the association. The meeting was also attended by Muhammad Yasin Siddik, former chairman APTMA, Naveed Ahmed, Saleem Shakoor, Nadeem Elahi Sheikh and others.

While highlighting the trade & investment policies of the government, Zahid Mazhar said that the Government of Pakistan is an advocate of an open deregulated & market driven economy, creating enabling environment by investing heavily in infrastructure & capacity building, special emphasis on attracting foreign investment and duty free import of machinery, equipment and raw material.

Briefing on environment for foreign investment he said that, Foreign Direct Investment (FDI) is allowed in all sectors, equal treatment to local and foreign investment, 100 percent foreign equity is allowed, no government sanction required and remittance of royalty, technical & franchise fee, capital, profits, dividends allowed. In addition to the above, lessening the cost of doing business in Pakistan in comparison to China is one of the biggest advantage to invest in the textile sector of Pakistan.

He further said that the recently announced export led Growth Package announced by the Prime Minister including zero rating of sales tax to the textile industry, provision of DLTL at 4 percent on yarn and greige fabric, 5 percent on processed fabric, 6 percent on textile made ups, 7 percent on textile garments against realization of exports are also the added advantage to invest in Pakistan.

Chen Weiming, Leader of the delegation and Vice President, Tianjin Peoples Association for Friendship with Foreign Countries said that the high cost of doing business and environmental issues in China has made Pakistan an ideal destination for relocation of Chinese textile industry.

He further said that as the world economy is developing and in the face of new challenge and choice, the company strives to develop import and export trade through the adjustment of industrial structure, gradually formed the foreign trade.—PR

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 13.04.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,750	135	**6,885**	**6,885**	NIL
40 Kgs	7,234	145	**7,379**	**7,379**	NIL

DAWN
Saturday, 15th April, 2017

‘Chinese textile industry exploring Pakistan’

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The rising cost of business and environmental issues in China has made Pakistan an ideal destination for relocation of Chinese textile industry, leader of a Chinese delegation and vice president of Tianjin People’s Association for Friendship with Foreign Countries, Mr Chen Weiming said on Friday.

He was addressing a meeting with the members of All Pakistan Textile Mills Association (Aptma).

He emphasized the need for adjustments to promote industry. “It will help in balancing trade of both nations,” he said.

The aim would be to create multidisciplinary, multiple formats and diversified development of modern textile industry, he added.

Aptma Senior Vice-Chairman Zahid Mazhar welcomed joint ventures in the textile sector.

DAWN
Saturday, 15th April, 2017

Weekly inflation eases 0.82pc

THE NEWSPAPER'S STAFF REPORTER

ISLAMABAD: The weekly inflation, measured through the Sensitive Price Index (SPI), dipped for the second consecutive week, according to data issued by Pakistan Bureau of Statistics on Friday.

SPI monitors prices of 53 items based on a survey of 17 cities and 53 markets. Inflation for the combined income group slightly declined 0.82pc for the week ended on April 14 as compared to the previous week due mainly to a decline in prices of essential food commodities.

Food items whose prices rose included potatoes 4.04pc, chicken 1.72pc, curd 0.38pc, gur 0.28pc, and pulse masoor 0.23pc.

The items whose prices fell included tomatoes 40.57pc, garlic 7.59pc, onions 2.06pc, LPG cylinder 1.86pc, egg 0.83pc, wheat flour 0.64pc, powdered milk 0.49pc, wheat 0.36pc, mustard oil 0.32pc, pulse gram 0.24pc, pulse moong, 0.23pc, red chilly powder 0.18pc, vegetable ghee 0.08pc, bananas 0.06pc and pulse mash 0.01pc during the week.

Prices of 32 items remained unchanged.

The impact of prices on various income groups also witnessed variations during the week under review. For the lowest income group Rs8, 000, the index recorded a fall of 0.93pc over the previous week, while for the top income group Rs35, 000 and above, it was down by 0.75pc.

DAWN
Saturday, 15th April, 2017

Domestic debt servicing edges up to Rs792bn

SHAHID IQBAL

KARACHI: Despite a low interest rate, the government paid as much as Rs792 billion in servicing domestic debt in the first seven months of 2016-17 compared to Rs764bn in the corresponding period last year, a report by the State Bank of Pakistan (SBP) said on Friday.

