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FY17 tax target must be met: Dar

ISLAMABAD: Federal Minister for Finance, Senator Mohammad Ishaq Dar has urged Federal Board of Revenue (FBR) to take all necessary measures to meet the tax collection target for the current fiscal year.

The Finance Minister was chairing a meeting at the Ministry of Finance on Sunday on matters related to the FBR. Special Assistant to Prime Minister (SAPM) on Revenue, Haroon Akhtar Khan, Finance Secretary, Secretary EAD, Chairman FBR, and senior officials of the Ministry of Finance and FBR attended the meeting.

Ishaq Dar said that the prudent policies of the present government, and the efforts of FBR, had resulted in 60% growth in tax revenue collection between FY 2012-2013 and FY 2015-2016.

The FBR Chairman updated the Finance Minister on the latest status of tax collection during FY 2016-17. He said that all efforts are being made to attain the collection target for the current fiscal year. He said that a comprehensive strategy is being finalized for tax collection in FY 2017-18, and it would be presented to the Finance Minister in due course.

The Finance Minister assured his full support to FBR for achieving the revenue targets for FY 2017-18. He appreciated the contributions of FBR officials in the preparation of the budget for FY 2017-18, which has recently been passed by Parliament.

Dar expressed the confidence that the measures announced in the budget for FY 2017-18 will enhance the welfare and prosperity of the general public, and enable Pakistan to achieve higher, sustainable and inclusive economic growth.—INP

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THE RUPEE

Slight fluctuations

RECORDER REVIEW

KARACHI: The rupee maintained firm trend against the dollar on the money market during the week, ended on June 18, 2017.

INTER-BANK MARKET RATES: The rupee fell slightly versus the dollar for buying and selling at Rs 104.88 and Rs 104.89.

OPEN MARKET RATES: The rupee maintained last levels in terms of the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee picked up 60 paisas in relation to the euro for buying and selling at Rs 118.00 and Rs 119.00.

Market-men said that the rupee fluctuated slightly versus the dollar due to balanced demand and supply of US currency.

As a result of strong supply of dollars, the rupee may not depict sharp changes against the greenback, they said.

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

The rupee shed 30 paisas against the euro for buying and selling at Rs 118.60 and 119.60.

On Tuesday, the rupee held overnight levels against the dollar for buying and selling at Rs 105.90 and Rs 106.10, they said.

The rupee gained 10 paisas against the euro for buying and selling at Rs 118.50 and 119.50. On Wednesday, the rupee was unmoved versus the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee showed little changes in terms of the euro for buying and selling at Rs 118.25 and 119.50.

On Thursday, the rupee did not move any side against the dollar for buying and selling at Rs 105.90 and Rs 106.10.

The rupee gained sharply in terms of the euro for buying and selling at Rs 118.00 and 119.00. On Friday, the rupee managed to hold present levels in relation to the dollar for buying and selling at Rs 105.90 and Rs 106.10.

The rupee picked up 20 paisas in terms of the euro for buying at Rs 117.80 and it did not show any change for selling at Rs 119.00.

INTER-BANK MARKET RATES: On June 12, the rupee shed one paisa against the dollar for buying and selling at Rs 104.86 and Rs 104.87.

On June 13, the rupee slipped by one paisa against the dollar for buying and selling at Rs 104.87 and Rs 104.88. On June 14, the rupee was unchanged against the dollar for buying and selling at Rs 104.87 and Rs 104.88.

On June 15, the rupee firmly held it's present levels versus the dollar for buying and selling at Rs 104.87 and Rs 104.88. On June 16, the rupee shed one paisa versus the dollar for buying and selling at Rs 104.88 and Rs 104.89.

OVERSEAS OUTLOOK FOR DOLLAR: In the first Asian trade, Sterling steadied as British Prime Minister Theresa May scrambled to pick up the pieces and reunite her Conservative Party after a disastrous election that could disrupt Brexit negotiations.

Sterling last traded at $1.2743, little changed on the day, after sliding 1.7 percent on Friday, its biggest one-day drop in about eight months.

The dollar was trading against the Indian rupee at Rs 64.320 and the greenback was at 6.797 in terms of the Malaysian ringgit

Inter bank buy/sell rates for the taka against the dollar on Monday: 80.58-80.60 (previous 80.60-80.60).

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

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

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

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

In the third Asian trade, the dollar drifted in recent ranges in the calm before a forecast Federal Reserve storm, as investors awaited signals later in the global session on the Fed's policy outlook.

The dollar index, which tracks the greenback against a basket of six major rivals, was flat at 97.007. Against the yen, the dollar was steady on the day at 110.11, while the euro was also unchanged at $1.1210.

Economists polled by Reuters overwhelmingly see the US central bank hiking its benchmark rate to a target range of 1.00 to 1.25 percent this week, though expectations for further rate increases are fading. What emerges from the Fed.

In the fourth Asian trade, the dollar nursed losses, after weak US inflation data left investors wondering if the Federal Reserve would be able to follow up its latest rate hike with another later this year.

On Wednesday, a prominent Republican was among those shot by a gunman said to be angry with Trump.

The dollar index, which tracks the US currency against a basket of six rivals, was slightly lower on the day at 96.915 though above its overnight low of 96.323 plumbed after downbeat economic figures.

The Fed raised interest rates a quarter percentage point to a target range of 1.00 percent to 1.25 percent, as expected, and gave its first clear outline on its plan to reduce its $4.2-trillion bond portfolio.

But the moves were overshadowed by inflation and retail sales data earlier in the day that fell short of market expectations. The core rate of inflation increased at just 1.7 percent on year, the fourth straight monthly deceleration and the slowest overall pace in two years.

The dollar was trading against the Indian rupee at Rs 64.280, the greenback was at 4.253 in terms of the Malaysian ringgit and the US currency was at 6.794 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Thursday .80.57-80.60 (previous 80.58-80.60).

In the final Asian trade, the dollar stood tall, on track for weekly gains against a currency basket, after upbeat US economic data gave investors reason to hope the US central bank will stick with its plan to hike rates.

The dollar index, which tracks the greenback against six major peers, added 0.1 percent to 97.491, and was up 0.6 percent for the week. The dollar rose 0.2 percent to 111.18 yen, on track to gain 1.1 percent for the week.

It ticked up to a session high of 111.27 yen, its highest since June 2, after the Bank of Japan kept monetary policy steady as expected, before quickly paring its gain.

