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Commercial banks:

Government borrowed $1.5 billion in June: EAD

TAHIR AMIN

The government has borrowed $1.5 billion from commercial banks in June bringing the total to $4.367 billion under this head in the fiscal year 2016-17, revealed Economic Affairs Division (EAD). The EAD"s latest data shows that the country provisionally received $10.55 billion foreign assistance from multilateral and bilateral donors and surpassed the budgeted estimates of $7.998 in financial year 2016-17, mainly because of $4.367 billion loans from foreign commercial banks.

The government borrowed $1.507 billion from commercial banks in June, 2017. The government had budgeted $2.005 billion from foreign commercial banks for the financial year 2016-17, however the target was surpassed in May. The government borrowed $697 million from Standard Chartered Bank (SCB) London, $300 million from Bank of China, $275 million from CITI bank and $235 million from Switzerland-based financial group Credit Suisse in June 2017 for budgetary support.

The China Development Bank (CDB) released $1 billion for budgetary support in May. Further the government borrowed $415 million from Switzerland-based financial group Credit Suisse and $130 million from Noor Bank PJSC for budgetary support in May. The government had borrowed $115 million in March from Noor Bank PJSC for budgetary support and $300 million from Industrial and Commercial Bank of China Limited in January.

The government also borrowed $26.49 million from Asian Infrastructure Investment Bank (AIIB) in financial year 2016-17 which was not budgeted as per the EAD data. The data shows that government borrowed $5 million from the Eco Trade Bank in February which was also not budgeted. In addition, the government issued Sukuk of one billion dollars at 6.5 percent rate of return during the fiscal year 2016-17. The government had budgeted foreign assistance of $7.998 billion for 2016-17 against $9.18 billion budgeted for 2015-16. The EAD data shows that country received $10.55 billion in the fiscal year 2016-17 against $7.348 billion in 2015-16.

The country received $2.757 billion in June including $2.73 billion loans and $26.23 million grants. The latest figures show that the country provisionally received $10.123 billion in loans and $426.4 million grants in the fiscal year 2016-17. Pakistan received $1.594 billion from China in 2016-17 including $255.57 million in June against the budgeted $572.3 million for the last fiscal year. The country had received $976.43 million from China in 2015-16.

Asian Development Bank (ADB) disbursed $1.608 billion in the financial year 2016-17 including $667.23 million in June against the budgeted estimates of $1.048 billion for the last fiscal year. International Development Association (IDA) disbursed $664.82 million including $121.44 million in June ie 46 percent of the budgeted estimates of $1.448 billion, IDB (S-Term) disbursed $404.85 million including $27.25 million June (89 percent of the budgeted estimates of $452 million) and USA disbursed $82.35 million including $2.54 million in June ie 74 percent of the budgeted estimates of $111.41 million.

International Bank for Reconstruction and Development (IBRD) disbursed $ 238.83 million including $24.21 million in June against the budgeted estimates of $62.48 million for the fiscal year 2016-17, UNHCR disbursed $1.07 million, IDB $88.63 million, Japan disbursed $51.13 million against the budgeted $77.13 million for the last fiscal year and UK released $163 million. EU disbursed $28.94 million in 2016-17 against the budgeted estimates of $51.12 million. Multi Donor Trust Fund (MDTF) disbursed $55.02 million in the last fiscal year against the budgeted estimates of $38.59 million. France disbursed $111.8 million in 2016-17. The country received no assistance from Korea, Norway, Oman, Saudi Arabia and UNDP.

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Indian goods unlawfully cleared by PQ Customs

SOHAIL SARFRAZ

In a startling revelation, the United Arab Emirates (UAE) Customs Department has confirmed to the Directorate General of Customs Intelligence that containers having banned Indian-made cloths and high-end consumer goods such as cosmetics, auto parts, etc, were illegally cleared by Port Qasim Customs. Sources told *Business Recorder* here on Wednesday that the Customs Intelligence has received vital records from UAE Customs which establish beyond a smidgeon of doubt that a number of containers stuffed with banned Indian-made Greige/Grey cloth and high-end consumer goods (cosmetics, auto parts, etc) were unlawfully cleared by Port Qasim Customs, causing revenue loss of tens of millions of rupees.

This also clearly reflects violation of the ban imposed through the Import Policy Order on import of grey cloth from India. This is for the first time in the history of Pakistan Customs that Dubai Customs has shared such crucial and confidential information with Customs authorities of Pakistan due to the personal rapport of Director General Shaukat Ali with Dubai Customs. The situation would be further cleared after receiving remaining information of 115 containers cleared during last two years from Dubai Customs to determine exact revenue loss estimated to be around Rs 500 million.

It may be recalled that, in December 2016, Customs Intelligence, after overcoming the toughest resistance put in by the officers/officials of Port Qasim Customs Collectorate, had got hold of four containers, imported by M/s Khurram Steel Mills, Gujranwala, and unlawfully cleared by Port Qasim Customs vide Goods Declaration Nos. KPPI-HC-36077, 36082 and 36088 all dated 07.12.2016.

All the said four containers were cleared from Customs as containing iron & steel scrap and duty/taxes of just Rs 833,990 were charged. On examination by Customs Intelligence, it was discovered that three of the four containers had nothing but banned Indian origin grey fabric in them while the fourth container was found stuffed with miscellaneous goods (such as cosmetics, auto parts, CCTV cameras, caller ID telephones) to the hilt. Total value of the goods recovered from the four containers was assessed to be Rs 31.517 million with incidence of duty/taxes assessed at Rs 15.603 million, whereas the same had been cleared on payment of less than one million rupees (ie, just Rs 833,990) in duty/taxes. Yet another container, stated to be containing iron & steel scrap, was found by Customs Intelligence to, actually, contain miscellaneous goods such as hair preparations/shampoos, motor cycle parts, ladies purses, etc, valuing Rs 10.80 million on which duty/taxes to the tune of Rs 5.4 million were chargeable whereas only Rs 208,497 would have been charged, if Customs Intelligence had not intervened.

