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Textile sector:

Ministry releases Rs one billion to SBP for duty drawbacks

TAHIR AMIN

The Finance Ministry has released Rs 1 billion to the State Bank of Pakistan (SBP) for duty drawbacks on local taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing cum-exporters units under the Prime Minister's Export Incentive Package. Prime Minister Nawaz Sharif had announced incentives worth Rs 180 billion on January 10, 2017 in a bid to boost country's falling exports.

The incentives were notified on January 23 for textile sector, but the duty drawbacks were allowed for export goods declarations (GDs) filed on or after January 16, 2017 to June 30, 2017. Official sources revealed to *Business Recorder* that textile exporters have submitted verified DLTL claims of worth Rs 490 million as of March 30, 2017 and a summary of Rs 500 million was submitted to the Finance Ministry. The Finance Ministry released Rs 1 billion to the SBP against the claims submitted by the exporters.

Official said the country's textile exports have been showing dismal performance for the last three years and this trend has disturbed the government. The situation compelled the government to announce a package, according to which drawback would be available to garments at 7 percent, made-ups at 6 percent and processed fabrics at 5 percent. For the very first time, it is extended to yarn and greige fabric at 4 percent.

The duty drawback shall be provided to manufacturing-cum exporting units on exports of products under specific tariff codes of the Pakistan Customs tariff at rates specified.

The units availing the drawback shall be registered with the Ministry of Textile Industry. The unit availing the drawback shall be a registered sole proprietor, partnership or a company, and shall be a member of a textiles association registered with the Directorate of Trade Organisations, Ministry of Commerce. The units shall furnish data and any information related to its operations, domestic sales, accounts and exports as and when required by the Ministry of Textile Industry.

Each textile association shall be responsible for certifying the authenticity of information provided by the exporting units pertaining to application documents for claims. The association concerned shall exercise due diligence to ensure authenticity of the documents.

The units shall file claims for the incentive in the form as specified and get online verification on the form from the respective association of which the unit holds valid membership. The units shall submit the printouts of the form duly certified by the association and supporting documents as mentioned, within ninety days of the date for realisation of export proceeds to the field offices of the State Bank of Pakistan - Banking Services Corporations (SBP-BSC) - through nominated authorised bank.

The units shall declare the association for processing claims pertaining to the product being exported. The association once designated for a product by the unit shall not be changed subsequently. The authorised banks shall scrutinise the claim forms and submit the same duly certified with an undertaking, in the form specified, to the field offices of the SBP-BSC during banking hours.

The admissible duty drawback payment as approved by the field offices of the SBP-BSC shall be made by crediting the account of the authorised bank after allocation of funds by the Ministry of Finance, which shall pay the amount to the unit within 24 hours thereafter.

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ZTBL lending skewed in favour of Punjab

ZULFIQAR AHMAD

The Senate was informed on Friday that Zarai Taraqiati Bank Limited (ZTBL) has granted - during the last four years - loans amounting to Rs 66,376.303 million to 269,889 borrowers, of which Rs 53,635.102 million were disbursed in Punjab province, the stronghold of ruling party PML-N. During the question hour, Finance Minister Ishaq Dar in a written reply said that these loans were granted during 2013-2016.

He said that Rs 7,353.807 million were disbursed in Sindh, Rs 3,624.144 million in Khyber Pakhtunkhwa, Rs 453.673 million in Balochistan, Rs 790.551 million in Gilgit-Baltistan and Rs 519.025 million in AJK. Pakistan Tehreek-e-Insaf Senator Mohsin Aziz had raised a question about ZTBL loans.

Replying to another question by Senator Chaudhry Tanvir Khan of ruling Pakistan Muslim League-Nawaz (PML-N), Minister for Planning, Development And Reform Ahsan Iqbal told the House that the Special Security Division, comprising nine army composite battalions (9229 personnel) and six civil armed forces wings (4502 personnel), has been formed for security of the Chinese working in Pakistan on various projects.

He maintained that no foreigner is included in the security force while the security of the Chinese lies with the Ministry of Interior, being the focal agency responsible for their security. Replying to a question by PkMAP Senator Usman Kakar, Minister Dar said that the total amount of agricultural loans of Rs 21.5 billion (Rs 8.7 billion principal amount and Rs 12.8 billion markup) has been written off to facilitate 313,392 borrowers during the last ten years.

Minister for Industries and Production Ghulam Murtaza Khan Jatoi told the house that investors in Export Processing Zones are also availing the incentive of duty drawback.

The minister pointed out that a ten-year income tax holiday and a one-time exemption on import duties on machinery plant and equipment were also being offered to them.

He said the incentives and facilities also include provision of developed land on competitive rates for thirty years, freedom from national import regulations, a one-window operation with a simplified procedure, all facilities like electricity, gas and water and easy access to seaports and airports. To another question, Dar said that as per FBR data, there are 55 companies involved in the production of milk products, which are registered with FBR. He added total income tax and sales tax paid by these companies during the last five years was of Rs 17.3 billion and Rs 8.4 billion respectively.

He said the amounts of customs duty and regulatory duty paid by the members of dairy associations during the last five years are Rs 27.43 billion and Rs 2.7 billion, respectively. However, the minister citing rules declined to share names of owners of these companies.

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Dasu project:

Wapda awards two contracts for resettlement work

RECORDER REPORT

The Pakistan Water and Power Development Authority (WAPDA) awarded two contracts of resettlement works for Dasu Hydropower Project. Both contracts have been awarded to a Chinese firm Zhongmei Engineering Group after international competitive biddings for the purpose. The agreements were signed in a ceremony wherein representatives of WAPDA and Zhongmei Engineering Group signed the contract documents on behalf of their organisations.

The contract namely Dasu-LBRV-11 worth Rs 1.2 billion relates to resettlement of three villages-Khoshe, Logro and Uchar. Likewise, the contract Dasu-LBRV-12 worth Rs 1.016 billion is also about resettlement works of three other villages, which are Barseen, Nasirabad and Kaigah/Dhaar.

In addition to land development, terracing and electrification, road networks, water supply and sewerage system and local amenities eg schools, playgrounds, cattle sheds etc will be constructed for these villages under the contracts. Completion period of these works under both contracts is one year. It is pertinent to mention that WAPDA has been implementing the 4320 MW-Dasu Hydropower Project on River Indus near Dasu town of Kohistan district in Khyber Pakhtunkhwa.

Besides, awarding different contracts of infrastructure development, two contacts for main civil works of Dasu Hydropower Project's Stage-I have also been awarded in March this year. The construction on main works is likely to commence in June.

