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Bajwa meets Wang; Pakistan''s approach to CPEC praised

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Chief of Army Staff (COAS) General Qamar Javed Bajwa on Friday met Chinese Foreign Minister Wang Yi at China''s Foreign Office Beijing. The minister expressed complete understanding of challenges faced by Pakistan, its geo-political relevance and contributions towards regional peace and stability, Inter Services Public Relations (ISPR) stated in a news release here.

The Chinese minister said that China appreciates Pakistan''s efforts to maintain good relationships with its neighbours including India and Afghanistan despite challenges. The minister thanked Pakistan for time tested support to China on core issues. He appreciated Pakistan''s efforts towards realisation of the China Pakistan Economic Corridor (CPEC) as part of One Belt One Road (OBOR). He reiterated China''s full spectrum support to Pakistan.

The COAS thanked the minister and China on their acknowledgements and support.He said that Pakistan greatly values its strong friendship with China and looks forward to carry on with same zeal. The COAS thanked the minister for Chinese diplomatic support to Pakistan on core issues. Earlier, China and Pakistan agreed to advance the China-Pakistan Economic Corridor (CPEC) project, Chinese media reported on Friday.

The pledge was made during a meeting between Chinese Vice Premier Zhang Gaoli and Pakistan Army Chief General Qamar Javed Bajwa in Beijing. Zhang lauded the rapid development of China-Pakistan ties, saying bilateral co-operation not only benefits the two peoples, but also contributes to regional peace and stability. He called on the two sides to maintain close high-level contact and strengthen co-ordination on international and regional affairs, to lift bilateral ties to new heights.

He suggested that the two countries should enhance defence and security co-operation and push forward the building of the CPEC in an orderly manner. General Bajwa said Pakistan views the relations with China as the cornerstone of its foreign policy and its army will always be a staunch supporter of bilateral friendship. To ensure the smooth construction of the CPEC, the Pakistan armed forces will resolutely safeguard its security, he said.

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Non-filers:

FBR agrees to enhance rates of WHT

SOHAIL SARFRAZ

The Federal Board of Revenue (FBR) has agreed to a budget proposal of field formations to enhance rates of withholding tax on non-filers in the coming budget (2017-18). Sources said that the second day of the Tax Policy Conference at the Federal Board of Revenue (FBR) discussed the tax proposals of the field formations including Regional Tax Offices (RTOs). One of the proposals discussed during the conference was to further enhance withholding tax rates on non-filers. The non-filers are subjected to higher rates of withholding tax on different kind of transactions. It has been proposed that the difference of withholding tax rates between the filers and non-filers would be further increased in coming budget.

The FBR will also explore possibility to expanding the scope of higher rate of withholding tax for non-filers on other sectors. The budget proposal was discussed during the Tax Policy Conference held at the FBR House. The conference was chaired by Haroon Akhtar Khan Special Assistant to the Prime Minister on Revenue. Presentations were made by Chief Commissioner Regional Tax Office (RTO) Peshawar and senior officials of Large Taxpayer Units (LTUs) of Karachi, Lahore and Islamabad on first day of conference. The remaining RTOs made their presentations on the second day of conference.

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FBR arm detects non-payment of Rs 876 million WHT by Railways

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The Directorate General of Intelligence and Investigation Inland Revenue (IR) Lahore has detected non-payment of withholding tax of Rs 876 million by Pakistan Railways on contracts with various firms/companies for operating passenger trains. Sources told *Business Recorder* here on Friday that Khawaja Tanveer Ahmed Director General Directorate General of Intelligence and Investigation Inland Revenue has submitted a report to the FBR Chairman.

According to the details, on the basis of credible information the Directorate of Intelligence & Investigation-IR, Lahore had learnt that M/s Pakistan Railways has entered into agreement with various firms/companies since the year 2006 whereby contracts for operating Passenger trains were awarded through open auction, however, due withholding tax u/s 236A of the Income Tax Ordinance, 2001 has not been collected/deposited by the Pakistan Railways from the contractors.

An inquiry/investigation has been conducted in this regard and default u/s 161 of the Income Tax Ordinance has been ascertained to the tune of Rs 876 million excluding default surcharge u/s 205. It is, however, pertinent to mention here that default surcharge u/s 205 of the said Ordinance, comes to Rs 410 million up to 13.01.2017. Accordingly Investigation Report has been sent to Chief Commissioner-Inland Revenue, Large Taxpayers Unit, Lahore.

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PPIB cancels ministry-IPPs meeting

MUSHTAQ GHUMMAN

The Ministry of Water and Power has reportedly decided to snub Independent Power Producers (IPPs), prompting the Private Power& Infrastructure Board (PPIB) to cancel the second meeting scheduled to resolve overdue payments issue, well informed sources told *Business Recorder*. "Minister for Water and Power, Khawaja Asif is furious with IPPs for its sustained media campaign against the government through the IPP Advisory Council," the sources added.

PPIB's Managing Director, during the first meeting, had conveyed his inability to resolve matters by stating that he had no authority to commit to anything with the IPPs without the backing of Water and Power Ministry. He had scheduled a meeting on March 15, 2017 but cancelled it at the eleventh hour, the sources added.

Thirteen IPPs which served demand notices to the GoP / NTDC were paid only Rs 13 billion which was only 7 per cent of the overdue payment. The Water and Power Ministry raised Rs 30 billion from commercial banks, interest on which will be paid by the Ministry of Finance for failing to release required amount of subsidy. The government has not paid the overdue amount sought by the IPPs under the guarantee but under another head. "What can we do if the Ministry of Water and Power refuses to discuss the issue? We will take action after the government sends its response to the notices formally," said one of the representatives of IPPs.

According to PPIB, it receives receipts of demand notices under respective GoP guarantees from 13 IPPs. These demand notices are a continuation of the earlier notices served to the power purchaser which were forwarded by PPIB to the Ministry of Water and Power, National Transmission and Despatch Company Limited (NTDCL) and Central Power Purchasing Agency-Guaranteed (CCPA-G) for immediate release of outstanding payments due and payable under and in accordance with respective Power Purchase Agreements (PPAs) to the IPPs in order to avoid default by the power purchaser.

