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Energy policy seeks to focus on balanced mix

MUSHTAQ GHUMMAN

ISLAMABAD: Reducing the use of thermal power sources aimed at achieving a balanced mix for the country's energy requirements is the objective of the currently under-preparation energy policy by the newly-created Ministry of Energy headed by Prime Minister Shahid Khaqan Abbasi.

The policy is expected to be finalized within the next two weeks, well informed sources told Business Recorder.

On August 8, 2017, Prime Minister while presiding over his maiden meeting on energy sector directed a roadmap be prepared focusing on natural gas and domestic coal for energy production. The purpose of this roadmap would be to shift from expensive thermal power plants to gas by 2019.

When contacted Secretary Ministry of Water Resources and Power Division, Yousaf Naseem Khokhar told this scribe that the day the Prime Minister gave these instructions, a Working Group comprising officials from Power Division and Petroleum Division was constituted to commence work on the preparation of the new plan expeditiously.

"We are already moving on fast track basis on the new plan as the Working Group has held three or four meetings in this regard. The execution of the plan depends on the availability of gas and if gas is made available, we have no other better proposition than this," he added.

If the roadmap is implemented as conceived by the Prime Minister, electricity prices in Pakistan will be reduced considerably, said another official.

In reply to another question, Secretary Water Resources and Power Division said: "We are moving quickly but we have to prepare a policy which requires careful deliberation. However, I don't think it will take more than a couple of weeks,"

Prime Minister Abbasi maintains that the government is striving to achieve a balanced mix to meet the country's energy requirements. Maximum utilization of Thar coal reserves should be ensured to provide affordable energy for consumers. He further stated that it was necessary to remove firewalls between the Petroleum and Power sectors which are otherwise linked to a common objective of energy security in Pakistan.

An official who was part of the meetings being held with the incumbent Prime Minister said that there is no change in policy with the advent of the Abbasi administration.

"Shahid Khaqan Abbasi, has presided over just one meeting on energy issues which was a continuation of previous spadework. He might give further instruction in the next meeting," he added.

The main focus of the Prime Minister, sources said, was to expedite ongoing energy sector projects aimed at eliminating electricity load shedding prior to the next general elections expected to be held in 2018.

According to Economic Survey 2016-17, the energy imports of liquefied natural gas (LNG) and coal along with utilization of domestic resources like Thar coal mines, hydro power stations, nuclear power plants, as well as several solar and wind farms will significantly reduce the country's reliance on oil in the medium term and improve the energy mix.

Prime Minister, during the meeting on energy sector had also stated that water security is an important concern for the government and people of Pakistan.

The government has given priority to the industrial sector and there is uninterrupted power supply to that sector; albeit a small decline in the share of industry in electricity consumption is due to the use of captive power plants run on LNG by large industrial units. When Yousaf Naseem Khokhar was asked when the new Water Policy will be ready for approval, he said that it was on the agenda of the last meeting of the Council of Common Interests (CCI) but was not taken up due to paucity of time, adding that now it will be presented in the forthcoming CCI meeting as Ministry of Water Resources is ready to present it.

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Pakistan-Indonesia PTA moving in right direction

ISLAMABAD: Pakistan and Indonesia have agreed on concession for 20 different items during bilateral negotiation under Preferential Trade Agreement (PTA).

Both sides discussed 20 tariff lines and Indonesia agreed to give concession on major exports from Pakistan including rice, textile, ethanol, Kinnow and mangoes during renegotiation on PTA, senior official of Ministry of Commerce told APP here on Sunday.

Concession on 20 tariff lines was a major success of Pakistan and now Pakistani Kinnow export to Indonesia will increase from 18 to 35 million tons and mangoes' exports will increase to 10 million tons in a year, he said.

The official said that before PTA, Indonesia granted only two months for export of Pakistan's Kinnows and mangoes but now after renegotiation, Pakistan can export these fruits to Indonesia for the whole year and any time-limit was removed.

Replying to a question, he said that Pakistan and Indonesia have current annual trade volume of $170 million which is expected to increases after renegotiation on PTA between the two countries. Pakistan wants the same concessions from Indonesia which is getting from other countries like China, India Sri Lanka & ASEAN countries, he said.

Both the countries agreed to expand PTA and go for a Free Trade Agreement between them, the official said. He said the Indonesia-Pakistan Preferential Trade Agreement (PTA) was signed in February 2012.

The official said the activation of the PTA followed the signing of a Mutual Recognition Agreement (MRA) on plant quarantine & sanitary and Phytosanitary (SPS) measures between Indonesia and Pakistan.

Under the PTA, Indonesia allowed Pakistani kinnow to be shipped to Tanjung, port of Jakarta, he added. He said that through these steps, Pakistani agricultural products will gain greater market access in Indonesia.—APP

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‘Over-representation’ of Punjab on CCI comes under question

ZAHEER ABBASI & ZULFIQAR AHMAD

ISLAMABAD: Prime Minister Shahid Khaqan Abbassi simply did not think the matter through when he raised Punjab’s representation in the Council of Common Interests (CCI) to 4 with Sindh represented by 2 and Khyber Pukhtookhwa (KPK) and Balochistan one each, former Finance Minister Dr Salman Shah told Business Recorder.

Article 154 of the constitution stipulates: “the decisions of the Council shall be expressed in terms of opinion of the majority,” and the Prime Minister together with three members of his cabinet requires only one chief minister of a province (in the present scenario Punjab and Balochistan) to get a majority – a majority which Abbassi did have.

Dr Shah added that appointing two ministers from Punjab is against tradition as past practice was to appoint the three federal ministers from three different provinces while the Prime Minister represents the fourth province.

Prime Minister’s Office issued a notification for reconstitution of the CCI by inducting two federal ministers from Punjab - Minister Inter-Provincial Coordination and Minister for Finance - one from Sindh (Minister for Industries and Production) and one member each from the four provinces. As the Prime Minister is from Punjab that gives a total of 4 to Punjab.

During the Sharif administration the representation of each province in the CCI was 2: Prime Minister (Punjab), with the three federal ministers from the smaller 3 provinces: Pir Syed Sadruddin Shah Rashidi from Sindh, Lt-General Abdul Qadir Baloch (retd) from Balochistan and Sardar Muhammad Yousaf from KPK. Former Finance Saleem Mandviwalla termed the notification “a joke” with hidden designs to bulldoze CCI decisions in favour of the federal government. He added that when Abbasi was the Petroleum Minister he was aware of Sindh and KP’s serious concerns on issues of domestic gas connections and LNG.

Senator Mohsin Aziz, PTI, said that the notification was not acceptable to KPK and it was being reviewed and he would raise the issue in the Senate and other like minded senators while provincial governments may also take appropriate action on the matter.

“We will take the matter in the Senate’s upcoming session to highlight federal government’s deviation from strengthening tradition of taking three federal ministers in the CCI from three different provinces to maintain provincial balance in the CCI which is critical for the federation.

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CCI meeting summoned on 23rd

MONITORING DESK

KARACHI: Prime Minister Shahid Khaqan Abbasi has summoned the Council of Common Interests (CCI) meeting on August 23, according to Aaj News.