The BOJ also upgraded its assessment of private consumption and overseas growth, signalling its confidence that an export-driven economic recovery was broadening and gaining momentum.

The dollar was trading against the Indian rupee at Rs 64.720, the greenback was at 4.277 in terms of the Malaysian ringgit and the US currency was at 6.815 versus the Chinese yuan.

At the week-end, the dollar fell broadly after weaker-than-forecast data on housing and consumer sentiment cast a risk-off sentiment over US assets.

The greenback gave back

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most of the previous day's gains, easing toward levels from earlier this week that were the lowest since November.

Disappointing economic readings and the lack of progress on fiscal stimulus from Washington have overshadowed the likelihood of more rate hikes from the Federal Reserve.

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SBP's advice on power generation policy

ISLAMABAD: State Bank of Pakistan (SBP) has advised the federal government to amend power generation policy, making it mandatory for project developers to arrange financing from abroad at least equivalent to foreign current component of the project cost, well informed sources in PPIB told Business Recorder. This proposal came from the Central Bank on financing requirements of two local coal -fired projects of 1010 MW to be established by M/s Lucky Electric and M/s Siddiqsons Energy.

The sources said, Managing Director PPIB, Shah Jahan Mirza, recently briefed the Board headed by Minister for Water and Power on the progress of both the imported coal projects (Lucky Electric 600 MW and Siddiqusons Energy 350 MW) and stated that these projects have made significant progress after securing LoS from PPIB in June 2015 and August 2015 respectively for achievement of various milestones which include the initialing of Power Purchase and Implementation Agreements. The Letter of Support (LoS) for these projects were based on Nepra's approval of the upfront tariff on imported coal with foreign financing for LEPCL and upfront tariff on imported coal with local financing for SEL.

Both the project companies are required to achieve financial closings within twelve months from LoS issuance. The companies have obtained financing commitment in local currency from local banks; however they are facing difficulties as SBP has shown its inability to provide/commit foreign exchange for the projects.

Further SBP has advised Ministry of Water and Power to incorporate relevant amendment in the Power Generation Policies to require project developers to arrange financing from abroad at least equivalent to foreign currency component of the project cost. The meeting was further informed that the current situation of the projects does not fall within the reasonable control of the project companies and as such both the project companies have shown their inability to achieve financial close within the stipulated time period as per their LoS. Further, the option of incorporating the suggested changes by SBP at this stage does not seem workable for these projects at this belated stage.

Secretary Water and Power remarked that allowing the extension in achievement of financial close will result in delay in achievement of COD and by that time other under process projects would start generating electricity hence Government may not be in need of electricity based on imported coal projects.

Secretary Water and Power argued that the pros and cons of future implications maybe looked into by the members and the extension in LoS for the two companies may be granted subject to converting their proposals on local coal. It was further concluded that meetings with the sponsors may be initiated to inform them that after the delays in achieving the financial close of the projects, it was no more feasible for the Federal Government to buy power from plants based on imported fuel when there will already be a surplus of power generation in the year 2019.—MUSHTAQ GHUMMAN

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IMF review - between the lines

Analyses & Comments by BR Research

The underline tone of the IMF in the latest IMF article 1V consultation sounds softer as the Fund seems satisfied with economic growth and controlled inflation. The IMF has highlighted concerns with both fiscal and current accounts. But unlike previous times, Pakistan might have an option of alternate savior under the name of CPEC, in case of a balance of payment crisis, should Pakistan fail to satisfy Fund's pre-conditions such as currency adjustment.

The Fund is in line with government growth target of 5.3 percent in outgoing fiscal year, and expects next year growth at 5.5 percent against government target of 6 percent. The reasons cited for higher growth are partly similar to what the country is experiencing such as better power generation and CPEC related expenditure. However, "growth - supporting structural reforms" is a bit confusing as there are not much structural reforms to spur growth.

The other two reasons which are missed by fund for higher growth are 1) rising per capita income and bulging urban middleclass which is driving consumer demand 2) fiscal expansion is driving economic growth. Now that is a fine point - it's not structural reforms but public infrastructure building that is boosting growth. The numbers demonstrate the phenomenon - rising share of public sector credit in M2 stock whilst incremental credit (barring fiscal financing) is highest for PSEs.

In case of inflation, the situation is not bad and fund's estimates are closer to reality, even better than government's conservative projections. Hence, inflation is of not an immediate problem and the Fund is not raising alarm on "appropriately accommodating" monetary policy. However, vigilance is warranted for any tightening in case of emergence of inflationary pressures or foreign exchange market pressure.

Chances of turbulence in foreign exchange market are higher. The fund has remained almost silent on currency overvaluation as it is well aware of Dar's fixation with currency. Even in its forecast for FY18, the fund has not shown GDP in dollar terms.

But the IMF was not shy of mentioning fiscal and external slippages. The fiscal deficit will miss FY17 target of 4.2 percent, and is estimated to be at 4.3 percent without grants and 4.5 percent with them. BR Research opines that it is optimistic as it requires around 25 percent FBR revenue growth and an even higher growth for non-tax revenues. With just one working week before the next fiscal year, there are no signs of any non-tax revenues receipts.

What concerns the fund most is slippages in external account. The IMF expects current account deficit to stand at 3.0 percent of GDP in FY17, and 3.2 percent in FY18. The CAD hovered around 1.0-1.3 percent of GDP in previous four years. Now that is alarming and questions the sustainability of foreign exchange growth in the absence of meaningful FDI.

The gross country reserves are today down from by around $4 billion from its peak in Oct 16, and its covering 3.8 months of next year imports. "....reserves have declined in the context of a stable rupee/dollar exchange rate". This argument is the only usage of currency in the press release. Does it mean to arrest the fall in reserves requires some currency adjustment? (Read: "when will rupee fall" published June 15, 2017)

The bottom-line is that the reverse position is critical for both stable currency and fate of going back to the fund. In the last two weeks, it has fallen by $1.6 billion. However, an Eidi of $400 million is coming from the ADB soon.