However, as per demand notices, the power purchaser was unable to release payments to the IPPs and a total of Rs 33.394 billion is payable by the power purchaser to the ten IPPs as follows: (i) Altas Power Ltd- Rs 4.555 billion;(ii) Attock Gen Ltd- Rs 4.5 billion ;(iii) Halmore Power Generation Company Ltd- Rs 880 million;(iv) Liberty Power Tech Ltd- Rs 5.361 billion;(v) Nishat Power Ltd- Rs 4.881 billion;(vi) Nishat Chunian Power Ltd- Rs 4.1 billion;(vii) Orient Power Company (Pvt) Ltd Rs 1.881 billion;(viii) Saif Power Ltd- Rs 1.5 billion;(ix) Saphire Electric Company Ltd- Rs 1.396 billion and ;(x) Hubco Narowal- Rs 5.025 billion. PPIB also sent claims amounting to Rs 9 billion of AES (Pakgen), AES(Lalpir) and KEL Power.

PPIB maintains that respective GoP guarantees are part of the project agreements and have been executed to secure payment obligations of the power purchaser under the respective power purchase agreement. As per the terms and conditions of the respective GoP guarantees issued to these IPPs, the GoP(being guarantor) is obliged to make payments of any amounts due and payable by the power purchaser under respective PPAs which have not been paid with 10 business days following receipt of such demand notices under the GoP guarantees.

"As the demand notices were received by PPIB on March 2, 2017, such payments if due and payable by the power purchaser under the respective power purchase agreement were due and payable by March 13, 2017 under the respective GoP guarantees," the sources added. Ministry of Water and Power had also been requested to intervene in the matter and exercise all endeavours for the earliest release of undisputed overdue amounts under the respective power purchase agreements to the IPPs.

"If the current payment controversy continues then who will invest in Pakistan? We are just demanding the money that is ours legally and requesting the authorities to sit with us and sort it out. We are ready to talk. Our last word always is we are ready to sit and discuss," said another stakeholder.

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IBI assets grow 15 percent in CY16

RIZWAN BHATTI

The assets of Islamic Banking Industry (IBI) recorded a growth of 15 percent during the last calendar year (CY16). According to State Bank of Pakistan (SBP), assets of IBI surged to Rs 1.853 trillion as on December 31, 2016 compared to Rs 1.610 trillion on December 31, 2015, depicting an increase of Rs 243 billion. This increase in assets was mainly contributed by financing that witnessed a healthy growth. During the period under review, deposits of IBI also increased by 14.4 percent or Rs 198 billion to reach Rs 1.573 trillion at the end of December.

The market share of Islamic banking assets and deposits in the overall banking industry stood at 11.7 percent and 13.3 percent, respectively by end-December, 2016 compared to 11.4 percent and 13.2 percent, respectively in December 2015. The network of IBI consisted of 21 Islamic Banking Institutions (IBIs), including five full-fledged Islamic banks and 16 conventional banks having standalone Islamic banking branches (IBBs) by end-December, 2016. Branch network of IBI reached 2,322 branches (spread across 112 districts) by end-December, 2016 up from 2,075 branches at the end of December 2015.

Province/region-wise break-up of branches reveals that Punjab and Sindh jointly account for almost 80 percent share in overall IBI branch network. The number of Islamic banking windows operated by conventional banks having Islamic banking branches stood at 1,220 by end-December, 2016. During the period under review, Burj Bank Limited merged into AlBaraka Bank (Pakistan) Limited.

Bifurcation of assets among IBs and IBBs reveal that assets of both IBs and IBBs increased by Rs 57 billion and Rs 8 billion, respectively during the last quarter (Oct-Dec) of CY16. The share of IBs (61.9 percent) remained higher than that of IBBs (38.1 percent) in the overall assets of IBI.

During the last quarter, profit after tax (PAT) of IBI was recorded at Rs 11.8 billion at the end of the quarter under review. Among other profitability indicators, Return on Assets (RoA) and Return on Equity (RoE) were recorded at 0.7 percent and 10.6 percent, respectively.

Deposits of IBI witnessed a growth of Rs 97 billion during the quarter ended December, 2016. Deposits were recorded at Rs 1,573 billion compared to Rs 1,476 billion in the previous quarter. The category-wise break-up of deposits shows that current (non-remunerative) and fixed deposits increased by Rs 61 billion and Rs 18 billion, respectively during the review quarter.

Investments (net) of IBI were recorded at Rs 490 billion by end-December, 2016 compared to Rs 663 billion in the previous quarter. This decrease in investments was mainly attributed by maturity of Bai Muajjal of Sukuk transaction of IBIs with GoP. Asset quality indicators of IBI, including non-performing finances (NPFs) to financing (gross) and net NPFs to net-financing were better than those of overall banking industry's averages. Provisions to NPFs ratio was recorded at 84.7 percent by end-December, 2016.

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THE RUPEE: Firm trend

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Firmness prevailed on the money market on Friday as the rupee did not move any side against the dollar in the process of trading, dealers said. The rupee was inert against the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, they said.

INTER-BANK MARKET RATES: OPEN MARKET RATES: The rupee was also unmoved in relation to the dollar for buying and selling at Rs 106.50 and Rs 106.70 respectively; however, it shed 10 paisas versus the euro for buying and selling at Rs 114.00 and Rs 115.50 respectively, they said.

In the fourth trade, the dollar licked its wounds, wallowing at five-week lows against a currency basket and on track for weekly losses after the US Federal Reserve signalled fewer interest rate hikes than some investors had expected.

Although the US central bank delivered an interest rate increase on Wednesday as widely anticipated, it did not alter its earlier forecast for a total of three rate increases this year.

That disappointed dollar bulls who had hoped for hints of a possible fourth hike in 2017. The dollar index, which gauges the greenback against a basket of six major rivals, edged down 0.1 percent to 100.26, after earlier coming within a tick of the overnight low of 100.21, its lowest level since February 9. It was down one percent for the week. Against the yen, the dollar edged up 0.1 percent to 113.44, down 1.2 percent for the week ahead of a Tokyo public holiday on Monday.

The yen gained despite sharply diverging monetary policy expectations. On Thursday, the Bank of Japan held its policy steady as expected and maintained a pledge to cap long-term interest rates around zero. BOJ Governor Haruhiko Kuroda said an up-tick in inflation toward 1 percent won't immediately trigger an interest rate hike, signalling that Japan will stick to its ultra-easy policy even as other major economies eye withdrawing stimulus.

Kuroda, who heads to Germany for a Group of 20 finance leaders' meeting this weekend, shrugged off market speculation the BOJ may raise its target on bond yields later this year, when consumer inflation is expected to approach 1 percent due mostly to a rebound in fuel costs and rising import prices from a weak yen.