Detection of this blatant fraud was well appreciated by trade and industrial circles, particularly by All Pakistan Textile Mills Association (APTMA) in relation to seizure of the smuggled Indian cloth. However, the fraud that was uncovered in December, 2016 appears to be nothing more than the tip of the iceberg.

Customs record indicated that the said unit of Gujranwala had previously imported 195 containers, from different countries of the world and had cleared the same as containing iron & steel scrap on payment of Rs 200,000/- or thereabout as duty/taxes per container of forty feet (40"). Customs Intelligence decided to conduct overseas investigation in respect of 120 containers previously cleared by the Customs authorities of West Wharf and Port Qasim.

Dubai Customs authorities were accordingly approached with the request to provide export documents filed with Dubai Customs in relations to the 120 suspected containers referred to above. Customs Intelligence persisted with the matter and, finally, Dubai Customs has started the process by providing records relating to five containers as the first tranche.

Details and documents

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provided by Dubai Customs and communicated to Customs Intelligence by the Commercial Counsellor in Pakistan''s embassy in Dubai-UAE through letter No.12(1)2016-17-CS dated 20.06.2017 confirm that the goods actually imported from Dubai vide container Nos. TRLU7098560, SEGU5800535, CAIU8350943, AMFU8868929 and HLXU8228811 were polyester grey fabrics, polyester fabrics, polyester fabric textile piece goods and fan belts. However, Port Qasim Customs cleared all the five (05) containers as containing iron & steel scrap vide Goods Declaration Nos. KPPI-HC-31827 dated 19-11-2016, KPPI-HC-31838 dated 19-11-2016, KPPI-HC-31830 dated 19-11-2016 and KPPI-HC-30157 dated 12-11-2016. Total amount of duty/taxes charged on the goods imported through all the five containers referred to above was Rs 1.1 million whereas the record/documents provided by Dubai Customs categorically confirm that value of the goods imported through the impugned five containers was Rs 41.5 million and the actual amount of duty/taxes chargeable thereon was Rs 13.1 million. Thus, the government was defrauded of its legitimate revenue of Rs 12 million in relation to the clearance of the above-referred five unlawfully cleared containers. Customs Intelligence has now referred the matter of recovery of the defrauded amount of Rs 12 million to the adjudicating authority. The facts and figures quoted above point to the extent and dimensions of the fraud committed at Port Qasim and West Wharf during the last two years or so. So far, information about just five containers has been retrieved from Dubai and the picture has already started looking quite bleak. Receipt of records/documents relating to the remaining 115 dubious containers is likely to take the stolen amount of government revenue in the vicinity of Rs 500 million, keeping in view the fact that in quite a few containers very expensive goods may have been unlawfully cleared. The most interesting part of the whole story is that FBR has not taken any action against the officers/officials posted at Port Qasim during the period of fraud, sources added.

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SECP empowers Chairman Zafar Abdullah

SOHAIL SARFRAZ

The Securities and Exchange Commission of Pakistan (SECP) has empowered Chairman SECP Zafar Abdullah to oversee work of Chairman"s Secretariat, Specialized Companies Division, Corporate Supervision Division and Audit Oversight Board (AOB). According to SRO 701(I)/2017 issued by the SECP here on Wednesday, the Chairman SECP has decided that the Commissioners shall, in addition to any other work assigned to them from time to time, be responsible to oversee the work of laid down Division/Departments of the SECP.

Zafar Abdullah portfolio would cover Chairman"s Secretariat, Commissioners" Secretariat, Specialized Companies Division, Corporate Supervision Department of Company Law Division, Audit Oversight Board and Information System and Technology Department. Tahir Mahmood will supervise the work of Corportization & Compliance Department of Company Law Division; Prosecution and Legal Affairs Division; Appellate Bench and Support Services Division.

Akif Saeed has been assigned to supervise work of Securities Market Division; Investor Education and International Relations Department; Islamic Finance Department and Systemic Risk Department. The Internal Audit and Compliance Department, as per its Manual, shall functionally report to the Audit Committee and shall administratively look after by the Chairman, SECP added.

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IPPs: processing fee raised manifold

MUSHTAQ GHUMMAN

The Private Power & Infrastructure Board (PPIB) has increased Independent Power Projects (IPPs) processing fee manifold under the guise of financial autonomy, well-informed sources told *Business Recorder* . Managing Director PPIB, Shah Jahan Mirza recently presented an overview of the income and expenditure position along with depleting trends of the organization''s resources.

It was highlighted that the role and the responsibilities of the PPIB have been recognized and strengthened by making it a statutory body through an Act of Parliament which received the assent of the President on the 2nd March, 2012. According to insiders, several senior officials of the PPIB are running their own businesses including coffee houses, private schools and IT. The PPIB officials are also "facilitating" project deals for specific investors.

It was revealed that PPIB does not receive any regular funding from federal budget/GoP. In order to make PPIB financially autonomous, initially the GoP and World Bank agreed to allocate a share of 25 basis points, from the spread on sub-loans given to private power projects by NDFC (now defunct) under Private Sector Energy Development Fund (PSEDF). However, NDFC did not pay PPIB''s share on the plea that it was incurring losses in the administration of PSEDF. Starting from 1995 up to March 2002, PPIB received a total amount of only Rs 26,574,666/- under this head. The issue was taken up at various forums/levels but no further amount was paid to PPIB.