The report with regard to the Diamer-Bhasha dam is likely to be brought up for approval during the meeting to be attended by chief ministers of all four provinces, CCI members and others.

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THE RUPEE: Steadier trend

KARACHI: Firmness persisted on the money market as the rupee held its present levels versus the dollar during the week, ended on 19 August, 2017.

The rupee picked up 20 paisas in relation to the dollar for buying and selling at Rs 106.50 and Rs 106.70. The national currency also gained 50 paisas versus the euro for buying and selling at Rs 124.00 and Rs 125.50.

INTER-BANK MARKET RATES: The rupee moved slightly versus the dollar for buying and selling at Rs 105.39 and Rs 105.40.

The rupee moved cautiously against the dollar amid improved supply of the greenback, some experts said.

It is expected that the rupee may travel within tight range in terms of the greenback, they said.

OPEN MARKET RATES: On Monday, the rupee-dollar official rates were not issued due to 70th Independence Day holiday. On Tuesday, the rupee did not move any side in relation to the dollar for buying and selling at Rs 106.70 and Rs 106.90. The rupee, however, picked up Re one in terms of the euro for buying and selling at Rs 124.50 and Rs 126.00.

On Wednesday, the rupee posted fresh gains in relation to the dollar for buying and selling at Rs 106.60 and Rs 106.80. The rupee also picked up 50 paisas in terms of the euro for buying and selling at Rs 124.00 and Rs 125.50.

On Thursday, the rupee picked up 10 paisas in relation to the dollar for buying and selling at Rs 106.50 and Rs 106.70. The rupee also gained 25 paisas in terms of the euro for buying and selling at Rs 123.75 and Rs 125.25,

On Friday, the rupee was unchanged in relation to the dollar for buying and selling at Rs 106.50 and Rs 106.70.

The rupee, however, failed to retain overnight levels in terms of the euro, losing 25 paisas for buying and selling at Rs 124.00 and Rs 125.50.

On Saturday, the rupee firmly held the overnight levels in relation to the dollar for buying and selling at Rs 106.50 and Rs 106.70, they said.

The rupee also did not move any side in terms of the euro for buying and selling at Rs 124.00 and Rs 125.50.

OVERSEAS MARKET OUTLOOK FOR DOLLAR: In the second Asian trade, the dollar rose against the yen, pulling away from a recent four-month low, as concerns over tensions between the United States and North Korea eased for now, supporting risk appetite.

The dollar rose 0.6 percent to 110.26 yen, pulling away from a low of 108.72 yen set on Friday, its lowest level since April 19.

The dollar was trading against the Malaysian ringgit at 4.292 and the greenback was at 6.673 in terms of the Chinese yuan.

In the third Asian trade, the dollar was steady, holding onto most of its gains made after strong US retail sales data kept alive the chance of another Federal Reserve interest rate hike this year.

The dollar index, which tracks the greenback against a basket of six major rival currencies, was flat on the day at 93.835, well above its 15-month low of 92.548 plumbed earlier this month.

The dollar was trading against the Indian rupee at Rs 64.260, the US currency was available at 4.297 in terms of the Malaysian ringgit and the greenback was at 6.688 in relation to the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday: 80.70-80.70 (previous 80.70-80.70).

In the fourth Asian trade, the US dollar was on the defensive after the minutes from the Federal Reserve's last policy meeting showed policymakers were increasingly wary of recent softness in inflation and could delay a rate hike.

The readout of the July 25-26 meeting showed some members called for halting interest rate hikes until it was clear the inflation trend was transitory, but it also indicated the Fed was poised to begin reducing its $4.2 trillion portfolio of bonds.

The dollar also stepped back to 109.84 yen, down 0.3 percent from late US trade and down more than a full yen from Wednesday's high

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of 110.95. The dollar's index against a basket of six major currencies slipped to 93.39 from Wednesday's three-week high of 94.145.

Inter bank buy/sell rates for the taka against the dollar on Thursday: 80.70-80.70 (previous 80.70-80.70).

In the final Asian trade, the dollar slipped versus the yen, hampered by renewed investor concerns over the Trump administration's ability to push forward its economic policy agenda.

The dollar fell 0.2 percent to 109.33 yen, pulling further away from this week's high of 110.95 yen that had been set on Wednesday.

The yen often comes into favour in times of market stress, partly due to the notion that Japanese investors might eventually repatriate their overseas assets if such market turmoil persists.

The dollar was trading against the Indian rupee at Rs 64.108, the US currency was trading against the Malaysian ringgit at 4.295 and the greenback was at 6.677 in relation to the Chinese yuan.

At the week-end, the dollar fell against a basket of major currencies as continued uncertainty over the economic agenda of US President Donald Trump pushed investors out of the greenback.

The dollar dropped to a four-month low against the yen in early trading but retraced some of its losses after rumours began to swirl about the impending firing of White House senior adviser Steve Bannon. The White House confirmed Bannon's exit in a statement Friday afternoon.

As Trump's chief strategist, Bannon has been seen as representing a right-wing political faction that critics have said encourages white supremacists like those involved in the deadly rioting last weekend in Charlottesville, Virginia.

The dollar dropped nearly 1 percent against the yen, falling to 108.58 yen, its lowest since late April. It was last down 0.25 percent at 109.31 yen.

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On aiding value-added textile exports

Even though many of the issues affecting the textile sector affect the entire value chain such as currency devaluation and cost competitiveness, yet some measures are often aimed to benefit only a part of that value chain.

The tussle between the spinning and value added garments sector has been going on for a while now. As this column has commented on before, the textile spinners are in the habit of creating a protectionist environment.

More often than not, APTMA has gotten its demands met due to strong lobbying as many spinning mill owners wield considerable political influence. This has often come at the cost of the value added players who are unable to match the resources employed in lobbying tactics used by the spinner association.

APTMA has been complaining of higher imports of yarn into the country while at the same time pushing for making import of cotton duty free. Recently, it decided to request the Federal Board of Revenue (FBR) to make it compulsory for all consignments of imported yarn from India and China to be subjected to independent inspections at three stages under SRO 322 and SRO 45. Ostensibly, it has termed this necessary to keep in check excessive imports of cotton yarn by mis-declaration and misuse.

But according to players in the value added sector this reason is unjustified. The Pakistan Textile Exporters Association (PTEA) believes that such measures will have a severely negative impact on the entire textile value chain and points out that only 3 percent of total yarn consumption is being imported.

Recall that the government had allowed exporters to import duty free raw material for re-export under SRO 327, 450 and 322 several years ago in order to ensure provision of quality raw material at competitive prices.

Mr. Azizullah, Secretary General of PTEA points out that if this recommendation of APTMA were to be adopted it would bind buyers to procure locally at a higher cost making the value added textile sector lose its cost competitiveness further. The cost difference between exports of Pakistan compared to India and Bangladesh already stands around 6-8 percent on the higher side due to inconsistent policies and higher energy prices.

He notes that the textile exports of Bangladesh and Vietnam have increased by a wide margin in recent years because of liberal import policies that allow textile manufacturers to import yarn from around the world duty free for re-export.