"The Fed is going to continue to continue to hike rates, so we don't see any reason to aggressively buy the yen more," said Masashi Murata, senior strategist at Brown Brothers Harriman in Tokyo. US data on Thursday underscored the US economy's solid underpinnings. Homebuilding increased 3.0 percent last month and jobless claims fell in the latest week. The dollar was trading against the Indian rupee at Rs 65.578, the greenback was at 4.441 in terms of the Malaysian ringgit and the US currency was at 6.902 versus the Chinese yuan.

Open Bid	Rs. 106.50
Open Offer	Rs. 107.70

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

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pakistani rupee depreciated against the foreign currencies including the US dollar and the British pound in the local currency market on Friday.

According to currency dealers, the US dollar resumed trading on a positive note following fresh buying in the market. As a result, it appreciated and ended at Rs 106.75 and Rs 107.10 on buying and selling sides, respectively, as compared to the overnight closing rates of Rs 106.50 and Rs 106.90 respectively, they added.

Similarly, the national currency also followed the same suit versus the pound sterling. The pound's buying and selling further increased from Thursday's closing rates of Rs 129.50 and Rs 130.50 to Rs 130.80 and Rs 131.50 respectively, they said.

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

The dollar opened at Rs 106 (buying) and Rs 106.50 (selling) against last rate of Rs 107.50 (buying) and Rs 107.60 (selling). It closed at the same rate of Rs 106 (buying) and Rs 106.50 (selling).

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

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Senate body concerned at briefings on ECO summit

RECORDER REPORT

Senate Standing Committee on Foreign Affairs on Friday expressed serious concern over the briefing of foreign affairs officials regarding Economic Co-operation Organisation (ECO) summit. The committee also raised questions on the efforts of foreign office for the recovery of missing person while performing Hajj. The committee was chaired by Senator Nuzhat Sadiq. The committee observed that the Foreign Office tends to close the border during such important events, when and where international relations can be promoted.

Acting Secretary Foreign Affairs Waheed-ul-Hassan briefed the committee regarding the subject of the Economic Co-operation Organisation (ECO) Summit, which was held on March 1, 2017 on the theme "Connectivity for Regional Prosperity". The summit was attended by the heads of states, heads of government and representatives from the member countries, he added.

He told the committee members that national policies are the main hurdle in the way of trade with the countries. He also informed about the issues of the banking sector between Pakistan and Iran. He said that these issues will be resolved which would prove an instrumental in boosting trade between the two countries. He said that four countries have signed the ECO free trade agreement.

The acting secretary maintained that the summit decided the ways and means to augment co-operation in the diverse areas; however, the focus of the summit was on greater connectivity and trade linkages. It was also briefed that the Prime Minister had stressed that development of ECO connectivity was in line with government's policy of peaceful neighbourhood.

The Islamabad Declaration set the target to double trade between ECO member countries in two to three years, and it welcomed the China-Pakistan Economic corridor (CPEC), as a far-reaching initiative. He said that the ECO vision 2025 adopted at the summit envisaged that the ECO will pave the way for a region of integrated and sustainable economies with free trade area, whereby the vision sets tangible goals.

He further informed the committee that the successful conduct of the summit has exposed lies of certain foreign elements regarding isolation of Pakistan. The high level participation was reflective of the fact that regional countries regarded Pakistan as a harbinger of positive changes and meaningful development in the region, he clarified. He said this multilateral event provided the members an opportunity to reaffirm their commitment to progress and prosperity, while identifying new areas of co-operation, adding that it cemented the progress on matters under process.

The committee also observed that even after seven months, the Foreign Office could not recover Abdul Ghafoor Khan. The acting secretary told the committee that the Consulate General of Pakistan in Jeddah has taken up the matter with the Ministry of Foreign Affairs of Saudi Arabia as well as other authorities concerned. Since occurrence of the incident, the consulate is making all possible efforts to trace the whereabouts of missing Abdul Ghafoor. He said the Consulate has recently informed that they are in continuous touch with the authorities concerned in Saudi Arabia; however, till now, they have not shared any information regarding whereabouts of Abdul Ghafoor.

Senator Farhatullah Babar suggested the Foreign Office to get everything in writing, while holding an inquiry in this regard. He also hypothetically stated that the person can be taken to Yemen. Senator Ata-Ur-Rehman said that all those who are responsible should be inquired in the above case, saying the last location of the person could be an obvious clue to investigate the matter. Senator Ayesha told the committee that there are cases where people hide willfully and a number of cases have been seen during Hajj time, thus involving the Ministry of Religious Affairs will lead to some case of the similar nature.

The committee also observed that there is no ambassador appointed to Saudi Arabia and it has been more than a month to the retirement of there. Senator Mushahid Hussain pointed out the number of ambiguous and vague points in the report the foreign office submitted.

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PM, Dar held responsible for economic woes

ABDUL RASHEED AZAD & TAHIR AMIN

The current economic morass is a result of Finance Minister Ishaq Dar's flawed policies which Prime Minister Nawaz Sharif blindly supports. This was the consensus among the economists, academia, business community as well as general public during an anecdotal survey conducted by *Business Recorder* here on Friday. Majority of the interviewed people said that while it is Ishaq Dar who convinces Prime Minister Nawaz Sharif on the appropriateness of his policies, yet the Prime Minister is equally responsible for his blind trust on his Finance Minister.

Pakistan's trade deficit widened to $20.20 billion during the first eight months (July-February 2017), up by 34.33 percent from $15.039 billion for the same period a year before and exports declined by 3.9 percent contracting to $13.318 billion as compared to $13.859 billion for the same period of last fiscal year. The country received $4.565 billion foreign assistance from multilateral and bilateral donors in the current financial year, including $1.2 billion short term high interest loans from commercial banks abroad in the current fiscal year, while the number of tax filers is only 1.039 million while tax payers, including those who pay tax on the sims, is around 40 million.

Shumail Daud, President Rawalpindi Chamber of Commerce and Industry (RCCI), told *Business Recorder* that the Prime Minister is the head of government and the buck most stop with him. If economic policy is flawed and the Prime Minister has no knowledge then it is negligence on his behalf, but if the Prime Minister is aware of flawed policies and continues to blindly support his Finance Minister, then it is his blunder.

He said the small number of tax filers shows that tax reforms have failed and need revamping. The Prime Minister needs to decentralise the system and trust his other team members instead of relying on a single man who is clearly unable to undertake all responsibilities, Daud added.

Chairman Pakistan Apparel Forum Javed Balwani said that Finance Minister Dar is responsible for the dismal economic performance, but it is also the responsibility of the Prime Minister to question him. He said extreme cash flow crunch and high energy prices are hampering export growth and adversely impacting the industry. Finance Minister is responsible for holding their refunds of drawbacks and sales tax, which would have otherwise been invested to enhance production capacity.