In view of the depleting resources and increasing expenses due to enhanced role of the organization, PPIB Board in its 105th meeting held 3rd May 2016 directed to explore and present proposals for a regular source of income to meet its ongoing operating expenses. PPIB Act-2012 envisages that PPIB Board may prescribe and receive fees and charges for processing applications and deposit and disburse or utilize the same if required. In this regard options for generating regular source of income for PPIB were presented for consideration of the Board.

The proposal included (a) revised rates for processing fee; (b) (i) fixed annual fee of $ 500/MW after achievement of CoD from under-process and future IPPs under Power Policies 2002, 2015 or alternatively (ii) fee on unit generated basis to be charged to all IPPs and (c) fee upon change in shareholder structure, etc. MD was of the view that since PPIB does not receive any regular income from federal government increase in existing rates and introduction of new fee structure would be required to generate sustainable means of income for PPIB''s smooth functioning.

The Board discussed the matter and agreed upon (a) revised processing fee on various project milestones (b) annual fee on MW basis (c) fee upon change in shareholders and (d) design change fee etc. as follows - Registration - existing fees $ 200 and approved fees $ 300 ;(ii) unsolicited proposals: Issuance of pre-qualification documents, - existing fees $ 1500 and approved fees $ 300, solicited proposals-issuance of Request for Proposals (RfP) documents-existing fees $ 2500 and approved fees $ 500;(iii) bid Processing fee for ICB projects from each bidder - existing fees $ 20,000 and approved fees $ 500/MW, Min $ 10,000, max $ 50,000;(iv) proposal processing fee for solicited (non ICB) projects - existing fees none and approved fees $ 300/MW, Min $ 7,000, max $ 50,000;(v) issuance of LoI - existing fees none and approved fees $ 500/MW, min $ 10,000, max $ 300,000;(v) extension in LoI (each for extension) - existing fees none and approved fees $ 250/MW, min $ 5,000, max $ 150,000;(vi)

issuance of LoS - existing fees $ 100,000, $ 80,000 and approved fees $ 800/MW, min $ 20,000, max $ 400,000;(vii) extension in LoS (for each extension) - existing fees none and approved fees $ 500/MW, min $ 10,000, max US$ 300,000;(viii) upon achievement of financial close - existing fees none and approved fees $ 1,000/MW, min US$ 20,000, max $ 500,000;(ix) upon achievement of Commercial Operation Date (COD) and payable on each anniversary of COD starting from past anniversary (a) -existing fees None and approved fees $ 300/MW and ;(x) design change fee per MW - existing fees none and approved fees $ 250/MW, max $ 150,000 .

The fee upon change in indirect or beneficial shareholding, where GoP/PPIB approval is required - existing fees none and approved (i) up to 25MW, 300 rate per % change - $ 20,000 max cap; (ii) up to 26-50MW, 400 rate per % change - $ 25,000 max cap; (iii) up to 51-100MW, 500 rate per % change - US$ 32,000 max cap; (iv) up to 101-200MW, 750 rate per % change - $ 50,000 max cap; (v) up to 201-300MW, 1500 rate per % change - $ 100,000 max cap; (vi) up to 301-400MW, 1800 rate per % change - $ 120,000 max cap; (vii) up to 401-500MW, 4500 rate per % change - $ 300,000 max cap and ; (viii) above 500MW, 6000 rate per % change - $ 400,000 max cap. After detailed discussion, the Board approved the processing fee at various stages, annual fee on MW basis, design change fee, fee upon change in shareholders, etc. as noted above to generate a regular sustainable source of income for the PPIB.

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China to change state-owned firms into corporations

RECORDER REPORT

China said Wednesday it would move to transform all state-owned companies into corporations by the end of this year, as part of efforts to reform the sclerotic industrial giants. China has pledged for years that it would take steps to reform the centrally-run businesses, which dominate crucial industries ranging from power and steel to aviation.

But vested interests have resisted the attempts to restructure the massive enterprises, which are among the country''s largest employers and have created powerful fiefdoms for the bureaucrats that run them. State-owned enterprises (SOEs) managed by the central government should aim to become "limited companies or corporations" by the end of the year, according to a statement on the website of the State Council, China''s cabinet.

The change will help "build a modern enterprise system and improve the market-oriented management mechanism", it said. Ninety percent of China''s state enterprises have already been turned into corporations, according to the statement. It did not say whether the companies will be opened to private investment or could be listed on the country''s stock markets.

The announcement follows comments earlier in the month from President Xi Jinping calling for authorities to deepen SOE reform by "focusing on the establishment of a modern corporate governance system". He described SOEs as an "important foundation for national development" but said overhauling them was important to enhance their "vitality, competitiveness and risk resistance", according to the official Xinhua news agency.

China''s lumbering state-owned giants have long been a drag on the economy, saddled with massive debts and overcapacity far exceeding domestic demand. While the government recognises the need for restructuring, it lacks the political will to make the necessary reforms, fearing that mass lay-offs at the underperforming firms could lead to social instability. Last month the International Monetary Fund urged Beijing to phase out support for underperforming state-owned enterprises and for so-called zombie companies - those firms that survive only on rolling credit from the banks.

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Projects worth Rs 135 billion approved by Ecnec

ZAHEER ABBASI

A meeting of the Executive Committee of the National Economic Council (Ecnec) Wednesday approved development projects in various sectors at a cost of around Rs 135 billion. The meeting presided over by Finance Minister Ishaq Dar considered and approved Punjab Tourism for Economic Growth Project of Rs 5,775 million. The meeting was informed that the project envisages promotion of tourism by providing infrastructure facilities like wide access roads, tourism facilitation, provision of rest areas and other public convenience facilities along with providing training to tourism related persons in various cities of Punjab, Lahore, Gujranwala, Taxila, Nankana, Sheikhupura, Narowal, Bahawalpur, Chakwal, Mithan Kot, etc.