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	FY13	FY14	FY15	FY16	FY17	FY18 (P)
Real GDP at factor cost	3.7	4.1	4.1	4.5	5.3	5.5
Consumer prices (period average)	7.4	8.6	4.5	2.9	4.3	5.0
Gross saving (In percent of GDP)	13.9	13.4	14.7	14.3	12.7	15.3
Current account balance (in percent of GDP)	-1.1	-1.3	-1.0	-1.2	-3.0	-3.2
Gross reserves (in millions of U.S. dollars)	6,008	9,096	13,534	18,143	18,518	18,883
In months of next year's imports of goods and services	1.5	2.2	3.3	4.0	3.8	3.6
Net general government debt (incl. IMF; % GDP)	60.1	58.0	58.2	61.2	60.3	58.9
Real effective exchange rate (annual average, percentage change)	-1.3	0.9	10.9			

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C/A deficit
A wake-up call

Anjum Ibrahim

The optimism displayed by the Federal Finance Minister Ishaq Dar on his handling of the economy, based on not only the controversial data released by those entities that are under his administrative control but also by some foreign journals and think tanks that are easily challenged, requires an urgent revisit as disturbing data (that cannot be manipulated) was released recently by the Pakistan Bureau of Statistics (PBS) – a historically high current account deficit of 30 billion dollars during July-May 2017.

The following table shows total exports, imports and trade imbalance since 2007-08 which raises questions about why imports rose so dramatically in the current year compared to 2015-16 and why has the slide in exports not been arrested in spite of the 180 billion rupee export package announced by the Prime Minister in January this year.

What accounts for the 20 percent rise in imports in the first eleven months of the current year compared to the previous full year? In the previous four years the import growth was manageable – between 2012-13 (including the first eight months and a couple of weeks of the PPP-led coalition government, caretakers for around three months and with the PML-N in power for the last three weeks of June) and 2014 the rise in imports was 3.7 percent, between 2013-14 and 2014-15 imports increased by 1 percent and between 2015 and 2016 imports declined by 2 percent. So, why the sudden rise this year?

The quantity of fuel imports rose dramatically in the current year attributable to higher furnace oil as well as LNG imports for electricity generation to meet the energy shortfall. However, the objective to narrow the demand supply electricity gap remained unmet and the shortfall reached the highest level ever in the country's history in May 2017 at 7000MW. Energy experts maintain that the government's over arching focus on enhancing generation from specific inputs is flawed on three counts: (i) location of coal-fired plants in Punjab away from the port and indigenous coal supplies would raise transport costs, generate serious health problems for all those who come into contact with coal, and lead to marked environment degradation; (ii) the Economic Survey 2016-17 notes that although installed capacity increased to 25,100MW from 22,900MW…there was a decline in generation due to a decline in the share of hydel in electricity generation attributed to "weather conditions and less flow of water in rivers." In this context it is relevant to note that the emphasis on mega dams as the cheapest source of energy is not without some downside given that severe weather conditions, due to the El Nino factor, have come to be an almost annual feature and may negatively impact in future; and additionally it is relevant to heed the warning of a former US Ambassador to India who wrote a confidential note to the State Department that the next conflict between the two nuclear neighbours, India and Pakistan, may be on water, as revealed in Wikileaks – a concern that has certainly been strengthened during Modi's premiership. However while India has so far limited itself to maximizing its share of our Western rivers as stipulated in the Indus Water Treaty yet periodic statements from across the border on water related matters does not lend any comfort level to Pakistan; and (iii) with a transmission system unable to transport more than 16,500MW, the Sharif administration has claimed an increase of 1500MW since it took over power four years ago, the increase in generation is unlikely to be delivered to consumers.

Machinery imports have increased, or so claims the Federal Finance Minister Ishaq Dar arguing that this would translate into enhancing capacity leading to a higher output. This view was endorsed in the State

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Bank of Pakistan's (SBP) second quarterly report: "the surge in imports is mainly concentrated in the growth-inducing capital goods: the import of machinery, fuel and metal groups accounted for more than half of the total imports during H1-FY17. When the economy is taking off, it is natural to expect some widening in the current account deficit. Nevertheless, it needs to be contained within sustainable levels." One may assume that machinery is imported mainly by large-scale manufacturing (LSM) sector and not the small-scale manufacturing sector more reliant on domestic machinery and labour due to financial constraints – a sector whose growth incidentally is easier to manipulate as its data is compiled by provinces and onsent to federal government which then consolidates it). Later in the same report, the SBP maintains that "most of the industries that have shown steady growth over the past few years (e.g., cement, autos, steel and pharmaceutical), have already achieved high levels of capacity utilization – further growth would therefore require capacity expansions." The highest machinery imports were for power sector; however, given the issues surrounding the sector as indicated above this may not provide a comfort level to the public.

Textile machinery imports increased by 35 percent during July-Feb 2017 compared to the previous year and yet exports of this sector are continuously declining thus the assumption is that the machinery imported is either for replacement as opposed to capacity enhancement – a decision taken by the exporters this year as an overvalued rupee makes imports attractive. Exports on the other hand have been consistently declining since 2014-15. In May 2017, there was a further decline relative to April – to 1627 million dollars from 1805 million dollars in April. The Commerce Ministry claimed that the decline was due to the 10-day transporters strike in Karachi, however, exporters dismissed this claim arguing that after ten days all export items were lifted and hence the port protest did not have any impact on total exports for the month.

Is there a single factor that accounts for a rise in imports and a decline in exports? An overvalued rupee makes exports uncompetitive in the international market and imports attractive. Exporters also insist that (i) routine delays in refunds create liquidity issues for them prompting them to borrow from the market which in turn raises their costs of production even further; (ii) the high costs of doing business in Pakistan with electricity, transport charges higher here than in other regional countries; and (iii) law and order problems.

Remittances are also declining as Gulf countries are in the grip of a recession. So how is the government meeting its current account deficit? The SBP report claims that "the external inflows in the country have been sufficient to finance the current account deficit so far. More importantly, the current level of SBP's foreign exchange reserves can comfortably finance more than five months of imports." Sadly, the SBP did not deem it politic to state that the reserves it holds are largely debt enhancing and therefore did not highlight the unsustainability of this policy though it did state, as quoted above, that imports need to be contained within sustainable levels.

To conclude, it is unfortunate that no one who draws a salary from our tax rupees is willing to challenge the Federal Finance Minister's view of the performance of the economy - a view from specially prepared rose coloured glasses. This is unfortunate and would make the job of his successor extremely difficult, even if Dar succeeds himself - a distinct possibility in the event of a PML-N electoral victory.