Shaban Khalid, former President Islamabad Chamber of Commerce and Industry, said that decline in exports, widening of trade deficit and small number of tax filers constitute a major concern and not a good omen. The government needs to keep a check on these crucial indicators which, unfortunately, does not appear to be taking place, however blaming a single person is not reasonable and the entire government must be held responsible.

Mian Zahid Hussain, Senior Vice Chairman FPCCI, said that except exports, other economic indicators including GDP growth rate and inflation are good. Due to decline in exports, trade deficit is increasing; balance of payment issue is rising and government is compelled to borrow more. However, overall the incumbent government has succeeded in the economic revival of the country.

The Global System Mobile Association (GSMA) in its latest report stated that the current treatment of the mobile sector in Pakistan, including higher taxes and fees, may reduce affordability and lead to inefficient investment decisions. The mobile industry recognizes that its fiscal contribution remains critical to financing public expenditure in Pakistan. However, the current treatment of the mobile sector may be limiting growth in connectivity that could not support each of the seven pillars of the Vision 2025 strategy, said the GSMA report titled Current Overview: Pakistan, a Digital Future: "the mobile penetration and internet usage in Pakistan are notably

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lower than other comparable markets, and a key factor in this regard is taxation, which may impact on consumers and wider mobile ecosystem".

Prime Institute Senior Fellows Dr Ikramul Haq and Huzaima Bukhari said that bad tax policies were detrimental to the survival and growth of other major productive sectors.

Haq observed that Pakistan's telecom sector was one of the highest taxed in the entire world. Pakistan is one of those countries where SIM activation taxes are still levied. Heavy taxes on the sector have not discouraged usage, but driven revenues and sectoral investment down significantly.

Business Recorder approached a number of students, teachers, laymen, shopkeepers, lawyers, public as well as private sector employees during the survey and all blamed the Finance Minister for the continued economic challenges the country is facing today. However poor election results for the PML-N in the 2018 elections would be because of the flawed policies of Ishaq Dar, was the general consensus.

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Wapda to add 2485 MW hydel power to national grid by mid-2018

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In pursuit of its commitment for optimal utilisation of water and hydropower resources, Pakistan Water and Power Development Authority (WAPDA) will add 2485 MW hydel electricity to the National Grid with completion of its three under-construction hydropower projects by end of 2017 to mid 2018 in order to help eliminate load shedding from the country as per the Federal Government's resolve. These projects include the 969 MW-Neelum Jhelum Hydropower Project, the 1410 MW-Tarbela 4th Extension Project and the 106 MW-Golen Gol Hydropower Project. After completion, these projects will cumulatively contribute 9.432 billion units of low-cost and environment-friendly hydel electricity to the system every year.

It is pertinent to mention that WAPDA projects were marred with delays due to certain reasons, and had missed timelines of their completion. After assuming the charge of the office in August 2016, the incumbent WAPDA Chairman Lieutenant General Muzammil Hussain (R) re-structured WAPDA's priorities to complete its under-construction projects in the shortest possible time, and initiate construction work as early as possible on ready-for-construction projects.

Because of the active persuasion of WAPDA Chairman and an effective monitoring mechanism in place, WAPDA projects are back on track. The hurdles in the way to implementation of the under-construction WAPDA projects have been removed, and these are now heading towards completion at a good pace. First unit of Tarbela 4th Extension will be completed by end 2017, whereas two remaining units during high water flow season in 2018. Likewise, first unit of Neelum Jhelum Hydropower Project will start electricity generation by February 2018, second unit in mid March 2018 and the third and fourth units will be completed in April 2018. Similarly, first unit of Golen Gol Hydropower Project will be inaugurated in December this year, while overall completion of this project is scheduled in August 2018. Kachhi Canal Project is being completed in phased manner. The Phase-I will irrigate 72,000 acres of land after its completion in the far flung and backward areas of Dera Bugti district in Balochistan - 55,000 acres by end August 2017 and another 17,000 acres by end of December this year.

The issue of land acquisition for Dasu Hydropower Project, which was pending for the last two years, has been resolved by signing an agreement with 80-member Jirga of the local notables of Kohistan district in December 2016 for smooth and speedy acquisition of land. Two contracts worth about Rs 180 billion have also been awarded for main civil works of the project. For the 128 MW-Keyal Khwar Hydropower Project, the contractor has been mobilised to the site for start of construction work on the project. Also, construction has commenced on Kurram Tangi Dam (Stage-I) during the current month.

In the wake of approval of the Financial Plan by Prime Minister Muhammad Nawaz Sharif in November 2016, WAPDA is making concerted efforts to award the contract for main works of Diamer-Basha Dam Project by end 2017. Mohmand Dam Project is also being actively pursued to start construction work as early as possible.

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SECP's recommendations to amend Companies Act 1974 approved

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has achieved another milestone in ease of doing business as its recommendations to amend the 43-year-old Companies (Appointment of Legal Advisors) Act, 1974, has been approved by the Parliament.

The Companies (Appointment of Legal Advisors) Act 1974 was promulgated in 1974, which earlier required the companies having paid-up capital of 0.5 million and above, to appoint a legal advisor to advise such companies in the performance of their functions and the discharge of its duties in accordance with the law. It was considered that the requirements of the legal advisor for the small companies was a major hurdle in their corporatisation, as it increased the cost of doing business due to hiring of legal advisor to fulfil this mandatory requirement.

Now, the Companies (Appointment of Legal Advisers) (Amendment) Act, 2017, has been promulgated and the threshold of paid-up capital for companies to appoint their legal advisor has been increased to companies having more than 7.5 million paid-up capital. Previously, there were almost 40,000 companies, which were required to appoint legal advisor, and now after the amendment, approximately 10,200 companies are required to appoint legal advisor and around 30,000 companies have been relieved from this regulatory burden through this initiative. The amendments to the Companies (Appointment of Legal Advisors) Act, 1974, are aimed at saving the small-sized companies from financial burden of appointing legal advisors. As part of facilitation reforms, this is another facilitative step by the SECP to provide simple and encouraging regulatory environment for companies having small capital base.

Previously the penalty for contravention of the Companies (Appointment of Legal Advisors) Act, 1974, was imprisonment. Now, the SECP has been empowered to impose penalty for contravention of the provisions of the law, instead of the courts, which has reduced the workload of the courts.—PR

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Sluggish business on cotton market

RECORDER REPORT

Trade activity failed to pick up in the absence of buying interest on the cotton market on Friday, dealers said. The official spot rate was unchanged at Rs 6750, they said. In Punjab prices of seed cotton were unchanged at Rs 3750-3800, as per 40 kg, they said.