The meeting also approved Carec Corridor Development Investment Program at a cost of Rs 21,041.00 million. The project aims at dualisation and rehabilitation of 208 kms of three road sections on the N-55 in the provinces of Sindh (Petaro to Sehwan & Ratodero to Shikarpur-dualisation work) and Khyber Pakhtunkhwa (Darra Adam Khel to Peshawar-Rehabilitation Work).

The dualisation and improvement of Sohawa-Chakwal Road project also approved by the Ecnec at a cost of Rs 7,980.475 million. The project aims at improvement of 66.405 Km long existing road to a width of 7.3 Meters (2-lanes carriage way) and construction of additional 7.3 Meters wide road (2-lanes carriageway) to make it dual carriageway besides provision of allied facilities and structures.

The Ecnec approved the Construction of Shaheed Benazir Bhutto Bridge over River Indus (districts of Rahim Yar Khan and Rajanpur) with guide banks linking N-5 with N-55 including approach road at a cost of Rs 9,304.160 million. The project regarding Extension of Right Bank Outfall Drain from Sehwan to Sea, (RBOD-II), districts Jamshoro and Thatta, Sindh was also approved by Ecnec at a cost of Rs 61,985 million as well as the Lower Indus Right Bank Irrigation and Drainage Project at a cost of Rs 17,505.018 million. RBOD-I project is part of master plan with aim to disposing off effluents from the right bank of Sukkur and Guddu Barrage commands in Sindh.

The Ecnec also approved the project of Balochistan Effluent Disposal into RBOD-III (Location: Nasirabad, Jaffarabad, Balochistan and Jacobabad, Kambar, Shahdad Kot, Sindh) at a cost of Rs 10, 804.540 million. The project aims at providing disposal facilities for waterlogged areas in Sindh and Balochistan to increase agricultural production.

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Fed keeps rates unchanged

RECORDER REPORT

The Federal Reserve kept interest rates unchanged on Wednesday and said it expected to start winding down its massive holdings of bonds "relatively soon" in a sign of confidence in the US economy. The US central bank kept its benchmark lending rate in a target range of 1.00 percent to 1.25 percent and said it was continuing the slow path of monetary tightening that has lifted rates by a percentage point since 2015. In a statement following a two-day policy meeting, the Fed"s rate-setting committee indicated the economy was growing moderately and job gains had been solid.

It also noted that both overall inflation and a measure of underlying price gains had declined - trends which have worried some policymakers - but that it expected the economy to continue strengthening. "The committee expects to begin implementing its balance sheet normalization program relatively soon," the Fed said, adding that it would follow a plan outlined in June.

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THE RUPEE: Slight gains

RECORDER REPORT

The rupee showed slight gains against the dollar on the money market on Wednesday in the process of trading activity, dealers said. The rupee picked up six paisas in terms of the dollar for buying and selling at Rs 105.32 and Rs 105.36 respectively, they said.

INTER-BANK MARKET RATES: OPEN MARKET RATES: The rupee was unchanged versus the dollar for buying and selling at Rs 107.30 and Rs 107.50 respectively, they said.

In line with the trend against dollar, the rupee also depicted no change in relation to the euro for buying and selling at Rs 124.00 and Rs 125.00 respectively, they said.

In the third Asian trade, the dollar bobbed above a 13-month low against a basket of major currencies, as investors awaited the US Federal Reserve's policy statement for clues on the course of its next monetary tightening.

Traders also kept an eye on the US Senate, which narrowly agreed to open debate on a bill to end Obamacare. But the wafer-thin victory on a simple procedural matter raised questions about whether Republicans will be able to
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muster the votes necessary to pass any of the various approaches to repeal.

In a first of the many votes likely to come this week, the plan to repeal and replace Obamacare- passage of which is needed to fund fiscal stimulus -failed to get the 60 votes needed for approval.

The dollar index, which measures the greenback against a basket of six major currencies, edged slightly higher to 94.109. On Tuesday, it fell as low as 93.638, its weakest level since June 2016.

The dollar was trading against the Indian rupee at Rs 64.420, the US currency was available at 4.282 versus the Malaysian ringgit and the greenback was at 6.756 in terms of the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday: 80.64-80.64 (previous 80.64-80.64).

Open Bid	Rs. 107.30
Open Offer	Rs. 107.50

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

Bid Rate	Rs. 105.32
Offer Rate	Rs. 105.36

RUPEE IN LAHORE: The rupee-dollar parity stayed unchanged amid sluggish trend in the local currency market on Wednesday.

The demand and supply situation of the US dollar remained intact that helped the local currency stabilize during the day's trading session. Consequently, no change in its value took place on buying and selling sides as its sustained its opening rates of Rs 107.40 and Rs 107.50 respectively, local currency dealers said.

Moreover, the local currency showed mixed patterns as it moved both ways against the pound sterling. The British currency was bought and sold at Rs 139.00 and Rs 139.40 against Rs 138.85 and Rs 139.80 of Tuesday, they added.

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

The dollar opened at Rs 107 (buying) and Rs 107.10 (selling) against last rate of Rs 106.40 (buying) and Rs 106.50 (selling). It closed at Rs 107 (buying) and Rs 107.10 (selling)

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Rs 704.5 billion Agricultural credit disbursed in fiscal year 2017: SBP

RECORDER REPORT

Banks have surpassed the agricultural credit disbursement target of Rs 700 billion set by Agricultural Credit Advisory Committee (ACAC) for FY 2016-17. Banks have disbursed Rs 704.5 billion on account of agricultural lending during the last fiscal year, the disbursed amount is 18 percent higher than the last year''s disbursement of Rs 598.3 billion.