This column believes a level playing field should be provided to the entire textile sector. In addition, the government should especially encourage policies that have a positive impact on the export oriented value addition sectors further down the value chain.

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Analyses & Comments by BR Research

FDI: Malaysian (and) trade surprise

Most headlines had it that FDI to Pakistan in July 2017 went up by a staggering 162.8 percent, year-on-year. Fact. Only that FDI should not necessarily be analyzed on year-on-year basis. All said, $222 million FDI in July 2017 further consolidates the momentum that has been built particularly since January 2017, as the monthly FDI, has since averaged close to $200 million.

Power sector continues to be recipient of handy foreign investment, accounting for one-fourth of the total. Amongst countries, China continues to stay prominent, contributing one-third of July FDI. Now comes the surprise. Both China and power sector sit second on the respective lists. Malaysia was the largest FDI contributor in July with $91.6 million. Trade sector was the largest FDI recipient with $93.9 million.

It comes as a pleasant surprise, as both Malaysia and trade haven't exactly been setting Pakistan's FDI scene on fire. The FDI from Malaysia for last five years combined stands at a grand total of $4.3 million.

That for the trade sector for the same period is a healthier $130 million – but still makes the $91 million monthly figure looks great. All of it points towards this being a single investment transaction, in the trade sector, from Malaysia.

This column does not know for sure, if that is the case. For one, the SBP's response was not very warm, on being contacted. Secondly, what falls under 'trade' is not completely known either.

In other news, edotco PK – subsidiary of Malaysian telecom conglomerate Axiata Group, has completed its acquisition of Tanzanite Tower Private Limited. The acquired company is Pakistan's largest company in the telecommunication tower and infrastructure sharing category, operating over 700 towers. The acquirer is Malaysia's largest and Asia's first in terms of telecommunication infrastructure services. The deal was closed at $88.9 million, according to the filing by Axiata.

Malaysia, trade, and $90 million all ring a bell together. Only that telecom tower sharing business does not exactly look like falling under the trade category.

A look at more established investment category details reveals that there is little chance of this being considered under trade. On the flip, it has to be a symmetrical coincidence of the highest order, for this to be anything other than the edotco deal. And if it is, brace yourselves for another identical inflow from Malaysia.

Other than the Malaysian surprise, there is nothing much that has changed, as the China story continues. The priority investment sectors are likely to continue attracting sizeable Chinese FDI, unless Pakistan also faces a reality check of the fresh Chinese policy of OBOR related outflows.

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Facts are sacred

Anjum Ibrahim

Prime Minister Shahid Khaqan Abbasi, in one of his first decisions after taking oath, curtailed the all-encompassing powers enjoyed by Minister of Finance Ishaq Dar during the four-year long Sharif administration, and, most noteworthy, was his decision to take away the Statistics Division from the administrative control of the Ministry of Finance. The first time minister for Statistics is Kamran Michael.

When Statistics Division was under Dar's administrative control its data was constantly under attack by independent media and economists for significant data discrepancies – discrepancies from what was routinely generated by bodies/departments under the control of other ministries as well as credible industry sources. What was perhaps indicative of Dar's high-handedness was that he felt no compunction to reconcile the data released by the Pakistan Bureau of Statistics (PBS) with these alternate credible sources.

Data integrity was repeatedly challenged during the third tenure of the Sharif administration but Ishaq Dar's defence, uttered invariably in a belligerent tone, ranged from one of outright rejection of the charge to accusing those who challenged it of an anti-PML-N bias to accusing them of having a personal agenda.

Outright rejection was the easiest to dismiss by Dar's detractors given the obvious disconnect between PBS statistics and those available from other government and industry sources. Equating criticism (or in this case challenging alternate data) with a political bias did not hold water either as the data cited was from other ministries and industry sources. And finally Dar, in an effort to deal with those challenging PBS data as well criticising his policies, took several of our so-called independent economists (including former finance ministers as well as those retired from senior bureaucratic positions in the Ministry of Finance) on advisory boards - a position that many accepted - with the objective of silencing their criticism of his policies; and, in the event, that they were not silenced Dar rightly challenged their performance during their official tenures for consistently failing to resist flawed policies dictated by the chief executive who appointed them. Be that as it may, Dar has convinced few that data discrepancies did not disable the Ministry of Finance from taking informed decisions for the past four years.

Much has been made of data discrepancies in the calculation of key macroeconomic indicators including the components of the Gross Domestic Product (GDP) by the Dar-led Finance Ministry. Statisticians point out that manipulating some data is easier than others, for example, small scale manufacturing sector, which showed an extremely healthy growth in recent years – 6 percent in 2016-17 and 5.5 percent the year before, is on-sent by provinces which is then compiled by the PBS which leaves ample room for manipulation by the compiler of the last resort. What is however more disturbing and a reflection of the PBS's attempt to 'manage' data during the Dar-led Finance Ministry is the widening gap between the State Bank of Pakistan's (SBP) data (with respect to exports and imports) and the PBS data: In its first quarterly report for 2016-17 SBP noted: "usually for any period import data recorded by PBS tends to be higher than that available with SBP: the ten year average difference between the two (for July December is 1.6 billion dollars). However, the difference has widened considerably from fiscal year 2015 onwards and touched an unprecedented 3 billion dollars in July-December fiscal year 2017." In recent weeks, an attempt was made to rationalize this discrepancy which upped the current account deficit.

Budget documents have, over time, become a wish list which envisage higher than ever before outlay on development expenditure (for political reasons), a decline in outlay on current expenditure as well as an overly optimistic revenue target (to appease foreign donors and the heavier the reliance on foreign borrowing as has been evident during the past four years the greater the need for overstating revenue). This tendency is not unique to the Sharif administration. There has thus historically been a discrepancy in the data proposed in the budget documents and the actual figures at the end of the fiscal year with a major discrepancy in the revenue figures that has prompted the Federal Board of Revenue (FBR) to seek advance tax as well as delay refunds.

The budget in years past was presented sometime around the second week of June, while the end of the fiscal year is 30th June, thus Pakistani governments projected expenditure and revenue for the remaining period of the fiscal year – usually two to three weeks maximum. Thus the more 'optimistic' the Finance Minister the more inaccurate the projections. However, the discrepancy between the budget documents and the actual figures at the end of the fiscal year widened considerably this year as Ishaq Dar decided to present the budget before the onset of Ramazan, an understandable decision, but which implies that projections are made for around six weeks rather than three weeks as in previous years. Thus the discrepancy between the data contained in 2017-18 budget documents and the actual position by end June 2017 is even more than usual.

Disbursement for the Public Sector Development Programme (PSDP) for the outgoing fiscal year was given as 715.1 billion rupees in the 2017-18 budget documents however the Ministry of Planning, Development and Reforms gave a total disbursement till 30 June 2017 at 744.12 billion rupees – a difference of 29 billion rupees. Government supporters would no doubt point out that the higher actual disbursement by the end of the year as indicated in the Ministry of Planning, Development and Reforms website is an indication of the government's commitment to meeting the budgeted development expenditure for the year just past. Ignored of course but what must ring alarm bells for the discerning economist is the massive rise in borrowing from foreign commercial banking sector (at high rates of return and low amortization period) in June 2017: a whopping 1.5 billion dollars.