The Monetary Policy Information Compendium for March revealed that the historically low interest rate did not bring the amount of debt servicing down. Instead, it increased compared to the preceding fiscal year, which reflects the scale of domestic borrowing by the government.

The volume of debt servicing in the seven months is too high and blunts the effort to bring down the fiscal deficit to 4.1 per cent.

The situation has become alarming as the government is already under pressure to clear circular debt amounting to Rs350bn and sales tax refunds to the tune of Rs300bn.

A recent report shows the revenue collection missed its target by Rs168bn in the first nine months of the current fiscal year.

The government is already under pressure to clear circular debt of over Rs350bn and sales tax refunds of Rs300bn

The finance minister said last week the revenue collection of Rs2,258bn in the first nine months of 2016-17 was an all-time high, although it missed the target of Rs2,426bn. The fiscal deficit is likely to shoot up if the government decides to clear all outstanding dues.

Debt servicing in the seven months equals 35pc of the nine-month revenue collection. It indicates that the full-year debt servicing will cost a lot more than a year ago and hinder development plans.

The finance minister recently said that the level of debt will be brought down from 62pc to 60pc of the gross domestic product. However, rising debt servicing requires more borrowing that will further increase the stock of debt.

Another report by the SBP shows that the government borrowed Rs913bn from the central bank during the first nine months of the current fiscal year. Its borrowing from private banks was Rs25bn.

The government has started retiring Pakistan Investment Bonds (PIBs), whose yields were in the double digits. Yet the stock of PIBs at the end of January was Rs4.1 trillion. The stock of high-yielding PIBs reduced to Rs4.1tr from Rs4.9tr between June 2016 and January.

The compendium noted that debt servicing was 3.7pc of GDP in 2015-16. It was 30.3pc of tax revenues in the same year. If domestic debt servicing continues at the same pace, the total amount can be around Rs1,350bn.

DAWN
Saturday, 15th April, 2017

Cotton market steady

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market remained steady on Friday amid slow trading and lack of buying interest from spinners.

Outstanding refunds held with the Federal Board of Revenue and high cost of doing business have put the textile industry in a difficult situation, brokers said.

Though a wide gap between demand and supply of cotton persists, falling exports of textile goods have reduced cotton demand considerably, they added.

Brokers believe that the fate of next cotton crop also hangs in the balance because the government has not taken any decisive measures or policy so far to avoid a repeat of last two years' crop failure.

The Karachi Cotton Association left its spot rates unchanged.

Trading on ready counter was slow and restricted. Major deals included: 1,000 bales from Sadiqabad at Rs7,000 par maund (around 37 kilograms) and 800 bales from Haroonabad at Rs6,800 to Rs7,000.

World's leading cotton markets gave mixed trend on Friday.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi
37.324 Kgs Equivalent	6,750	135	6,885
40 Kgs	7,234	145	7,379

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.00	106.20
UK	130.75	131.00	132.00	133.50
Euro	110.88	111.10	112.00	113.50
S.Arabia	27.86	27.92	28.15	28.35
UAE	28.45	28.51	28.85	29.05
Japan	0.9571	0.9589	0.9619	0.9819

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.91	6.16
One year	5.98	6.48

LIBOR

Special US dollar bonds for April 13

Three months	1.15844 %
Six months	1.40322 %

THE NEWS
Saturday, 15th April, 2017

Pakistan ideal place for Chinese textiles

By our correspondent

KARACHI: The high cost of doing business and the aggravating environmental issues have made Pakistan an ideal destination for the relocation of Asian giant's textile industry, a Chinese official said on Friday.

“Global economy is developing and in the face of new challenges and choices, we strive to develop import and export trade through the adjustment of our industrial structure and gradually formed foreign trade,” Chen Weiming of Tianjin Peoples Association for Friendship with Foreign Countries, told a meeting at All Pakistan Textile Mills Association (APTMA) office.

Weiming, who is leading a high-level business delegation, observed that his side was aiming at multidisciplinary, multiple-format, diversified development of the modern textile enterprises in the future.

Commending the Chinese for showing interest in relocating their industry in Pakistan, Zahid Mazhar, senior vice chairman APTMA, invited them to take advantage of liberal trade & investment policies of Pakistan by entering into Joint Ventures with the Pakistani textile entrepreneurs.