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Year	Exports	Imports	Trade balance
2007-08	20427	35397	-14970
2008-09	19121	31747	-12626
2012-13	24802	40157	-15355
2013-14	25078	41668	-16590
2014-15	24089	41280	-17191
2015-16	21972	40450	-18478
2016-17 July-May	18541	48539	-29998

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Lack of value-addition

Ahmad Fraz Khan

THE Shahid Javed Burki Institute of Public Policy's recent report — 'The State of Economy: agriculture and water (2016)' — narrates the plight of Pakistan's agriculture sector, saying the sector grew by only 2pc in the last decade.

During the same period, value-addition in main crops remained only 1.5pc. Horticulture, being a vulnerable sub-sector where value-addition is critical, performed even worse as value-addition dropped from 14.50pc, in 2005-06, to 11.30pc, in 2015-16.

Throwing light on the importance of value addition, the report says "transformation from subsistence to commercial agriculture could only be achieved by fully availing the synergy among pre-, production and post-production cycles.

That could only come by adding value at each stage. The strategic thrust, thus, needs to be on value-addition and value-chain investment. Only then, could agriculture become the engine of economic growth and poverty alleviation."

Listing international examples, the report says that Chile, China and India reaped rich dividends through investment on value-addition in agriculture, and (especially in) horticulture products. Tanzania, a poor country, was able to make massive economic strides through investment on value-addition.

The reports says that Bangladesh earns $6bn by adding value to 1m bales of cotton, whereas Pakistan makes only $1.5bn from the same amount of cotton.

For value addition, it is essential to devise awareness campaigns for farmers and consumers, create a fully developed and monitored cold- and supply-chains across the country and make machinery acquisition less cumbersome through tax relaxation

Besides this report, there has been a general consensus among stakeholders of the agri-trade that value-addition has been 'the critical missing link' in Pakistan's agriculture and horticulture trade, which is especially true for fresh produce, where value-addition is most needed to contain the losses and diversify the industry.

If seen in the historical context, this lack is owing to the policymakers' focus being increasing production, even at the cost of quality. As Pakistan focused on its production digits, the global economies shifted theirs to quality. What made matters worse is the fact that we did not turn to value-addition of agricultural commodities which could off-set the impact of low production.

To ensure quality, elaborate standard-systems are being used across the world like: Sanitary and Phyto-Sanitary measures, traceability of agro-chemicals residues, Good Agricultural Practices, quarantine treatments and of food packaging safety materials.

Besides these, there are certification systems like the Hazard Analysis and Critical Control Points, the GlobalGAP, the British Retailer's Consortium and Monitoring of Maximum Residues Limits, which make the exports competitive in the global markets.

Pakistan now produces over 30m tonnes of fresh (fruits and vegetables) produce but cannot take most of it to the world market because of quality issues. The exports are growing — from around $230m at the turn of the decade to over $700m now — but they are coming down in percentage to increasing domestic production and their potential. That is where warnings (like this report) have a role to play as an occasional reminder of what needs to save the day.

Most of the country's horticulture exports are going to lower-end markets, where quality checks are not as strict as in some western countries. But quality issues have popped up even in those markets. The Russian and Iranian bans on agriculture exports are examples of threats that could keep creating crisis for the country's exports.

"The fact has not been lost on successive governments that they need to do something urgently but, unfortunately, the results leave much to be desired," says Shamood Saddique — former head of the Pakistan Horticulture Development and Export Company (PHDEC).

The PHDEC took some steps like creating standards for fruits exports and the PakGAP system (on the pattern of GlobalGAP), but they could not be implemented due to lack of government's support.

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For value-addition, it is essential to: devise awareness campaigns for farmers and consumers, create a fully developed and monitored cold- and supply-chains across the country and make machinery acquisition less burdensome through tax relaxation.

The PHDEC had suggested the government to involve its missions in identifying niche markets to be exploited.

However, the government needs to make more serious efforts to support value-addition and meeting the global sensibilities on quality issues.

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Sindh's quest for tax reforms

Jawaid Bokhari

Having achieved outstanding success in a sustained pioneering effort — collection of sales tax on services — the Sindh government is exploring new ways to boost provincial tax revenues.

Not only that, part of the current exercise is to revamp public institutions in order to improve governance and service delivery. The existing provincial planning and development department is being turned into a semi-autonomous Planning and Development Board to assist the government in policymaking and speedy execution of development projects.

To cut delays in project execution and to capture real time progress on major schemes, a Monitoring Dashboard is being set up. Institutional capacity is a major issue in service delivery which results in cost-over runs, waste and leakages of huge funds. The cost benefit ratio is distorted.

Implicit in the autonomy of the federating units is economic self-reliance and realising the potential tax revenue will help Sindh achieve that goal

But the most radical proposal now under the provincial government's consideration is devolving collection of urban immovable property tax to local bodies.

"In our own experience, the devolution of tax collection at an appropriate level increases efficiency and transparency", observed Chief Minister Murad Ali Shah in his budget speech earlier this month. He supported the move with his remark:"Societies can only progress if they are provided with a robust local government."

And this new responsibility, when devolved, will 'increase the resources' of the local councils. He noted that over Rs2 billion collected as urban immovable property tax was dismally low as compared to its huge potential. The property tax is now collected by the provincial government which shares revenue thus raised with local councils on a 50-50 basis.

Currently, local bodies have no taxation authority and are funded by the provincial governments for running expenses as well as development spending. Annual allocations for them are made by the Provincial Finance Commission.

While deviating from many of its founding principles, successive PPP governments have been the country's most effective vehicle for promoting fiscal federalism.

Yet the party's weak commitment to the development of autonomous local governments has provoked severe criticism. The chief minister's latest move is likely to face opposition from MPAs who seek to centralise power at the provincial level.

Under the present arrangement local bodies are essentially accountable to the provincial administration and not so much to the voters. If grass root organisations are allowed to raise local taxes, they would be answerable to local taxpayers/voters.

And going by the present dispensation, district governments are accountable to the provincial government but not vice versa. This has been a cause of social tensions with political divide turning into a hurdle in the rapid integration of ancient rural and modern urban segments of the provincial economy, social progress and prosperity.

Press reports also suggest the provincial government is toying with the idea of merging two revenue authorities — the Sindh Revenue Board (SRB) and the Sindh of Board of Revenue (SBR). While no final decision is yet in sight, some ideas or options are being floated at the policy level. Loose ideas include transfer of agricultural income tax (AIT) from the SBR to the SRB.