To conclude, the importance of accurate statistical data cannot be underestimated. It not only enables the government to take informed decisions but also enables it to take decisions in a timely manner. The bureaucrat in-charge of the Statistics division is a Dar appointee and it is unclear whether he will be susceptible to any influence from his former boss or not. Be that as it may, one would hope that Kamran Micheal adopts a policy of hands-off other than to hire statisticians on merit – a modus operandi that would make PBS relevant and, most importantly, allow the Ministry of Finance to take informed decisions in a timely manner.

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Can Abbasi leave a lasting impression?

Khaleeq Kiani

Operating like a hands-on chief executive officer, Shahid Khaqan Abbasi is leaving a mark on government functioning within the short span of a couple of weeks, sometimes with mixed signals towards long-term economic governance.

He was quick to reconstitute all economic decision-making committees of the cabinet and become their head himself, directly getting control of important sectors and reconsolidating the centralised position of the prime minister's office on economic issues, once enjoyed, a decade ago, by former prime minister Shaukat Aziz.

This was a departure from recent examples when former rulers of PPP and PML-N had devolved economic decision-making to finance ministers who virtually acted and behaved like deputy prime ministers.

Mr Abbasi highlighted challenges of a narrow tax base in his maiden speech and saw to it that the first meeting of the federal cabinet took a serious briefing from the Federal Board of Revenue even in the absence of the minister for finance and revenue, Ishaq Dar, who had air-dashed to the UAE on an unannounced visit.

Those who attend meetings on economic matters under PM Abbasi appear more impressed with his interest in the minute details of the challenges and solutions in socio-economic areas like health, energy and finance, unlike Nawaz Sharif who had sublet these areas to Mr Dar.

But if Mr Sharif kept with himself the portfolios of his interest — the Ministry of Foreign Affairs and Communications — Prime Minister Abbasi has centralised the ministries of power, planning and petroleum under his direct control. This has drastically reduced the powers of Finance Minister Dar who is now just another minister in a bloated cabinet.

Those who attend meetings on economic matters under the new premier appear more impressed with his interest in the minute details of the challenges and solutions in socio-economic areas like health, energy and finance

Mr Abbasi has kept mostly unchanged the team of bureaucrats and technocrats at Prime Minister Office, perhaps to maintain a working bridge with the centre of political power and the ousted prime minister Sharif, but some of them may already be showing independent muscle, albeit discreetly.

This is evident from two related but separate decisions in recent days. Nawaz Sharif had declined appointing a retired bureaucrat Jawaid Jehangir as Auditor General of Pakistan in April when the post fell vacant and resisted afterwards.

The officer grabbed the constitutional position four months later under Mr Abbasi as the prime minister and would lead the agency examining and certifying accounts of the PML-N government for four years.

Merit, transparency and governance in the FBR are another determinant of overall economic governance in the country.

Three postings in the revenue administration last week raised many eyebrows as the FBR gave three of the top grade-20 positions to grade-19 officers denied promotion by the Central Selection Board (CSB) as well as by the former prime minister since 2014.

These three grade-19 officers of the Customs Group have been posted against grade 20 slots as collectors of few most important collectorates at Peshawar, Lahore and Sialkot.

On the Supreme Court's direction given in March this year, the CSB reconsidered in June the promotion cases of officers of all Groups and Services who had been denied promotions in 2015.

The CSB reconsidered the promotion cases on the basis of criteria not fundamentally different from those used in 2015. The results of reconsideration are not therefore likely to be any different.

Although results have been kept confidential, one thing that is known for certain is that they are yet to be seen and approved or disapproved by the prime minister.

If the CSB or the prime minister change their six-month earlier decision of denying promotions to these officers, many would wonder how an officer declared corrupt and denied promotion consistently for three years transformed into an honest and upright individual just in six months.

If those officers were not corrupt to begin with and yet denied promotion, the question should

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be why they were persistently tortured for three years.

The aggrieved may love to take such contradictory positions before the courts to prove that something other than corruption charges had been working in the background to entitle some officers for promotion.

They may be encouraged to ask for the constitution of a JIT to uncover the actual factors driving for so long the promotion drama.

An unfavourable decision, although consistent with earlier ones and safer for the decision makers, will lose meaning at least to the extent of officers who have managed to occupy BS-20 positions without their promotion in BS-20.

This underlines a fundamental flaw in the governance structure that tends to promote corruption instead of prevention.

The subjective and arbitrary decision-making helps the corrupt and well connected bureaucrats to beat the promotion policy of the government as evident from the fact some senior bureaucrats reported corrupt by intelligence agencies and denied promotion were later reported honest by the same intelligence agencies and promoted by the CSB.

This means such officers were caught unaware first time when the agencies and parent organisations filed reports but then came into action, putting their resources and influence at work to undo initial dossiers, resulting in many visibly corrupt officers managing to climb the promotion ladder and reach the highest grades.

When those responsible for the county's economic governance appear to be grappling with government's arbitrariness and selective promotions on questionable standards and spend most of time discussing their fate instead of public affairs, it is not hard to predict their quality of governing public affairs.

Prime Minister Abbasi would need to keep his mind and eyes open to curb such tendencies. He has the benefit of carrying limited political baggage, unlike his predecessor, to leave a lasting impression on governance.

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A PM in a hurry

Afshan Subohi

CIRCUMSTANTIAL compulsions propelled Prime Minister Shahid Khaqan Abbasi to his current position. Whether he will actually be able to justify his election to the powerful post depends on his performance in the economic sphere during the little time he has in the PM House.

"At stake is not just his political career but the future of the PML-N. The narrative of political victimisation is a hard sell," commented the head of an institution, discussing the PML-N's strategy of political mobilisation.

"Voters beyond party loyalists care for their own lives and how they have fared under the party in power, I believe. The electricity outages and acceleration in the rate of inflation could decide the outcome of the next elections," he said on the basis of discussions in elite circles.

The prime minister clearly can't afford to let the economy drift from the growth trajectory that his party boasted about for so long.

To this end, he will be required to deal with the grave economic challenges of a mounting current account deficit, falling exports, spiralling public debt, confusion surrounding currency valuation and the temptation among colleagues to use public funds for political ends.

Mr Abbasi's posturing immediately after assuming office and the reports of his initial interaction with the stakeholders indicated that he is cognisant of the element of urgency.

His moves indicated that he has decided to leave the politics to his party's leadership and colleagues already mired in the debate, and started to focus instead on safeguarding economic gains and implementing ideas that the last cabinet missed.

He clearly can't afford to let the economy drift from the growth trajectory that his party boasted about for so long

In the very first week he reclaimed the ground Prime Minister Office had previously surrendered to the finance ministry.

"He signalled that he would like to steer the economy with a firm grip on the driving wheel. He moved to contain Finance Minister Ishaq Dar who conducted himself as the de facto PM in Nawaz Sharif's cabinet with a finger in every pie under the sun. The resentment against Dar in the PML-N's policy circles helped Abbasi to assert himself on this count," a minister told Dawn.