“The present government is an advocate of open, deregulated, and market driven economy, creating enabling environment by investing heavily in infrastructure/capacity building, with a special emphasis on attracting foreign investment and duty-free import of machinery, equipment and raw material,” Mazhar said highlighting the business-friendly policies of Pakistan.

THE NEWS
Saturday, 15th April, 2017

Govt to amend tax laws to net foreign franchises

KARACHI: Government is mulling a change in the taxation laws to bring foreign brands, operating through franchise/liaison office in the country, into the tax net, officials said on Friday.

The officials said at present a number of famous foreign brands are available in the country through a marketing and distribution network of local dealer or agent.

Officials added that liaison or auxiliary offices of foreign entities are excluded from the present definition of permanent establishment (PE) and not bound to get registered with the tax authorities. Income Tax Ordinance, 2001 defines PE as branch, office, factory or workshop through which the business is wholly or partly carried out.

An official at Regional Tax Office, Karachi said it has recently detected several cases where agents or outlets argued that they were working on behalf of foreign companies and thus were exempted from taxes under the international tax treaties. The official said these local companies have no registration and no sales and income records available with the FBR, despite generating untaxed profits.

Officials said the FBR will make changes into the PE definition, which would authorise the tax authorities to tax the income generated from local sources. “All incomes generated through sales of such brands will be taxed after redefining the law,” said a FBR official.

Officials said the FBR is incurring huge revenue losses under this head as several distribution companies or individuals are working as agents of foreign companies for marketing and promotion of their products.

The official further said PE’s redefinition would require such companies to get registered with the tax authorities as well as file wealth statements and returns as per the law.

The changes, which are likely to be introduced in the Finance Bill 2017, will require the local distributors to get registered by providing details, including name of company, business address, accounting period, contact details, principal business activity, registration number of the Securities and Exchange Commission of Pakistan.

THE NEWS
Saturday, 15th April, 2017

Weekly inflation down 0.82pc

ISLAMABAD: Inflation for the week ended March 30 for the combined income groups decreased 0.82 percent as compared to the previous week.

According to the data released by the Pakistan Bureau of Statistics (PBS) on Friday, the sensitive price indicator (SPI) for the week under review in the abovementioned group was recorded at 222.67 points against 224.51 points last week.

SPI for the combined group during the week under review witnessed an increase of 3.02 percent, as compared to the corresponding week of the last year.

The weekly SPI has been computed with base 2007-2008=100, covering 17 urban centres and 53 essential items for all income groups and combined.

Meanwhile, SPI for the lowest income group up to Rs8,000 decreased 0.93 percent as it went down to 211.95 points in the week under review from 213.94 points during the previous week.

SPI for the income groups from Rs8,001 to Rs12,000; Rs12,001 to Rs18,000; Rs18,001 to Rs35,000 and above Rs35,000, also decreased 0.89 percent, 0.89 percent, 0.84 percent and 0.75 percent, respectively.

Average prices of six items increased, 15 decreased, while the remaining 32 items' prices remained unchanged.

The items, which recorded increase in their average prices included potatoes, chicken (farm), curd, gur, masoor pulse and sugar.

The items, which registered decrease in their prices during the week under review included tomatoes, garlic, onions, LPG cylinder, eggs, wheat flour, milk (powdered), wheat, mustard oil, gram pulse, moong pulse, red chilly (powder), vegetable ghee, bananas, and mash pulse (washed).

The items with no change in their average prices included basmati broken, Irri-6, bread, beef, mutton, milk (fresh), cooking oil, vegetable ghee, salt (powder), tea (packet), cooked beef, tea (prepared), cigarettes, long cloth, shirting, lawn, georgette, gents sandal, gents chappal, ladies sandal, electricity & gas charges, kerosene, firewood, electricity bulb, washing soap, match box, petrol, diesel, telephone local call and bath soap.

THE NEWS
Saturday, 15th April, 2017

SBP stops credit guarantee facility on lending to small businesses

KARACHI: The State Bank of Pakistan (SBP) has stopped issuing credit guarantee, which was an incentive to financial institutions in lending to small businesses.

In a circular issued on Friday, the central bank said it had launched the Microfinance Credit Guarantee Facility (MCGF) in December 2008 to incentivise commercial banks and DFIs for the provision of commercial capital to microfinance providers for on-lending to their clients.

The facility has played an instrumental role in facilitating commercial funding for microfinance sector, which helped develop a strong relationship between banks and microfinance providers, it added.