Further, the agri outstanding portfolio increased to Rs 405.8 billion on end of June, 2017 registering a hefty growth of 17.4 per cent compared with the last year''s position of Rs 345.6 billion. Similarly, the agricultural credit outreach has increased to 3.27 million farmers at the end of June 2017 as compared to 2.40 million farmers last year.

The achievement of agri credit disbursement target was an uphill task due to high risk perception of banks about agri financing and volatile prices of agri commodities etc. However, the SBP continued to implement its multipronged strategy for achievement of agri-credit target set by the government which included; sensitizing banks to adopt agri financing as a viable business line, exploring new financing products; value chain financing, warehouse receipts financing, digitalization of credit, execution of credit guarantee scheme for small & marginalized farmers and inclusion of microfinance institutions/ rural support programs for catering the credit needs of marginalized farmers.

However, this achievement would have not been possible without the dynamic leadership of the SBP and active support of the government. Further, monitoring efforts included rigorous follow-up with the top management of banks and agri credit heads and holding of regular follow-up meetings with regional management. Conducting farmers'' awareness and financial literacy programs at grassroots level were also instrumental.

Amongst the five major banks, NBP has achieved 105% of its annual target, MCB achieved 103.2%, HBL 101.1%, UBL 100.5% and ABL achieved 85.4% of individual annual targets. Under specialized banks category, ZTBL disbursed Rs 92.5 billion or 90.2% of its annual target of Rs 102.5 billion while PPCBL has disbursed Rs 10.9 billion by achieving 87% against its target of Rs 12.5 billion during FY 2016-17.

Fifteen domestic private banks, as a group, achieved 99.6% of their target. Within this group Soneri Bank, Bank of Punjab, Bank of Khyber, Bank Alfalah, Faysal Bank, JS Bank, Habib Metro, Summit and Silk Bank have surpassed their annual targets. However, Sindh Bank achieved 94.3%, First Women Bank 90.2%, Bank Al Habib 84%, Askari Bank 81% and Standard Chartered could achieve 73.5% of their annual targets.

Ten microfinance banks, as a group, have surpassed their annual targets of Rs 60.1 billion by disbursing agri. loans of Rs 87.8 billion or 146% to small farmers during FY 2016-17. Khushhali, NRSP Microfinance Bank, Telenor MF, First Microfinance Bank, Mobilink and U Microfinance Bank have surpassed their targets while APNA Micro Finance achieved 96%, Pak Oman 65.5% and Sindh Microfinance Bank could achieve only 39.4% of its annual target.

Sixteen newly inducted Microfinance Institutions/Rural Support Programs collectively disbursed loans of Rs 19.9 billion to small and marginalized farmers against their annual target of Rs 34.3 billion. Amongst these institutions, Kashf Foundation, Sindh Rural Support Program, Damen Support Program, Agahe, Soon valley Development Program and Al Mehran Rural Development Organization have surpassed their annual targets.

Four Islamic banks, as a group, have already surpassed their annual targets by disbursing Rs 12.3 billion against the target of Rs 11.0 billion. Amongst the group, BankIslami, Meezan and Dubai Islamic have surpassed their annual targets while Albaraka Bank achieved 80.0% of its annual target during FY 2016-17.

SBP has been pursuing the government''s economic development agenda and is committed to promote agriculture sector in the country. The Governor congratulated and thanked the CEOs/Presidents of banks on meeting their targets and encouraged them to further enhance agricultural credit. The government has already set an agricultural disbursement target of Rs 1,001 billion for FY 2017-18 and the SBP has also assigned the targets to participatory institutions.

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NA body recommends power tariff cut, LNG provision to textile industry

RECORDER REPORT

Expressing serious concern over the decline in textile exports, National Assembly Standing Committee on Textile Industry on Wednesday recommended cut in power tariff and provision of Liquefied Natural Gas (LNG) at "no loss no profit" basis to reduce cost of doing business. Federal Minister for Commerce Khurram Dastagir Khan while explaining his limited role in resolving exports-oriented sectors issues said that Commerce Ministry has limitations as it can only formulate policies but funds allocation authorities are others.

He stated this while briefing the parliamentary panel which met Muhammad Akram Ansari in the chair here on Wednesday. The committee also expressed serious concern over the stuck up sales tax refunds of exporters while saying it is one of the issue resulting in exports decline as exporters are facing serious liquidity crunch.

Dastgir said that the Federal Board of Revenue (FBR) has no predictable schedule for paying the stuck up refunds claims. There should be a predictable schedule for exports that they may know when to get their refunds. The minister said that power tariff is the major concern of the industry and it should be reduced. FBR official informed the committee that Rs 45 billion including Rs 12.912 billion deferred sales tax, Rs 13.76 billion fresh and Rs 17.92 billion RPOs of Textile sector is pending. Refunds of Rs 15.2 billion sales tax are expected to be paid by August 14, 2017.

Secretary Ministry of Textile Industry Hassan Iqbal said that government on Wednesday released additional Rs 4 billion against the exporter's claims, thus bringing the total releases to the textile sector under the Prime Minister package for exporters to Rs 7 billion. Secretary Textile said that Rs 40 billion would be disbursed among the exporters in the current fiscal year under the PM package.

Dastagir said that under the Rs 180 billion package for exporters, Rs 140 billion would be given to exporters in cash while Rs 40 billion would be given in shape of tax exemptions. Finance Minister has given the commitment in Cabinet meeting that amount releases against exporters' claims would be ensured. The committee also recommended registering the small textile units with the FBR and charging sale tax at 2 percent that they may get incentives as registered taxpayers.