The SBR has successfully digitalised record of farmlands but it has not succeeded in realising the full potential of agricultural income tax. A mere Rs.393 million is estimated to have been raised this fiscal year while the target of Rs1bn, set for 2017-18, appears to be too ambitious going by the past collection record.

But in the case of a merger of the two revenue authorities, some argue that the clash of different work and management cultures of the two organisations would pose a serious problem. Mergers and acquisitions have not been an unqualified success, even in case of multinationals which are governed by best international practices.

In case of transfer of AIT to the newly created tax authority, the land revenue will have to be insulated from AIT.

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But some tax experts suggest that it would be easier for the SRB to take over some of the functions of the provincial excise department like professional, entrainment tax etc.

While the final decision on revamping the taxation system is unpredictable at the moment, it is clear that the incumbent chief minister is trying to change things for the better.

Implicit in the autonomy of the federating units is economic self-reliance. And realising the potential tax revenue will help Sindh achieve that goal.

The critical problem lies in developing trade skills and expertise, and even commitment to an all-pervasive work culture in the provincial administration; which is linked so deeply with the province’s progress, prosperity and well-being.

There are limits to which ordinary citizens can be alienated from elitist politics and economics.

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INSIGHT

Appropriate restructuring

By Ihtasham Ul Haque

With the passage of 2017-18 federal budget sans the participation of the opposition, perplexing issues are confronting the government that could gravely hurt the struggling economy if timely actions are not taken under a new strategy.

By Mach 2018, the crisis would deepen because of losing $6 billion as the central bank's reserves would have gone down from $18 billion to $12 billion by that time. So far the reduction of $3.5 billion in reserves is being seen a big jolt. By May 17, the government desperately borrowed $1 billion from China and is further negotiating with Asian Development Bank (ADB) to acquire $600 million by June 30 this year.

The government has already borrowed $3.5 billion from the commercial banks for three months to stabilise its dwindling reserves. Due to unchecked reckless borrowing, external debt is feared to reach $80 billion next year up from $73 billion. Moody's International Services, a New York based credit rating agency, believes that Pakistan's total foreign debt is set to increase to $79 billion by June this year. Many believe it would further jump to $90 billion by the end of 2107-18.

According to renowned economist Dr Ashfaque Hasan Khan the government needs $22 billion to meet its financial requirements. "There is going to be financing gap of $12.5 to $13 billion in 2017-18 and if we add up the amount of $8.5 billion debt servicing in it, the amount goes to $21.5 billion plus. The government is expecting close to $11.5 billion from traditional sources including China, WB, ADB etc, and the FDI, but still the financing gap would remain close to $10 billion and the million dollar question is from where the money will come except by knocking the doors of the IMF for emergency lending. I am seeing Pakistan facing a serious balance of payment problem sometime in March and April of 2018," Dr Khan warned.

Latest official estimates reveal that the 16-year war on terror has brought $120 billion loss to the national economy. These losses are multiplying with time due to continuous instability in the region with planners and strategists having no clue how to stop this haemorrhaging to the national kitty.

And now external scenario is getting murkier with burgeoning trade deficit of $30 billion seen during the first 11 months of the outgoing financial year.

The current account deficit during this period has ballooned to $8.2 billion against the estimates of $2.5 billion. Foreign exchange reserves have dropped by $3.51 billion since October 2016 to $20.52 billion by June 2, 2017. Reserves held by the central bank went down by $3.22 billion to $15.7 billion which amply shows that the government would face difficulties in keeping the exchange rate unchanged around the current level. These reserves are only enough for five weeks of imports.

The government may soon have to depreciate the rupee as is being urged by independent economists and the exporters. How would the government fill the widening gap in the current account deficit? The situation is turning scarier on the face of declining home remittances as the government is unlikely to achieve its annual target of $20 billion by June 30 this year.

In the event of gradual decline in foreign exchange reserves, home remittances and exports-important tools to help build these reserves, exchange rate stability is key to adequately look after the external front which is suffering setbacks due to cut in the Coalition Support Fund (CSF) of the United States. At the start of 2015-2016, exchange rate difference of USD between kerb market and interbank was Rs0.51. Observing a gradual rise in the demand of USD in the local market and increase in exchange rate difference between kerb and interbank markets from Rs0.51 to Rs1.79, SBP took measures including allowing interbank payments for Hajj-related activities and introducing electronic import form to reduce dependence of hajj and import related payments on kerb market/Hawala. Further strict regulatory and law enforcement actions were also initiated against exchange companies. This helped stabilise the exchange rate and reduced the difference of USD between kerb market and interbank.

Now, when the government is caught in a very serious situation on the external front, independent economists are intrigued why are the home remittances declining and why no solution could be found despite the fact that they are lifeline for improving the

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country's foreign exchange reserves?

It is generally feared that the current account deficit would further worsen if the annual target of $20 billion home remittances is not met by June 30 this year. The obvious question, however, is why is the government failing to approach the Middle Eastern countries, especially of the Gulf region, to increase manpower export from Pakistan besides ensuring that most of these remittances come through banking channels instead of infamous hundi and hawala.

According to the latest data released by the central bank, overseas Pakistanis remitted $17.46 billion in the first eleven months (July-May) of 2016-17 compared with $17.84 billion in the corresponding period of last year, showing a fall of 2 percent. Workers' remittances from the US fell by 3.22 percent to $2.18 billion compared to $2.25 billion in the same period last year, while inflows from UK went down by 8.13 percent to $2.18 compared to $2.25 billion in the same period last year.

Remittances from Saudi Arabia came down from $5.39 billion last year to $5.03 billion denoting a fall of 6.57 percent. Similarly, remittances from other countries including UAE, also fell; however, government officials expect a better situation in Ramazan and Eid-ul-Fitr.

One of the major reasons in the decline of home remittances is the difference between the market rate and interbank rate of dollar which needs to be equalised or balanced to some extent so that overseas Pakistanis opt for sending their money through banking channels instead of hundi and hawala.

What is the way forward to shore up reserves? These reserves provide funds in foreign currencies for servicing external debt and liabilities for which adequate foreign currency is needed at the time when debt servicing payments fall due to avoid a default. Who does not know that a high level of reserves provides implicit guarantee to the creditors that the country will be able to meet its obligation on time. The question, nonetheless, is whether Pakistan is increasing its reserves by having increased FDI and through more and more exports and by curtailing unnecessary imports which have now doubled. The obvious answer is no and hence the government after government went for increased external borrowing and thus ballooning foreign debt.