“The MCGF has now reached the end of its lifecycle and successfully demonstrated the viability of microfinance industry to the commercial banking sector,” the SBP said. Further, Pakistan Microfinance Investment Company (PMIC) has been established to meet the funding needs of the sector, it added.

“Therefore, it has been decided that henceforth, the SBP would cease to issue new guarantees under MCGF,” the circular said, adding, the guarantees issued earlier would remain valid till their expiry.

THE NEWS
Saturday, 15th April, 2017

Pakistan, Iran sign accord to allow bilateral banking transactions

KARACHI: Pakistan on Friday signed a landmark agreement with Iran to formally execute bilateral trade transactions through banking channels after one-year of lifting of western sanctions on its neighbouring country.

The central banks of Pakistan and Iran signed the agreement of banking and payment arrangement (BPA), said a statement issued by the State Bank of Pakistan (SBP).

Riaz Riazuddin, deputy governor of SBP and Ghulamali Kamyab, vice governor of Bank Markazi Jomhouri Islami Iran signed the agreement on behalf of their respective banks in Tehran.

The SBP said the PBA's objective is to provide a trade settlement mechanism to promote bilateral trade between Pakistan and Iran.

"This mechanism will be used for the payment of trade conducted via letter of credit and in accordance with international laws and regulations," said the Bank.

In the next step, it said both the central banks will invite banks in their respective jurisdiction to act as authorised banks for undertaking trade transactions under this BPA. "Details of the mechanism will be issued by SBP in due course."

The SBP further said this agreement would help in strengthening the trade links between the two countries.

Early last year, the United States lifted its 37-year old economic sanctions from Iran, paving a way for resumption of formal trade between pariah state and other countries. Iran has also been facing other international sanctions for its suspicious nuclear programme since 2007.

After the withdrawal of embargo, Pakistan, which is US key ally in war on terrorism, vowed to jack up the sagging bilateral trade with its neighbouring country.

Trade between Pakistan and Iran sharply fell to $30 million in the last fiscal year of 2015/16 from $1.32 billion in 2008-09, said the official statistics. Pakistan's exports to Iran amounted to $30.579 million in the past fiscal year, while its imports stood at minuscule $195,000.

Last year, Pakistani Prime Minister Nawaz Sharif, at a meeting with his Iranian President Hassan Rouhani, vowed to lift the bilateral trade to five billion dollars by 2021.

Iran currently exports around 100 megawatts of electricity to Pakistan, which is also planning to increase this volume to 1,000 megawatts.

Oil and gas-rich Iran also wants to export energy to Pakistan.

A senior official told The News that Iran has conditioned the signing of free trade agreement with Pakistan with import of crude oil from Tehran.

Presently, Pakistan imports oil from Gulf countries.

So much so, Iran also wants utilisation of its crude oil in the refinery being built by China in Gwadar port and on top of that it also needs the assurance for its inclusion in China Pakistan Economic Corridor. China already has many commercial deals in oil and gas sector with Iran.

Iran has shown interest in Pakistani textiles, surgical goods, sports goods and agricultural products.

Pakistan also plans to set up industrial sites in the impoverished border area, especially petrochemical storage, and link the infrastructure to CPEC.

A meeting of Pakistan-Iran joint economic commission is scheduled to be held in Tehran on April 17-18. Sources said the meeting would discuss the issues to reach decision for mutual benefits.

THE NEWS
Saturday, 15th April, 2017

Skilled workforce needed to promote value-addition in economy

LAHORE: Government seems unable to create skilled labour force despite understanding its importance to explore the potential of some lucrative, but neglected industries.

An international report has declared pharmaceutical as the sunrise industry of Pakistan, while various foreign researches see huge export potential in the country's textile sector. The potential of textile and clothing exports is 20 times the country's total exports.

The potential of textiles could be judged by a fact that Bangladesh consumes 1.1 million tonnes of cotton to produce textile products worth $30 billion in a year. Vietnam also consumes 1.1 million tonnes of cotton to achieve exports worth $30 billion. Pakistan consumes 2.2 million tonnes of cotton to fetch only $12 billion through exports.

If we achieve the value addition level of Bangladesh, our textile exports would increase to $60 billion a year.

Likewise, Pakistan is the world's biggest producer of ghee. It stands second in global production of chickpeas. It is fourth in production of cotton, apricot and sugarcane, fifth in milk and onions, sixth in date palm, seventh in mango, eighth in tangerines, mandarin orange and rice and ninth in wheat and tenth in oranges production across the world.