The committee was informed that government charges 17 percent sale tax on their electricity bills and making the utility more expensive for them. To avoid the sale tax, the committee recommended for their registration with FBR which would also enabled them not to pay 0.4 percent on their bank cheque. Regarding the issues being faced by the textile sector and particularly by the value added segments, the committee stressed that appropriate measures should be taken.

The committee recommended that the federal government should provide electricity at subsidized rates to the small and medium level textile industry. The committee showed satisfaction over the improving situation of different projects going on under the umbrella of Lahore Garment City. The committee praised the revenue performance which has reportedly exceeded Rs 125 million over the period of last four years. However, the committee was informed that the city is facing gas connection issue on which Secretary Textile said that the matter has been raised and would be resolved soon.

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NTC profits increase in fiscal year 2016-2017

RECORDER REPORT

To review last financial year (F.Y.2016-17) goals and achievements, Director General Conference was held at NTC HQs. Brig Viqar Rashid Khan (retd), Managing Director NTC chaired the conference. DG (Finance) presented financial review / Annual Report for FY2016-17, says a press release. It was apprised that NTC has been able to earn net profit of more than Rs 400 million. Increase in profitability is achieved mainly through diversification of revenue through public private partnership, implementation of ADP projects and growth in data services all over the country.

Progress of Development works and ongoing operational activities of the corporation were also presented by respective DG's. MD expressed his satisfaction over the achievements made by NTC and hoped that NTC will strive to provide good quality services from its platform to NTC valued customers. It was heartening to mention that NTC subscriber base is increasing day by day particularly significant growth is seen in broadband services. The MD NTC appreciated the efforts of DG (Tech), Miraj Gul and his team for achieving 100% of its ADP projects in time which is a record in public sector.

It is worth mentioning that over the last four years as per the vision of Prime Minister Nawaz Sharif to "digitize Pakistan" and under the able guidance of MoS for IT, Anusha Rahman, NTC has made significant progress in providing the state of art Telecom /ICT services in Public Sector and now NTC is recognized as a major fast developing, forward looking Telecom operator in Pakistan.-PR

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Rs 315 millions refund claims paid in last fortnight: RTO chief

RECORDER REPORT

Regional Tax Office (RTO) has paid Rs 315 million refund claims during last 15 days while the payment of claims of more than Rs 1 million would also be paid by August 15, 2017, said Dr Muhammad Akram Chief Commissioner Inland Revenue Faisalabad. Addressing a function in Faisalabad Chamber of Commerce & Industry (FCCI), here on Wednesday, he said that taxes are critical to national economy and without it we could neither run the state machinery nor undertake the development projects for the welfare of the masses. He expressed satisfaction that the business community of Faisalabad is fully aware of its national obligation and is also paying their due share towards national kitty.

He further said that tax collection is considered as an unholy task but we will try our best to collect it by taking the taxpayers into confidence and without harassing the business community. He said that generally the tax targets are achieved every year but when the revenue collection dips they have to take extra measures to meet the shortfall. He told that he will try his optimum best to resolve the tax related issues during his tenure as chief commissioner inland revenue.

Responding to a question, he said that it is an old story that business community was considered as tax evaders. "There is a visible and positive change in FBR culture and now we have established an appreciable working relationship between the taxpayers and tax collectors," he added. Quoting the issue of City Cloth Board, he said that it was resolved immediately and up to the total satisfaction of the parties involved. Regarding tax exemption case of FCCI, he assured that it would be resolved very soon. Responding to yet another question about problems of zero rating, Dr Akram said that initially the refund claims of electricity, gas and coal cropped up as a new process but now these have been settled.

It was also disclosed during the meeting that according to the SOP for these refund claims, a complicated procedure was to be adopted. He said that most of the industrialists are handicaps to fulfill these requirements and hence their cases remain pending. In this connection we need policy intervention and he will take up this case with FBR. Regarding RTO and FCCI coordination committee, he told that earlier a committee was established, however, it could be revived again if needed. He also responded to the questions of the participants and said that all visitors are welcomed in his office but some security measures have to be adopted in the prevailing law and order situation. He further said that philosophically, he understands that tax collection should be linked with economic growth of the country but it is also a hard fact that we have only 8 to 10 lac tax filers out of the total population of 200 million.

Earlier, in his address of welcome Acting President FCCI Rana Sikandar Azam said that exports play an important role in the overall growth of national economy but during last three years it was continuously on the decline due to different reasons. He told that 11% decline was recorded in exports as compared to 2014-15 while our debt servicing has become more than the entire development budget of Pakistan. "It is not a satisfactory situation and government must encourage private sector to play its role and put the economy back on right track," he added. He further said that Pakistan should fully avail from the opportunities created due to the sharp decline in oil prices and CPEC especially in this region. He said that terrorism and extremism have inflicted colossal loss to the national economy. "No doubt the prices of electricity, gas have been reduced but yet these are highest in the region and our business community is unable to compete in the international markets. He appreciated the good relationship between the business community and FBR and hoped that government will expand the tax net instead of putting burden on the existing tax payers.

Later, Rana Sikandar Azam presented FCCI shield to Dr Muhammad Akram Chief Commissioner Inland Revenue while former president Sheikh Muhammad Khalid Habib and Mian Zahid Aslam also gave away the FCCI mementos to Roy Irshad and Mustafa Dogar. Similarly, Mr. Waqar Nasir from yarn market also presented FCCI shield to Chaudhry Majid of RTO. Earlier, former president FCCI Sheikh Muhammad Ashfaq offered vote of thanks and said that returns filed for the first time by the non filers may be accepted without raising any objection. "It will help them to enter into the tax net," he concluded.