The government and its planners need to work out an alternate strategy to lure FDI especially by creating a competitive environment for the investors. Also domestic economy has to be improved as reserves accumulation cannot be used as a defence against external vulnerability. This requires governance reforms and structural reforms in the key sectors which the incumbent government finds hard to do since it has only been fighting the war of survival for the last four years.

The writer is a senior journalist based in Islamabad

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FINANCE

Is enough being done?

By Ahmed Ali Siddiqui

The Islamic banking industry of Pakistan, with over 13 percent share of the banking landscape in the country, has placed high hopes with the Federal Budget 2017-18 and banking analysts are expecting aggressive measures in the fifth budget of the current government will at least double the size of the industry in the next three years.

As we analyse the Federal Budget 2017-18 speech of the finance minister Ishaq Dar, we find positive steps proposed to provide a level playing field to the Islamic banking sector, including tax neutrality for Islamic banking instruments, such as Musharakah, Ijarah, Murabaha as compared with conventional banking. The budget also proposes the allowance of depreciation on Musharakah and Diminishing Musharakah transactions to Islamic banking clients – an issue that has created concerns among the customers using Islamic modes of finance.

As we take a close view of the budget, few questions arise. Firstly, are these steps enough to fulfil the government's constitutional responsibility to implement the provision as per Section 38 f, chapter 2 of the 1973 Constitution, which states: "The State shall eliminate Riba as early as possible"?

Secondly, does the budget take the nation near to the dream of our founding father Quaid-e-Azam Muhammad Ali Jinnah who at the opening ceremony of the State Bank of Pakistan (SBP) urged the nation to set up an economic system based on the true Islamic concept of equality of manhood and social justice?

Thirdly, does it also fulfil the government's own commitment to eliminate Riba from the banking system as mentioned by the finance minister in his keynote address in the World Islamic Finance Forum last year in September and on several occasions in his interactions with bankers and business community?

According to the recent SBP survey through KAP Study, the demand of Islamic banking products and services at the public level is over 90 percent. Now, in order to meet the public demand for an Interest free system, to achieve the government's own target of taking Islamic banking share to 20 percent by 2020, and meet the constitutional requirement of elimination of Riba, more aggressive measures are desirable.

This article puts forward the specific recommendations for the consideration of the finance minister and members of parliament with a view to establish a Riba-free banking system in the country at the earliest.

- Most importantly the government should resort to Shariah-compliant domestic debt from banking and non-banking channels, instead of interest based loans during the fiscal year 2017-18. Currently over 95 percent of the government's internal debt are Riba-based and are non-compliant as per the rules of Shariah, including Treasury Bills and Pakistan Investment Bonds. At least 50 percent of all new debt, if not all, should be replaced with Shariah-compliant modes during the year.

- To promote Riba-free banking, it is recommended that the government shall issue directives to all government and public sector entities to place their funds and surplus liquidity only in Shariah-compliant modes and avoid placement of funds on interest. Especially the funds placed by Ministry of Religious Affairs related to Hajj, Zakat and Usher etc must be invested in Riba-free manner.

- To incentivise companies for taking Shariah-compliant financing, Federal Board of Revenue (FBR) should announce a plan to gradually disallow interest paid on conventional loans as a tax-deductible expense in the next five years. In the first-year FBR may allow 80 percent of the interest paid on conventional loan to be tax deductible and gradually decrease this percentage to zero in the next five years to encourage the companies and businesses to convert to Shariah-compliant financing modes.

- The recently announced concessional mark-up scheme for agriculture sector in the federal budget to be offered through counters of National Bank of Pakistan (NBP) and Zarai Tariqiati Bank Limited (ZTBL) must be structured in a Shariah-compliant manner.

- A Rs8 billion fund has been proposed in the budget to provide loans to low-income segments through microfinance banks. It is recommended that this fund should be utilised on the basis of Islamic mode of financing.

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• The finance minister had announced reduction of mark-up/interest on Long Term Finance Facility (LTFF). At present, the LTFF offered to exporters does not adhere to Islamic finance principles and is based on interest. SBP should be asked to introduce a Shariah-compliant Long Term Finance Facility within 60 days and reduced rates should be applicable to this offering only.

• On the retail side, it is proposed that from July 2017, the Prime Minister Youth Loan Scheme should be offered only on Shariah-compliant modes, as approved by State Bank of Pakistan, to deepen penetration by attracting youth averse to Riba.

• Furthermore, Risk Sharing Facility for low-cost housing sector may be allowed only to financial institutions offering Shariah-compliant financing schemes. Similarly, House Building Finance Corporation (HBFC) shall be given the target to offer Islamic House Finance scheme within 90 days.

• The budget mentions establishment of Pakistan Infrastructure Bank. To broaden the scope of Islamic finance in the country, this institution should operate on Shariah principles. Additionally, Islamic finance should be the preferred mode of financing for China-Pakistan Economic Corridor (CPEC) related projects. In this pursuit, it must be made mandatory for both local and foreign financial institutions to avail at least 50 percent project financing under Shariah-compliant modes to claim eligibility for tax incentives.

• Tax incentives in terms of three years tax holiday may be given to all new Islamic banks or Islamic banking subsidiaries of conventional banks opted towards complete conversion in the fiscal year 2017-18 and a concessional tax rate should be given to Islamic banks to expand footprints of Riba-free banking across the country.

In the past, the government has strongly supported the cause of Islamic banking in Pakistan and has welcomed suggestions from the industry for its propagation. We are hopeful that the above recommendations are taken into consideration when finalising the Finance Bill for 2017-18.

The writer is director IBA- Centre for Excellence in Islamic Finance

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INDUSTRY

Concluding failures

By Hussain Ahmad Siddiqui

Reportedly, the government has decided to dissolve, with immediate effect, the Engineering Development Board (EDB), a wing of the Ministry of Industries and Production, for alleged involvement of its staff in corruption and malpractices as well as for creating hurdles in the way of large investment flows into the automobile sector pursuant to the Automotive Development Policy 2016-21.

Apparently, the government is implementing its undeclared policy of phase-wise wrap-up of the national strategic institutions, in particular engineering, perhaps, with a reprisal and vengeance. The modus operandi is simple.

First, the incompetent and unqualified persons are appointed as the chief executive officer (CEO) and board members of the organisation, primarily on political considerations, and they are allowed to mess up with the institutions with nepotism, inefficiency, mismanagement and irregularities, without any checks or balances.