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‘Provinces being supplied water in accordance with their indents’

MUSHTAQ GHUMMAN

Indus Water System Authority (Irsa) Friday acknowledged that there was severe shortage of water during the first ten days of March 2017, touching 40 per cent but now provinces are being supplied water in accordance with their indents. This was stated by Chairman Irsa Syed Mazhar Ali Shah at a meeting of Senate Standing Committee on Water and Power headed by Sardar Yaqoob Khan Nasir.

The meeting was convened on point of public importance raised by Senator Taj Haider and Senator Sassui Palijo: "acute shortage of water in Sindh due to which major crops of Sindh. ie sugar, cotton and rice have been badly affected." Senator Taj Haider argued that according to Water Accord 1991, provinces are to be supplied water on the basis of 10 dailies but Irsa is not implementing it. He said that Pakistan is the only country in the world where operational mechanism of reservoirs has not been developed. He accused Irsa of releasing water for electricity generation due to which provinces are not provided their due share of water on time.

He shared water data collected from Sindh Irrigation Department according to which shortage was 49 per cent from March 21-31, April 1-10, 52 per cent and April 11-17, 35 per cent. He said, more water is required in early Kharif when wheat crop is reaped and that Sindh needs water during early Kharif.

"Sindh was not able to cultivate new crops on half of its cultivable area due to shortage of water. 40 per cent water is wasted due to seepage. Federal government should allocate funds to improve canals and distribution system," he added. Chairman Standing Committee said that water is a technical issue not political issue, adding that concerns of Senator Taj Haider should be addressed. The committee has to submit its report to the House.

Chairman Irsa acknowledged that acute water shortage of water was for 10-12 days starting from March 10, 2017 because of massive reduction in inflows from rivers but now sufficient water is available and provinces indents are being met. Provinces were apprised in September-October last year that there would be shortage of water. He acknowledged that given that 12-15 days are required for water to reach the tail end both Sindh and Balochistan are affected being tail enders. He said this year water declined to below 50,000 cusecs whereas historically it had never been less than 70,000 cusecs.

He said, provinces were informed in March that water shortage would be around 18 per cent but after finale calculation it was 19 per cent, equally shared by Sindh and Punjab. Balochistan and KPK are unable to use their shares due to lack of infrastructure.

Senator Saeedul Hasan Mandokhail and Senator Daud Khan Achakzai proposed that Sindh or Punjab should purchase water from Balochistan's unutilized water so that this amount can be spent on development of water infrastructure.

Senator Nauman Wazir Khattak proposed that since the storage capacity of Tarbela reservoir has massively reduced due to silt, the government should consider building new reservoirs. Water and Power Ministry's Joint Secretary Jamaat Ali Shah informed the committee that Tarbela had lost about 35 per cent of its designed capacity of about 9.7 MAF which is now 6.2 MAF.

Senator Taj Haider opposed the proposal and said sarcastically that "build dams and fill them with air". He proposed that Wapda should make efforts to de-silt Tarbela to increase its water reservoir capacity. During discussion on water issues Senator Mohin Khan Leghari, Senator Taj Haider and Senator Nisar Muhmamad they began discussing between themselves without seeking permission from the chair.

Secretary Water and Power, Yousaf Naseem Khokhar said that the government has to ensure that no province faces discrimination. In reply to another question, he said that load shedding will be eliminated by 2018. However, Senator Nisar Muhammad said that load shedding will exist even in 2018. Besides others, the meeting was attended by Senator, Sirajul Haq, Senator Ghous Khan Niazi, and Senator Zafarullah Khan Dhandla.

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PM for enhancing ease of doing business

WASIM IQBAL

Showing serious concern over declining foreign and domestic investment, Prime Minister Nawaz Sharif has directed all federal ministries, attached departments and autonomous entities to minimise the procedures for starting or doing business in Pakistan.

A copy of the PM's directives available with *Business Recorder* says that Prime Minister Nawaz Sharif observed with concern that a critical impediment to enterprise, particularly in new domestic and foreign investment, in Pakistan is the complexity and opacity of procedures that are required to be followed while applying for and obtaining permissions, sanctions and licenses, etc, to establish and operate businesses.

"This is also a basic reason for why Pakistan ranks as low as 144th in 190 countries in the World Bank's ease of doing business index. Even more serious is the dampening effect that the difficulty of doing business has on the overall growth and economic development of the country".

In order to facilitate the setting up of and running businesses in Pakistan, especially when the country is standing at the cusp of an economic revolution, the Prime Minister has been pleased to direct that each federal ministry and its attached and autonomous organisations shall prepare a comprehensive code of procedure to be followed by applicants for each licence, sanction or permission the grant of which falls in their functional domain.

The Prime Minister directed that each ministry and its attached and autonomous organisations shall design a flow chart depicting the steps, timelines and documentations requirements. Identify all such processes and transactions which initiate with the submission of an application by legal or natural person, and culminate in the issuance of a certificate, approval letter, licence, permit or any other similar instrument, the PM directed.

"Lay down very clearly all the steps involved in the process, along with the time that the concerned ministry or organisation will take for each step and the documents and fees, etc, that the applicant must supply. This would include doing away with the organisational culture of keeping applications, etc, pending indefinitely by stipulating their acceptance, within specified timeframes, where they meet criteria and requirements and their rejection where they do not. Where any deficiencies are observed, they shall be communicated to the applicant immediately for rectification within a given period. In case the applicants fails to do so, the application shall be formally rejected rather than being kept pending," the PM said.

The Prime Minister further issued directions to ensure that the processes thus finalised also include systemic provision of information to the applicants as to the status of their applications etc, while they are being processed and of the outcome at the culmination of the process.

The premier also directed to notify the processes so devised and instructions thereof for public information both in print and on website. The heads of regulatory authorities - Oil and Gas Regulatory Authority (OGRA), National Electric Power Regulatory Authority (NEPRA), Public Procurement Regulatory Authority (PPRA), Pakistan Telecommunication Authority (PTA), Frequency Allocation Board (FAB) and Pakistan Tourism Development Corporation (PTDC) -also held a meeting with secretary cabinet and briefed him about the actions being taken on the directives of the Prime Minister.

The management of OGRA has assured the cabinet that it will complete a 'Guide Book' for investors by May 31, 2017. In addition, on-line tracking system will be introduced. Specimen documents/ check list of all the licences and complaint management system (CMS) will be operational soon, it further said.

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THE RUPEE: Little changes

RECORDER REPORT

Slight changes were seen on the money market on Friday as the rupee moved in a tight range against the dollar on the money market in the process of trading, dealers said. The rupee inched up by two paisas versus the dollar for buying and selling at Rs 104.82 and Rs 104.84 respectively, they said.