The PM office did not respond to Dawn's queries on the new order of economic priorities besides referring to PM Abbasi's acceptance speech on the floor of the house after the election in which he pledged to continue with his party's policies and complete the unfinished work on the economy, particularly energy projects.

The institutional heads and top businessmen who met Mr Abbasi in Karachi and Islamabad were pleasantly surprised by his demeanour.

"Instead of one-sided warnings and sermons, PM Abbasi heard concerns of invitees patiently," a participant of the last week's meeting at Governor House in Karachi told Dawn. "I even saw him jotting down points raised. True to his reputation as a go-getter he appeared to be someone who meant business."

Zubair Tufail, president of the Federation of Pakistan Chambers of Commerce and Industry, said he expected a decision on the exchange rate before the Eidul Azha break.

"The decision on rupee devaluation is tough. In case of 8-10pc devaluation, imports will become expensive and the size of foreign debt will multiply. Yes, exporters will get some support but their trading partners will demand to share the windfalls," he said.

"There is division of opinion among policymakers over whether devaluation in one go is better or whether staggering it over the next six months is preferable," he observed.

He was happy about the possibility of quicker disposal of files of businessmen lost in the piles in Islamabad.

However, some major textile exporters who are not invited to high-profile meetings expressed anxiety. They said they had no reason to be kind to the new premier.

"Who cares for what he says. As my money is locked in the government coffers (refund claims) and my trade partners are reluctant to lock deals for Christmas orders citing exchange rate confusion, the future of my business is compromised," said Shabir Ahmed, a noted value-added textile exporter. "A delay in

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rupee revaluation would be at the peril of already sliding exports."

For the past four years key leaders of the business community have been trying to present their case to the government. But all their efforts proved futile during the Dar rule.

"I can bet that the Indian PM would not let the Confederation of Indian Industry (CII) leaders wait for more than two weeks as they value their economic advice," commented a technocrat with family links in both the ruling and the opposition parties. "Here, despite their best efforts, the PBC (CII's counterpart in Pakistan) failed to get an appointment with the former PM in four years."

Muneer Kamal, chairman of the Pakistan Stock Exchange, considered Mr Abbasi the best choice in the current situation. "I hope he broadens the base of decision-making, works diligently to empower institutions and pay heed to views of well wishers," he said. "He has both the position and capability to steer the economy out of choppy waters."

An analyst, who was not particularly happy with the exclusion of civil society's representation in high-profile meetings of the premier, cautioned: "PM Abbasi needs to be watchful of not letting the pendulum swing to the other extreme. The demands of the industry that impinge on workers or consumer interests need to be ignored."

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Bank assets fall by 0.5pc

From Inpaper Magazine

THE government raised Rs603.39 billion from the auction on Thursday of Treasury bills of various tenors. The amount exceeded the target of Rs600bn, however, it was lower against the received bids of Rs638.7bn.

Of the total raised amount, three-month T-bills fetched the highest amount of Rs499.427bn at a cut-off yield of 5.991 per cent, followed by six-month T-bills Rs103.96bn at 6.0109pc. Bids for 12-month T-bills were rejected.

Three-month papers attracted the highest amount of Rs523.69bn, followed by six-month tenor Rs115.37bn.

According to the weekly statement of position of all scheduled banks for the week ended Aug 4, deposits and other accounts of all scheduled banks stood at Rs11.62 trillion, a decrease of 0.69pc over the preceding week's Rs11.7tr.

Deposits and other accounts of all commercial banks stood at Rs11.55tr against preceding week's deposits of Rs11.63tr, showing a fall of 0.69pc.

Deposits and other accounts of specialised banks stood at Rs72.049bn, lower by 0.28pc against previous week's Rs72.25bn.

Total assets of all scheduled banks stood at Rs16.17tr, lower by 0.37pc over preceding week's figure of Rs16.2tr, but higher by 17.26pc compared to last year's Rs13.79tr.

Investments rise 1.12pc to Rs8.079tr

Total assets of all commercial banks stood at Rs15.92tr, lower by 0.36pc over previous week's figure of Rs15.98tr, while total assets of specialised banks at Rs246.3bn, lower by 0.7pc over the previous week's Rs248.05bn.

Borrowings by all scheduled banks rose by 1.02pc to Rs2.454tr against previous week's Rs2.429tr and by 49.7pc compared to last year's Rs1.639tr.

Borrowings by commercial banks in the week were Rs2.372tr, higher by 1.07pc against previous week's Rs2.347tr. Borrowings by specialised banks stood at Rs82.167bn against the previous week's Rs82.701bn.

Investments of all scheduled banks stood at Rs8.079tr, a rise of 1.12pc over preceding week's figure of Rs7.989tr and of 14.44pc compared to last year's Rs7.059tr.

Investments by all commercial banks stood at Rs8.025tr, higher by 1.14pc against preceding week's figure of Rs7.935tr, whereas investment by all specialised banks stood at Rs53.159bn against preceding week's figure of Rs54.044bn.

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Remittances

Heavy reliance on GCC nations is imprudent

Mohiuddin Aazim

The remittances' market is undergoing a transformation as politico-economic conditions of host countries continue to change.

Reliance on GCC nations (Saudi Arabia, UAE, Kuwait, Oman, Qatar and Bahrain) for attracting the bulk of remittances is not misplaced given the size and quality of Pakistani workforce employed there.

Combined inflow of remittances from these six countries stood at $12.1bn, or about 63pc of the total $19.3 billion.

But to keep relying on GCC nations without being mindful of changing ground realities is imprudent.

Saudi Arabia, from where we get 28pc of total remittances, is transforming, both politically and economically.

The UAE, responsible for 22pc of total remittances, is welcoming more labour from India, not solely due to economic reasons but also to deepen its relationship with New Delhi, analysts say.

The recent involvement of Pakistan in Qatar's rift with the rest of the GCC nations has backfired politically.

Besides, in all GCC countries the ongoing drive for diversification of economies to reduce dependence on oil and localisation of jobs has changed the dynamics of the expatriate labour market. The UAE, in fact, has already emerged as a nation focused on technology and innovation-driven economy.

"We, therefore, cannot and should not count on the GCC region for continued growth in our remittances if fresh export of the workforce is not according to their specific requirement and if Pakistan does not remain as much a favourite as it should be in the changing regional political environment," says a senior central banker.

In late April this year, Saudi Arabia's Ministry of Labour and Social Welfare and General Authority of Transport signed a MoU in late April this year to localise 200,000 jobs in the car rental and transport sector.

This, according to promoters of overseas jobs in Saudi Arabia, is a serious blow to Pakistani labour employed there in the transport sector and one big reason for a recent decline in export of Pakistani labour to the kingdom.

From July, Saudi Arabia has also imposed a tax of 100 riyals per month on every non-earning member of expatriates living in the kingdom. Whereas the government claims it is trying to get this tax relaxed for Pakistanis, so far nothing concrete has emerged.

In fact, some Pakistani families with one earning member and several others non-earning have already returned home and it is feared that this trend might continue.

The number of Pakistanis going to the Kingdom for jobs has already gone down for a host of economic and political reasons and it is feared that the levy of the said tax could only serve as another impediment to labour export.

