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FY17 growth seen at 5.2pc

Panama Papers enhanced political risks: World Bank

TAHIR AMIN

ISLAMABAD: The World Bank has stated that Panama Papers have enhanced political risks in Pakistan and created some policy uncertainty, while the upcoming national election in 2018 may affect reform momentum and macroeconomic policy orientation.

The WB latest report "Pakistan Development Update" launched Saturday in collaboration with Lahore School of Economics states that there are significant downside risks to the projected outlook.

"Pakistan remains vulnerable to domestic and external shocks. Domestically, the country is exposed to natural disasters, political events and terrorism," said the WB.

The slower progress in much-needed structural reforms would weaken growth prospects and discourage private investment. A stable Rs/US$ nominal exchange rate has resulted in appreciation of the real effective exchange rate (REER). This can erode Pakistan's export competitiveness. Furthermore, protracted global economic weakness, especially in the Euro area due to Brexit could negatively affect exports, maintained the WB update.

Privatization efforts have stalled, which has also affected the broader reform efforts in the electricity sector, with the resurgence of circular debt. FBR performance in tax collection is below target, after several years of very strong performance. Reforms in areas that require collaboration between federal and provincial governments remain challenging.

The WB further states that lingering uncertainty about the course of US economic policy could have a significantly negative effect on global growth prospects. Pakistan is also vulnerable to any significant decline in remittance flows, particularly from oil-rich countries (around two thirds of all remittances), if oil prices remain depressed. But low oil prices will also improve the current account deficit and create an environment conducive for a reduction in energy subsidies. On balance, low oil prices have been positive for Pakistan, being a net oil importer. Conversely, a sharp increase in oil prices will worsen the trade deficit and could increase energy subsidies.

The WB update further states that Pakistan's Gross Domestic Product growth in fiscal year 2017 is expected to climb to 5.2 percent - the highest in nine years - and the growth rate will continue to accelerate, reaching 5.5 percent in fiscal year 2018 and 5.8 percent in fiscal year 2019.

On the demand side, the outlook for near-term growth will primarily be supported by public and private consumption, aided somewhat by a moderate increase in investment.

Pakistan's low investment-to-GDP ratio is expected to improve marginally in fiscal year 2017 due to CPEC-related infrastructure projects and other public investment. These projects are also expected to contribute to the domestic construction industry and expand electricity generation. Improved electricity availability may, in turn, support growth in the industry and services sectors.

On the supply side, impetus to growth is projected to come from services and industrial sectors. The services sector is expected to grow by 5.6 percent whereas the industrial sector is expected to grow by 6.1 percent in fiscal year 2017. After a weak performance in fiscal year 2016, the agriculture sector is expected to grow at 3.4 percent in fiscal year 2017.

The current account deficit is expected to widen from

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1.2 percent of GDP in fiscal year 2016 to 2.7 percent in fiscal year 2017. The key contributor to this will be a widening of the trade deficit due to slow growth in exports (as a result of weakening export competitiveness and subdued global demand) and higher growth in imports arising from increased economic activity and CPEC investments. FDI flows will strengthen due to the accelerated implementation of CPEC projects.

The decline in exports growth, however, is expected to bottom out by the end of fiscal year 2017 as the domestic supply side factors including electricity availability improves.

Despite this expected recovery in exports, official foreign exchange reserves are projected to fall to 3.4 months of imports by fiscal year 2019 due to the substantial current account deficit and higher debt repayments in fiscal year 2018 and fiscal year 2019.

The fiscal deficit is projected to be 4.7 percent in fiscal year 2017, 0.1 of a percentage point higher than the fiscal year 2016 deficit. This slight widening is primarily driven by a slower increase in government tax revenues (both federal and provincial) coupled with a rise in expenditures due to the upcoming election cycle. This trend is projected to persist in fiscal year 2018, an election year. However, fiscal year adjustment efforts are anticipated to continue after the election, which will decrease the fiscal deficit from 5.1 percent in fiscal year 2018 to 4.8 percent in fiscal year 2019.

Inflation has already bottomed out. Projected increases in economic activity and an expected marginal rise in global oil prices will push up domestic prices. Inflation is projected to grow from 2.9 percent in fiscal year 2016 to 5.0 percent in fiscal year 2017 and 7.0 percent in fiscal year 2018.

Pakistan's growth will continue to benefit from growing consumer and investor confidence in the first half of fiscal year 2017, following the successful efforts to restore macroeconomic stability during the last 4 years. The report highlights that more recently, weakening trade and fiscal balances point toward the need to continue with the reform efforts to consolidate the hard won stability.

"Pakistan's accelerating growth is good news and reflects the country's success in building confidence. But the pace of reforms has slowed and it is important for the structural reforms to accelerate," said Illango Patchamuthu, World Bank Country Director for Pakistan.

A moderate increase in investment is expected to supplement growth, driven primarily by public and private consumption. But the country's current account deficit and fiscal balances deteriorated in the first half of the financial year, which could affect the reform momentum. The report emphasized the importance of collaboration between federal and provincial governments in delivering on the country's reform agenda.

"Since the 18th Constitutional Amendment, many important reform areas are now shared responsibility. Provinces have a significant role to play in fiscal consolidation, energy sector reforms and business environment, not to mention their role in delivering high quality health and education services," said Muhammad Waheed, World Bank Senior Economist for Pakistan. "Effective collaboration between federal and provincial governments will be crucial if Pakistan has to deliver on its growth potential."

The report discusses a number of challenges that the provincial governments are facing. Using Punjab as an example, it is highlighted that while provincial own-source revenues have significantly increased in recent years, there could have been further significant gains, if tax policy and administration reforms were implemented.

The World Bank also highlights the importance of the skilling of the youth bulge for better jobs. The Punjab Government is putting in efforts to significantly increase the scale of technical and vocational training programs in an attempt to boost job prospects for the province's 'youth bulge'. Several next steps in this area are identified in the report including the application of quality standards and the introduction of initiatives to improve matching between jobseekers and prospective employers.

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WHT on filers and non-filers

Revenue measure to widen gap based on four principles

SOHAIL SARFRAZ

ISLAMABAD: The Federal Board of Revenue's major revenue measure to widen the gap of withholding taxes between filers and non-filers in budget (2017-18) has been based on four principles, ie, revenue generation, sector/areas paying less withholding tax, areas having enforcement issues and non-compliant sectors.

Sources told Business Recorder here on Saturday that Finance Bill 2017 is expected to enhance rates of withholding tax on non-filers in the coming budget (2017-18). The gap of withholding tax between filers and non-filers would be increased in areas where FBR's enforcement is weak. The areas where adjustable withholding tax is applicable could be subjected to higher rates of the levy for non-filers. Presently, most of the areas having adjustable rate of withholding tax are also subjected to higher rates.

In this regard, the FBR has reviewed the entire Withholding tax (WHT) regime for coming budget.

The decision of the last Tax Policy Conference held at the FBR House 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.

According to sources, there is a possibility that the sectors, where withholding taxes on non-filers have been doubled during last years, would not be touched. The sectors which are not performing well under the context of revenue contribution may be subjected to enhanced rates of withholding tax.

Presently, withholding tax to be collected from every importer of goods on the value of goods under section 148 of the Income Tax Ordinance 2001 is one percent of the import value increased by Custom –duty, sales tax and federal excise duty for filers and 1.5% of the import value as increased by customs-duty, sales tax and federal excise duty for non-filers.

In case of filers, persons importing pulses are liable to withholding tax at 2% of the import value as increased by Custom-duty, sales tax and federal excise duty and for non-filers 3% of the import value as increased by custom - duty, sales tax and federal excise duty.

In case of commercial importers, the rate for filers is 3% of the import value as increased by custom -duty sales tax and federal excise duty and for non-filers 4.5% of the import value as increased by custom-duty, sales tax and federal excise duty.

At present, for ship breakers on import of ship, the WHT tax rate for filers 4.5 percent non-filers 6.5 percent. Industrial undertakings, the rate of WHT for filers is 5.5 percent and non-filers is 8 percent. Certain companies are liable to 5.5 percent WHT tax on filers and 8 percent for non-filers.

Tax shall be deducted on the gross amount of dividend paid under section 150 of the Income Tax Ordinance 2001, the rate of WHT tax on filers is 12.5 percent and non-filers 20 percent.

There are different rates of WHT for filers and non-filers in case a person paying profit/yield has to deduct tax from the gross amount of yield/profit. Yield or profit (profit on debt) on account, deposit or a certificate under the National saving schemes or Post office savings account; profit on debt paid by banking company or financial institution on account or deposit Maintained and profit on securities, other than those mentioned in s.151(1)(a), issued by federal/provincial government or a local government.

Similarly, different rates of withholding tax is applicable on non-resident person on the execution of contract or sub-contract under a construction, assembly or installation project in Pakistan including a contract for the supply of supervisory activities relating to such project.

Every Prescribed person making payment to a Permanent Establishment of Non-Resident for sale of goods and in case of a company, the rate for filers is 4 percent and non-filers 6 percent at present.

Presently, profit on bonds , certificates, debentures, securities or instruments of any kind (other than loan agreements between borrowers and banking companies or development financial institutions), for filers 10% of the gross yield paid and for non-filers 10% of the gross yield paid and other non filers 17.5% of the gross yield paid.

Tax will be deducted from non-resident person on the execution of contract or sub-contract under a construction, assembly or installation project in Pakistan including a contract for the supply of supervisory activities relating to such project, any other contract for construction or

services rendered relating there to and contract for advertisement services rendered by TV Satellite Channels, for filers 7 percent and for non-filers 12 percent.

Every Prescribed person making payment to a Permanent Establishment of Non- Resident for sale of goods in case of a company, for filers 4 percent and for non-filers 6 percent. Other than company cases for filers 4.5 percent and for non-filers 6.5 percent WHT.

The WHT for payment in full or in part including by way of advance to a resident person, supply made by distributors for filers 3 percent and for non-filers 3.5 percent.

For sale of any other goods, the WHT in the case of company for filers 4 percent and for non-filers 6 percent.

For sale of any other goods, in the case of other than companies, taxpayers for filers 4.5 percent and for non-filers 6.5 percent.

Transport services, all others in the case of Companies for filers 8 percent and for non-filers 12 percent.

Transport services, all others in all other than Company Taxpayers for filers 10 percent and for non-filers 15 percent.

The WHT on execution of contracts, in the case of Companies for filers is 7 percent and for non-filers 10 percent.