INTER-BANK MARKET RATES: OPEN MARKET RATES: The rupee was unmoved in terms of the dollar for buying and selling at Rs 106.00 and Rs 106.20 respectively, they said.

The rupee appreciated by 50 paisas in relation to the euro for buying and selling at Rs 112.80 and Rs 114.30 respectively, they said. In the final Asian trade, the euro held steady below a three-week high against the dollar, as investors awaited this weekend's first round of voting in France's presidential election.

The euro was flat at $1.0718, after having risen to as high as $1.0778 on Thursday, its strongest since late March. Security concerns have taken centre stage in the run up to Sunday's vote. A French policeman was shot dead and two others were wounded in central Paris on Thursday night in an attack claimed by the Islamic State militant group.

Polls have forecast that the most likely outcome of Sunday's first round of voting is centrist Emmanuel Macron and far-right candidate Marine Le Pen-who wants to take France out of the European Union-facing off in the May 7 second round.

Should Macron rank first or second in Sunday's election, he is seen easily winning the runoff vote on May 7. Masafumi Yamamoto, chief currency strategist for Mizuho Securities in Tokyo expected limited action in the euro ahead of the vote, with traders largely just adjusting positions. The size of the vote for Le Pen could be key to the euro's performance when markets reopen after the vote. The dollar was trading against the Indian rupee at Rs 64.580, the greenback was at 4.393 in terms of the Malaysian ringgit and the US currency was at 6.879 versus the Chinese yuan.

Open Bid	Rs. 106.00
Open Offer	Rs. 106.20

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

Bid Rate	Rs. 104.82
Offer Rate	Rs. 104.84

RUPEE IN LAHORE: The Pak rupee registered reduction against the US dollar in the local currency market on Thursday.

The local currency dealers said that the US dollar resumed trading on a positive note amidst fresh buyers' interest in the market.

At the close, it rose to Rs 106.00 and Rs 106.35 on buying and selling sides, respectively, as compared to the overnight closing rates of Rs 105.80 and Rs 106.20 respectively, they added.

On the contrary, the national currency showed strength as it recovered its earlier losses versus the pound sterling.

The pound' buying and selling rates slid from Wednesday's closing rates of Rs 134.70 and Rs 135.70 to Rs 134.60 and Rs 135.50 respectively, they said.

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

The dollar opened at Rs 106.25 (buying) and Rs 106.35 (selling) against. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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Proposed companies law:

Senate body meeting postponed

ZAHEER ABABSI

There are adequate measures against fraud, money laundering and terrorism financing in the proposed companies law being discussed by the Senate Standing Committee on Finance. A meeting of the Senate panel convened by Senator Saleem Mandviwalla on Friday for consideration of "The Companies Bill 2017" was postponed. An official of the committee section said that the meeting could not take place due to non-availability of its members for two reasons; the session of the Senate has been prorogued and the committee members usually leave for their hometowns on weekends.

However, the Investment Wing of the Finance Division through a brief informed the committee that "necessary provisions have been proposed in the law regarding powers of the commission to investigate, including joint investigation. Furthermore, provisions requiring officers of a company to take adequate measures to curb such violations have also been proposed."

The Finance Division further stated that the proposed draft law intends to replace the ordinance in order to consolidate and amend the laws relating to companies so as to encourage and promote corporatisation in Pakistan based on best international practices and ensure maximum participation of members in the decision-making process of through use of modern electronic means of communication.

The committee has almost considered half of the proposed draft law. The committee meeting was submitted that the registration of agricultural promotion companies for the development of agricultural sector is also provided in the proposed law, besides provisions for simplifying the procedure for incorporation of companies, enabling maximum use of technology, conversion of physical shares into book-entry form in unlisted companies, encouraging paperless environment at all levels, and relaxations to small and medium enterprises. The draft law also contains provision of Shariah certifications of companies, requirements for real estate companies to provide enhanced protection to the investor, protection to independent and non-executive directors to encourage inclusion in the board, manner of selection and maintenance of databank of independent directors, relaxations for free zone companies, registration of agricultural promotion companies for the development of agricultural sector and establishment of investor education and awareness fund.

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NBP pre-tax profit up by 7.8 percent in Q1

RECORDER REPORT

Meeting of the Board of Directors (BoD) of National Bank of Pakistan (bank) was held on April 21, 2017 at Bank's Head Office in Karachi in which the BoD approved the financial statements of the bank for three months period ended March 31, 2017. With 7.8 percent growth, the bank has recorded a pre-tax profit of Rs 6.7 billion in the first quarter of this calendar year (CY17) as against Rs 6.2 billion for the corresponding three months period of 2016.

After-tax profit for the period was Rs 4.2 billion ie 4.1 percent higher than Rs 4.0 billion for the corresponding three months period of 2016. This translates into earnings per share of Rs 1.98 as against Rs 1.90 for the corresponding quarter of 2016. Bank's net interest / mark-up income increased by 2.2% to Rs 12.3 billion against Rs 12.0 billion for Q1 of 2016. This was achieved through maintaining an efficient asset-mix of high-yield loans and investments.

Similarly, growth was also achieved in non-mark-up / interest income for the period which increased by 13.1% YoY to Rs 7.4 billion. While the balance sheet footing dropped by 2% compared to year end 2016, the bank recorded a healthy YoY growth in both deposits and advances. As of March 2017 bank's deposits amounted to Rs 1,588 billion being 25% up against that of March 2016; whereas the net advances also increased to Rs 648 billion ie 17% up YoY.-PR

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FCCI to have textile corner

RECORDER REPORT

Textile Corner (TC) will be established in the R&D (Research and Development) cell of the Faisalabad Chamber of Commerce and Industry (FCCI) to help out the entire chain of textile sector to get adopt and upgrade new technology with the help of the experts of the National Textile University (NTU).

This was disclosed by President FCCI Muhammad Saeed Sheikh. He along with Ahmed Hassan also presented a cheque of Rs 0.5 million to NTU to carry out the research activities and bring a qualitative improvement in the industry academia linkages. They also signed an upgraded MOU (Memorandum of Understanding) which was earlier inked between FCCI and NTU about two years ago.

They said that textile is the biggest industry of Pakistan which is earning foreign exchange of $12 billion per annum for the country. Out of it $6 billion is contributed by the exporters of Faisalabad, they said and added that textile export is declining for the last many years only due to the international recession coupled with energy crisis and inconsistent domestic policies. He termed it an alarm bell and eye opener for the economic managers which demands immediate remedial measures.