Export potential of pharmaceutical industry is larger than the total exports of Pakistan, but the country manages to export medicines worth a few million dollars.

Pakistan produces fruits and vegetables for agro-based processing industries that are almost nonexistent. Agro-based processed products could fetch more than the total exports of Pakistan. Our inability to achieve these potentials stems from the flawed government policies, narrow vision of our entrepreneurs and absence of high skilled workforce.

The government's inconsistent policies create bottlenecks that result in low productivity. Dairy sector's potential remains unexploited as the planners promote higher growth by increasing the number of milking animals instead of making efforts to increase the productivity of the livestock at par with developed countries.

Both the public and private sectors fail to exploit the available resources, making bureaucracy and entrepreneurs rich at the expanse of masses.

Productivity of agriculture sector could be increased 10 percent a year through concerted and dedicated efforts. The current productivity of almost all of corps is half the global average. The farmers have to be facilitated through top class agricultural extension service and massive awareness campaign on procedures that enhance growth.

One reason behind poor productivity and lower value addition is the non-availability of highly skilled workforce in the manufacturing sector.

We have established numerous skill training institutes around the country in the public sector and almost all of them are imparting skills that hardly increase any value.

The trained graduates enter overcrowded job market with similar low skills and are not well-paid. In fact, most of them do not get a job.

This brings frustration among the youth who devotes six months of their productive time in acquiring skills in the hope of getting better jobs.

Training is seldom provided in market-based jobs needed by the high value added manufacturing sector.

Ironically, training is provided in trades to enable candidates to become self-employed if s/he fails to get a job. This is done by design as the skill providing institutes have to report to the government about the percentage of employment after the training.

Hardly 20 percent gets jobs in company; 50 percent are notified as self-employed. You can imagine what a six-month trained tailor, beautician, plumber, hair cutter, or welder could earn in an already saturated market. These skills add no value to the economy.

Punjab government has tasked its vocational training institutes to produce two million skilled workers in three years. They promptly complied by starting double shift in all the institutes and imparting the same obsolete or dying skills. It is high time to impart much needed skills for sustained value-added growth.

THE NEWS
Saturday, 15th April, 2017

Cotton stable

Karachi

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

The spot rates remained unchanged at 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 was slow, but steady because of the crop shortage. Value-added textile sector has expressed concern over non-payment of their refunds by the government.

“Cotton season ended earlier here, as some mills have gone to annual closing,” he said. “However, price fluctuation will continue because of lint shortage.” KCE recorded only two transactions of 1,800 bales in between Rs6,800/maund to Rs7,000/maund. Sadiqabad’s 1,000 bales were sold at Rs7,000/maund and 800 bales of Haroonabad were sold at Rs6,900/maund.

THE EXPRESS TRIBUNE
WITH THE International New York Times
Tuesday, April 15th , 2017

Chinese textile units interested in relocating to Pakistan

By Our Correspondent

KARACHI: Tianjin Peoples Association for Friendship with Foreign Countries Vice President Chen Weiming has said that high cost of doing business and environmental challenges in China have made Pakistan an ideal destination for the relocation of Chinese textile industry.

"As the world economy is developing in the face of new challenges and choices, the company strives to develop import and export trade through the adjustment of industrial structure," he said.

"Their aim is multidisciplinary, multiple-format, diversified development of modern textile enterprises in the future."

Chen, while heading a delegation of the association, made the remarks during a meeting with members of the All Pakistan Textile Mills Association (Aptma) on Friday. Tianjin is a major port city located in northeastern China.

Aptma Senior Vice Chairman Zahid Mazhar invited Chinese investors to take advantage of the liberal trade and investment policies in Pakistan by entering into joint ventures with Pakistani entrepreneurs in the textile industry. He welcomed Chinese interest in relocating the industry to Pakistan.

Highlighting the trade and investment policies, Mazhar said the government was an advocate of open and deregulated market-driven economy and was creating an enabling environment by investing heavily in infrastructure and capacity building with special emphasis on attracting foreign investment and duty-free import of machinery, equipment and raw material.

Briefing on the environment for foreign investment, he said the government had allowed foreign direct investment in all sectors, treated local and foreign investment equally, permitted 100% foreign equity investment, required no government sanction and allowed remittance of royalty, technical and franchise fee, capital, profits and dividends.