Manpower export to Saudi Arabia between Jan-June this year fell to about 13,000 workers per month from well over 38,000 per month in 2016, an analysis of data released by Bureau of Emigration and Overseas Employment reveals.

This means in the long run our remittances from Saudi Arabia may start falling quite rapidly unless we are able to export to the kingdom high-quality workforce that can find jobs in those sectors of the Saudi economy like ICT, management, finance, marketing and development of allied industries.

Following the Saudis, the UAE is also fast localising jobs and in its bid to become a knowledge-based economy now requires expatriate manpower of superior quality. Can Pakistan count on it for a large chunk of its total remittances is anybody's guess?

"And don't forget that Pakistanis based in the UAE often have more opportunities for investment in the real estate and financial markets than in Pakistan," points out the head of a forex company.

"Besides, our effort to curb the menace of illegal transfer of funds (through hundi or hawala), mostly originating in the UAE, has so far met with partial success."

As for four other GCC nations i.e. Kuwait, Oman, Qatar and Bahrain (from where we get 12pc of our total remittances), we can work to ensure sustained growth in remittances, more so because Kuwait has recently lifted its

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years' long ban on import of manpower from Pakistan.

"But in these countries, too, jobs for expatriates are becoming quite competitive with Indian and Bangladeshi workers offering their services at extremely cheap rates."

Combined flow of remittances from the US and the UK equals to that from Saudi Arabia, or one fourth of our total. The US, under president Trump, is all set to provide more jobs to locals than expatriates. Besides, since 9/11, 2001 not many Pakistanis have been going to the US for jobs and remittances from there comes mostly from those settled there.

They send some money back home in Pakistan to support their extended families or to make investment in the real estate and other sectors.

Although export of Pakistani manpower continued to the UK even after 9/11, though with frequent disruptions, the troubles in the UK economy, particularly after Brexit, and the country's policy to keep unemployment rates in check do not leave much room for optimism for us to continue exporting manpower there in a big way, analysts warn.

We should not hope for any immediate rise in remittances from these two countries at least in the near future, overseas job promoters in Pakistan agree.

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Pension funds making progress

Moazzam Ali Tarar

Although a late entrant in the country's financial system, pension funds are making solid progress in capital markets.

The old-age pension system in Pakistan can be divided in two categories: the government-run pension schemes for public sector employees and private pension fund industry for the corporate sector.

Private sector-run pension funds are categorised as Non-Banking Finance Companies (NBFCs) and are governed through Voluntary Pension System Rules 2005.

The regulatory authority for registration, licensing and operational supervision is the Securities and Exchange Commission of Pakistan (SECP).

Together with mutual funds, pension funds are managed by the Asset Management Companies (AMCs).

The table provides a brief overview of the pension fund industry in Pakistan. With annual growth of 39pc, investors' interest in pension fund industry is rising exponentially.

The launch of Islamic pension fund within the industry has offered a way for investors who want to make faith-based investments.

Another significant development is the sector-wise allocation of pension fund investment, with half the funds invested in non-equity sectors.

However, the number of pension fund managers is still low which can be increased by relaxing the criteria for pension fund establishment.

The Voluntary Pension System Rules 2005 need to be amended to encourage more investors and fund managers to float such funds.

Similarly, government-run pension funds need to be structurally modified to encourage multiple fund managers to manage government pension funds in order to introduce competition and transparency in the market.

In the same manner, government employees can be given an option to choose their own pension fund instead of compulsory deduction and allocation to a specific fund.

There are several challenges being faced by the pension fund industry in Pakistan.

The first challenge is the lack of awareness in the general public and a limited distribution network.

The general state of poor financial education and limited reach of financial markets is hurting growth of the sector. The second challenge is to comply with the strict regulatory requirements for establishing and running such funds.

The fit and proper criteria used by the SECP for granting license, requirement of minimum capital and the regulatory limits for making investments in different sectors is hurting the investment climate in the pension fund sector. Similarly, the lack of trained professionals and absence of training opportunities are affecting the funds' performance.

These issues can be addressed by a joint effort of all stakeholders: fund managers, investors, regulators, academia and the government.

Fund managers need to create a holistic awareness campaign to attract the retail investors and educate the general public on the benefits of investing in pension funds.

Investors need to be taken into confidence for long term commitment of funds by promising them an attractive rate of return.

Similarly, regulators need to relax the rules for establishing and operating pension funds with a view to support their initial growth.

Meanwhile the academia should introduce courses in various educational programs on the pension fund in specific, and on non-banking financial sector in particular, to prepare a workforce capable of running the operations of pension funds.

Lastly, the government should offer genuine tax concessions to pension fund industry to kick-start its growth and offer regulatory support for its smooth functioning.

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Back to square one

By Ihtasham ul Haque

Pakistan's total debt burden is becoming unsustainable by reaching over Rs24 trillion. The new prime minister should take notice and halt the blatant violation of Fiscal Responsibility and Debt Limitation (FRDL) Act of 2005.

Pakistan cannot keep its debt at a sustainable level without achieving about six percent annual economic growth rate to avoid becoming another Greece whose debt level crossed all manageable limits.

By appointing Miftah Ismael as his special assistant on finance and taking over the charge of the Economic Coordination Committee of the Cabinet (ECC) along with three committees – energy, privatisation and restructuring – Prime Minister Shahid Khaqan Abbasi apparently gave a clear message that he would virtually be the in-charge of financial affairs notwithstanding the important portfolio of finance that has once again been given to Ishaq Dar.

Insiders maintain that the serious economic issues, including burgeoning total debt burden and liabilities, declining revenues and decreasing foreign exchange reserves ($14 billion) were a test for the new prime minister. It is now to be seen if he would take notice of these major economic concerns and find solutions.

The conspicuous absence of Mr Dar, who abruptly left for Dubai, during the final political rally in Lahore speaks volumes about his reservations on various issues. It also shows that he may not be enjoying the unchallenging support and blessings of former prime minister Nawaz Sharif, as he used to during the Pakistan Muslim League-Nawaz's (PML-N) last four years.

Economic and financial affairs of the state are turning serious. As the prime minister's new special assistant on finance starts briefing his boss on the issues that should be taken up on priority, the seriousness of the affairs was being questioned in the relevant official and unofficial quarters. The government must address the problems to avoid collapsing of the economy that has suffered massively during the last 15 months.

There is growing realisation that the 60 percent limit of the FRDL Act was wrongly allowed to be crossed to reach over 66 percent. The government did not seem to be concerned with violating two percent of GDP limit set in FRDL Act for both rupee and dollar sovereign guarantees that had reached 2.4 percent of GDP (Rs800 billion of GDP) in June 2016. The country's present sovereign guarantees stand at 2.7 percent of GDP against the limit of two percent.

This is happening for the first time in the Pakistan's history that the Ministry of Finance has changed the definition of debt. However, the central bank continues to maintain its own definition that contradicts Dar. The finance minister's prescribed definition is also being challenged by the independent economists including Dr Hafiz Pasha, Dr Ashfaque Hasan Khan, Sakib Sherani, Dr Salman Shah, and Shahid Kardar.