Execution of Contracts, in the case of other than companies, for filers 7.5 percent and for non-filers 10 percent.

The WHT is also applicable on filers and non-filers on payments made on account of winning of prize on prize bond, Cross word, raffle, lottery & quiz.

Payment to petrol pump operator on account of sale of petroleum products, the rate of WHT for filers 12% and for non-filers 15 percent.

Payment of cash withdrawal exceeding Rs, 50,000 in a day, the rate of WHT for filers 0.3% and for non-filers 0.6% (now reduced rate of 0.4 percent).

Sale against cash of any instrument including demand draft, payment order, CDR, STDR, RTC, any other instrument of bearer nature or on receipt of cash on cancellation of any of these instruments where transaction exceeds Rs, 2,5000 in a day for filers 0.3% and for non-filers 0.6 percent.

The WHT is applicable for filers and higher rates of withholding tax on registration of Motor Vehicle, transfer of Registration or ownership of motor vehicle, Division VII, Part IV of First Schedule of the ITO.

Brokerage and commission income In case of Advertising Agents for filers 10 percent and for non-filers 15 percent. Life Insurance Agents where Commission received is less than Rs, 0.5 Million per annum for 8 percent and for non-filers 16 percent.

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In the case of goods Transport Vehicles, the WHT for filers Rs. 2.5 per kg of the laden weight and for non-filers Rs. 4 per kg of the laden weight.

In the case of Passenger Transport Vehicles plying for hire, seating capacity 4 or more persons but less than 10 persons for Rs filers 50 and for non-filers Rs 100.

In the case of Passenger Transport Vehicles plying for hire, seating capacity 10 or more persons but less than 20 persons for filers Rs 100 and for non-filers Rs 200.

In the case of Passenger Transport Vehicles plying for hire, seating capacity 20 persons or more for filers Rs 300 and for non-filers Rs 500.

Other Private Motor vehicles, including car, jeep ,van, sport utility vehicle, pickup trucks for private use, caravan automobile , limousine , wagon or any other automobile used for private purpose. Up to 1000cc for filers Rs.800 and for non-filers Rs.1200; 1001cc to 1199cc for filers Rs.1500 and for non-filers Rs.4000; 1200cc to 1299cc for filers Rs.1750 and for non-filers Rs.5000; 1300cc to 1499cc for filers Rs.2500 and for non-filers Rs.7500; 1500cc to 1599cc for filers Rs.3750 and for non-filers Rs.12000; 1600cc to 1999cc for filers Rs.4500 and for non-filers Rs.15000; 2000cc & above for filers Rs.10000 and for non-filers Rs.30000.

Registering or attesting transfer of any Immoveable property, the rate of WHT for filers 1 percent and for non-filers 2 percent.

Advance tax has to be collected from wholesaler, distributor & dealers at the time of sales made to them. In case of fertilizers for filers 0.7 percent and for non-filers 1.4 percent.

Advance tax has to be collected from wholesaler, distributor & dealers at the time of sales made to them other than Fertilizer, the rate of WHT for filers 0.1 percent and for non-filers 0.2 percent.

Advance Tax on purchase of immovable where the value immovable property is more than 4 million for filers the rate of WHT is 2 percent and for non-filers 4 percent.

Every Person making payment of dividend in specie shall collect (deduct) from gross amount of dividend in specie for filers the rate of WHT is 12.5 percent and for non-filers 20 percent.

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Resign or we'll launch movement against you, lawyers tell PM

HAMID NAWAZ

LAHORE: A lawyers' convention demanded the Prime Minister Nawaz Sharif to resign from his office to facilitate fair and independent enquiry against him by the JIT.

The convention also announced that it would launch a nationwide campaign if PM Sharif failed to tender his resignation by May 27.

The convention jointly hosted by Supreme Court Bar Association (SCBA) and Lahore High Court Bar Association (LHCBA) to discuss a strategy on the demand of Prime Minister Nawaz Sharif's resignation in the wake of Panama case.

Chairman NAB and director general FIA should immediately be removed from their posts because the Supreme Court in its judgment had already passed strictures against them.

The declaration issued by the convention said a comprehensive campaign be launched for accountability of all public officials who have indulged in financial improprieties and corruption through offshore companies or otherwise.

In case he fails to resign within next seven days (by 27th May 2017) the lawyers throughout Pakistan will launch a nationwide campaign and movement to oust him.

All bar associations throughout Pakistan shall hoist black flags and establish protest camps on their premises on Thursday during of Ramazan.

After a short deliberation the participants of the convention issued a declaration and staged a sit-in at GPO Chowk. Holding placards inscribed with anti-government slogans, the lawyers kept the Mall Road blocked for half an hour.

Earlier, a group of PML-N affiliated lawyers on Saturday attacked the convention but the host bar associations foiled the government-backed lawyers' attempt to sabotage the convention

The problem started when leaders of SCBA and the LHCBA were welcoming the delegates coming from other parts of the country and a group of lawyers led by PML-N lawyers' forum barged into the newly constructed Javed Iqbal Auditorium of LHCBA and caused a rumpus in the hall.

A large number of federal and provincial law officers were in the forefront among the "attackers".

The government-backed lawyers also locked SCBA President Rashid A. Rizvi and Secretary Aftab Ahmad Bajwa in library room of the high court bar association. They were rescued by leaders of the LHCBA after sometime.

A heavy contingent of police and anti-riot force also took position on and outside the high court premises to deal with any law and order situation.

Later, the leaders of the host bars along with their members went to the auditorium and tried to expel the agitators. After an hour-long war of slogans between the two sides, the pro-convention lawyers succeeded in regaining a possession of the stage and ousted the protestors.

The convention condemned the hooliganism committed by the "goons" sent by the PML-N government to the premises of LHCBA and the damage they caused to the property and assets of the Association.

The convention announced that the attack was carried of at the behest of attorney general for Pakistan, advocate general, Punjab and prosecutor general Punjab.

The convention demanded immediate resignations of all the three and criminal prosecution against all those who have committed violence and also against

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those on whose instigation it has been committed.

A National Action Committee (NAC) is hereby formed which is headed by President Supreme Court Bar Association Rasheed Rizvi and its members will consist of Presidents Lahore, Sindh, Peshawar, Balochistan, Islamabad, Rawalpindi, Multan, Bahawalpur, Hyderabad, Sukkhar, Abbottabad, D.I.Khan, Bannu, Swat and Nasirabad, Karachi Bar Associations, members Pakistan Bar Council Messrs Tahir Nasrullah Warraich and Abdus Sattar Kahn, vice chairman Balochistan Bar Council, chairman executive committee of Sindh Bar Council members Punjab

Bar Council Ms Mumtaz Mustafa, Saeed Bhutta and Javed Hashmi.

Secretary SCBA and secretary LHCBA will be the secretaries of the NAC.

A meeting of the National Action Committee will be convened by its Chairman Rasheed Rizvi after Ramazan to announce steps and measures for the lawyers movement against corruption and for resignation of Prime Minister Muhammad Nawaz Sharif.

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PSDP allocations: Water and power schemes to get less in FY18

MUSHTAQ GHUMMAN

ISLAMABAD: The government has earmarked Rs 550 billion for power and water on-going and new schemes in Public Sector Development Program (PSDP) for 2017-18 against 575.6 billion for 2016-17, showing a reduction of 4.34 percent as a couple of hydropower projects are near completion.

Some of the projects included in the PSDP 2017-18 are already cleared by the Executive Committee of National Economic Council (NEC), Central Development Working Party (CDWP) whereas a few projects have yet to be approved.

An amount of Rs 21 billion has been earmarked for construction of Diamer Bhasha dam project lot 1 to 5 (4500 MW). The total estimated cost of the project is 894 billion, with foreign assistance of Rs 312.943 billion. Expenditure till June 30, 2017 is expected to be around Rs 7.966 billion. Throw forward expenditure is Rs 886.034 billion.

Last year, the government had allocated Rs 32.36 billion for Diamer Bhasha dam of which Rs 14 billion was for land acquisition and Rs 18.360 billion for lot 1 to 5 (4500 MW) which is more than 100 per cent lower than in 2017-18.

However, there is substantial decrease in allocations for ongoing and new hydropower projects. The earmarked amount for 2017-18 schemes shows 21 per cent less allocation - Rs 129.184 billion against Rs 163.458 billion in 2016-17.

The government has allocated Rs 53.775 billion for Dasu Hydro Power Project stage-1(2160 MW) in the federal budget. The total cost of the project is Rs 484.093 billion with foreign assistance of Rs 218.547 billion. Expenditure incurred till June 30, 2017 will be Rs 47.597 billion whereas the project's throw forward expenditure is Rs 438.496 billion.

An amount of Rs 19.573 billion has been allocated for Neelum Jehlum hydropower project including foreign assistance of Rs 4.834 billion. The project cost is estimated to be Rs 404.321 billion including foreign assistance of Rs 179.342 billion. An amount of Rs 376.182 billion will be spent on project till June 30, 2017. In 2016-17, allocation for this project was Rs 61.453 billion.

The earmarked allocation for Tarbela 4th Extension (1410 MW) is Rs 16.396 billion for 2017-18 as Rs 66.911 billion will be spent on the project till June 30, 2017. The allocated amount for Tarbela 5th Extension is Rs 2.305 billion. The total cost of the project is Rs 82.361 billion including foreign assistance of Rs 35.988 billion.

The documents presented to the National Economic Council (NEC) on May 19, 2017 reveal that Rs 118 million has been earmarked for Mangla Hydropower Training Institute (AFD grant), Rs 6.255 billion including foreign assistance of Rs 2.407 billion for Golan Gol Hydropower Project (106 MW Chitral), Rs 2.329 billion for Keyal Khawar Hydropower Project, KPK(128 MW Battagram) including foreign assistance of Rs 800 million. An amount of Rs 3.478 billion has been earmarked for Mangla power station refurbishment and upgradation of generation units (310 MW) including Rs 800 million foreign assistance. The government has allocated Rs 19. 583 million for feasibility study of Shyok Dam multipurpose project (690 MW) whereas Rs 194 million have been allocated for Thakot Hydropower Project (4,000 MW Battargram). The proposed allocation for Warsak Hydroelectric power station 2nd rehabilitation (242.96 MW) is Rs 945 million. The project's total cost is Rs 22.254 billion including 11.283 billion of foreign assistance. The government is expected to spend Rs 1.812 billion till June 30, 2017. The government also earmarked Rs 129 million during 2017-

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18 to establish Pakistan Glacier Monitoring Network Upper Indus Basin Area falling within KPK, Gilgit Baltistan and Azad Jamu & Kashmir. Allocation for Allai Khwar Hydropower Project (121 MW District Battagram) is Rs 375 million, Dubair Khwar Rs 651 million and Khan Khwar Hydropower project (72 MW District Shangla) Rs 374 million. This shows that total earmarked amount for ongoing hydel power projects is Rs 127.917 billion in 2017-18. The earmarked amount for new schemes i.e. Chitral hydel power station capacity is Rs 67 million and construction of Mohmand Dam Rs 1.2 billion. The total earmarked amount for ongoing and new schemes is Rs 129.184 billion. The government had allocated Rs 163.458 billion for 2016-17 for ongoing and new hydel projects.