Mazhar pointed out that the cost of doing business in Pakistan was lower compared to China, calling it one of the biggest advantages for the Chinese which encouraged them to invest in the textile sector of Pakistan.

He stressed that the recently announced export-led growth package including zero-rated sales tax for the textile industry, drawback of local taxes and levies at 4% on yarn and grey fabric, 5% on processed fabric, 6% on textile made-ups and 7% on textile garments against the realisation of export proceeds provided an added advantage for investment in Pakistan.

The meeting was also attended by former Aptma chairman Muhammad Yasin Siddik, Naveed Ahmed, Saleem Shakoor, Nadeem Elahi Sheikh and others.

The Nation on Web
The Nation
Saturday, 15th April, 2017

Textile bodies seek release of funds under PM's package

Our Staff Reporter

LAHORE - The textile industry has urged Prime Minister Nawaz Sharif and Finance Minister Ishaq Dar to release funds for disbursement of duty drawback to exporters against realisation of export proceeds, besides paying refunds of sales tax to the exporters against the already issued RPOs to save the industry from the liquidity crisis.

In a joint press conference at Aptma House - along with other textile associations including Pakistan Hosiery Manufacturers Association, Pakistan Readymade Garments Manufacturers and Exporters Association and Towel Manufacturers Association - All Pakistan Textile Mills Association Chairman Aamir Fayyaz said drawback of taxes, as announced by the prime minister against realisation of exports should be processed immediately. He said the amount to be disbursed over the last three months is estimated at Rs30 billion (Rs 10 billion per month) against the export package of Rs180 billion spread over 18 months period.

He said the FBR has exercised unjust tactics to delay refund payment of exporters for the 2016-17 tax period, as it has issued instructions for rolling back of RPOs to all the chief commissioners. He said any such situation would cause serious liquidity crunch for exporters and manufacturers for processing further export orders.

Pakistan Hosiery Manufacturers Association Chairman Adil Butt criticised the government asked the finance minister to apologize for not fulfilling the commitments with the industry. He said the government made several commitments on different occasions to facilitate the industry, including payment of sales tax refunds and PM's Rs180 billion export package, but not a single promise was fulfilled unfortunately. He said the PM's package for the export-oriented industries will not meet the target unless exporters' outstanding refunds are cleared along with the release of funds under the PM's package without any delay. He said that hosiery exporters have not received their rebates and their major portion of working capital is stuck up with the Customs Department.

The PHMA chairman said, "Benefit of GSP Plus move from the European Union had been virtually nullified due to our in-competiveness as compared with Bangladesh, India, Sri Lanka and China." The declining Euro had thrown a big blow on the face of industry and thus the exporters to European countries had to bear big losses. The export package will provide support to the dwindling textile export sector and can put it on right track, he added.

PRGMEA former chairman Sajid Minhas, addressing the press conference, said the government was losing its credibility with respect to commitments it has made repeatedly to the industry and exporters. He said immediate steps are needed to address the adverse situation arising out of the liquidity crunch, as the exporters are under the threat of losing their export orders.

He pointed out that the prime minister had announced export-led growth package on January 10, 2017. Three months have been passed so far and no payment has been made to exporters against the realisation of exports, he added. He urged the government to act decisively and rescue the value-added textile industry from financial crisis, as worst ever cash flow crunch has brought the largest industry to the verge of disaster.

Although very late, but this step of the government will help the whole textile sector, which had become uncompetitive in the international market due to higher cost of production in Pakistan as compared to regional countries, he added. He urged the prime minister to direct the authorities concerned to start releasing the funds under PM's package.

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Energy procured from expensive plants during 2012-14

Nepra says Rs17.73b loss incurred to national exchequer due to excessive consumption of auxiliary power by units of Genco-I, II & III

Fawad Yousafzai

ISLAMABAD - Although Gas-based GTPS Faisalabad and TPS Guddu were amongst the most cost-effective power stations as they provided power at the unit rate of Rs5.3 and Rs5.9, respectively, during 2012 to 2014 but their units were mostly put on standby mode during the subject period, due to which the energy was procured from the RFO-based expensive power stations.

The evaluation report of the public sector Generation Companies (Gencos), for the years 2012 to 2014, released by Nepra said that overall a loss of Rs17.73 billion was incurred to the national exchequer due to excess consumption of auxiliary power by the units of Genco-I, II & III and due to auxiliary power consumption by the units during standby mode.