Second, when the organisation becomes sick over a period of time, it is put on sale or closed down. A typical example is that of Pakistan Steel Mills in Karachi, which has been non-operational for the last two years, and the government is least bothered. It has been continuously incurring huge losses that now amount to over Rs70 billion. There are no chances of reviving Pakistan Steel and going into production at a time when various infrastructure projects under the China-Pakistan Economic Corridor (CPEC) require, over subsequent years, millions of tons of iron and steel products, valuing billions of dollars annually.

It is apathetic that none of the major political parties are worried about the worsening affairs of the only integrated steel mills in the country. Another recent case is that of the unsuccessful privatisation of the Heavy Electrical Complex in District Haripur, an industrial unit manufacturing power transformers.

Now, the Cabinet Committee on Energy, in a meeting presided over by Prime Minister Nawaz Sharif, has observed that the EDB was not performing any function, either in terms of regulation or promotion of engineering enterprises. Earlier, there were reports of the EDB being dysfunctional due to massive shakeup in the organisation's administrative structure without approval of the competent authority, and resultantly, persistent deterioration of the overall performance of the organisation. Federal Audit, a wing of Auditor General of Pakistan, has detected as many as 31 violations in the EDB ranging from appointment of its CEO to arbitrary increase in the CEO's salary to misuse of his authority.

The contract of the controversial CEO, whose degrees remained in question, expired on March 31, and the EDB is being run on ad hoc basis, like some other national institutions, as adhocism has become order of the day.

Indeed, the EDB has a chequered history. As an apex body, it was set up in May 1995, to create favourable environment for the development of engineering sector, in particular steel and heavy engineering. Initially as part of the Board of Investment (BOI), the EDB was transferred, in its infancy, to the Planning Commission, but without any resources; physical or financial.

It thus remained a constituent of the State Engineering Corporation (SEC) practically for all purposes as its chairman was given additional charge of CEO of the EDB. Unfortunately, EDB was never allowed to establish as an independent organisation for the reason of deep-rooted vested interests. For many years, no full-time CEO was appointed, until the board was transferred to the Ministry of Industries and Production in the Musharraf period, and was merged with its Experts Advisory Cell.

The EDB was mandated to resolve problems of the engineering sector on fast track basis by projecting strategic development plan with focus on plant modernisation and technology upgrade, both for import substitution and export enhancement. To achieve the objectives, it was to establish a national technology development fund and an engineering training fund. This was not done.

The EDB was chartered to create a large base for export of engineering goods through product diversification and latest technology acquisition. These objectives could not be achieved for a variety of reasons, primarily

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due to the fact that successive governments failed to accord priority to the engineering sector.

Pakistan's engineering export proceeds are abysmally low, in spite of its high potential, estimated to billions of dollars annually, given the enabling environments. Annual export of engineering goods remains about four percent of national exports for the last ten years or so. During the six-month (July-December) period of the current financial year 2016-17 export proceeds of engineering goods were valuing $409.40 million compared to $434.84 million during the same period last year, registering six percent decrease.

On the other hand, the imports of engineering goods increased to 24 percent during the same period, accounting for $9,521.42 million compared to $7,685.88 million during the same period of the previous year. The share of Pakistan's engineering goods in overall global exports is negligible, at 0.0151 percent, whereas engineering goods constitute around 50 percent of the world trade.

The engineering sector is generally characterised by low productivity, technological obsolescence, high cost of production, and non-competitiveness. The EDB has not taken effective steps in this direction either. Nonetheless, the EDB's achievement of developing automobile sector is remarkable that has resulted in higher contents of indigenisation, and significant investment in the sub-sector.

However, the Ministry of Industries and Production abused the EDB in the recent past by engaging it on non-related assignments, such as promotion of soap industry, development of chemical sector, and facilitation to energy projects, obviously at the cost of engineering industry.

Thus, the engineering sector was neglected and could not develop on a sustainable basis and at a substantive scale. Resultantly, performance of the EDB remained sluggish and static, rather deteriorated over a period of time. It is ironical that currently the Board of Directors of the EDB includes (i) Chairman of Basmati Growers Association, (ii) Pro-Rector of National University of Sciences and Technology (NUST), and (iii) representative of Higher Education Commission (HEC), among others.

Development of engineering industry is the key to social and economic progress. The need for developing this strategically important industry is universally recognised despite its low profitability. The significance of engineering sector lies in strong links and services it provides, particularly to the large manufacturing sector, besides other numerous benefits, such as the immense employment opportunities, promotion of auxiliary and ancillary industries, enhancement of defence capabilities, and manifold increase in export earnings. For these reasons, the sector receives regular and special attention of many developing as well as industrialised countries.

Pakistan's engineering sector too deserves due attention to achieve the cherished goals of self-reliance, import substitution, and significant exports, following the examples of other developing Islamic countries like Malaysia and Indonesia.

The decision to disband the EDB should therefore be reviewed and withdrawn forthwith by the government, and it should be allowed to frame and implement concrete policies for promotion of the engineering sector, with a long term perspective. Also, CEO of the EDB should be appointed on merit, Board of Directors reconstituted, and impediments in its proper and effective functioning according to its mandate be removed, on priority.

The writer is the retired chairman of the State Engineering Corporation

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APTMA to keep mills shut next week in protest

Lahore

All Pakistan Textile Mills Association (APTMA) has decided to keep all the mills shut next week in protest, as the government is not providing the incentives that were promised to the industrialists.

APTMA Chairman Aamir Fiaz expressed his views in a press conference and said the trade deficit has reached the highest level in country's history due to poor policies of government and continuous increase in production costs. Gohar Ejaz, Vice Chairman Ali Pervez and APTMA Punjab Chairman Syed Ali Ahsan were also present along with him. The chairman said that Prime Minister is not fulfilling the promises that were made with the industrialists. He said the volume of export was more than $25 billion in 2013 when the incumbent government took charge, but it has reduced to less than $20 billion. Aamir Fiaz told that PM Nawaz had promised to pay funds worth Rs180 billion, but Finance Minister Ishaq Dar has allocated only Rs4 billion in the budget for fiscal year 2017-18. He said the industrialists are being asked to increase the exports without giving them the incentives.