Allocation for ongoing and new more than two hundred schemes of Pakistan Electric Power Company (Pepco) is Rs 246.409 billion including foreign assistance of Rs 35.739 billion against Rs 197.871 billion with Rs 34.979 billion foreign assistance, showing an increase of 24.5 per cent.

Pepco's ongoing schemes and earmark funding is as follows : 425 MW Nandipur Power Project Genco-III, Rs 631.180 million, installation of 2x600 MW (Net) coal-fired power project Jamshoro, Rs 16.234 billion, 1200 MW RLNG based power plant Balloki, District Kasur, Punjab, Rs 39.256 billion, 1200 MW LNG based power plant, Haveli Bahaddurshah Rs 37.184 billion, depleted material tranche –III(now replacement of depleted material at existing grid station of NTDC system) , ADB loan, Rs 250 million, construction of 500 KV T/L for dispersal of power from 747 MW from Guddu Rs 2.850 billion, evacuation of power from wind power projects at Jhimpir and Gharo wind clusters Rs 1.950 billion, inter-connection of Chashma nuclear (C-3 and C-4) Rs 150 million, import of 100 MW electricity from Iran (with 220 KV G/S Gwadar and allied T/L from Iran to Gwadar- Rs 10 million, inter-connection Thar-coal based, 1200 MW(Thar Matiari- Rs 10 billion.

The government has also allocated Rs 36.336 billion for 75 ongoing and new water schemes during fiscal year 2017-18, against Rs 31.716 billion in 2016-17, showing an increase of 14.5 per cent.

Balochistan Effluent Disposal into RBOD-I (RBOD-III) Jaffarabad, Naseerabad, Qambar Rs.1200.000 million, Channelization of Deg Nullah Punjab Rs.700.000 million, construction of 100 Delay Action Dams in Balochistan (Package-II, 26 Small Dams) Rs.593.190 million, construction of 20 Nos. Small Dams in Khyber Pakhtunkhwa Rs.400.000 million, construction of Basool Dam, Tehsil Omara, District Gawadar (PSDP-9496.16 prov 139.84) Rs.700.000 million, construction of fall structure of Nara Canal, Re-sectioning of Ranto Canal RD 0-72, Strengthening of Jamrao Canal (Sindh Share=1/3 of total cost) Rs.160.000 million, construction of Mangi Dam Quetta Rs.500.000 million, Construction of Palai, Kundal, and Sanam Dams Rs.200.000 million, Construction of Small Dams Delay action Dams, Recharge weirs and I.S.S.O barrier in Sindh Rs.800.000 million, Darwat Dam project Jamshoro /Thatta Rs.800.000 million, Extension of Right Bank Outfall Drain (RBOD-II) from Sehwan to Sea Rs.6500.000 million, Feasibility study for Water Resources Development through Construction of Small & Medium Dams in Balochistan Rs.70.000 million, Construction of Ghabir Dam Chakwal Rs.400.000 million, Gomal Zam Dam Project Dera Ismail Khan/south Waziristan Agency (Local 7698.118M, Provincial-2206, FEC-10721.882M0 Total Cost =Rs.20626.000 million Rs.5.000 million, Indus 21 Water Capacity Building & Advisory Services (World Ban) Rs.50.000 million, Irrigation System Rehabilitation Project, Punjab, (Phase-I) Rs.400.000 million, Kachhi Canal Project (Phase-I) Dera Bugti Naseerabad, Bolan 2nd revised Rs.10000.000 million, Kurram Tangi Dam Project (kaitu Weir) Northern Waziristan Agency FATA (Rev) Rs.250.000 million, Lining of Distribution and Minors in Sindh Rs.400.000 million, Lining of Irrigation Channels (Distributaries &

Minors) in Punjab Rs.400.000 million, Lower Indus Right Bank Irrigation & Drainage Project (RBOD-I) Qamber-Shahad Kot, Dadu and Jamshoro Rs.900.000 million, Makhi Farash Link Canal Project (Chotiari Phase-II) for water supply to Thar Coal Project Rs.525.000 million, Muhmand Dam Project (Detailed Engineering Design), Mohmand Agency Rs.1.000 million, Nai Gaj Dam Project, Dadu Rs.1500.000 million, Naulong Storage Dam Project Jhal Maqsi, Balochistan Rs.100.000 million, Nomal/Emergent Flood Programme Rs.500.000 million, Provision of Ground Water fro Industrial Sector of Balochistan Rs.378.910 million, Rainee Canal Project Ghotki, Sukkur & Khairpur Rs.1.000 million, Raising of Mangla Dam Project Mangla, Mirpur (AJ &K) Rs.500.000 million, Re-construction of Shadi Kaur Dam District Gwadar Rs.104.810 million, Rehabilitation of irrigation System in Khyber Pakhtunkhwa Rs.400.000 million, Remedial Measures to Control Waterlogging due to Muzaffargarh and TP Link Canal Rs.2200.000 million, Remodeling of Warsak Canal System in Peshawar & Nowsehra district Rs.130.000 million, Revamping / Rehabilitation of Irrigation & Dranage System of Sindh Rs.400.000 million, Satpara Dam Rs.5.000 million, construction of Small Dams in Tehsil Khaliqabad, District Kalat Rs.100.000 million, toiwar /Batozai Storage Dam District Killa Saifullah Rs.1140.090 million, Winder Dam Project Rs.50.000 million, Construction of 100 Delay Action Dams in Balochistan Package-3, 20 small Dams) Rs.300.000 million, Construction of 100small Dams in Tehsil Dobandi, Gulistan, Chaman, Balochistan Rs.200.000 million, Construction of Small Dams in Distt Mansehra, Khyber Pakhtunkhwa Rs.200.000 million, Land & Water Monitoring /Evaluation of Indus Plains by SMO Rs.50.000 million, Construction of Pissi Jhal Storage Dam and Command Area Development Khuzdar Rs.50.000 million, Raising of Baran Dam Bannu (50:50) Rs.150.000 million, Research Studies on Drainage Land Reclamation Water Management and use of Drainage Water (WASRI, MONA, LIM) Rs.50.000 million, Uch Wani Dam Chotair area Ziarat Rs.50.000 million, Wam Tangi Dam District Hamai Rs.50.000 million, Shore Protection of Pashi Town Balochistan

New Schemes include: Abato Daisara & Sanzaia Dam, Chaman Rs 50 million Badinzai Dam (feasibility) Rs 50 million Burj Aziz Dam Rs 50 million , construction of 200 small check dams for groundwater recharge of Quetta Rs.50.000 million, construction of Dam at Aghburg Area Quetta Rs.50.000 million, Construction of Papin Dam Punjab Rs.100.000 million, Construction of Small Storage Dams Yousaf Kach, Rud Mullazai, District Pishin (50:50) Rs.50.000 million, Chashma Right Bank 1st Lift Cum Gravity project Rs.105.000 million, Dosi Dam, Gwadar Rs.50.000 million, Extension of Patfeeder canal for Utilization of Indus Water in Balochistan (Package-3) Rs.50.000 million, Flood Protection Marginal Bund D.I.Khan Rs.50.000 million, Garuk Storage Dam District Kharan Rs.50.000 million, Khazana Dam Simri, Musakhail Rs.50.000 million, Construction of Mara Tangi Dam, District Loralai (50:50) Rs.50.000 million, Sukleji Dam Jal Magsi Rs.5.000 million, Tank Zam Dam (Feasibility Study) Rs.50.000 million, Umarzai Dam Pishin (50:50) Rs.50.000 million, Rehabilitation and Modernization of Sukkur Barrage (World Bank funding with 10% share of Gop) Rs.10.000 million, Kurram Tangi Dam Project Stage-II Rs.10.000 million, Construction of Reko Delay Action Dam District Noshki Rs.25.000 million, Construction of Khaisar Patti Delay Action Dam, District Noshki Rs.50.000 million, Construction of Tuk Storage Dam, Tehsil Wadh, District Khuzdar Rs.65.000 million, Construction of Kangori Storage Dam Shah Noorani Area, Tehsil Wadh, District Khuzdar Rs.50.000 million, Construction of Garah Storage Dam Tehsil Wadh, Distrct Khuzdar Rs.120.000 million, Construction of Bohir Mass Storage Dam Tehsil Wadh, District Khuzdar Rs.25.000 million, total (New) Rs.1375.000 million and Total (Water) Rs.36335.000 million.

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Oil & gas sector: No new scheme included

WASIM IQBAL

ISLAMABAD: No new scheme for the development of oil and gas sector has been included in the Public Sector Development Programme (PSDP) for the next financial year 2017-18.

According to Board of Investment (BoI), the oil and gas exploration sector received $117 million investment during the July-April 2017 period of the current financial year as compared to $234.8 million in the corresponding period of the fiscal year 2015-16, thus showing a negative growth of 50 percent approximately.

According to the PSDP documents, funds worth Rs 490.2 million had been earmarked for four ongoing development schemes which were approved by Departmental Development Working Party (DDWP) and Central Development Working Party (CDWP) during financial year 2009-10 and financial year 2015-16.

The government has allocated Rs 477 million for two ongoing development projects which were approved by CDWP in 2009 and are yet to be completed.

For the project "acquisition of four drilling rigs with accessories for the Geological Survey of Pakistan," Rs 415.8 million had been allocated. Ministry of Petroleum and Natural Resources approved a proposal to acquire four new drilling rigs to step up oil and gas exploration activities in the country and achieve self-reliance in the energy sector. The total cost of the project was estimated at Rs 665.8 million and Rs 250 million have been released.

Moreover, Rs 62 million had been earmarked for the project namely "appraisal of newly discovered coal resources of Badin coal field and its adjoining areas of southern Sindh."