The State Bank of Pakistan (SBP) in its monetary policy announced on July 2017 gave the figure of total debt and liabilities (total debt stock both internal and external) as Rs24.148 trillion on end March 2017. While the ministry of finance put gross public debt as Rs20.9 trillion, a massive difference of Rs3.248 trillion. This is where the government is accused of manipulating figures by changing the definition of debt.

According to a source in the central bank, the definition of total debt stock is based on standard international definition and that they would continue to follow the pattern to speak the truth about the debt figures. The ministry of finance, however, comes up with its debt figure by not taking into account the liabilities without which experts maintain there cannot be certain verifiable debt stock figures. Why is there a difference between the SBP and Ministry of Finance's debt figure? Is it for the consumption of the International Financial Institutions (IFIs) to show overall debt and liabilities on the lower side? Why is there difference of opinion within the two top organs of the government to arrive at a consensus over the debt figure? Does it have anything to do with figure fudging and manipulation of official economic numbers to mislead the nation as is often alleged by the government's critics and detractors?

It is no more a secret that the government's sovereign guarantees were increasing at a fast pace when it began to extend them for energy projects under China-Pakistan Energy Corridor (CPEC). The question being asked is why is the government extending sovereign guarantees to the private power sector companies under CPEC when it is not allowed under the law?

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Finance minister Dar has at times admitted that part of the increase in debt is due to the IMF debt which had been taken only for balance of payment support, repayment of pending instalments due to IMF loan taken by the previous Pakistan Peoples' Party (PPP) government in July 2011, and not for budgetary financing. He said his government repaid $12 billion of external debt till end July 2016, which was mainly related to the borrowings of the previous governments.

Nevertheless, now when things are getting out of control in terms of averting default on foreign loans, the government is being advised to immediately review its debt strategy by taking into confidence the central bank officials. It is unfortunate that the PML-N government is not taking the warning of independent economists and honest officials of the Ministry of Finance, central bank and the Economic Affairs Division (EAD) seriously to remove falsehoods about the total debt stock.

There is need for a strategy to contain it if not remove it, as was done by Turkey under the leadership of President Tayyip Erdogan. About 20 years ago, Turkish currency used to change on daily basis due to its bad economy, but things began to improve when its leaders took the issue seriously, which ultimately helped them get rid of their external loans. And despite unfavourable attitude of the US and the European Union (EU), Turkey is now poised to soon be among the top ten economies of the world.

The country's total external requirements are $22.5 billion. The current account deficit is widening due to import of machinery and plants for CPEC projects, while total debt and liabilities are increasing at a fast speed. Nobody in the government is realising that tough times are ahead with no escape from a bigger economic disaster, if timely actions are not taken by the Abbasi administration, which needs to deviate from the previous policies to avoid the imminent debt trap.

One of the major reasons in the increase of debt is commercial borrowing, which is 25 percent of the external debt coupled with low returns on foreign currency reserves compared with the borrowing cost, which is another matter of concern.

The year 2018 is being termed as a crisis year when Pakistan will start making repayments including that of Chinese commercial loans which differ from project to project; still not fully known to the public. The debt relief given by the international lenders will end in 2018, and that is why the next year is being viewed as an important year.

The matter worsened when the central bank governor recently told a foreign news agency that he was unaware as to how much of the projected $46 billion inflow for CPEC was debt, equity and in kind. This was the precise question that was being asked by the economic writers from the officials concerned, but instead of an answer, they were told that the issue was still to be decided. The same was the answer of the director general of Debt Office at a National Debt Conference.

It happens rarely that the loan being acquired for any project does not show the amount of interest payment. However, in the CPEC projects, the government has always highlighted the amount and was reluctant to share the breakdown of the loan, equity and investment amount. It was like the liquefied natural gas (LNG) import deal from Qatar, for which the price and details are yet to be fully disclosed.

Independent economists have criticised Dar's denials with regard to public debt management. The finance minister said the $25 billion foreign debt will not be sovereign in nature, and by implication, repayment of these loans will not burden the country's balance of payments.

Many questions are being raised about the burgeoning debt. It is also being asked if this perpetual increase has to do anything with acquiring loans for development or for consumption. The fact of the matter is that the PML-N government, like the previous governments, has been recklessly borrowing with a view to meet the escalating budgetary deficit that amounted to Rs2.5 trillion up till 2015-16.

It is worth mentioning that the total debt was just Rs6.1 trillion in June 2008 which rose to Rs12.37 trillion as on August 31, 2012. This was exclusive of $7.4 billion payable to IMF that the central bank paid out of its foreign currency reserves. The PPP government in its five-year term added Rs6.7 trillion to the debt burden, which was a 103 percent increase. This outrageous increase was further augmented by the present government- the total figure as on June 30, 2016 soared to Rs22.5 trillion and eventually touched the monumental figure of over Rs24 trillion.

The debt situation turned serious when successive governments had to go for increased debt repayment that often consumed a major portion of the budget. The situation nonetheless aggravated during the last four years when the PML-N government borrowed $35 billion to manage its financial affairs. The ministry of finance does not agree with the figure and has termed it an exaggerated one but failed to offer any plausible reply.

Over the years, successive governments have continued to borrow more than expected to meet their roaring budget deficits. Now the question is whether it happened due to lack of prudent economic management or the failure was augmented because of the ever-increasing corruption. Should the people of Pakistan accept this phenomenon as a way of life which cannot be undone?

Additionally, state-run corporations are also haemorrhaging the national kitty with their Rs500 billion annual losses. It can be changed if the problems in the tax machinery are sorted out, perks and the huge budget of ministries, divisions, and PM secretariat and President House are curbed, while corruption and financial irregularities are also phased out.

The government should also stop rewarding tax evaders and money launderers with amnesties and instead provide tangible relief to the oppressed classes.

Government must also look into the issue of rising imports, which are now touching $52 billion compared to the falling exports that are now standing at $21 billion; making a mockery of the debt-management policy of the current government. Foreign exchange reserves minus $5 billion of commercial banks have gone down to close to $11 billion and could soon be slipping below the threshold of three months import cover either in the last week of this month or first week of September – a really frightening situation.

If Pakistan fails to qualify for World Bank loans that have to be equivalent to three months import bills, what would be the next step. The country is touching that border line as reserves have dropped by $4.2 billion and things are getting difficult due to reduced home remittances and problems in obtaining new foreign inflows.

Going forward, the new prime minister must deal with economic issues on priority before it is too late. In any case, seeking any other bailout package is becoming inevitable. It is now only a question of time. This government or the next government will have to knock the door of the IMF. How long do the rulers want to continue seeking foreign loans and making the nation poorer and poorer? How long do they plan on not being honest in dealing with the economic issues as a priority?

The writer is a senior journalist based in Islamabad

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Sindh governor for uplifting of industrial area

APP

KARACHI - Sindh Governor Muhammad Zubair has assured the business community that attention would be paid on the uplift of industrial areas under the Karachi Development Package.

Talking to Pakistan Federation of Chambers of Commerce and Industry (FPCCI) President Zubair Tufail at the Governor House here on Sunday, he said the government is now focusing on economic stability, after improvement in law and order situation in the metropolis. He said the federal government's effective economic policies are spurring business activities, and resultantly creating job opportunities and helping in poverty alleviation.