Commenting on the industrial co-operation under fourth phase of CPEC, they said that industry-academia linkage is imperative to survive in fast changing economic scenario. They said that in order to bridge the widening gap between industry and academia, FCCI and NTU have agreed to set up a textile corner which will provide guidance, awareness to the exporters to adopt new technologies in order to improve the quality of their products. It will also help in sensitising businessmen to promote value-addition and earn more profit from their exportable surplus. He said that few major industrial concerns have established their own dedicated R&D sections to develop new and innovation products. The Small and Medium Entrepreneurs (SME) are unable to spent sufficient amount on this head to make their efforts fruitful and productive. However, now they could avail this facility from the Textile Concern which will be housed in FCCI, they added.

According to the new MOU, FCCI and NTU will jointly arranged awareness session for the benefit of textile manufacturers. Dr Tanveer Hussain Rector NTU thanked the co-operation extended by FCCI and told that technology up gradation is a continuous process and we have to make constant efforts to survive in the competitive international markets. On the request of VP Ahmed Hassan, the Rector assured to depute a team of young researchers to determine the contribution of textile sector, in the overall GDP of Faisalabad. Rehan Naseem Bhararah Chairman Faisalabad Textile City, former president FCCI Muzammil Sultan, Tajammul Hussnain and Dr Sajjad of NTU were also present during the meeting.

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Pak-China cotton biotech lab to be set up at PU

RECORDER REPORT

Scientists from Chinese Academy of Agriculture Sciences (CAAS), China visited Punjab University (PU) Centre of Excellence in Molecular Biology (CEMB), Lahore to discuss establishment of "Pak-China Cotton Biotechnology Laboratory" at CEMB. In continuation of developing strong ties, CEMB and China Science and Technology Exchange Centre (CSTEC), China jointly organised one day workshop "Pak-China Young Scientists Exchange Program" at the centre.

PU Vice Chancellor Professor Dr Zafar Mueen Nasir, Dean Faculty of Life Sciences Professor Dr Naeem Khan, CEMB Director Professor Dr Tayyab Husnain, Professor Dr Idrees A Nasir, Professor Dr Chang Li, focal person Pak-China joint Cotton Biotech Project, Mr. Ge Pu, Deputy Director General of CSTEC; Mr. Zhang Nan, Project Officer for CHINA-MOST's young talent mobility program and senior faculty members were also present on the occasion.

Deputy Director General of CSTEC Mr. Ge Pu talked in detail about Pak-China Young Scientists Exchange Program. He said that Chinese government would offer attractive subsidy for selected talented scientists. He expressed his good wishes for joint cotton biotechnology project between CEMB, Pakistan and CAAS, China. Director CEMB Dr Tayyab Husnain gave a detailed briefing on the on-going research projects at CEMB. He said Pak China young scientists' talent hunt program by CSTEC was an excellent addition in collaborative efforts for both countries towards promotion of research culture. He hoped that this scientific endeavour would help equally able research teams from both countries to meet diverse challenges currently being faced in cotton crop production and might lead to post-product-development working strategies to meet the bilateral economic interests. Later, souvenirs were presented to the Chinese delegates.

Dr Zaffar Mueen Nasir thanked the delegates from China for taking this initiative in collaboration with Punjab University. He said that PU would play its role in development of nation and the country and that's why the administration was encouraging such initiatives in order to promote research culture. He said that PU had internationally acclaimed scientists who had earned good name not only for Punjab University but also for Pakistan.

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No change seen on cotton market

RECORDER REPORT

No change was seen in the present outlook on the cotton market on Friday as both buyers and sellers were conspicuous by their absence, dealers said. The official spot rate was unchanged at Rs 6750, they said. In ready session, not a single deal reported on lack of buying interest, they said.

According to the market sources, most of the buyers were on the sidelines, adopting wait-and-see attitude in the absence of fresh leads. They also said that Apparel Textile exhibition will be held in Toronto from August 21-23 and hoping this event will help in reviving some activities among traders.

Reports were showing that China sold 24,600 tonnes of cotton at auction of state reserves. Cotton sold at average price of 14,852 yuan ($2,157.53) per tonne. Sale represents 82.06 percent of total cotton available at auction. Cotton analyst, Naseem Usman said that the prices in the international markets were up due to strong demand. Particularly, in New York, cotton futures maintained firm posture in the process of trading.

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 2004.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,750	135	6,885	6,885	NIL
40 Kgs	7,234	145	7,379	7,379	NIL

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May’17	80.00	80.30	78.48	78.99	14:45 APR 21		-1.08	5683	80.07
Jul’17	79.35	79.38	78.67	79.33	14:45 APR 21		0.22	18119	79.11
Oct’17	74.75	74.90	74.70	74.70	14:45 APR 21		0.07	6	74.63

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Growth prospects

RECORDER REPORT

A recent World Bank report projects Pakistan's growth rate for the current fiscal year at 5.2 percent but warns that there are "significant downside risks" to the projected growth outlook and that "slower progress in the much-needed structural reforms could weaken growth prospects." A downward revision from the budgeted 5.5 percent growth rate was acknowledged by the Federal Finance Minister Ishaq Dar during the recent Article IV consultations with the International Monetary Fund (IMF) team in Dubai though he maintained that it would still be over 5 percent - a rate above what was achieved during the tenure of the PPP- led coalition government.

There has been a sustained challenge by independent economists and analysts to the growth estimates during the Sharif administration's third time tenure for two major reasons. First, independent economists/analysts were made extremely wary after the Pakistan Bureau of Statistics (PBS) downgraded the growth rate in 2013-14, the first full year of Dar holding the finance portfolio, from two years ago - a downgrade that is inexplicable. And, secondly, there is a significant lack of rationalisation between the data compiled by the PBS and other government departments as well as extremely credible industry sources. Repeated requests for a face-to-face meeting with the PBS officials since the first year of the Sharif administration's tenure was verbally agreed to by none other than the Finance Minister during a post-budget press conference is awaited to this day. The multilaterals continue to unfortunately accept government data at face value in their reports, however, their numerous caveats clearly reveal that they remain unconvinced which, in turn, prompted a former Governor of the State Bank of Pakistan Shahid H. Kardar in an Aaj TV programme to accuse the IMF of 'intellectual dishonesty'.

The caveat by the IMF as noted in the press release uploaded on its website after the Article IV consultations, however, revealed that the Fund staff appreciated the government efforts towards reform during the three years that the country was under its programme, in effect supporting its own handling of the programme, but carried on with the do-more mantra: "After three years of reforms, Pakistan has strengthened its macroeconomic resilience and economic outlook, providing an opportunity to build on recent progress with structural reforms and set the economy on a higher growth path. However, a number of challenges in the fiscal, external, and energy sectors could affect the hard-won stability gains in the period ahead. In this context, the mission calls for strong efforts with respect to fiscal consolidation and the implementation of key structural reforms, and vigilance in managing the country's external position."