The actual allocation for project was Rs 170 million and Rs 95 had been released.

For two other ongoing projects, Rs 12.5 million were approved by DDWP. About Rs 9 million have been allocated for exploration and evaluation of metallic minerals in Bela and Uthal areas, district Lasbella, Balochistan, which were approved by DDWP in September 11, 2015. An estimated cost of the project was Rs 56.7 million and Rs 47.7 million have been released.

For the exploration of tertiary coal in central salt range Punjab, Rs 3.4 million were approved by DDWP on January 27, 2010 and so far the actual release had been Rs 40 million.

BUSINESS RECORDER
Sunday, 21st May, 2017

Budget 2017-18

FBR mulling allowing filing of quarterly statements

MUHAMMAD ALI

KARACHI: The Federal Board of Revenue (FBR) is contemplating allowing filing of quarterly statements instead of monthly statements in coming budget 2017-18, it is learnt Saturday.

According to sources, the proposal was discussed during recent budget meeting held in the FBR headquarters. Sources said the dates for filing monthly statements under the income tax law and payment of monthly sales tax intrude with each other, ie, 15th of each month besides the date of filing statement for sales tax returns is 18th of every month, creating excessive burden on the taxpayers.

Keeping the said in view, it has been proposed that taxpayer may be allowed to file quarterly statement instead of filing of monthly statements.

Furthermore, it was also discussed during meeting that if the said was not possible in the current situation, it was recommended to change the date of filing of such statement to 25th day of the month following the month to which the withholding pertains in order to provide ample time for preparation and filing of withholding statements.

Sources said that the participants of the meeting were of the view that since, relevant tax was already deposited there would be no loss of revenue to the tax authorities from the said proposed change.

They said that the provision to deposit tax collected or deducted by a person into the kitty within seven days from the end of each week ending on every Sunday enhanced the workload of tax collecting agent manifold hence it was suggested that the taxpayers should be allowed to deposit all withholding taxes collected within 7 days of the end of each fortnight to reduce the burden on withholding tax agents.

Sources said that the commissioner was empowered to recover tax due from a taxpayer under various modes including attachment and sale of property, seizure of bank accounts, imposition of penalties, additional taxes, rights to arrest of the taxpayer and taxpayer detention in prison etc.

On the contrary, the mechanism of obtaining refunds of excess tax paid is not adequately taken care of. The taxpayer is required to deposit tax demand within 30 days of the service of the assessment order. In case, additions made by the assessing officer are deleted in appeals, the taxpayer is not provided any compensation.

The Commissioner is empowered to recover tax due from a taxpayer under various modes. The most commonly used method is by seizing bank accounts of the taxpayer. In the past this method of recovery was used as a last recourse but in recent years this has now become a norm and often taxpayers are taken by surprise even without a prior notice of recovery under sectio138.

The taxpayer should be allowed a refund for disputed tax demand recovered and later deleted in appeals. Sources further said that it was also proposed that the show cause notices for recovery should be made mandatory before recourse to banks/debtors.

In case banks are approached for recovery, the law should allow freezing of withdrawals from an account for at least a week's time before actual recovery

BUSINESS
RECORDER
Sunday, 21st May, 2017

THE RUPEE
Steadier trend

RECORDER REPORT

KARACHI: The rupee firmly held the overnight levels versus the dollar on Saturday in the process of trading, dealers said.

The State Bank of Pakistan (SBP) in its Monetary Policy kept the policy rate unchanged at 5.75 percent.

OPEN MARKET RATES: The rupee was unchanged against the dollar for buying and selling at Rs 105.80 and Rs 106.00, they said.

The rupee, however, continued it's decline, losing further 55 paisas in terms of the euro for buying and selling at Rs 118.30 and Rs 119.80, they said.

At the week=end, the US dollar fell, for its worst week since April 2016 against a basket of major currencies, having surrendered the gains made since Donald Trump was elected US president.

The dollar index, which tracks the greenback against a basket of six world currencies, has shed more than 2 percent this week. On Friday, it fell 0.75 percent, hitting its lowest since Nov. 9, the day after the US election.

Uproar over Trump's recent firing of FBI Director James Comey, who was overseeing an investigation into possible links between the president's team and Russia, has pressured the dollar.

“The dollar overall, across the board, has been getting beat up this week and a lot of that has to do with the political risk here in DC," said John Doyle, director of markets at Tempus Inc in Washington.

Open Bid	Rs. 105.80
Open Offer	Rs. 106.00

RUPEE IN LAHORE: The Pak rupee stayed unchanged on buying side while it recovered slightly on selling side against the greenback in the local currency market on Saturday.

According to the currency dealers, the greenback resumed trading on its overnight closing trend of Rs 106.00 and Rs 106.20 as its buying and selling rates, respectively.

At the close, no change in its value took place on buying counter as it maintained its opening rate of Rs 106.00.

However, following lack of selling spree, it appreciated on selling counter and ended at Rs 106.15, they added.

Furthermore, the national currency depreciated on buying side, however, it stayed unchanged on selling side versus the pound sterling.

The British currency was bought and sold at Rs 137.50 and Rs 138.00 against Friday's closing rates of Rs 137.10 and Rs 138.00 respectively, they said.

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

The dollar opened with 15 paisas losses at Rs 105.90 (buying) and Rs 106 (selling) against last rate of Rs 106.05 (buying) and Rs 106.15. It closed at Rs 105.90 (buying) and Rs 106 (selling). Pound Sterling opened at Rs 135 (buying) and Rs 135.50 (selling). It closed at the same rate.

BUSINESS
RECORDER
Sunday, 21st May, 2017

TDAP organises awareness seminar on REX system

RECORDER REPORT

FAISALABAD: A special cell will be created in Faisalabad Chamber of Commerce and Industry (FCCI) to familiarize local exporters with recently introduced Registered Exporter System (REX) in order to facilitate the Pak exports to EU countries under GSP Plus scheme, said Muhammad Saeed Sheikh, President FCCI.

Addressing an awareness seminar, he explained the GSP Plus status given to Pakistan in 2014 and told that its basic objectives were to dilute the damages caused to Pak economy due to war on terror.

He told that during 1st year of this facility, Pak exports recorded a phenomenal growth of 23 percent but after that the exports experienced a steep decline. He told that Government of Pakistan has taken a number of steps including uninterrupted electric supply to the industrial sector and declaring five important export sectors zero-rated from July 2016 to mitigate its problems but still the exports are not stable.

He appreciated the recently introduced REX scheme and said that it will further facilitate Pak exporters to make their exports to the EU countries without any hassle and unnecessary procedural bottlenecks.

He said that it is actually a self certification system and many European countries are already following it to streamline the exports from Pakistan under GSP Plus to the EU countries. He said that as REX is a new system and many exporters are not fully aware of its modalities, hence Trade Development Authority of Pakistan (TDAP) has arranged this seminar. The FCCI has also decided to setup a cell which will provide much-needed awareness and guidance to the local exporters.

BUSINESS
RECORDER
Sunday, 21st May, 2017

Cotton prices firm on modest trade

RECORDER REPORT

KARACHI: Shortage of fine lint, helped rates to keep present levels on the cotton market on Saturday in the process of modest trade, dealers said.

The official spot rate was unchanged at Rs 6800, they said.

In the ready session, over 1000 bales of cotton changed hands between Rs 6800 and Rs 7050, they said.

Market sources said that some needy mills and spinners indulged in fresh buying to replenish their stocks. The declining textile exports and energy crisis are keeping buyers away from the normal business, they added.

They further said that textile sector is facing liquidity crunch because of strike by goods carriers.

Cotton analyst, Naseem Usman said that the government is not providing required facilities to the mills, so some of them were expecting announcement of incentives and facilities in the budget.

Adds Reuters: ICE cotton futures rose slightly on Friday, snapping a three session losing streak on a weaker dollar, offsetting losses from recent export sales cancellations, increasing acreage and favourable weather for the natural fibre.

Favourable weather in top growing regions and export cancellations from India and China along with optimistic acreage expectations by the US Department of Agriculture put pressure on prices.

The July cotton contract on ICE futures US fell about 3.3 percent this week after prices touched near three-year highs earlier in the week.

The July cotton contract on ICE Futures US settled up 0.21 cent, or 0.27 percent, at 79.45 cents per lb. It traded within a range of 78.42 and 79.5 cents a lb. Total futures market volume rose by 1,120 to 28,463 lots.

The following deals reported: 300 bales from Lodhran at Rs 6800, same figure from Khanewal at Rs 6900, 200 bales from Sadiquabad at Rs 7000 and 400 bales from Yazman Mandi at Rs 7050, 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 19.05.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,800	135	**6,935**	**6,835**	NIL
40 Kgs	7,288	145	**7,433**	**7,325**	NIL

BUSINESS

RECORDER

Sunday, 21st May, 2017

Faisalabad yarn and fibre prices

RECORDER REPORT

FAISALABAD: Cotton yarn rates in rupees per 10 Lbs on Saturday (May 20, 2017).