This Performance Evaluation Report (PER) is based on the quarterly reports submitted by public sector Gencos for years 2012, 2013 and 2014. The report highlights the performance of public sector Gencos on the basis of parameters namely, Auxiliary Consumption, Standby Mode, Availability Factor, Net Capacity Factor, Net Output Factor and Energy Availability Factor. The Nepra framed Performance Standards Generation Rules (PSGR) back in 2009. Under PSGR, each generation company is required to submit to Nepra a Quarterly Performance Report as per the format prescribed in the PSGR.

The report said that the data provided by Gencos present a poor state of affairs at Genco's power stations which may include equipment deterioration, lack of scheduled & preventive maintenance, insufficient technical expertise and poor management. Therefore, there is a need to improve the performance of Gencos since they can contribute a significant share of the total energy demanded, the report recommended.

According to the report, the RFO-based TPS Jamshoro and TPS Muzaffargarh remained the most expensive power stations among all public sector Gencos as the CPPA-G procured energy from them at the unit rate of Rs19.7 and Rs19.1 respectively during the years 2012, 2013 and 2014.

On the contrary, Gas-based GTPS Faisalabad and TPS Guddu were found the most cost-effective power stations as the CPPA-G purchased energy from these at the unit rate of Rs5.3 and Rs5.9, respectively. This indicates that gas-based power stations contributed economical energy during 2012 to 2014 but their units were mostly put on standby mode during the subject period, due to which the energy was procured by CPPA-G from the RFO-based expensive power stations at that time.

While reviewing the data regarding auxiliary power consumption during service mode, as submitted by Gencos for the years 2012, 2013 & 2014, it has been noted that over the period of three years, Genco-I, II & III have consumed more amount of power under the head of auxiliary consumption as compared to that allowed by Nepra in their respective tariff determinations. This resulted in huge loss of energy which could be contributed by Gencos and ultimately caused considerable financial loss to the national exchequer. Overall, 776.79 million kWh energy was lost due to excess consumption of auxiliary power by the units of Genco-I,II & III during service mode, which could be contributed to national grid otherwise and subsequently this resulted in huge financial loss of around Rs11.69 billion to the national exchequer.

Similarly, while reviewing the data related to Standby mode, as submitted by Gencos for the years 2012, 2013 & 2014, it has been observed that few Gencos put their units/machines on standby mode for unexplainably longer period due to which the power was drawn from national grid for operation of certain essential auxiliaries instead of generating the energy. On inquiry about the reasons of such a longer duration of standby mode, Gencos attributed the NPCC instructions and the fuel constraints as its two major reasons.

The report said that overall, 763.13 million kWh energy was lost due to auxiliary power consumption by the units of Genco-I, II & III during standby mode and subsequently this resulted in a considerable

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financial loss of around Rs6.04 billion to the national exchequer.

Regarding the planned and unplanned outages of Gencos for the period of 2012, 2013 & 2014, the report said that there is no regular and timely practice for taking shut downs and routine maintenance of power stations, the duration for maintenance is longer as compared to the normal range of planned outages as specified in PPAs, which affects the power demand and supply management, there are no planned outages for few units/machines of NGPS Multan, GTPS Faisalabad and SPS Faisalabad of Genco-III, which shows that no maintenance was carried out for these power stations as they were put on standby mode for most of the time.

The duration of unplanned outages is longer for some power stations of Genco-II, which indicates that no regular repair and maintenance activities are being carried out by Genco-II despite of allowing colossal amounts under O&M head.

Overall, it can be commented that the unplanned outages for the units/machines have been observed more than the normal limit as indicated in PPAs which clearly show the poor condition of GENCO's power stations. During review of data regarding availability factor over the period of three years (2012, 2013 & 2014), it was analysed that the availability factor for the units/machines of TPS Jamshoro seems very low as compared to the normal range, the availability factor for Genco-II has been drastically decreased from 79 percent to 36 percent over the period from 2012 to 2014 which is due to zero percent availability factor for some of the power stations of Genco-II.

TPS Muzaffargarh has been observed somehow under the normal range, the other power stations of Genco-III except TPS M Garh have a good range of availability factor but unfortunately there was no energy production due to putting on standby mode, this indicates the seriousness of concerned authorities to resolve power crises of Pakistan.