BUSINESS
RECORDER
Thursday, 27th July, 2017

Prices up on likely rains in cotton belt

RECORDER REPORT

Reports of expected rains propelled mills and spinners to make new deals, which helped rates to move up modestly, dealers said on the cotton market on Wednesday. The official spot rate was unchanged at Rs 6350, they said. In the ready session around 3000 bales of cotton changed hands between Rs 6300-6600, they said. In Sindh, seed cotton rates were at Rs 2400-3000 per 40 kg, they said. In the Punjab, phutti prices were available at Rs 2900-3300 per 40 kg, they said.

Prices gained further despite flow of phutti arrivals was good amid rising demand, cotton analyst, Naseem Usman said. The outlook was firm due to expected spells of rains in the cotton belt next week, he added. Trading on the ready counter was mostly done at the higher rates. There is some what approach from spinners but many needy mills continued to book stocks to meet their demand, some analysts said.

Since ginning mills have started their operation, therefore, demand for seed cotton has increased, resulting rates are on hike, other experts said. Adds Reuters: ICE cotton futures edged up on Tuesday after a drop in crop condition in the United States. Cotton contracts for December settled up 0.54 cent, or 0.79 percent, at 68.83 cents per lb. It traded within a range of 68.29 and 68.97 cents a lb.

The US Department of Agriculture's weekly crop progress report on Monday showed 55 percent of the crop was in good or excellent condition against 60 percent a week ago. Total futures market volume rose by 14 to 13,072 lots. Data showed total open interest fell 160 to 215,821 contracts in the previous session. Certificated cotton stocks deliverable as of July 24 totalled 42,307 480-lb bales, down from 43,716 in the previous session.

The following deals reported: 400 bales of cotton from Kotri sold at Rs 6300, 1000 bales from Shahdadpur at Rs 6300/6350, 200 bales from Sinjoro at Rs 6325, 600 bales from Tando Adam at Rs 6325/6350, 400 bales from Sanghar at Rs 6350, 200 bales from Pak Pattan at Rs 6500, 200 bales from Chichawatni at Rs 6600 and 100 bales from Burewala at Rs 6600, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL					
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**	**Spot Rate Ex-Karachi As on 25.07.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,350	135	**6,485**	**6,485**	NIL
40 Kgs	6,805	145	**6.950**	**6.950**	NIL

BUSINESS
RECORDER
Thursday, 27th July, 2017

Cotton futures edge down

RECORDER REPORT

ICE cotton futures edged down on Wednesday ahead of weekly US export sales data on Thursday. Cotton contracts for December settled down 0.43 cent, or 0.62 percent, at 68.4 cents per lb. Prices traded within a range of 67.76 and 68.9 cents a lb. "The market has been trading sideways for the past two to three weeks and is simply uncertain on the nearby move," said Anestis Arampatzis, risk management consultant with INTL FCStone. "The speculators are selling. Traders see the value but are short in physical bales and afraid to take some action. We need to give the market some time to take a breath after a busy year and find a new balance."

Speculators reduced their bullish stance in cotton by 5,761 contracts to 15,060 contracts, US Commodity Futures Trading Commission data showed on Friday. Since late May, they have been unwinding their net long position in the commodity to the smallest since April 2016. Total futures market volume rose by 2,256 to 15,449 lots. Data showed total open interest gained 763 to 216,584 contracts in the previous session. Certificated cotton stocks deliverable as of July 25 totalled 38,616 480-lb bales, down from 42,307 in the previous session.

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
Oct'17	69.50	69.85	68.24	69.02	14:45 Jul 26	69.02	-0.53	1	69.55
Dec'17	68.90	68.90	67.76	68.40	14:45 Jul 26	68.40	-0.43	9537	68.83
Mar'18	68.57	68.57	67.54	68.12	14:45 Jul 26	68.12	-0.44	3156	68.56

BUSINESS
RECORDER
Thursday, 27th July, 2017

UNDP report: A damning indictment

RECORDER REPORT

According to the United Nations Development Programme (UNDP) latest report titled "Development Advocate Pakistan (DAP) on Financing for Development" the performance of our key macroeconomic indicators should be a source of serious concern to the country's economic managers. The list is exhaustive: (i) our share in the global market has declined from 0.15 percent to 0.12 percent while both India and Bangladesh have doubled theirs; (ii) Pakistan's exports financed 80 percent of imports in 2000, however in recent years, it has declined to 50 percent; (iii) Pakistan needs to attain exports to Gross Domestic Product (GDP) ratio of 10 percent which would enable the country to slash its borrowing requirements by 50 percent which in turn would enable the country to manage its external account without stress; (iv) loss of competitiveness, a penal tax regime, energy shortages, bureaucratic hassles, high import tariffs and lack of co-ordination between various government tiers constrains exports; (v) fiscal policy has not met the objective of inclusive growth; (vi) tax collection is 11 percent of GDP while capacity is estimated at 22.3 percent of GDP; (vii) inefficiencies in Discos and fiscal losses, failure to restructure loss-making entities and/or privatise them is a drain on scarce resources; (viii) deficit would rise with a massive rise in repatriation of profits (estimated at over 2 billion dollars), external debt servicing and disappearing of the Coalition Support Fund; (ix) agriculture sector is in the doldrums not only due to a fall in the international commodity prices, as claimed by the country's economic managers, but also due to flawed domestic policy and institutional constraints; and (x) federal government is saddled with inflexible expenditures including defence, debt repayment, pensions and salaries while it is assigned only 40 percent of the taxable revenues.