6-8/S Cone (Cotton)

ARY 480.00

Sher 400.00

Nelibar 660.00

Al-Falah 540.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 650.00

Model Soft 650.00

Adil 490.00

Neilum 530.00

Nelibar 690.00

Owais Karni 490.00

Gold Star 680.00

Urooj 680.00

Shaheen 650.00

Al-Falah 490.00

Zam Zam 470.00

A.T.M 510.00

Sun flower 490.00

Apple Soft 640.00

Apple Hard 620.00

Ton-Ton 620.00

10/S Cone (Soft)

Es Guard 960.00

S.B. 840.00

Nelibar 850.00

Kinoo 900.00

Malta 970.00

Ayesha 820.00

12-14/S Cone (Cotton)

BUSINESS
RECORDER
Sunday, 21st May, 2017

Model
690.00

Qadri
640.00

Adil
670.00

16-18/S Cone (Cotton)

Nova
700.00

Chagi
690.00

Adil
690.00

Model
740.00

Neeli Bar
1060.00

Super Motia
770.00

Prince
690.00

Prince W
1060.00

Acro
960.00

Apple
820.00

Malta
910.00

Golden Eagle
840.00

20/S Cone (Cotton)

Zahidjee
1250.00

Anmool
1210.00

J.K.
1240.00

Khalid Shafiq
1040.00

Acro
1040.00

Darulsalam
1200.00

Ravi
1030.00

Hadabia
1230.00

22/S Cone (Cotton Warp)

Crescent
1270.00

Yahya
1250.00

HAR
1280.00

Tayyab
1220.00

Polo
1220.00

Ulfat
1240.00

24/S Cone (Cotton Warp)

Polo
1320.00

Prince
1280.00

BUSINESS
RECORDER
Sunday, 21st May, 2017

Acro
1250.00

H.A.R.
1250.00

Silver Lines
1310.00

ATM
1300.00

Anmool
1330.00

30/S Cone (Cotton Warp)

Al Noor
1400.00

Crescent
1400.00

Acro
1390.00

Glamour
1300.00

Arain
1380.00

J.K.
1375.00

Gulistan
1425.00

Ujalla
1365.00

Khalid Shafique
1425.00

Shafi
1380.00

Chakwal
1425.00

Anmool
1380.00

Ittehad
1380.00

Hadabiya
1420.00

32/S Cone (Cotton)

Ahmad
1415.00

Malikwal
1420.00

Chand
1420.00

J.K.
1475.00

Target
1450.00

Hadabiya
1430.00

A Three
1430.00

Araian
1420.00

Acro
1420.00

Nafees
1420.00

H.H.
1420.00

40/S Cone (Combed Cotton)

JK
1750.00

JK Carded
1550.00

Acro
1750.00

BUSINESS RECORDER

Sunday, 21st May, 2017

Nishat
1800.00

Betray
1700.00

Ittihad
1820.00

Al-Nasar
1810.00

Ejaz
1800.00

Nafees
1550.00

Nisar
1825.00

Three-G
1610.00

Suraj
1740.00

MKB
1580.00

Ramzan
1590.00

Ahmad
1610.00

Super Shaheen
1540.00

Darul Islam
1550.00

Four-G
1640.00

A. Three
1630.00

Azam
1540.00

Wasal Kamal
1540.00

Super Gold
1560.00

Jubilee
1540.00

Babri
1560.00

Sally
1610.00

52/S Cone (Combed Cotton)

Crescent
2150.00

Ittihad
2175.00

Suraj
2300.00

Al-Nasar
2150.00

Tanveer
2175.00

Sultan
2025.00

Diamond
2000.00

Koiyal
2175.00

Malikwal
2000.00

Parado
1950.00

Four Star
2125.00

N.P.
2100.00

Prime Plus
1950.00

Saif
2100.00

Super Shaheen
1850.00

Nafees
1950.00

Habib
2075.00

BUSINESS RECORDER

Sunday, 21st May, 2017

Colony
1950.00

Umer auto
1750.00

Two-G
1900.00

60/S Cone (Combed Cotton)

Nishat
2275.00

J.K.
2250.00

Ittehad
2250.00

Mapal Leaf
2375.00

Koiyal
2575.00

Gujjar Khan
2450.00

Pagri
2375.00

Deen
2375.00

Alam
2350.00

72-74/S Cone (Cotton)

Prime
2425.00

Commander
2420.00

N.P.
2500.00

Tower
2525.00

80/S Cone (Cotton)

Gold King
2650.00

Super King
2675.00

Mapel Leef
3000.00

Amjad
2800.00

Khan Buhadur
2750.00

Admiral
2850.00

Commander
2800.00

Four Star
3000.00

Rolex
3000.00

Diamond Gate
3000.00

Al Falah
3050.00

Chairman
2950.00

Battery
3050.00

Chairman
2950.00

30-31/S Cone (Polyester Cotton)

BUSINESS

RECORDER

Sunday, 21st May, 2017

Gold Star 139.74

Sun 130.56

JK 109.00

Bilal 102.00

Tahir Rafique 105.00

Zahidjee 105.00

Bashir 113.00

Shadman 104.00

Sarfraz 104.00

Cherry 104.00

Khalid Nazir 104.00

Wasal Kamal 103.00

North Star 104.00

Super Khuwaja 105.00

Anaar 113.00

Action 95.00

Marjan 106.00

Pak Panther-ll 105.00

Nayab 108.00

Kiran 112.00

NP 108.00

Mehtabi 104.00

Club 108.00

K.K. 106.00

Ruby 109.00

Metro 97.00

38/S Cone (Polyester Cotton)

Gold Star 150.96

Shahpur 136.96

North Star 135.00

A.D. 113.00

Multan 115.00

Golden 110.00

Kirshma 112.00

Al-Azhar 136.00

Sarhad 113.00

Aslam 107.00

Corolla 110.00

Royal 106.00

Chairman (N) 110.00

BUSINESS
RECORDER
Sunday, 21st May, 2017

40/S Cone (Polyester Cotton)

A.A. 161.16

Mehtabi 135.00

Shadab 138.00

Marjan 131.00

40/S Cone (AV)

Koiyal 175.00

Super LG 158.00

A.J. 173.00

Ahmad Fine 164.00

Asheana 204.00

40/2 Cone (AV)

Koiyal 189.00

Super LG 181.00

A.J. 183.00

Ahmad Fine 178.00

30/S Cone (CVC)

Ayesha 126.00

SUN 134.65

Kamal 126.00

26/S Cone (PV)

AA 120.36

Ashiana 119.34

MM 94.00

Blue Star 96.00

Super Jett 98.00

Shuttle 94.00

M-4 99.00

Bemisal 92.00

Ghouri 93.00

U-2 95.00

L.G. 104.00

U-7 88.00

BUSINESS

RECORDER

Sunday, 21st May, 2017

Triple two
92.00

AJ Gold
95.00

Candle
94.00

Jaguar
95.00

34-36/S Cone (PV)

A.A.
142.80

Ashiana
141.78

Sapna
133.00

Blue Star
107.00

Super Jett
107.00

Shahzad-H
107.00

Shuttle
104.00

Bemisal
103.00

Shuttle less
107.00

Cheeta
100.00

Candle
105.00

Target
103.00

Dewan
104.00

Royal
98.00

Spin Cott
105.00

H.R.
104.00

S.S.
115.00

Tanveer
110.00

44-46/S Cone (PV)

A.A.
171.36

Ashiana
170.34

Sapna
150.00

Super Jet
121.00

Bemisal
121.00

Marghala
121.00

U-2
120.00

Cheeta
120.00

Target
120.00

S.S.
137.00

65/S Cone (PV)

Ashiana
222.36

BUSINESS

RECORDER

Sunday, 21st May, 2017

U-2
176.00

Bemisal
173.00

Ghori
176.00

Cheeta
176.00

A.J Gold
179.00

Tanveer
173.00

Maqbool
173.00

34/S Cone PP

Zamin
86.00

Shadman
100.00

Ellahi
105.00

Dewan
87.00

U-2
88.00

60/S Cone PP

Zamin
111.00

Anwar
109.00

Taj Mahal
108.00

36-38/S Cone (Staple)

Diamond Gate
1630.00

Marghala
1600.00

Saif
1610.00

Four Star
1630.00

A.J.
1610.00

Fazal Cloth
1600.00

L.G.
1590.00

Super Gold
1610.00

Azam
1620.00

Best
1590.00

K.P.K.
1600.00

Colony
1640.00

Martial
1620.00

30/S Cone (Ecrylic)

Koial
159.00

Saif
162.00

BUSINESS

RECORDER

Sunday, 21st May, 2017

Combine
143.00

Saif
170.00

Combine
153.00

Koial
171.00

40/S Cone (Ecrylic)

Pagri
169.00

BUSINESS
RECORDER
Sunday, 21st May, 2017

Karachi Yarn Market Rate

RECORDER REPORT

KARACHI: Karachi Yarn Market Rates on Saturday (May 20, 2017).

CONES CARDED

10/1.

Popular Fibre 920.00

Diwan 950.00

Tritex 930.00

12/1

Nadeem Textile 1120.00

Indus 1160.00

Popular Fibre 1100.00

Bajwa 1150.00

16/1.

Nadeem Textile 1180.00

United 1190.00

Popular Fibre 1150.00

Abdullah Textile 1150.00

Indus 1220.00

A. A. Cotton 1200.00

Tritex 1170.00

Bajwa 1210.00

21/1.

Ishtiaq Tex 1240.00

Al-Karam (A.K) 1250.00

Suriya Tex 1250.00

United 1250.00

GulAhmed (G.Lite) 1260.00

Popular Fibre 1220.00

Shadman 1240.00

Indus Dyeing 1290.00

Abdullah Textile 1220.00

Lucky Cotton 1230.00

A. A. Cotton 1300.00

Diwan 1240.00

22/1.

Bajwa 1270.00

United 1260.00

24/1.

A. A. Cotton 1370.00

Tritex 1320.00

26/1.

AL-Karam 1370.00

BUSINESS RECORDER

Sunday, 21st May, 2017

Dewan 1320.00

Amin Text 1350.00

Shadman Cotton 1350.00

Diamond Int'l 1320.00

Popular Spinning 1300.00

Ishtiaq Textile 1320.00

Lucky Cotton 1320.00

A. A. Cotton Hosiery 1450.00

28/1

Abdullah Textile 1350.00

30/1.

Amin Tex. 1450.00

Al-Karam 1430.00

Jubilee Spinning 1350.00

GulAhmed (G.Lite) 1430.00

Lucky Cotton 1350.00

Diamond Intl 1400.00

A. A. Cotton Hosiery 1480.00

32/1

Abdullah Textile 1380.00

40/1

Lucky Cotton 1650.00

52/1

Lucky Cotton 1700.00

COMBED CONE

40/1

Indus CF 1740.00

20/2.

GulAhmed 1340.00

Amin 1350.00

Indus Dyeing 1360.00

Bajwa 1350.00

Shadman Cotton 1340.00

42/1

Abdullah Textile 1650.00

52/1

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1.

Abdullah Textile 1750.00

70/1

BUSINESS
RECORDER
Sunday, 21st May, 2017

Abdullah Textile 1850.00

CHEES CONES

10/1.

Kasim Tex 700.00

Latif Tex. (Latif) 700.00

Super 690.00

Abdullah Textile (OE) 690.00

16/1. (O.E.)