During review of data related to Net Capacity Factor, it was observed that Net Capacity Factor for power stations of Genco-I & Genco-II is very low even below 50 percent despite of appropriate Reference Capacity and availability of units/machines for power generation.

Similarly, Net Capacity Factor for NGPS Multan, GTPS Faisalabad & SPS Faisalabad of Genco-III is also observed very low even zero percent because of most of the time these power stations were put on standby mode during reported years.

During review of data regarding Net Output Factor over the period of three years (2012, 2013 & 2014), it was analysed that since Net Output Factor deals with the actual output of power plants vis-à-vis their available net capacities and service hours (plant's generating hours). During review of data pertaining to this factor, major variations in output percentages have been observed. This shows the unreliability of power generation and unpredictability of Genco's power stations which may be due to lack of maintenance and fuel constraints.

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ECC approves allocation of 10 mmcfd gas from Tolang field to SNGPL

Imran Ali Kundi

ISLAMABAD - The Economic Coordination Committee (ECC) on Friday approved to allocate 10 mmcfd gas from Tolang Gas field to SNGPL, which would improve gas supply to all sectors including the power plants.

The ECC meeting, chaired by Finance Minister Ishaq Dar, has also approved payment of salaries amounting to Rs380 million for the month of January 2017 to Pakistan Steel Mills employees on compassionate grounds. The ECC considered and approved the proposal of Ministry of Petroleum and Natural Resources for allocation of 10 mmcfd gas from Tolang Gas field to SNGPL. The price of gas will be as per the applicable petroleum policy.

The Ministry of Petroleum and Natural Resources had proposed that keeping in view the energy shortfall, gas production from the Tolang field had been proposed to be allocated to SNGPL, which would improve supply to all sectors including the power plants. Hungarian energy firm MOL has discovered gas in Khyber Pakhtunkhwa. MOL is expected to add 10 mmcfd gas from the Tolang field in Kohat district of KP in June this year.

The Ministry of Water and Power had suggested that gas being discovered by Hungarian energy firm MOL should be utilised to improve supplies to the power producers, especially the highly efficient gas-based power plants. However, the top economic decisions making body of the country approved summary of the Ministry of Petroleum and Natural Resources.

Meanwhile, the ECC has also considered and approved the proposal from the Ministry of Finance for issuance of Letter of Comfort to National Bank of Pakistan or any other financial institution which will in turn issue Stand by Letter of Credit (SBLC) for the comfort of commercial lenders of the Lahore-Sialkot Motorway project.

The ECC also considered and approved a proposal of the Ministry of Commerce with respect to the PM’s Package of Incentives for Exporters. For export shipments until March 31, 2017 under the package, ECC approved extension in deadline for submission of claims from 90 days after shipment to 120 days after shipment. ECC also approved inclusion of certain finished leather projects in the DLTL order under the package.

The ECC considered a proposal of the Ministry of Petroleum regarding transportation of crude oil from Adhi Oil Field, and authorised the concerned company to deal with the transportation arrangement of crude oil from the field purely on open competition basis without any involvement of the government.

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Committee formed to address businessmen complaints

Our Staff Reporter

LAHORE - A delegation of Lahore Chamber of Commerce and Industry (LCCI) Executive Committee on Friday called on Punjab Chief Minister Shehbaz Sharif to discuss the problems being faced by business community.

The chief minister assured the chamber members that their problems will be addressed on priority. The chief minister also formed a committee to entertain complaints and difficulties of business community that would be sorted out through the secretaries concerned. The committee will be headed by Provincial Minister Malik Nadeem Kamran.

On the occasion, CM Shehbaz highlighted the government initiatives for the development and the prosperity of the country and said that CPEC will play a vital role in making Pakistan strong and prosper. He said that huge opportunities exist for halal foods export and Pakistan can make the best use of it. He said that the Punjab government has framed law to combat counterfeit and substandard medicines in order to save precious human lives. In like manner, manufacturers of standard pharmaceuticals will be profoundly valued.

He said that current government has made extraordinary efforts to overcome energy crises. He said that constructions of parking plazas are being given prime consideration in order to solve the issues of traffic. Furthermore, he added that agriculture plays a vital role for boosting up economy that is why concrete initiatives are being taken for the promotion of farming sector. However, with the purpose of increasing yields of rice and cotton more research and development work needs to be done.