The governor assured the government's every possible assistance to investors to ensure that the country makes headway. Zubair said that the economic policies of the government have produced positive results enhancing the confidence of businessmen, especially foreign investors. He stated that the China Pakistan Economic Corridor (CPEC) has further enhanced the significance of the country in the eyes of foreign investors.

The governor pointed out that Sindh would benefit more from the CPEC. Work is continuing in collaboration with the federal government for rehabilitation and development of infrastructure, especially in the industrial areas. Zubair also highlighted the important role of the bodies like the FPCCI and assured the resolution of its problems on a priority basis. The governor said he would approach the ministries concerned and also request the prime minister for the same so that the pace of economic activities could be accelerated further.

The FPCCI chief said that it augurs well that the federal government is paying attention towards infrastructure development. The setting up of new industries would also help generate more employment opportunities, he added.

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Industrial sector to grow by 7.3pc in FY-18

APP

ISLAMABAD - Keeping in view the performance of prevision year, the industrial sector of the country is targeted to grow by 7.3 percent during the current fiscal year (2017-18).

The government has targeted manufacturing sector to grow by 6.4 percent and large sector manufacturing industries (LSMI) to show positive growth rate of 6.3 percent, according to official sources. The small scale and household manufacturing would grow 8.2 percent, construction 12.1 percent and electricity generation and gas distribution by 12.5 percent while mining and quarrying sector is projected to grow by 3.5 percent.

The industry is expected to show vigorous performance in 2017-18, as its various subsectors showed encouraging performance in 2016-17 such as cement, iron & steel, electronics, food & beverages and automobiles, they added. The export stimulus package of Rs180 billion for five manufacturing sector (textiles, carpets, sports goods, leather, and surgical instruments) is envisaged to enhance production and export earnings.

This package is targeted to increase the profitability in the selected sectors by giving them incentive of tax rebate to increase their export proceedings by 10 percent. Therefore, it is expected that improved energy availability, better law and order situation and lower interest rate will contribute towards achieving the target of industrial sector growth for 2017-18, the sources added.

Meanwhile, LSMI witnessed an impressive 5.6 percent growth during the last fiscal year 2016-17 as compared to output of last year.

The country's LSMI Quantum Index Numbers (QIM) was recorded at 139.29 points during July-June (2016-17) against 131.90 points during same period of last year, according to the latest data of Pakistan Bureau of Statistics (PBS).

The highest growth of 4.18 percent was witnessed in the indices monitored by Ministry of Industries, followed by 1.22 percent growth in the products monitored by Provincial Bureaus of Statistics (PBOS) and 0.21 growth in the indices of Oil Companies Advisory Committee (OCAC).

On year-to-year basis, the industrial growth increased by 3.3 percent during June 2017 as compared to same month of last year, however, on month-to-month basis, the industrial growth decreased by 6.51 percent in June 2017 when compared to growth of May 2017, the PBS data revealed.

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2379MW to be added to grid next year

APP

LAHORE: The first unit of Neelum-Jhelum Hydropower Project (NJHPP) and Tarbela-IV Extension will start generating 2,379MW power during the next year, Wadpa sources said here on Sunday.

Talking to APP, Wapda sources said that with a power generation capacity of 969 megawatts, the first unit of NJHPP would start operation in February 2018, 2nd in March 2018 and the 3rd and 4th units would be ready for inauguration in April 2018.

Similarly, for 1,410MW Tarbela-IV Extension, the first unit would be ready for power generation by February 2018, second by April 2018 and the third unit by May 2018, the sources confirmed. Among the ongoing projects, Kachhi Canal was ready for inauguration during the current month, he said. The Kachhi Canal would irrigate 72,000 acres of land in Dera Bugti and the entire demography of Dera Bugti and other areas of Balochistan would benefit from this canal.

During the past many governments, work on the project had been delayed. But the incumbent government took the lead and removed all bottlenecks to complete the project, the source added. The current government had launched various mega projects in water and power sector, which would be completed in the upcoming years, he added.

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Businessmen for settling trade disputes at ADRC

Our Staff Reporter

LAHORE - The business community has stressed the need for settling all trade and industry related disputes at Alternate Dispute Resolution Committee (ADRC) of the LCCI.

The traders of different markets have shown their serious concern over some writ petitions submitted to the court by a former president of the LCCI. It is to be noted that ADRC was formed for resolving all chambers and business related issues by the traders own their own.

They criticised former LCCI president Mian Muzaffar and said that he has made the role of LCCI disputed and dubious by taking the chamber cases to the court instead of settling them at ADRC. The former LCCI president has submitted an application to the Lahore High Court (LHC) against ex-vice president of LCCI Kashif Anwar over his alleged corruption and misuse of powers during his tenure but the application was rejected by the court.

It is to be noted that the LCCI and LHC has recently inked an agreement to resolve all kinds of business disputes themselves and the chamber would play a role of mediator. They said that LHC has also started referring business dispute cases to the Lahore chamber for mediation. This was aimed at helping resolve business disputes in shortest possible time and reduce burden on the courts that are already burdened of criminal cases.

The traders said, “We have to utilise all options to make business environment attractive for the business community and promotion of out-of-court settlement culture is one of them. They said that Pakistani businessmen are facing hurdles in their business and one of the leading factors is the trade disputes.

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Over $1.355b telecom products imported in FY17

APP

ISLAMABAD - Pakistan imported telecom products worth $1,355,891 million during the fiscal year 2016-17, showing a nominal decline of 0.38 percent when compared to the trade of last fiscal year (2015-16).

The telecom imports during 2015-16 were recorded at $1,361,127 million, according to the data of Pakistan Bureau of Statistics (PBS). The imports of mobile phones witnessed negative growth of 5.78 percent during the period under review as compared to the corresponding period of last year. The mobile phone imports into the country were recorded at $709.690 million as compared to the imports of $753.224 million, according to PBS data.

However, the imports of other telecom apparatus witnessed increase of 6.3 percent by growing from $607.903 million last year to $646.201 million during 2016-17. Meanwhile, on year-on-year basis, the overall telecom imports into the country decreased by 1.58 percent in June 2017 compared to June 2016. The telecom imports in June 2017 were recorded at $102.796 million compared to the imports of $104.441 million.

On month-on-month basis, the telecom imports witnessed decline of 12.6 percent in June 2017 when compared to imports of $117.618 million in May 2017, the data revealed.

It is pertinent to mention here that the overall merchandise imports during the first month of the current fiscal year (July 2017) increased by 36.74 percent compared to July 2016. The imports into the country during July 2017 were recorded at $4.835 billion compared to the imports of $3.536 billion.

On the other hand, the merchandise exports from the country witnessed 10.58 percent increase as compared to the corresponding month of last year. Pakistan exported goods worth $1.631 billion in July 2017 compared to the exports of $1.475 billion in July 2016, showing upward growth of 10.58 percent.

Based on the figures, the traded deficit during July 2017 was recorded at $3.204 billion, which shows growth of 55.46 percent when compared to the deficit of $2.061 billion during July 2016.