Kasim Textile 880.00

Masal 870.00

RATES OF PAKISTANI/IMPORTED POLYESTER YARN (PER LBS) + GST

Imported 50/36 FDY 90.00

Local Mill 130.00

Rupali 75/78 FDY NA

Import 75/72 FDY 72.00

Local Mill 82.00

Rupali 75/36/0 & 75/24 DTY 90.00

Imported 75/36/0 DTY 84.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 70.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 96.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 74.00

Local Mill 70.00

BUSINESS
RECORDER
Sunday, 21st May, 2017

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 74.00

Local Mill 73.00

Imported 150/144 SIM 75.00

Local Mill NIL

RATE OF BLANDED YARN IN RUPEES

(PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 106.00

20/1 PVB

A.A. Textile 109.00

A. A. Cotton 109.00

24/1 P.V. BRIGHT

A.A. Tex. 114.00

Sana 109.00

A. A. Cotton (80:20) 114.00

26/1.PV Bright

A.A. Tex. 119.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 125.00

Sana 120.00

A. A. Cotton 125.00

26/1 P.V. (S.D.)

A.A. Textile 119.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 144.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 145.00

46/1 PVSD

Ibrahim Fibre 169.00

28/1 PV SLUB

A.A. Clock Tower 148.00

30/1 PV SLUB

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB (PP) 150.00

Sana SLUB (PP) 145.00

BUSINESS
RECORDER
Sunday, 21st May, 2017

Sana (PV)
150.00

Sana SLUB (V)
165.00

40/1 SLUB

Sana (V)
180.00

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SEWING THREAD YARN

--

Sana

21/1 PP
84.00

30/1 PP
96.00

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana
118.00

30/1 PVT

Sana
128.00

10/1 PP

A. A. Cotton
93.00

12/1 PP

A. A. Cotton
98.00

16/1 PP

A. A. Cotton
103.00

20/1 PP

Sana
110.00

Diwan
98.00

A. A. Cotton
110.00

Agar
96.00

26/1 PP

A. A. Cotton
115.00

30/1 PP

Agar
101.00

Anwar
109.00

Sana
120.00

Diwan
103.00

A. A. Cotton
120.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
133.00

60/1. (P.P)

Agar
124.00

Diwan
125.00

Anwar
130.00

A. A. Cotton
146.00

8/.1.

BUSINESS
RECORDER
Sunday, 21st May, 2017

A. A. Cotton (52 48)
95.00

10/.1.

Zainab
115.00

A. A. Cotton
95.00

Lucky Cotton
135.00

12/1

A. A. Cotton
100.00

14/1

Zainab Tex
118.00

A. A. Cotton
105.00

16/1

AA SML Carded (52 48)
114.00

IFL (52 48)
120.00

A. A. Cotton
105.00

--

P.C. COMBED

--

20/1. PC

A.A.SMLCARDED
123.00

Zainab (Combed)
123.00

A. A. Cotton (Carded)
112.00

A. A. Cotton CVC (65 : 35)
110.00

24/1. PC

A. A. SML Carded
123.00

Zainab (Combed)
128.00

A. A. Cotton
109.00

25/1

A.A. Cotton
117.00

30/1. PC (52 : 48)

Zainab Textile (combed)
138.00

Stallion
100.00

K. Nazir
112.00

Al-Karam
112.00

AA SML (Carded)
131.00

A. A. Cotton (Carded)
122.00

A. A. Cotton CVC (65 : 35)
114.00

36/1. PC

IFL Tex (Combed)
149.00

A. A. Cotton
140.00

40/1 PC

A.A. Textile (Combed)
159.00

45/1 PC

Zainab
172.00

10/1 CVC

A. A. Cotton (60:40)
100.00

BUSINESS RECORDER

Sunday, 21st May, 2017

12/1 CVC

A. A. Cotton (60:40) 107.00

16/1 CVC

A. A. Cotton (60:40) 112.00

20/1 CVC

A. A. Cotton (60:40) 118.00

AASML 114.00

24/1 CVC

A. A. Cotton (60:40) 123.00

Sana 146.00

AASML 111.00

30/1 CVC

A. A. Cotton 128.00

AASML 122.00

40/1 CVC

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

READY RATES OF STAPLE FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 123.00

I.C.I. 1.2 (SD) 123.00

I.C.I. Bright 125.00

Rupali 1.D 123.00

Rupali 1.2 (SD) 123.00

Ibrahim Fiber (SD) 123.00

Ibrahim 1.D 123.00

Ibrahim Fiber Bright 125.00

Ibrahim Trilobal Bright 125.00

VISCOSE K.G.

FCFC 44 MM Taiwan 240.00

FCFC 51 MM Taiwan 240.00

Grysum India 240.00

Thai Reyon 51 MM 240.00

S.P.V. Ind. 51 MM Indonesia 240.00

ACRYLIC FIBER K.G.

BUSINESS
RECORDER
Sunday, 21st May, 2017

-------------------------------------- --	Monty 205.00	1.2x51	Italy	Acelon 205.00	Korea	1.2x51

DAWN
Sunday, 21st May, 2017

Dar set to unveil budget on May 26

MUBARAK ZEB KHAN

ISLAMABAD: Finance Minister Ishaq Dar chairs a meeting on matters relating to the textile sector on Saturday.—PPI

ISLAMABAD: Prime Minister Nawaz Sharif has formally sent advice to President Mamnoon Hussain to summon National Assembly and Senate sessions on May 24 and 26, respectively, for the presentation of the federal budget 2017-18.

According to official sources, the prime minister has also sent a summary to the president requesting him to summon a joint session of both houses of parliament on June 1 for the mandatory annual presidential address. This will be the fourth address of President Hussain to parliament since his election in September 2013.

The sources said Finance Minister Ishaq Dar will make budget speech in the National Assembly on May 26 and lay the budget documents before the Senate on the same day. An official source told Dawn the government has almost finalised the draft of the Public Sector Development Programme (PSDP) for 2017-18 and Economic Survey 2016-17.

An insider said the government has decided to increase the salary and pension of government employees. However, the rate of increase has not been decided yet.

The source said that no major relief is expected in the budget unless the prime minister decides to intervene.

According to the source, the prime minister will convene a special meeting on the budget after his return from Riyadh.

The taxation part of the budget speech that focuses on tax rates and broadening the base has yet to be finalised, according to a tax official. “No new tax will be imposed in the budget,” the source said, adding that the focus is on the rationalisation and reverse cascading of tax rates.

To provide incentives to the local industry, duties and taxes will be brought down on raw materials.

In the last two days, tax officials met representatives of various sectors, including information technology, poultry and textile. A detailed summary that seeks changes in tariffs, duties and taxes on various sectors was also submitted by the commerce ministry. It was based on proposals received from stakeholders.

Tax officials gave a special presentation on Saturday to Mr Dar on the proposals that have been finalised so far. It has been decided that the government will continue with the zero-rating of five sectors – textile, leather, sports, carpet and surgical.

“We are considering including a few more sectors in the zero-rating regime – rice milling and processing, fish packaging and processing, meat and meat processing and pharmaceutical,” the source said.

A major relief in taxation is expected for the stock market. A tax credit of up to four years, against the existing provision for two years, may be allowed to attract new listings on the stock exchange.The withholding tax rate on commission and stock exchange services will also be reduced this year, the source said.

Another proposal is to enhance the exemption threshold to Rs500,000 from the existing Rs400,000 for the salaried class.

It said tax officials are also working on another proposal to change the definition of a resident person. In case the government agrees to the proposal, it will be binding on all nationals to disclose their assets abroad.

Another proposal is to enhance the limit of the probing of tax details of a filer up to 10 years in backdates. Currently, officials can only probe tax details up to five years in the case of return filers. For non-filers, the probe can be made up to 10 years.

According to the source, the Federal Board of Revenue wants to reduce duties on cigarettes on the recommendation of two major players, although the health ministry demands a further increase in rates

DAWN
Sunday, 21st May, 2017

SBP maintains policy rate

SHAHID IQBAL

KARACHI: The State Bank of Pakistan (SBP) on Saturday kept the policy rate unchanged at 5.75 per cent. It is a reflection of stable economic indicators as the rate, at 40-year low, has remained unchanged since May 2016.

Although inflation is crawling up, the SBP treated growth as a priority by keeping the cost of money stable for the private sector.

“Real GDP growth in 2016-17 is provisionally estimated at 5.3pc representing a 10-year high. Specifically, the revival of domestic demand has been instrumental in the current upturn,” said the SBP monetary policy statement.

The rate has remained unchanged at 5.75pc since May 2016

The upbeat economic sentiments and low interest rates have encouraged the private sector to undertake capacity expansions. Private-sector credit posted a net expansion of Rs503bn in July-April, which is significantly higher than the uptick of Rs334bn in the corresponding period of last year.

This was led by an increase in both working capital and fixed investment loans. Consumer financing also maintained the uptrend seen in the past few months.

“The credit flow to private businesses remained broad-based with major impetus from textile and garment, chemical, sugar, construction and power sectors. In tandem with the expansion in the economic activity, private-sector credit uptake is expected to continue in 2017-18,” said the SBP.

The supply of credit remained at ease because of healthy growth in bank deposits and the government’s reliance on central bank financing along with net retirement to commercial banks.

The major thrust has come from the ongoing public and private investment, particularly in infrastructure and power sector, said the SBP, adding that consumer spending has also expanded with a stable inflationary environment and banks’ renewed interest in consumer financing.

“On the supply side, recovery in major crops from last year, better energy supplies and a broad-based increase in large-scale manufacturing have facilitated this expansion.”

The SBP said headline CPI inflation has also edged up in recent months. It seems that in 2017-18, current trends of rising income, surge in imports and accelerating credit to the private sector are expected to increase CPI inflation. However, it is likely to remain within the target, the SBP said.

The expansion in economic activity has led to a concomitant surge in import payments during July-April. On the other hand, exports have posted only a marginal recovery whereas workers’ remittances also slowed down mainly owing to the changing labour market dynamics in the Arab region.

“All these factors led to a sharp widening of the current account deficit in July-April. As financial inflows did not entirely cover the current account imbalance, the overall balance of payments turned into a deficit from a surplus in the same period last year,” said the SBP.

The SBP did not talk about the current account deficit in detail, although it jumped over 200pc year-on-year to $7.24bn in July-April.

The SBP said official inflows are expected to provide support to foreign exchange reserves. A sustained increase in other private inflows – foreign direct investments and export earnings, in particular — is required to fully finance the surge in imports.

With expected improvements in global demand, the current composition of imports, mainly machinery, bodes well for the future economic activities, said the SBP, adding that the current growth momentum led by the China-Pakistan Economic Corridor-related investments is likely to boost foreign direct investment inflows.

DAWN
Sunday, 21st May, 2017

Cotton price unchanged

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market remained steady on Saturday on selective buying from spinners. The undertone was firm, but outlook uncertain.