In ready session, nearly 1600 bales of cotton sold at Rs 6700-7000, they said. Commenting on the slow business, cotton analyst, Naseem Usman said that thin business was witnessed because of dwindling stocks in the country and shortage of quantity cotton. He also said that the spinners kept booking for quality lint but mostly failed due to limited stock with ginners. Only small-lot deals were reported.

Naseem Usman also reported that in Thatta and Badin are facing shortage of water, so it is most likely that cultivation of cotton crop may face the same situation in coming season (2017-18). Therefore, it could be suppose that growth of cotton will be impaired in Sindh due to shortage of water.

Naseem Usman was of the view that the attention of the agriculture department and the Seed Corporation in Punjab to provide ample supply of water regularly and also arrange for the proper supply and distribution of seed to enable the farmers to grow high quality of cotton during the incoming season (2017/18). Besides, the supply of authenticated cotton-seeds, the supply of proper kind of pesticide should also he ensured. According to the weekly report of United States Department of Agriculture (USDA) cotton exports picked up 27 percent against the last week.

Reuters adds: The New York cotton futures were higher on Thursday. The following deals reported: 400 bales of cotton from Bakkur sold at Rs 6700, 600 bales from Khanewal at Rs 6800 and same figure from Khanpur at Rs 7000, 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 16.03.2017**	**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

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	78.09	78.60	77.90	78.36	14:45 MAR 17	78.17	0.19	11687	78.17
Jul'17	79.12	79.52	78.90	79.38	14:45 MAR 17	79.12	0.26	5278	79.12
Oct'17	-	76.19	76.19	76.19	14:45 MAR 17	76.10	0.09	-	76.10

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CPEC for all

FARHAT ALI

There is not a single day when the China Pakistan Economic Corridor (CPEC) is not a subject of widespread coverage in the print media. There are news and opinions on the pros and cons of the CPEC, expressing jubilation and caution on the subject. The majority of analysts believes that the CPEC is the best thing that has ever happened to Pakistan while some argue that the mega project has compromised Pakistan's sovereignty, burdened the nation with unprecedented loans, led to nation's diplomatic isolation. The latter category of analysts also argues that the CPEC will lead to flood the country with cheap Chinese goods at the expense of local industry.

The truth lies somewhere in the middle. The CPEC is indeed critical to Pakistan's political and economic viability in these times of belligerence the country is facing on its borders and the changing global political and economic dynamics. The nation needs something strong to cling on to and there is no better option than China which is now world's major economic and political power. Pakistan, in the state of CPEC euphoria, however, appears to have forgotten its traditional partners such as Europe, the US, Japan and others. These countries have for decades supported Pakistan's economic growth, specially during its infancy, through soft loans, grants, foreign direct investments, transfer of technology, intellectual support and similar.

Over the last many years, the enthusiasm of these countries appears to have dwindled. Some of the multinational companies from these countries have left Pakistan while many other have scaled down their operations. Multinational companies argue that Pakistan no longer offers them a level playing field. According to them, Pakistan's policies are skewed in favour of Chinese contractors and products.

It is reported that Gallup Pakistan has said that the China Pakistan Economic Corridor (CPEC) should also be evaluated in light of the country's relations with the rest of the world and if not ably aligned with utmost precision, the CPEC might hamper Pakistan's relations with western countries which have time and again come to the country's rescue in times of need.

It is further argued that "the CPEC should be beneficial for everyone, which is why its pros and cons should be monitored and handled carefully. Some circles have reservations about the project and one of them is that Pakistan would be isolated from the west. This aspect requires special focus from our policymakers as we cannot afford subpar relations with those countries that have remained significant for aid and trade."

It is reported that in 2008 Pakistan's trade with China was 11% of its total trade, which soared to 29% as of 2015. The gap created on account of shying away of western partners appears to have been bridged by China.

Market diversification is good but putting all eggs in one basket could be fatal. It is reported that Lahore Chamber of Commerce and Industry (LCCI) President Abdul Basit has said that the CPEC as a game changer is becoming a strong reality since it is gaining attention of the entire world.

"The project would usher in a revolution in the areas of physical infrastructure, energy and human resources. It will also help Pakistan in technological advancement and improve the region's connectivity system," he said.

The LCCI president urged local manufacturers to invest in CPEC-related projects. "Projects like this have the capacity to stimulate the local economy by increasing the demand for local-manufactured goods," he said. "Such an increase in demand will not only allow full utilisation of the existing manufacturing potential, but will also encourage manufacturers to increase their capacity," according to him.

The CPEC is no doubt China - Pakistan centric but is reported to have encouraged other countries to join in and many countries from Europe, Russia and Central Asia have expressed interest to join this historic project.

The Silk Road Economic Belt and the 21st Century Maritime Silk Road, also known as The Belt and Road initiative, is a developmental strategy proposed by Chinese

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President Xi Jinping that focuses on connectivity and co-operation between China and the rest of Eurasia. It consists of two main components - the land based 'Silk Road Economic Belt (SREB)' and ocean-going 'Maritime Silk Road (MSR)'. The strategy underlines China's push to take a bigger role in global affairs and its need for priority capacity co-operation.

The coverage area of the initiative is Asia and Europe encompassing 60 countries. Oceania and East Africa also included. The anticipated cumulative investment is a staggering US$ 4-8 trillion.

Through the CPEC, which is the backbone of China's ambitions, Pakistan is well positioned and part of this ambitious plan of economic and political globalisation. Pakistan through the CPEC, in particular, must reach out to the West to gain diplomatic, political and economic mileage out of the given opportunities. The US, the UK and Europe are the largest foreign direct investors in Pakistan. They have historic, social and business ties with Pakistan and the whole of Asia where their impressive footprints in culture, social sector and business segments are visible. Above all, there exist great people-to-people contacts.

The CPEC's initial phase includes over $35 billion investments in Pakistan's power sector and over $10 billion investments in infrastructure projects. Moreover, 29 Special Economic Zones - to spur industrial and commercial activities - will be established all over Pakistan in the proximity of the corridor. China, under a long-term lease, is developing Pakistan's Gwadar Port and a container terminal and an economic zone in its proximity.

All projects and Special Economic Zones under the CPEC are open for investments, supplies, contracting and services to all countries offering opportunities in power sector, oil and gas, mines and minerals, industry, small and medium industry, healthcare sector, education, service and hospitality industry, engineering-consultancy-construction services and others.