Aamir further added that it was made clear in the previous year that the trade deficit would cross $30 billion, but government did nothing expect taking loans that the nation will pay with interest. He said progress cannot be made without increasing exports, and exports cannot be increased just by announcements. APTMA chairman demanded that government should act upon the policy that it had announced. He said Rs200 billions of export industry have been held by the government, and industry will not run until they are paid. He said Ishaq Dar, like every year, promised to pay the funds, but did not do it. After the press conference, a protest was raised outside the APTMA House, and slogans were raised to get the demands fulfilled by setting fabric and thread on fire.—INP

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Aptma announces to shut mills in protest

INP

LAHORE/islamabad - All Pakistan Textile Mills Association (Aptma) has decided to keep all the mills shut next week in protest, as the government is not providing the incentives that were promised to the industrialists.

APTMA Chairman Aamir Fiaz expressed his views in a press conference and said the trade deficit has reached the highest level in country's history due to poor policies of the government and continuous increase in production costs. Gohar Ejaz, Aptma Vice Chairman Ali Pervez and Aptma Punjab Chairman Syed Ali Ahsan were also present along with him.

The Aptma chairman said that Prime Minister Nawaz Sharif is not fulfilling the promises that were made with the industrialists. He said the volume of export was more than $25 billion in 2013 when the incumbent government took charge, but now it has reduced to less than $20 billion.

Fiaz said that PM Nawaz had promised to pay funds worth Rs180 billion, but Finance Minister Ishaq Dar has allocated only Rs4 billion in the budget for fiscal year 2017-18. He said the industrialists are being asked to increase the exports without giving them the incentives.

He further added that it was made clear in the previous year that the trade deficit would cross $30 billion, but the government did nothing expect taking loans that the nation will pay with interest. He said progress cannot be made without increasing exports, and exports cannot be increased just by announcements.

The Aptma chairman demanded that the government should act upon the policy that it had announced. He said Rs200 billion of export industry have been held by the government, and industry will not run until they are paid. He said Dar, like every year, promised to pay the funds, but did not do it. After the press conference, a protest was raised outside the Aptma House, and slogans were raised to get the demands fulfilled by setting fabric and thread on fire.

Aptma to shift head office to capital to pressurise govt

Staff reporter adds: All Pakistan Textile Mills Association (Aptma) has decided to shift its head office to Islamabad to exert more pressure on government to meet its demands.

According to the Aptma officials, the shifting will be completed in short span of time. The association is also planning to go on protest after Eid to pressurise the government to implement the Rs180 billion export growth package announced in January 2017.

Pakistan's textile exports fell 0.92 percent on year-on-year basis to $10.29 billion in the first 10 months (July-April) of the current financial year. Addressing demands of the sector, the government has increased turnover tax from 1 percent to 1.25 percent in the federal budget for 2017-18. But, Aptma is asking for more – a lot more from what government is providing. It wants to implement all promises government made during last couple of years.

One of the major demands is abolishing government's policy of withholding sales tax refund claims of exporters as the delay is deadly for the millers who take loans from bank on high markups. According to the association's official, Yasin Siddique, the government has to clear the tax refunds worth around Rs300 billion. The millers has pointed out that Pakistan's trade deficit was swelling to $32 billion with imports rising to $52 billion compared to exports of less than $20 billion in the current financial year.

It is worth mentioning that the millers are pointing out that none of the China-Pakistan Economic Corridor (CPEC) projects was export-specific, which should be a cause for concern because Pakistan's imports were rising while exports were on the wane. Many believe CPEC will have a negative impact on the country's local industry and especially textiles.

With CPEC the cost of foreign exporters will fall further and they would sell their product at cheaper price, while the Pakistani products would remain costlier due to higher cost of doing business. According to officials, due to high prices of electricity Pakistani products are already costlier in the international market.

The war between government and textile millers is not new, the government side declares textile millers a 'mafia', who did not pay their taxes, while millers allege government of making unfriendly policies for the 'vested interest'.

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Rs2,829m released for petroleum sector development

APP

ISLAMABAD - The government has released over Rs2,829 million for the Ministry of Petroleum and Natural Resources under the Public Sector Development Programme (PSDP) till date against the total allocation of Rs4,251 million for the fiscal year 2016-17.

According to official data, Rs415.8 million have been released for acquisition of four drilling rigs with accessories for the Geological Survey of Pakistan. While, funds amounting to Rs131.6 million have been provided for appraisal of newly discovered coal resources of Badin Coal Field and its adjoining areas of Southern Sindh. Moreover, Rs20 million have been released to explore and evaluate metallic minerals in Bela and Uthal areas, district Lasbella of Balochistan.

The government provided Rs11.3 million for exploration of tertiary coal in the Central Salt Range, Punjab, besides releasing over Rs2,059 million funds for supply of gas to various villages and localities. An amount of Rs332.2 million have been given for provision of sui gas to three localities of District Mansehra, Rs656.7 million for various villages of district Thatta and Sajawal, Rs170.6 million for various villages of district Sheikhupura, Rs532.7 million villages of Hafizabad, Rs369 for District Okara villages, Rs163.8 million for district Mardan and Rs25.6 million for villages of district Attock. Whereas, no funds could be released against Rs1,413 million allocation made for provision of gas to various localities of districts Sargodha, Sialkot and Kahuta.

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Dar reviews matters related to FBR

Our Staff Reporter

ISLAMABAD - Finance Minister Ishaq Dar on Sunday chaired a meeting at the Ministry of Finance to discuss the matters related to the Federal Board of Revenue (FBR).

PM's Special Assistant on Revenue Haroon Akhtar Khan, finance secretary, EAD secretary, FBR chairman and senior officials of the Ministry of Finance and FBR attended the meeting. The FBR chairman updated the minister on the latest status of tax collection during FY2016-17. He said that all efforts are being made to attain the collection target for the current fiscal year.

He said that a comprehensive strategy is being finalised for tax collection in FY2017-18 and it would be presented to the finance minister in due course. Dar urged the FBR to take all necessary measures to meet the tax collection target for the current fiscal year. He said that the prudent policies of the present government and the efforts of FBR had resulted in 60 percent growth in tax revenue collection between FY2012-2013 and FY2015-2016.

He assured his full support to FBR for achieving the revenue targets for FY2017-18. The minister appreciated the contributions of FBR officials in the preparation of the budget for FY2017-18, which has recently been passed by the Parliament. He expressed the confidence that the measures announced in the budget for FY2017-18 will enhance the welfare and prosperity of the general public and enable Pakistan to achieve higher, sustainable and inclusive economic growth.