The general lethargy in world cotton markets also reflected in the domestic trading because there was a lack of trading. Brokers said the textile industry in general was passing through "one of the most difficult periods of its history".

Barring a few deals, the market remained devoid of trading interest. Moreover, exports and supply of raw material to factories have yet to return to normal after a 10-day strike by goods carriers.

Though the near contracts on New York cotton market slightly recovered, future contracts remained under pressure. However, Indian and Chinese cotton markets also closed easy.

The Karachi Cotton Association left its spot rates unchanged. Major deals on the ready counter were: 300 bales from Lodhran at Rs6,800, 300 bales Khanewal at Rs6,900, 200 bales Sadiqabad at Rs7,000 and 400 bales Yazman at Rs7,050.

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

THE NEWS
Sunday, 21st May, 2017

WB links growth with federal-provincial liaison: FY17 growth at 5.2 percent

KARACHI: The World Bank on Saturday emphasised a result-oriented relationship between the federation and provinces to meet the bank's growth projections and deliver on the country's reform agenda.

"Effective collaboration between federal and provincial governments will be crucial if Pakistan has to deliver on its growth potential," World Bank's senior economist Muhammad Waheed said in a statement.

The Bank, in its Pakistan Development Update, said the country's gross domestic product growth in fiscal year 2017 is expected to climb to 5.2 percent — the highest in nine years – and the growth rate will continue to accelerate, reaching 5.5 percent in FY18 and 5.8 percent in FY19.

Waheed said several important reform areas are now shared responsibility in the country since the 18th constitutional amendment. "Provinces have a significant role to play in fiscal consolidation, energy sector reforms and business environment, not to mention their role in delivering high quality health and education services."

The country's update report, released twice a year, discusses a number of challenges that the provincial governments are facing. While revenue in Punjab has significantly increased in the recent years, "there could have been further significant gains, if tax policy and administration reforms were implemented."

The World Bank also highlighted the importance of the skilling of the youth bulge for better jobs.

It said the Punjab government is putting in efforts to significantly increase the scale of technical and vocational training programs in an attempt to boost job prospects for the province's 'youth bulge'.

"Several next steps in this area are identified in the report, including the application of quality standards and the introduction of initiatives to improve matching between jobseekers and prospective employers," it added.

The report said weakening trade and fiscal balances point toward the need to continue with the reform efforts to consolidate the hard-won stability.

"Pakistan's accelerating growth is good news and reflects the country's success in building confidence," World Bank's country director Illango Patchamuthu said.

"But the pace of reforms has slowed and it is important for the structural reforms to accelerate."

It said a moderate increase in investment is expected to supplement growth, driven primarily by public and private consumption. "But the country's current account deficit and fiscal balances deteriorated in the first half of the financial year, which could affect the reform momentum."

THE NEWS
Sunday, 21st May, 2017

SBP keeps policy rate unchanged at 5.75 percent

KARACHI: The State Bank of Pakistan (SBP) on Saturday kept its benchmark interest rate unchanged at 5.75 percent in line with the market expectations to lend support to economic activities.

"The upbeat economic sentiments and low interest rates have encouraged the private sector to undertake capacity expansions," the SBP said in the monetary policy announcement for the next two months (June-July).

The central kept the policy rate on hold since July last year.

Private sector credit posted a net expansion of Rs503 billion during Jul-Apr FY17, which is significantly higher than the uptick of Rs334 billion in the corresponding period of last year.

The SBP said real GDP growth in the current fiscal year of 2016/17 was provisionally estimated at 5.3 percent, representing a 10 year high. Specifically, the revival of domestic demand has been instrumental in the current upturn.

"The major thrust has come from the ongoing public and private investment particularly in infrastructure and power sector," it added.

The central bank, however, said headline consumer price index (CPI) inflation edged up in the recent months following further improvement in economic activity along with pass through of the recovering global oil prices to domestic motor fuel cost.

"Going forward in FY18, current trends of rising income, surge in imports, and accelerating credit to private sector are expected to increase the CPI inflation; however, it is likely to remain within the target," it said.

Bilal Khan, an economist at Standard Chartered Bank the SBP would gradually shift to a tightening stance by September 2017 particularly as the real policy rate – adjusted for core (non-food, non-energy) inflation – approaches zero.

The SBP said the expansion in economic activity has led to a concomitant surge in import payments during Jul-Apr FY17. On the other hand, exports have posted only a marginal recovery. Workers' remittances also slowed down this year mainly owing to the changing labour market dynamics in the Gulf Cooperation Council region.

All these factors, it said, led to a sharp widening of the current account deficit during Jul-Apr FY17 compared to the same period last year. As the financial inflows did not entirely cover the current account imbalance, the overall balance of payments turned into deficit from a surplus in the same period last year.

It, however, said official inflows are expected to provide support to foreign exchange reserves.

"A sustained increase in other private inflows – foreign direct investments and export earnings in particular – is required to fully finance the surge in imports," it added. "…The current (imports) growth momentum led by China-Pakistan Economic Corridor-related investments is likely to boost foreign direct investment inflows."

On the supply side, recovery in major crops from last year, better energy supplies, and a broad based increase in Large-scale manufacturing have facilitated consumer spending expansion.

The central bank said the supply of credit remained at ease because of the healthy growth in bank deposits and government's reliance on central bank financing along with net retirement to commercial banks. "Also, calibrated open market operations by the SBP to manage residual liquidity demand played its part, besides keeping the overnight repo rate generally close to the policy rate," it added. "Reflecting these developments, money supply grew by 13.8 percent (YoY) in Apr FY17 as compared to 13.0 percent (YoY) during the same month last year."

THE NEWS
Sunday, 21st May, 2017

Government spending under PSDP rises to Rs800 billion

ISLAMABAD: The government, with a focus on increasing the public sector development spending, has ensured raise in this domain, as it increased to Rs800 billion in 2017 from Rs348.27 billion during 2013.

A number of massive infrastructure, power and other projects have been initiated, which will remain instrumental in attracting private sector investment.

Highlighting measures on Saturday, sources in the Finance Division said the government takes into consideration the recommendations and weaknesses made by all the stakeholders, including the State Bank of Pakistan, while formulating economic and financial policies.

The government has focused on bringing improvement in the real sector growth through agriculture, industrial and services sectors and in this connection, a number of public sector development programmes have been initiated in productive and infrastructure sectors.

The sources said consolidation efforts are on track since the government has successfully curtailed the fiscal deficit at 4.6 percent of GDP in the fiscal year 2016, 5.3 percent of GDP during the fiscal year 2015 and 5.5 percent in the fiscal year 2014 on account of prudent expenditure management and increase in revenues.

The fiscal deficit was successfully brought down from 8.2 percent of GDP in the fiscal year 2013. Moreover, the sources said the government's efforts to improve Pakistan's business climate to attract higher investment inflows have been underpinned by the National Doing Business Reform Strategy 2016.

The reforms focus on regulatory changes, improving technology and building capacity of implementing agencies for simplification of procedures involved in making businesses operational.

As a result of successful implementation of key reform measures, Pakistan's ranking on the World Bank's Ease of Doing Business index has improved four points to 144 out of the 190 economies in Doing Business Report 2017 and the country has been recognised as one of the top 10 reformers globally in the area of business regulation.

Similarly, the inflation rate has been kept under control due to effective monetary and fiscal policies. This price stability maintained the confidence of economic agents to enhance economic activities in the country, the sources added.

Under the PSE Reform Strategy, the government has focused on improvement in corporate governance, restructuring of PSEs and strategic partnership through privatisation.

The government has appointed financial advisers for various public sector corporations. Implementation of the National Power Policy 2013 has resulted in reduction in line losses of power sector distribution companies (from 18.7 percent in the fiscal year 2014/15 to 17.9 percent during the fiscal year 2015/16) and increase in collections (from 89.2 percent in the fiscal year 2014/15 to 94.6 percent in the fiscal year 2015/16).

During the fiscal year 2017, the line losses have declined further to 17.2 percent, they said.

The China-Pakistan Economic Corridor (CPEC) with an investment of $46 billion is a testament of Pakistan's rising potential and the government's commitment to use this opportunity as a game changer in the coming decade.

The sources also said 25 industrial zones are being established on three routes of CPEC.

The CPEC projects include investment of $34 billion in the energy sector and $12 billion in building roads, highways, railways ports and airports.

THE NEWS
Sunday, 21st May, 2017

Cotton stable

Karachi

Slow trading continued at the Karachi Cotton Exchange on Saturday, while spot rates remained unchanged.

The spot rates stood firm at Rs6,800/maund (37.324kg) and Rs7,288/40kg. Ex-Karachi rates also remained unchanged at Rs6,935/maund and Rs7,433/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

Naseem Usman, chairman of the Karachi Cotton Brokers Association, said that the trade activity remained slow in the market, while prices remained firm. “Very little and cautious buying continued by the textile and spinning mills,” he added.

Usman said, “Sowing of new crop is around 70 percent complete, while buying is likely to remain slow until the new crop arrives in July, which can be delayed because of the new crop.” The cotton market recorded four transactions of 1,200 bales at a price in between Rs6,800 to Rs7,050/maund. Deals were recorded from Lodhran, Khanewal, Sadiqabad and Yazman.

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The Nation
Sunday, 21st May, 2017

SBP maintains policy rate unchanged at 5.75pc

Zamir Sheikh

KARACHI - The State Bank of Pakistan (SBP) on Saturday announced its last monetary policy for FY2016-17 decided to keep the policy rate unchanged at 5.75 percent.

The bimonthly monetary policy statement said real GDP growth in FY17 is provisionally estimated at 5.3 percent representing a 10 year high. It said the expansion in economic activity has led to a concomitant surge in import payments during July-April FY17. On the other hand, exports have posted only a marginal recovery; whereas, workers' remittances also slowed down this year mainly owing to the changing labour market dynamics in the GCC region. All these factors led to a sharp widening of the current account deficit during July-April FY17, compared to the same period last year. As the financial inflows did not entirely cover the current account imbalance, the overall balance of payments turned into deficit from a surplus in the same period last year.

However, it hoped, the official inflows are expected to provide support to foreign exchange reserves. A sustained increase in other private inflows – foreign direct investments and export earnings in particular – is required to fully finance the surge in imports. In this regard, accompanied with expected improvements in global demand, the current composition of imports, mainly machinery, bodes well for the future economic activities. Furthermore, the current growth momentum led by CPEC related investments is likely to boost foreign direct investment inflows.