Pakistan is blessed with abundant natural resources and a vast domestic market and a willing workforce but we need to put our act together to move on with greater speed. There can be no better opportunity to do so than the CPEC which offers us incentives to put our house in order. The nation has missed many opportunities but missing this out is not an option.

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

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Large-scale manufacturing grew 3.5pc in July-Jan

SHAHID IQBAL

KARACHI: Large-scale manufacturing (LSM) grew 3.48 per cent year-on-year in July-January, much below the target of 5.9pc set for the current fiscal year.

The growth stood at 4.5pc during the same period of the preceding fiscal year. Most of the important segments of LSM showed negative growth or poor performance, a State Bank of Pakistan report said on Friday,

The textile sector, despite receiving bank loans worth Rs90 billion last year, showed a marginal growth of 0.29pc during the seven-month period compared to 0.92pc a year ago.

Production of coke and petroleum products, which rose 4.85pc in the first seven months of the previous fiscal year, posted a growth of 0.67pc.

However, the pharmaceutical industry maintained the growth size as it noted an increase of 7.57pc compared to 7.3pc in the same period last year. Chemicals production fell 2.13pc compared to a growth of 11.63pc.

The automobile sector's growth came down to 6.91pc from 31.28pc a year earlier. The growth in cars and jeeps noted a negative growth of 1.9pc in July-January 2016-17 compared to a positive growth of 43pc a year ago.

Similarly, motorcycles' production grew 20pc, buses 26pc, trucks 54pc and tractors 79pc.

Food, beverages and tobacco, the second-largest sector after textiles in the list of LSM, posted a growth of 4.79pc compared to 1.84pc in the same period of the last fiscal year. The highest growth in this sector was witnessed in sugar whose production rose 22pc. Another strong growth was seen in soft drinks which recorded a growth of 18.5pc.

Despite the closure of Pakistan Steel Mills, the largest producer of iron and steel products, the growth in this sector was 17.5pc during the period under review compared to a decline of 8.4pc a year earlier.

The demand for iron and steel products are high due to higher construction activities including infrastructure development under China-Pakistan Economic Corridor.

Fertilisers' production could hardly grow by 1.18pc compared to 14.69pc in the same period of last fiscal year. Leather products noted a negative growth of 17pc compared to a positive growth of 11pc. The leather industry has been facing serious challenges from goods smuggled from China which are cheaper and easily available across the country.

Non-metallic products (mostly cement) showed a positive growth of 7.78pc compared to 8pc a year earlier.

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Only 44pc development funds utilised

KHALEEQ KIANI

ISLAMABAD: Amid slower than anticipated revenue collection, the government has provided only 44 per cent funds to its ministries for development schemes in more than eight months of the current fiscal year – much lower than last year.

The disbursements to the federal ministries for development were also significantly lower than targeted 65pc spending for the period.

According to details released by the Planning Commission, an amount of Rs104 billion was disbursed to the federal ministries as of March 10, 2017 against an annual allocation of Rs234bn, accounting for 44pc. Compared to this, the government disbursed almost the same amount (Rs103bn) in as much period against an allocation of Rs210bn, accounting for almost 50pc.

On the other hand, the government disbursed about Rs483bn (about 60pc) funds for the overall Public Sector Development Programme (PSDP) thanks to aggressive spending on community development schemes on the parliamentarians recommendations. Annual allocation for the entire PSDP 2016-17 amounted to Rs800bn.

During the same period last year, the government had released more than Rs353bn (about 50pc) for overall PSDP against that years' allocation of Rs700bn. Therefore, the overall spending this year has been higher than same period of last year.

Under the government's approved disbursement mechanism, the government should have released at least Rs520bn by March 10, 2017.

However, substantial shortfalls in revenue collection during the period contributed to lower disbursements for the development programme, said an official explaining that it was practically impossible to contain major 'on-tap' expenditures like debt servicing, defence and running of the government.

In line with the government's priority to end load shedding, the disbursements for power sector projects have been scaled up significantly over the last month. Total releases for the power sector stood at Rs109bn as of March 10 against an allocation of Rs130bn for the full year, accounting for almost 84pc.

Also, part of the China-Pakistan Economic Corridor (CPEC), the releases to the power sector were struggling at just 12pc at the end of first five months and 36pc at the end of seven months but have been jacked up significantly in February to 84pc. Likewise, the National Highway Authority (NHA) was provided Rs150bn against its annual allocation of Rs188bn or almost 80pc, for being the second top priority of the CPEC.

Ironically on the other hand, the government released just Rs9.4bn for the development projects in the water sector against an annual allocation of Rs31.7bn, accounting for about 30pc. Lower disbursements for the water sector projects was an indication of struggling pace of development despite being a high priority area given continuously declining per capita water availability bordering acute scarcity.

The planning commission said it had released only Rs218 million for aviation division against its annual allocation of Rs4.7bn while cabinet division was provided with Rs307m in eight months against its annual share of Rs369m.

The Capital Administration Division (CAD) was given Rs2.2bn in eight months against its allocation of Rs3.56bn while climate change division received only Rs570m against its annual share of Rs1.03bn even though the Pakistan Met Department has been struggling to make weather forecasts due to obsolete radar system.

The Ministry of Commerce was also given a paltry sum of Rs406m in eight months against its annual share of about Rs797m while the Ministry of Communications received only Rs114m against its allocation of Rs5.3bn.

Likewise, the Ministry of Defence was provided only Rs226m in eight months of the current year against its annual allocation of Rs2.5bn while Defence Production Division got Rs1.5bn against its approved share of Rs2.3bn.

Similarly, the Federal Ministry of Education and Training was given Rs1.1bn against its approved share of Rs2.22bn. Also, the Ministry of Finance utilised Rs2.4bn against an annual allocation of Rs9.43bn while the Ministry of Foreign Affairs was not given funds at all during the period against an allocation of Rs500m.

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The Higher Education Commission was given Rs8.6bn against its annual share of Rs21.5bn while the Human Rights Division received only Rs24m for development against its full year share of Rs170m.

Ministry of Interior was given a healthy amount of Rs9.6bn in eight months against its annual allocation of Rs11.56bn, to ensure implementation of the National Action Plan to combat terrorism.

The report said the Pakistan Atomic Energy commission was given an amount of Rs17.3bn in eight months against Rs28.8bn allocation while the Ministry of Ports And Shipping was given only Rs834m against its allocation of Rs12bn. The Pakistan Railways received Rs24bn against its annual share of Rs41bn.

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Cotton market steady

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market was steady on Friday as both spinners and ginners remained cautious amid short supply.