This sentiment was echoed by the World Bank in its latest report with reference to the "significant downside risks" clearly and unambiguously reveals that confidence in the government's progress in the much-needed structural reforms is not that high especially considering that "the upcoming national election in 2018 may affect the reform momentum and macroeconomic policy orientation for Pakistan."

Additionally, if one looks at the components of growth, a recent report indicates that the agricultural sector is unlikely to grow by the projected 3.8 percent rate. At best, the rate of growth is unlikely to be higher than 2.5 percent according to sources in the relevant ministry due mainly to:

(i) lower than projected wheat and cotton crop because of adverse weather conditions; and (ii) sugarcane rendered more profitable led to some shift in the area under cultivation of cotton to cane.

Industrial growth too - both large-scale manufacturing and small-scale - are unlikely to meet the budgeted targets because: (i) projected growth of some sub-sectors including sugar is unlikely as it has reached capacity as per the State Bank of Pakistan report; (ii) the higher credit to the private sector has a caveat notably around 50 percent or so was used to retire past debt which belies government claims of a growth rate of over 8 percent for the past three years; and (iii) the doubling of small-scale manufacturing during the PPP-led coalition government in the most recent Economic Survey 2015-16 (for example, from 5.1 percent stipulated in the 2012-13 Survey upgraded to 8.5 percent in the 2015-16 Survey) is inexplicable.

To conclude, private estimates of the growth rate for the current year is expected to be no more than 3.8 to 4 percent - a growth rate that should prompt a set of macroeconomic policy decisions that are distinct from a growth rate of over 5 percent that naturally require a different set of policies. In short, the data manipulation is compromising the capacity of the Finance Ministry to take informed policy decisions.

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The power crisis

FARHAT ALI

The PML-N government, immediately upon positioning itself in May 2013 to govern the nation, faithfully embarked on the task of providing relief to the public as part of its manifesto and foremost commitment to the nation. During its four years tenure since then the government attempted to position a number of power plants and tried out new fuel mixes, notably, LNG and coal.

But as the wrath of the summer of 2017 sets in, all these initiatives of the government were put to the test. The ground realities reveal that the desired results, in spite of the government's best efforts, could not be achieved and power shortage and load shedding come out to be the same as those of May 2013, if not more. Things did not work out well and the state's energy planners need to analysis with an open mind as to what went wrong.

It is reported that the minister of water and power, Khawaja Asif, told the National Assembly on Wednesday that the scheduled maintenance at a number of power plants had deprived the national grid of 2,200 megawatts, which resulted in up to 12 hours of load shedding in many parts of the country.

Responding to a calling attention notice, he blamed the rising temperatures in April on an "unexpected" 2,700MW surge in demand, leading to a shortfall of nearly 5,000MW.

The minister said the plants which were shut down for maintenance should have come on-line in March, ahead of the summer months. He said the plants currently closed for maintenance will all be on-line by the end of April or early May. "A new plant is being inaugurated in Bhikki today and [over 700MW of electricity] will flow into the system without interruptions. Aside from this, new electricity will be added to the system and we will regain control of this crisis," he said.

Once that happened, Khawaja Asif claimed, the original schedule for load shedding would be resumed and no forced or unscheduled outages would occur. "I'm saying that plants were closed for maintenance. It is our fault that we did not do this earlier and they should have been on-line in April."

He told the house that 6,400MW from the new projects would be added to the national grid before the end of the year. Peak shortfall stood at 5,200MW, so it was expected that the difference would be squared off by December. "In addition to the 6,400MW coming on-line this year, 2,500-3,000MW will be available next year, Neelum-Jhelum and Tarbela-4 in February 2018, Nandipur will start producing 525MW in May, three LNG [plants] in Bhikki, Haveli, Bahadur Shah and Balloki will yield 3,600MW, [two] Sahiwal coal plants will produce 600MW, wind power will yield 400MW and solar energy will give us 435MW. Chashma-4 will be on-line by next month and yield 315MW," he said, providing an overview of power projects in the pipeline.

The water and power secretary had earlier predicted that electricity outages would not exceed four hours a day across the country the during the warmer months from April to September this year, but the fact is that load shedding has gone up to 16 hours due to the scorching heat.

Khawaja Asif said that electricity demand stood at 19,405 megawatts and production at 13,575MW, showing a shortfall of 5,830MW. Estimates a day earlier suggested that the gap between demand and supply had widened to more than 7,000MW. It is reported that the prime minister dismissed a plan of eight-hour load shedding for the industry in Ramazan. It was proposed with the objective of providing electricity without any interruption for domestic consumers during the Ramazan.

The water and power minister said that a fall in hydroelectric power generation because of water shortage in reservoirs would aggravate the situation and a rise in temperature would further increase the demand for electricity. He suggested that the Ministry of Water and Power should co-ordinate with the Meteorological Office in order to frame a proper load management plan for the summer. According to him, around 4,400MW had been added to the system since 2013.

On Wednesday, the electricity shortfall ranged from 7,000 to 8,500 megawatts, which resulted in an average load shedding of almost 12 hours. This was significantly higher than 5,800MW of the shortfall claimed by Khawaja Asif in his midday tweets when he put the demand at 19,405MW and generation at 13,575MW. The minister confirmed that 2,200MW of power projects were shut down while around 2,700MW of additional demand had developed due to the expected surge in temperature.

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The given figures and reasons do not tally, nor come out well amid confusion and loss of direction as to how to manage the power crises. Each government functionary is at his own tangent while the prime minister, with all his determination and sincere efforts to provide the people with quality power, remains frustrated and disappointed.

In May 2013, the installed power was over 19,000MW and available power at around 13000MW, which is more or less the case in April 2017. There is a big question mark over the impact of the 4,400MW added to the grid from 2013 to date as reported by government functionaries and its contribution in arresting the load shedding and providing relief to the people. Load shedding is at least at the level of in May of 2013.

Government planners need to sit back and truly analyze and identify the realities of what went wrong, where the issue are and what needs to be done. And they accordingly and sincerely present the realities and facts to the prime minister, who no doubt is most sincere and is committed to end load shedding in the country. The issue of load shedding in the country is far more complex than installation of more power plants. This is the easiest task to be done and the government has done much of it in its four years of governance. The issue today is not the generation capacity but the availability of power on the grid and the financial and technical capacity to evacuate this power and efficiently transmit it to the consumers. This figure stands at a pathetic 13,500MW.

The power supply chain is a complex combination of the technical and financial dynamics governing this sector. On the technical side, it includes the efficiency of the power plants in the public sector, the conduct of the IPPs, the efficiency and generated power evacuation capacity of the transmission and distribution network, the technical and commercial line losses inclusive of power thefts at all levels.