The statement said the revival of domestic demand has been instrumental in the current upturn. The major thrust has come from the ongoing public and private investment particularly in infrastructure and power sector. Furthermore, consumer spending has also expanded with a stable inflationary environment and banks' renewed interest in consumer financing. On the supply side, recovery in major crops from last year, better energy supplies, and a broad based increase in Large-scale Manufacturing have facilitated this expansion.

With further improvement in economic activity along with pass through of the recovering global oil prices to domestic motor fuel cost, headline CPI inflation has also edged up in recent months. Going forward in FY18, current trends of rising income, surge in imports, and accelerating credit to private sector are expected to increase the CPI inflation; however, it is likely to remain within the target, it said.

The statement said upbeat economic sentiments and low interest rates have encouraged the private sector to undertake capacity expansions. Private sector credit posted a net expansion of Rs503 billion during July-April FY17, which is significantly higher than the uptick of Rs334 billion in the corresponding period of last year. This was led by an increase in both the working capital and fixed investment loans; whereas, consumer financing also maintained the uptrend seen in the past few months. Notably, the credit flow to private businesses remained broad-based with major impetus from textile and garments, chemicals, sugar, construction, and power sectors. In tandem with the expansion in the economic activity, private sector credit uptake is expected to continue in FY18.

The supply of credit remained at ease because of the healthy growth in bank deposits and the government's reliance on central bank financing along with net retirement to commercial banks. Also, calibrated open market operations by the SBP to manage residual liquidity demand played its part, besides keeping the overnight repo rate generally close to the policy rate. Reflecting these developments, money supply (M2) grew by 13.8 percent (YoY) in April FY17 as compared to 13.0 percent (YoY) during the same month last year, it concluded.

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Sunday, 21st May, 2017

APBF submits proposals for federal budget 2017-18

Our Staff Reporter

LAHORE - Promoting foreign direct investment (FDI), increasing the share of direct taxes and slashing the slab of indirect levies topped the proposals presented by the All Pakistan Business Forum (APBF) for the federal budget 2017-18.

Unveiling budget proposals, APBF President Ibrahim Qureshi said that the APBF has submitted comprehensive proposals for the upcoming federal budget with main objective to bring liberal investment policy, infrastructure development, broadening of tax base and creating jobs through industrialisation. The budget proposals were compiled in an unbiased and transparent manner, incorporating feedback received from business community on hosts of sectors from all over the country.

He said the APBF budget proposals cover recommendations, including proposals to incentivise investors, broaden tax net through documentation of economy, simplify tax system and reorganise FBR and many industry specific proposals.

He said that the APBF, in its budget proposals, also suggested that the sales tax slab should immediately be curtailed in order to reduce cost of production and inflationary pressures. The APBF urged the government to reduce sales tax to single digit and also cut corporate tax to make the upcoming budget business-friendly.

Qureshi said that only political will and drastic steps can revive the economy, which should be grown significantly and constantly for visible impact. He advocated the need for raising the country’s tax base so that tax-to-GDP ratio improves from current 9 percent.

At least 15 percent of the total budget should be allocated for Hydro power projects, he stressed. Reliance on costly thermal power has been jacking up the cost of production and the import bill as well. In order to tackle the energy shortages, maximum funds should be allocated for construction of dams or water reservoirs, tapping of Thar Coal and completion of Iran-Pakistan gas pipeline. The country is in dire need of an urgent shift in its energy-mix in favour of Hydro power and local fuels, he added.

The APBF has given very detailed proposals for broadening tax base and identifying new potential taxpayers. It recommends that all income earners should pay taxes equitably, including on income from agriculture related activities and all kinds of government and banks saving schemes. All income earners without exception of any sector should be registered with proper national tax number (NTN). Tax authorities should ensure all NTN holders file annual income tax/wealth returns and wealth reconciliation statements. The culture of amnesty schemes should be completely eliminated as it discourages honest taxpayers.

It has been stressed in APBF budget proposals that the sales tax and income tax return forms should be made simple and standardised so that taxpayers do not have to face the hassle of new tax return forms on an annual basis.

Rising risk perception about investing into Pakistan has been hitting hard the Foreign Direct Investment that fell sharply in recent months and needed to be tackled through a comprehensive policy approach by involving business community.

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Sunday, 21st May, 2017

APTPMA delegation calls on Dar to present budget proposals

Imran Ali Kundi

ISLAMABAD - A delegation of the All Pakistan Textile Processing Mills Association (APTPMA) called on Finance Minister Ishaq Dar here on Saturday to present its budget-related proposals.

The delegation was led by Zubair Motiwala. The minister said that the government maintains regular and proactive interaction with representatives of various industries, the business and traders' community, economic experts and chambers of commerce & industries, especially during budget preparations. He appreciated the proposals and feedback of APTPMA and said that these would be given due consideration during the finalisation of the budget.

He said that the importance the government accords to the textile sector is evident from the prime minister's package of incentives for exporters worth Rs180 billion announced earlier this year. He encouraged the textile industry to make productive use of the package in order to enhance the country's exports.

Dar highlighted the 5.28 percent GDP growth rate achieved by Pakistan during FY 2016-17, which is a nine-year high. He also mentioned the report recently published by PricewaterhouseCoopers (PwC) which has projected Pakistan to become the 20th largest economy by 2030 and the 16th largest economy by 2050. He encouraged all Pakistanis, including the textile industry, to play their due role in order to make this projection a reality.

PM's Special Assistant on Revenue Haroon Akhtar Khan, Finance secretary, EAD secretary and senior officials of the Ministry of Finance and EAD also participated in the meeting.

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Warning signs emerge despite 5.2pc economic growth: WB

Imran Ali Kundi

ISLAMABAD - Although Pakistan has achieved nine years highest growth of 5.2 percent, but a number of warning signs are emerging including slower growth in revenues, growing budget and current account deficits, continuous fall in exports and investment, the World Bank (WB) noted on Saturday.

"Pakistan's Gross Domestic Product growth in Fiscal Year2017 is expected to climb to 5.2 percent - the highest in nine years - and the growth rate will continue to accelerate, reaching 5.5 percent in FY18 and 5.8 percent in FY19," said the WB's latest report 'Pakistan Development Update'. Pakistan's economy continues to grow strongly, emerging as one of the top performers in South Asia.

The WB also mentioned a number of warning signs, which are emerging. Revenue growth is slowing, with the fiscal deficit growing for the first time in three years. Exports continue to fall as imports grow, substantially increasing the current account deficit. Investment rates - already low - fell further in FY16. Finally, the energy sector circular debt has resurfaced. "These emerging concerns suggest that renewed policy emphasis is required on macroeconomic stability to prevent the country from losing the impressive gains achieved over the past four years and other structural reforms such as those required in the energy sector", the bank recommended.

"There are significant downside risks to the projected outlook. Pakistan remains vulnerable to domestic and external shocks. Domestically, the country is exposed to natural disasters, political events and terrorism. The recent issue of Panama papers has enhanced political risks and created some policy uncertainty. The upcoming national election in 2018 may affect reform momentum and macroeconomic policy orientation. Slower progress in much-needed structural reforms would weaken growth prospects and discourage private investment," stated the report.

Very soon after the country successfully completed the IMF EFF (extended fund facility) programme, Pakistan has seen a weakening of several of the macroeconomic indicators that improved under the programme. The country's fiscal balance is a key example. After falling significantly over the past three years, Pakistan's consolidated fiscal deficit increased to 2.4 percent of GDP in the first half (July-December) of the FY17, 0.6 of a percentage point higher than in the same period last year. This was largely due to weakening growth in federal tax revenues and a significant contraction in federal non-tax revenues. Consolidated expenditure increased by 11 percent, albeit largely in growth-enhancing development spending, while total revenue fell by 0.7 percent. This represents a significant reversal of the federal government's consistent fiscal consolidation effort.

The current account deficit widened in the first nine months of FY17 after exports declined by 1.2 percent and imports increased by 14.2 percent compared with the same period in FY16. The decline in exports, which continues a downward trend that began in FY15, was largely driven by textiles, which comprise 59 percent of total exports. Structural bottlenecks within Pakistan combined with low growth in destination markets resulted in weakened textile exports at both the high and low ends of the value chain.

The significant trade deficit was partially offset by remittances. Remittances, which are historically a major source of import financing, are also starting to taper off, declining for the first time in over a decade. This was largely driven by deteriorating economic conditions in GCC countries, which account for almost two-thirds of Pakistan's remittances. Remittances from GCC countries fell by 4.5 percent in July-March FY17. The overall balance recorded a deficit of $1.1 billion during July-March FY17 compared to a surplus of $1.5 billion in the same period in FY16. Consequently, Pakistan's official reserves fell from a high of $18.1 billion in June 2016 to $16.5 billion by the end of March 2017, equating to only 3.6 months of goods and services.

Inflation has been picking up momentum recently and reached 4.8 percent in April 2017 year-on-year. In the financial sector, private sector credit has grown by 8.6 percent during H1FY17, mostly driven by the textiles sector, although loans are evenly distributed across working capital, fixed investment and trade

The Nation on Web
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Sunday, 21st May, 2017

finance. Bank profitability is weakening in a low interest rate environment and as government debt declines, but remains healthy.

"Pakistan's accelerating growth is good news and reflects the country's success in building confidence. But the pace of reforms has slowed and it is important for the structural reforms to accelerate," said Illango Patchamuthu, World Bank Country Director for Pakistan.

"Since the 18th Constitutional Amendment, many important reform areas are now shared responsibility. Provinces have a significant role to play in fiscal consolidation, energy sector reforms and business environment, not to mention their role in delivering high quality health and education services," said Muhammad Waheed, World Bank Senior Economist for Pakistan. "Effective collaboration between federal and provincial governments will be crucial if Pakistan has to deliver on its growth potential," he added.

The report discusses a number of challenges that the provincial governments are facing. Using Punjab as an example, it is highlighted that while provincial own-source revenues have significantly increased in recent years, there could have been further significant gains, if tax policy and administration reforms were implemented.

The World Bank also highlights the importance of the skilling of the youth bulge for better jobs. The Punjab government is putting in efforts to significantly increase the scale of technical and vocational training programmes in an attempt to boost job prospects for the province's 'youth bulge'. Several next steps in this area are identified in the report including the application of quality standards and the introduction of initiatives to improve matching between jobseekers and prospective employers.