Slow exports of cotton yarn coupled with rising cotton prices kept spinners away from the trading ring, whereas ginners were reluctant to dispose of their stocks at current rates.

Though there was acute shortage of quality cotton, slow buying from spinners kept the proceedings restricted and limited deals were reported to have been finalised.

Partial sowing of cotton crop is going on in some areas of Sindh. However, growers fear that water shortage may harm next season's cotton crop.

The Karachi Brokers' Forum chairman Naseem Usman said that the government should ensure water supply and seeds along with pesticides so that production of next cotton crop could be improved.

The Punjab government has already asked the growers not to sow cotton crop before April 15 to get better production because early harvesting normally invites pest attack.

The Karachi Cotton Association's spot rates were firm at overnight level. Major deals on the ready counter were: 400 bales from Bhakkar at Rs6,700, 600 bales from Khanewal at Rs6,800 and 600 bales from Khanpur at Rs7,000.

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	6,800	135	6,935
40 Kgs	7,288	145	7,433

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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	106.50	106.70
UK	129.10	129.35	131.00	132.50
Euro	112.57	112.79	114.00	115.50
S.Arabia	27.85	27.90	28.30	28.50
UAE	28.45	28.51	29.00	29.20
Japan	0.9212	0.9230	0.9337	0.9537

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.83	6.08
Six months	5.87	6.12
One year	5.91	6.41

LIBOR

Special US dollar bonds for Mar 16

Three months	1.15178 %
Six months	1.43100 %

THE NEWS
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LSM posts 3.48 percent growth in July-January

KARACHI: Large scale manufacturing (LSM) industries posted 3.48 percent growth during the first seven months of the current fiscal year of 2016/17 with an increased production of iron and steel remaining as the key driving force, official data showed on Friday.

Iron and steel products recorded the highest growth of 17.46 percent among all the key industries during the July-January period of FY17, showed the Pakistan Bureau of Statistics' (PBS) data.

In January, LSM output edged up 1.08 percent over the same month last year and rose 2.78 percent as compared to December 2016. Iron and steel production was also the highest (28.02pc) among all the main industries in January, closely followed by engineering products (27.69pc).

Engineering sector's output, however, slid 0.54 percent in July-January, while textile sector – having the largest weight in the LSM basket – registered the lowest 0.29 percent growth during the period. Textile output marginally increased 1.23 percent in January.

The PBS data showed that electronics sector was the second after iron and steel in terms of growth in the seven months with 13.49 percent, followed by non-metallic products (7.78pc), pharmaceutical (7.57pc), automobiles (6.91pc), paper and paper board (6.61pc), food, beverages and tobacco (4.79pc) and rubber products (0.38pc).

The sectors, which posted decline in production in July-January FY17, included wood products (95.82pc), followed by leather products (17.54pc), chemicals (2.13pc) and coke and petroleum (0.67pc).

The LSM's quantum indices are based on data from Oil Companies Advisory Committee (OCAC), ministry of industries and provincial bureau of statistics. Ministry of industries, which logs production stats of 36 items, recorded 3.78 percent increase during the July-January period of 2016/17.

The ministry recorded the highest production growth in tractors' output. Total 25,983 were manufactured during the period, up 79.42 percent over the corresponding period last year. The second significant percentage growth (54.93pc) was recorded in production of trucks, followed by billets/ingots (29.65pc), buses (26.19pc), sugar (22.25pc) and motorcycles (20.09pc). Mills produced 2.893 million tonnes of sugars in July-January FY17 as compared to 2.366 million tonnes in the corresponding period of FY16.

Provincial bureau of statistics, which measures outputs of 65 products across the country, registered 3.48 percent rise in the period under review. Production of deep freezers jumped 52.64 percent to 53,509 units, followed by electric fans (27.94pc), refrigerators (22.59pc), woolen and carpet yarn (18.91pc), electric bulbs (16.37pc) and electric meters (15.71pc).

OCAC, which calculates production of 11 petroleum products, registered a marginal 0.29 percent increase in outputs. Production of liquefied petroleum gas rose 10.49 percent to 276.687 million litres. Motor spirits' output soared 8.66 percent to 1.438 billion litres. Jute batching oil production increased 5.68 percent, followed by jet fuel oil (3.83pc) and high speed diesel (1.67pc).

Diesel oil production, however, fell 44.51 percent in July-January FY17 over the corresponding period of FY16, followed by solvant naptha (18.78pc), kerosene oil (13.27pc) and lubricating oil (2.49pc).

THE NEWS
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Wapda to add 2,485MW hydropower by next year

LAHORE: Water and Power Development Authority (Wapda) on Friday said it will add around 2,485 megawatts by the next year after the completion of three hydropower projects in order to ease the power crisis.

The projects are expected to complete between this yearend and the mid of 2018. The projects include 969MW-Neelum Jhelum hydropower plants, 1,410MW-Tarbela 4th extension and 106MW-Golen Gol hydropower plants.

After completion, these projects will cumulatively contribute 9.432 billion units of low-cost and environment-friendly hydropower to the system every year, said the authority in a statement. Wapda projects were marred with delays due to certain reasons and missed timelines of their completion.

After assuming the charge of the office in August 2016, the incumbent Wapda Chairman Lt Gen (retired) Muzammil Hussain re-strategised the authority's priorities to complete the under-construction projects in the shortest possible time, and initiate construction work as early as possible on ready-for-construction projects.

Because of the active persuasion of the Wapda's chairman and an effective monitoring mechanism, the projects are now back on track. The hurdles to the progress have been removed and the projects are now heading towards completion at a good pace.

First unit of Tarbela 4th extension will be completed by end of this year, while two remaining units will be ready during the high water flow season in 2018. Likewise, first unit of Neelum Jhelum hydropower project will start electricity generation by February next year, second unit in mid March and the third and fourth units will be completed in April 2018.

Similarly, first unit of Golen Gol hydropower project will be inaugurated in December this year, while overall completion of the project is scheduled in August 2018. Kachhi canal project is being completed in phased manner. The phase-I will irrigate 72,000 acres of land in the far-flung and backward areas of Dera Bugti district in Balochsitan after its completion: 55,000 acres by August-end and another 17,000 acres by December-end.

The issue of land acquisition for Dasu hydropower project, which had been lingering for the last two years, has finally been resolved with the signing of an agreement with 80-member Jirga of the local notables of Kohistan district in December 2016 for smooth and speedy land acquisition.

Two contracts worth around Rs180 billion have also been awarded for the main civil works of the Dasu project. For the 128 MW-Keyal Khwar hydropower project, the contractor has been mobilised to the site for the start of construction work. Construction on Kurram Tangi dam (stage-I) also began in March.