For many years, power-generation plants in the public sector are operating at a de-rated capacity owning to lack of upgrades and maintenance, on account of which many of them stay out of grid or supply power unaffordable to the government. The operations of the IPPs demand an audit. Line losses continue to be hovering around 18 percent. There is a mismatch between power generation and evacuation capacities.

On the financial side, it's one of the mounting receivables, subsidies and the impact of the circular debt, all of which limit government capacity to finance and evacuate power from the power plants. "The entire subsidy earmarked for electricity consumers in the current fiscal year has been consumed and the power ministry has nothing to retire the debt in the energy chain," said an official aware of the development."

Over the past few days, the IPPs have been warning the government that they will invoke sovereign guarantees if their dues are not settled. At the end of January this year, the circular debt amounted to roughly Rs 370 billion, up Rs 50 billion over the past seven months, power ministry sources said.

In the previous fiscal year, subsidy payments had jumped to Rs 196.54 billion, compared to the target of Rs 137.6 billion. According to current year's budget documents, Rs 95.4 billion had been set aside for subsidising the power industry, excluding K-Electric. According to the official, receivables of Pakistan State Oil (PSO) - the state-owned oil marketing giant - had gone up to Rs 280 billion whereas the ministry of finance released only Rs 20 billion. Power producers are major defaulters, owing PSO Rs 228 billion.

The power subsidy stands at above Rs 100 billion every year and a major chunk of it is contributed by consumers themselves. They also pay over Rs 200 billion in a year due to surcharges and high-benchmark transmission and distribution losses set by the National Electric Power Regulatory Authority (Nepra).

The government needs to face these grave realities and come up with solutions in case it wants to effectively address the issue of load shedding. Had the government adapted this approach, how painful and demanding it was, the government would have succeeding in providing a reliable power supply to people and in the process made political mileage out of its efforts. There is still some time left for it to catch up. There are no short cuts to ending the power crisis.

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

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The remedy of reference under the Customs Act, 1969

ZAFAR AZEEM

The law provides remedies against adverse actions in the form of appeal, review or revision, in fact a remedy is a right by which an aggrieved person may seek relief for the enforcement of one's rights or may prevent or redress a wrong within the frame work of law. The Customs Act, 1969 being a federal statute provides remedies for undoing the wrongs; these remedies include appeal, revision, review, rectification and reference before the High Court. In this write up, it is intended to examine the considerations for the remedy of reference before a High Court available to an aggrieved party.

A reference can be filed by an aggrieved party against the order of Appellate Tribunal within a period of 90 days from the receipt of the Tribunal's order, and in terms of section 196 of the Customs Act, a remedy of reference is available to question an adverse order by bringing out a question of law emanating from the order of the last forum. The reference can be filed before a High Court on a framed question of law arising out of Appellate Tribunal's order and such a reference is to be filed in the form of a statement, which will be heard by a bench of two judges who are required to determine the question of law posed in the reference.

The statement to be filed before the Court is required to state the facts of the case, the determinations of the appellate tribunal and the framed questions of law emanating from the order of the Tribunal. The parties to the dispute are required to keep in mind that proposed question of law should conform to the terms of the provisions of the Customs Act, 1969 for determination by the Court.

Mere filing of the reference will not modify or change the status of the Tribunal's order and the duty is payable in accordance with the orders of the Appellate Tribunal. It is notable, where a case has been remanded by the Tribunal, no question of law arises by the order of the appellate tribunal as no adverse order remains in the field, hence a party cannot be treated as an aggrieved party and there remains nothing to be decided by a High Court.

The real objects of providing such a remedy are the following:

(a) The remedy is restricted only to a question of law:

(b) Such a question must emanate, spring out, originate and stem out from the proceedings of the Appellate Tribunal and it must relate to the order passed by the tribunal.

(c) Where a legal question be that of jurisdiction of the forum below or of appellate tribunal, it requires to be agitated before the relevant forum and for analysis it must emerge from the order , where the situation is not like that there is no question of law involved;

(d) A litigant must keep in mind that the scope of the reference is limited only to a question of law and that it must arise out of the order of the tribunal.

(e) No issue other than the mandate given by the law can be considered.

(f) The scope of the reference is limited only to a question of law, the question of law must arise from the order of the tribunal, the question of law must have been raised in the earlier proceedings, where such a question was raised and not decided by the tribunal, then it becomes a question of law, the findings recorded by the tribunal unless perverse or erroneous in fact and law may not be interfered by the higher forum.

It may be noted that within the framework of section 196 of the Customs Act,1969, no appeal or reference lies before a High Court on a question of fact even where there is a disputed question of fact, the higher forum will not interfere, for example, whether or not a consignment corresponds to its specifications is a question of fact and whether or not the exact year of manufacture of a vehicle is also a question of fact; accordingly, one has to distinguish between the issues relating to facts and issues relating to law. Where a party has not raised a plea before the lower forums and the issue does not emanate from the order of the tribunal, the courts usually do not like to interfere in such matters.

One has to consider the words of statute, the phrase used in section 196 of the statute states that the question of law must arise out of the order of the Tribunal, that means it does have a nexus with impugned judgement of the tribunal and where there is no nexus court may refuse to interfere in terms of the dictates of law.

The higher forums in their judgements have considered the following to qualify as the question of law:

(i) Question argued before the tribunal on which finding has been given by the tribunal;

(ii) Questions argued before the tribunal and no finding has been given by the Tribunal;

(iii) The question never argued but has been decided by the Tribunal.

The following have not been considered as questions of law:

(a) Where required notice under the law was given within time, no question of law arose in the matter.

(b) Time barred reference is neither maintainable nor it involves any question of law.

Wither a reference has been filed after the expiry of time the same is not maintainable.

From what has been stated above it is clean that for a reference under section 196 of the Customs Act, 1969, the required consideration are:

(i) A dispute between the parties.

(ii) The dispute is decided by the Customs Appellate Tribunal.

(iii) A question of law is framed which springs out from the order of the tribunal.

(iv) The reference is filed within time prescribed by the law.

Where above stated conditions are not present filing of the reference will be a futile exercise.

It is now evident that remedy by way of filing of a reference can only be opted where there exists a controversy which involves determination of a question of law which arises from the order of the Appellate Tribunal. It has already been discussed what constitute the relevant questions of law and where a reference fails to bring out any question of law the same is not maintainable. The reference should be filed within time limit and it must correspond to the procedural requirements as laid down in the Customs Law.

(The writer is an advocate and is currently working as an associate with Azim-ud-Din Law Associates Karachi)

DAWN
Saturday, 22nd April, 2017

Govt mulls another tax amnesty

ISMAIL DILAWAR | SID VERMA

KARACHI: The government is mulling a tax amnesty to bring back wealth hidden in foreign assets, a move that may boost stocks, bonds and property.