Wapda is also making efforts to award the contract for main works of Diamer-Basha dam by end 2017 after an approval of the project's financial plan by the Prime Minister Nawaz Sharif in November 2016. Mohmand dam project is also being actively pursued to start construction work as early as possible, said the authority.

THE NEWS
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Weekly inflation rises

KARACHI: Inflation for the week ended March 17 for the combined income groups increased 0.49 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 223.36 points against 222.28 points last week.

SPI for the combined group witnessed an increase of 4.08 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 increased 0.54 percent, as it went up to 213.14 points as compared to 212 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, increased 0.51 percent, 0.52 percent, 0.50 percent and 0.46 percent, respectively.

Average prices of 20 items registered increase, 11 items decreased, while prices of the remaining 22 items' remained unchanged.

The items, which recorded increase in their average prices included tomatoes, onions, potatoes, bananas, tea (packet), chicken (farm), bath soap, LPG cylinder, vegetable ghee, cooking oil, basmati broken, mutton, gur, sugar, cooked beef, firewood, cooked daal and red chilly.

THE NEWS
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In absence of piped-gas, state subsidy on LPG can give poor some respite

Mansoor Ahmad

LAHORE: Users of liquid petroleum gas (LPG) are mainly poor, as access to piped natural gas is available to only 20 percent, affluent segment of the society. The state should subsidise LPG to ensure its supplies at reasonable rates.

Currently, there is turmoil in the LPG market. The state through the regulator has fixed lower producer price of 45,000 per ton, but the domestic producers have openly defied the regulator and have fixed the producer rate at Rs53,500 for the month of March.

They said it was not commercially viable for them to supply LNG at prices fixed by the regulator. The Oil and Gas Regulatory Authority (OGRA) has also notified the retail price of the 11.5 kilogram LPG cylinder at Rs910.

The domestic LPG distributors have also defied the regulator by pointing out that they suffer losses if they retail LPG at the notified price, when the producers are following the LPG notified producers' price.

It is worth noting that domestic production of LPG stands at 2,200 tons daily. The daily consumption of this liquefied gas is 3,000 tons daily. The additional needs of 800 tons are fulfilled through imports. All the domestic LPG is produced by state owned companies.

The entire marketing and distribution is in the hands of the private sector. It is interesting to note that the public sector producers defied the producers' rates fixed by OGRA. This is despite the fact that these public sector producers are minting huge amounts from the private sector producers in the name of signature bonus. Signature bonus is the amount that these producers charge from the distributors for allocating them LPG quota for a period of five years.

The signature bonus is determined through a bidding process by the private sector distributors. The current value of signature bonus based on bidding comes to Rs8,000 per ton.

The quota is allotted daily for a period of five years. The total amount of signature bonus for five years is paid in advance by the successful bidders. The bidding process favours the public sector LPG producers. It binds the distributors to buy the entire quota on daily basis; failure to lift the allocated quota results in confiscation of signature bonus for that day.

This means that if the producers think lifting LPG is not commercially viable it would result in loss of Rs8,000 per ton, which actually is Rs40,000 per day as the average quota is for minimum five tons.

Another interesting term in the LPG quota agreement is that the producer is not bound to supply the full quantity of quota daily. The supplies would be less if somehow the production goes down.

The producer would eventually supply the total quantity if some quota is left unutilised at the end of five years due to its short supplies. This is a win-win situation for the producer, as the distributors have to take all the risks.

Regarding current retail prices fixed by OGRA, the distributors point out that after lifting LPG at producer determined prices of Rs53,500 per ton, they have to incorporate Rs8,000 signature bonus in the price.

In addition, they have to bear additional cost of Rs5,000 for transporting this gas to up country. It could be Rs4,500 to Multan and Rs6,000 per ton to Lahore, and even higher further up. Then the distributors have to pay 17 percent sales tax that comes to Rs11,305. On this cumulative amount of Rs77,805 the producer has to pay two percent additional sales tax on behalf of retailers that are outside tax net.

This adds another Rs1,556 to the cost, which goes up to Rs79,361 per ton or Rs79.361 per kg. OGRA has fixed the retail price of 11.5 kg cylinder at Rs910. The net cost of 11.5 kg cylinder comes to Rs912.6 to the distributor.

Selling the cylinder at cost price is not viable for the distributors, as they have to incorporate their profit margins and the commission of the retailers that varies from 6-10 percent. So they are also defying OGRA, being confident that they could win their cases in courts on irrational price fixation.

The government claims to have a soft corner for the consumers, but state owned companies are charging huge signature bonuses per ton to ensure that LPG prices remain on the higher side.

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They are defying OGRA fixed producers price as well. Why can’t we emulate India where state buys LPG from the private sector and distributes it though rationing at highly subsidised rates?

THE NEWS
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Cotton unchanged

Karachi

Slow activity continued at the Karachi Cotton Exchange on Friday, while spot rates remained unchanged.

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

An analyst said the season and stocks are almost near end, whereas traders are waiting to see the cotton arrivals report expected this Saturday. “Trade direction will further be clear tomorrow after the report is released,” he added.

KCE recorded only three transactions of 1,600 bales at the rate of Rs6,700 to Rs7,000/maund. Bakkhar’s 400 bales were sold at Rs6,700/maund, 600 bales of Khanewal exchanged hands at Rs6,800/maund and 600 bales from Khanpur received the highest price of Rs7,000/maund.

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FBR urged to clear stuck-up refund claims

Our Staff Reporter

LAHORE - The Pakistan Industrial and Traders Associations Front (PIAF) Chairman Irfan Iqbal Sheikh has urged the Federal Board of Revenue (FBR) to ensure early payment of stuck-up refund claims of the export-oriented sectors, which are facing severe hardships.

In a statement issued here on Friday, the PIAF chairman, senior vice chairman Tanveer Sufi and vice chairman Shahzeb Akram said that the businessmen were bearing huge financial cost on their own hard earned stuck-up money; therefore, the FBR chairman should look into the matter and ensure early release of sales tax and income tax refunds. The PIAF members have now started feeling the pinch as they were already in deep troubles and experiencing toughest times because of multiple internal and external challenges.

They urged Finance Minister Ishaq Dar to take notice of the situation and issue directions to the FBR authorities to expedite stuck-up sales tax and income tax refund claims.

The PIAF chairman said the authorities concerned should take realistic view of the matter and allow the refunds of sales tax and income tax to exporters and manufacturers at the earliest, who were facing severe hardships.