The government is considering submissions by Pakistan's business community seeking relief on undeclared offshore holdings, said Syed Masoud Ali Naqvi, a member of the government's Tax Reformers Implementation and Monitoring Committee. No plan has yet been approved or finalised, he said.

The proposal, if implemented, could help boost revenue and offset the risk of fiscal slippage before next year's national elections, Hasnain Malik, a Dubai-based analyst with Exotix Partners LLP, a frontier-market investment boutique, wrote in a research note last week.

It may also offer respite for Pakistani equities, which have trailed the MSCI Frontier Emerging Markets Index this year after being Asia's best performers in 2016.

"Liquidity in the stock market and real estate should increase significantly, even based on conservative forecasts," Shiraz Zaidi, research head at Karachi-based brokerage Arif Habib Ltd., said by phone. "The fact that other countries have implemented a tax amnesty makes this legislation more likely."

Pakistan could collect about $3.5 billion in tax revenue, equivalent to one per cent of nominal gross domestic product, if 30pc of the undeclared foreign assets are disclosed and an average 8.5pc tax is levied, Exotix said, citing Argentina's recent success.

Argentina raked in $116.8bn, almost six times more than it expected, from an amnesty on unregistered funds held abroad, the nation's tax agency head Alberto Abad told reporters in Buenos Aires on April 5. President Mauricio Macri announced the amnesty in May to help capture a fraction of as much as $500bn in funds believed to be stashed abroad.

Pakistanis hold $150bn in undeclared offshore assets, according to an estimate by Syed Muhammad Shabbar Zaidi, a partner at A.F. Ferguson & Co, an affiliate of PricewaterhouseCoopers. The stash comprises $80bn in property and bank deposits, $20bn in local stocks held in foreign accounts -- about a fifth of the bourse's market value -- and $50bn in assets such as manufacturing concerns, according to Zaidi.

About 1pc of Pakistan's 200 million people pay taxes, and previous amnesty programmes have failed to significantly widen the base. The country has one of the lowest tax-to-GDP ratios in South Asia despite reforms introduced as part of International Monetary Fund's $6.6bn loan programme that ended in September, such as reducing breaks and cutting evasion.

Less than 0.3pc of the nation's 3m goods traders participated in the tax amnesty programme launched in April last year, well below the 17pc forecast by the government when it began in January. It generated only Rs750m or $7.2m in back taxes after four deadline extensions.

Bloomberg-The Washington Post Service

DAWN
Saturday, 22nd April, 2017

Cotton trading lacklustre

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market remained lacklustre on Friday on slow demand from spinners who seem to be facing acute shortage of working capital.

Though world's leading cotton markets witnessed brisk activity and prices also moved higher, the domestic cotton market remained listless. The issue of textile industry's stuck refunds is one of the major factors behind the lacklustre trading.

Brokers said delay in arrival of next cotton crop and limited stocks held by ginners normally triggered panic buying, but slow off-take of yarn and falling textile exports are such factors which dampening sentiment, brokers said.

According to market estimates around 250,000 bales of unsold stocks are currently held by ginners whereas the new crop arrival would not be possible before end June or early August.

The Karachi Cotton Association (KCA) spot rates were firm at overnight level. And as per official figures no transactions were reported to have transpired on ready counter.

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

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MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.00	106.20
UK	133.75	134.01	134.75	136.25
Euro	112.02	112.23	112.80	114.30
S.Arabia	27.86	27.92	28.15	28.35
UAE	28.45	28.50	28.80	29.00
Japan	0.9569	0.9587	0.9622	0.9822

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.91	6.16
One year	5.97	6.47

LIBOR

Special US dollar bonds for April 20

Three months	1.15317 %
Six months	1.39406 %

THE NEWS
Saturday, 22nd April, 2017

FBR launches CRM, promises faster resolution of grievances

ISLAMABAD: The Federal Board of Revenue (FBR) on Friday launched the complaint management system through computerised software, through which email-based complaints would be redressed within 24 hours instead of two to three weeks period as was done in the past.

On the last day of his retirement, the FBR chairman Dr Mohammad Irshad took oath from the elected CEO of the newly established FBR Foundation, exactly on the lines of the army's welfare institutional mechanism. It was promised that the employees' requirement in terms of children's education, health facilities, and construction of housing units would be ensured.

The FBR launched Customers Relationship Management (CRM) system to respond to queries and complaints of taxpayers and the general public.

"We are not as bad as people and media think about us. Pakistan's economy is cash-based and our tax machinery is trying its level best to bring improvement. Our customer care and facilitation services are now venturing into a more responsive regime, where all queries, complaints and concerns of our valued taxpayers, will be responded to within three working days through the CRM," said the FBR chairman Dr Muhammad Irshad, while inaugurating the complaint management system at the FBR House on Friday.

He said the installation of the CRM was a great leap forward and a vast improvement on the previous arrangement which lacked a proper mechanism for tracking, categorising, and monitoring and archiving taxpayers' complaints, which took two to three months for their resolution.

"In a very short span of time, we focused on these problems and came up with solutions that have significantly improved taxpayer facilitation," he said.

Earlier, explaining major features of the CRM, FBR member information technology Nausheen Javed Amjad said that with the installation of the CRM, the number of agents in the board's calls centre and email teams had also been increased to meet the increased demand at peak hours.

Similarly, training manuals in professionalism and courtesy, Income Tax, Sales Tax, and FED had also been prepared and staff trained in them to improve quality for calls received and emails responded.

The hold time had been reduced to 30 seconds, while 80 percent emails were being responded within 24 hours.

Due to the success of CRM, it had been introduced at field offices of FBR as well to digitally communicate with FBR (HQ) regarding software-related issues.

FBR chairman Dr Irshad had a busy day, as he launched and introduced various projects and initiatives, including inauguration of a day-care centre, newly-established conference rooms and administration of oath to Dr Saleem Ahmad Ranjha on his appointment as the first CEO of the FBR Foundation.

Earlier, he accompanied special assistant to PM on revenue, Senator Haroon Akhtar Khan who inaugurated a specially designed and constructed ramp at the entrance of the FBR House to facilitate the entry of physically handicapped visitors.

Both the dignitaries also planted saplings in the lawns of the FBR House. A newly-constructed driveway leading to the gate at the back of the FBR House to the main building was also inaugurated.

At a separate ceremony, selection of FBR employees and Revenue Division for performance of Hajj was also made through a ballot.

Later, Senator Haroon Akhtar Khan and FBR chairman Dr Irshad had a brief interaction with the media persons, whose queries about revenue collection efforts of the FBR and other economic and fiscal policy issues were answered.

Copies of the recently updated and published tax law books and brochures of FBR as well as Annual Report for the year 2016 by the Directorate General of Intelligence and Investigation Inland Revenue were also presented to media persons.

THE NEWS
Saturday, 22nd April, 2017

'Govt provides incentives to improve local industry'

ISLAMABAD: Minister for industries and production Ghulam Murtaza Khan Jatoi on Friday said the present government provided various incentives to the local industry to improve international competitiveness and productivity during the last four years.

Speaking in the Senate Session during the question hour, he said the ministry has taken many initiatives through its organisations, including announcement of Automotive Development Policy (ADP 2016-21) to attract investment in Greenfield for installation of new automotive plants and Brownfield investments for revival of closed down units.

Replying to a question, he informed the upper house that Small and Medium Enterprises Development Authority (SMEDA) was helping the people for establishment of industries in the country. He said SMEDA helped those people who wanted to establish their industries. The minister said that about five international companies were ready to establish their industries in Pakistan including four companies from China and one from Europe.

"We welcome all those companies who are ready to establish their industries in the country," he said.

"The production of auto industry has been increased and the vehicles were being provided according to demand of the market," he added.

The price of vehicles having power under 1500cc were more as compared to India, he said, and suggested for introducing of a new policy so that prices of new vehicles could be decreased.

THE NEWS
Saturday, 22nd April, 2017

Govt sets summer crops output target for 2017/18

ISLAMABAD: The government on Friday set the output targets of summer major crops, including rice, sugarcane and maize and minor produces, namely moong, mash, chillies and tomatoes to meet the domestic demand as well as for export.

Minister for National Food Security and Research Sikandar Hayat Khan Bosan said the targets at a meeting of the Federal Committee on Agriculture with a complete consensus of the provincial governments.

Officials of the provincial food and agriculture departments, the State Bank of Pakistan, Zarai Taraqiati Bank Limited, Indus River System Authority and meteorological Office attended the meeting, Bosan said, addressing a press conference.

He said government set a target to produce around 68.517 million tonnes of sugarcane during the current season by cultivating the crop over an area of 1.164 million hectares. Rice production target was fixed at 6.818 million tonnes by putting about 2.786 million hectares under the crop across the country.

Maize production target, during the current kharif season, was fixed at 5.590 million tonnes. The targeted cultivation area would be 1.205 million hectares, said the minister.

Bosan said the meeting has decided to cultivate moong pulse over 147,500 hectares to produce around 120,600 tonnes in order to fulfill the domestic demand of pulses.

During the current sowing season of 2017/18, mash pulse production target was fixed at 11,300 tonnes over an area of 22,100 hectares of land, he added.

Food minister said chillies production target was set at 118,000 tonnes over 48,100 hectares during the kharif season.

He said water availability in canals would be 68.12 million acres feet (MAF) as against the demand of 67.10 MAF during the season. At present, all the provinces are getting their indented supplies in the system, he added.

Minister Bosan said around 96 percent seeds of rice and maize would be available to farmers during the season, whereas the financial institutions have also assured for sufficient credit facility for them, he added.

Reviewing the performance of the Rabi (winter) crops of 2016/17, the minister said initially the wheat production was estimated at 26.1 million tonnes as against the target. Around 4.3 million tonnes of carry- forward stocks would also be available and there would be no dearth of wheat for domestic consumption, he added.

The minister said gram production was estimated at 357,800 tonnes. A project would be started across the country to enhance the production of pluses and oil seed.

On a question, the minister said the country has become self-sufficient in 11 grains of staple foods due to the government’s farmers-friendly policies.

He said the government is determined to reduce the input cost of agriculture products in order to produce cost-effective agriculture produces for sustainable development of the sector and prosperity of small scale farmers.

Food minister said the government would continue subsidy on fertilisers as per acre yield has significantly increased due to the subsidy provided by the government on agriculture inputs.

THE NEWS
Saturday, 22nd April, 2017

Cotton unchanged

Karachi

No trading activity was witnessed at the Karachi Cotton Exchange for the second consecutive day on Friday and the spot rates remained unchanged.

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

An analyst said trading was low at the market, as cotton stocks almost ended. However, shortage of crop against the consumption demand in the local market kept the prices firm.

“Ginners are not ready to sell the crop at lower rates, while mills are not ready to pay higher prices, as they are facing liquidity crunch for not getting their refunds paid by the government.

New York cotton market recorded positive impact on all futures.

The Nation on Web
The Nation
Saturday, 22nd April, 2017

Revision in $35b exports target likely

Imran Ali Kundi

ISLAMABAD - The government is likely to downward revise the exports target of $35 billion set in the Strategic Trade Policy Framework (2015-18) amid continuous decline in the country's exports for the last couple of years.

The government last year had fixed a target to enhance Pakistan's exports to $35 billion by the end of June 2018 from $24 billion. However, the government is struggling to enhance the exports due to the external as well as internal challenges. "The government can revise the exports target set in three years trade policy keeping in view the current trend of the exports," said an official of the Ministry of Commerce. He further said that the government would take business community on board before revising the target.

Pakistan's exports had tumbled by 3.06 percent to $15.1 billion in nine months (July-March) of the current fiscal year from $15.6 billion of the same period of the previous year, according to the latest data of the Pakistan Bureau of Statistics (PBS). The exports had not increased even after the government announced incentives in the last budget as well as additional Rs180 billion package to boost country's exports.

The government in the budget had announced zero rating facility for five export-oriented sectors, including textile, leather, carpets, surgical and sports. The government had recently announced an incentive package worth Rs180 billion to boost the textile exports. The government believes that exports would enhance in the months to come due to the incentives package.

Pakistan's current account deficit is under pressure due to the decline in exports and remittances and increase in imports. The current account deficit for the first nine months of 2016-17 rose to $6.13 billion. The main reason for the alarming increase in the current account deficit is an all-time high trade deficit of $23 billion in July-March.

The International Monetary Fund (IMF) had observed that the current account deficit was expected to reach 2.9 percent of GDP in FY2016-17 owing to a higher trade balance, in part reflecting increased imports of capital goods and energy and stagnant remittances. "The current account deficit is projected to widen to equal 2.1 percent of GDP in FY2017. The deficit increased to $4.7 billion in the first seven months of FY2017, almost double the $2.5 billion deficit in the same period of FY2016. Services and income account deficits worsened as receipts under the Coalition Support Fund were delayed.

Meanwhile, the workers' remittances that critically offset the large trade deficit fell for the first time in 10 years, by 1.9 percent to $10.9 billion, because of declining expenditure and income in oil-dependent Gulf economies," the Asian Development Bank (ADB) observed in its recent report.