This is a rather damning indictment of the economic performance during the four years of the Sharif administration and at complete odds with the narrative presented by the Federal Finance Minister Ishaq Dar as well as the newly-appointed Governor of State Bank of Pakistan who stated that the economy remains in an "expansionary phase" - a claim that is simply not in accord with the UNDP report, or the recently released International Monetary Fund (IMF) report or Moody's recent issuer or indeed what this newspaper has been pointing out for the past three years. Our and international entities' apprehension has been and remains with respect to the burgeoning current account deficit that contrary to the Ministry of Finance's narrative is not only due to the flawed policies of the Ministry of Commerce but also its own flawed policies that include an overvalued rupee, delay in refunds and a range of taxation measures, energy shortages and institutional bottlenecks that penalize the productive sectors. This is, however, not to absolve the Commerce Ministry of blame and it may be recalled that the standing committee of parliament on commerce rightly held it responsible for not finalizing a preferential trade agreement with any country for the past four years or in presenting a strong case to convince the Prime Minister to force the Finance Ministry to amend its flawed policies that are impediments to exports.

What is interesting about the UNDP report is that it focuses on percentages of GDP rather than on total amounts which reflects a steadily declining trend in major macroeconomic indicators and, at the same time, challenges the outcome of reforms that were undertaken under the three-year Extended Fund Facility (EFF) with the IMF particularly in the energy and tax sectors. This newspaper repeatedly pointed out during the EFF that the Fund staff were simply not vigilant in predicting the extent of the decline in exports and a rise in imports due to government policies and therefore failed to set time bound actions (inclusive of not 'managing' the rupee value and releasing refunds on time) as a tranche release condition. The UNDP report also mentions the need to empower local governments and in this respect pays tribute to the Khyber Pakhtunkhwa (KPK) government while diplomatically pointing out to the Punjab Chief Minister that dynamic personalities like his may push through changes but institutional strengthening would ensure the continuation of those changes. One would hope that the PML-N administration in the centre and Punjab takes cognizance of this report and in its light takes appropriate mitigating measures. Unfortunately, though scepticism prevails on this account as the Dar-led Finance Ministry continues to present a narrative on the state of the economy that is increasingly divorced from ground realities.

DAWN
Thursday, 27th July, 2017

IMF to launch new form of aid—with no money

AFP

WASHINGTON: The International Monetary Fund (IMF) announced on Wednesday it will launch a new tool to support governments in financial trouble — but one that involves no money — formalising a step it took last week for Greece.

Instead of providing cheap loans to member countries, the new IMF tool will serve as a good housekeeping seal of approval for a government's reform program.

With that approval in hand governments would be more likely to be able to access other forms of financing from banks and bond markets, the IMF said in a statement.

"The new instrument is designed to help countries unlock financing from official and private donors and creditors," the IMF said.

"It enables them to signal commitment to reforms and catalyse financing from other sources." The IMF last week revived a rarely-used mechanism under which it approved a one-year loan to Greece but withheld the disbursement of funds until the country receives significant debt relief from its eurozone partners.

That had a similar effect as the new tool: allowing Greece to return to markets this week to issue three billion euros ($3.5bn) worth of five-year bonds, and removing a major roadblock in the negotiations with the euro area.

The IMF board this month approved the new non-financing Policy Coordination Instrument (PCI), which unlike traditional fund programs will not have any eligibility criteria, as long as the country is not delinquent in payments to the IMF.

Rather than providing loans in exchange for strict adherence to an agreed program of economic and financial reforms — with performance targets reviewed quarterly — the IMF will focus only on the government's policy package.

But the IMF stressed that "policies supported under the instrument would be required to meet the same standard as those required under a standard IMF loan." Fund staff would provide periodic reviews under the PCI, every six months or so, but the schedule would be flexible as would the duration of the program.

The IMF has always provided policy advice to member countries on a variety of topics including design of reforms for tax, pension or labor policies.

It also offers a program called a Flexible Credit Line which is similar to the PCI in that it provides an IMF stamp of approval on a country's economic policies, but also makes available a line of credit that would only be tapped if the country faces dire circumstances beyond its control, like a severe drop in commodity prices or a global financial crisis.

Some economists have expressed concern, however, about the potential stigma associated with a country that goes to the IMF for financial assistance.

DAWN
Thursday, 27th July, 2017

Rs134.4bn development schemes approved

Khaleeq Kiani

ISLAMABAD: The Executive Committee of the National Economic Council (Ecnec) approved on Wednesday seven development projects at an estimated cost of Rs134.4 billion.

Presided over by Finance Minister Ishaq Dar, the body approved the projects that included an Rs8bn road launched by former PPP Prime Minister Raja Pervez Ashraf.

The project envisaged the dualisation and improvement of Sohawa-Chakwal Road at an estimated cost of Rs7.98bn involving a 66.4-kilometre-long existing road to a width of 7.3 metres (two-lane carriage way) and the construction of additional 7.3-metre-wide road (two-lane carriageway) to make it a dual carriageway besides the provision of allied facilities and structures.

Ecnec also approved the controversial Extension of Right Bank Outfall Drain from Sehwan to Sea (RBOD-II) at a cost of Rs61.98bn.

The project had been stalled for years because of the Sindh government's refusal to finance its major part. The Central Development Working Party (CDWP) had deferred the project repeatedly as its demand for Rs15bn financing from Sindh was not forthcoming.

Finally, it has been decided that the Sindh government will provide Rs7bn to the project and the total cost will remain capped at Rs61.98bn.

The federal government will now provide Rs55bn to the project, which will be executed by the provincial irrigation department.

The project has been a subject of repeated cost overruns and allegations of corruption. Its cost increased from Rs14bn in 2001 to Rs65bn last year. It was then rationalised to Rs61.98bn.

Likewise, it also approved the Lower Indus Right Bank Irrigation and Drainage Project at a cost of Rs17.5bn. RBOD-I is part of the master plan and aims to dispose of effluents from the right bank of Sukkur and Guddu Barrage commands in Sindh.

Ecnec also approved a project of Balochistan Effluent Disposal into RBOD-III at Nasirabad, Jaffarabad (Balochistan) and Jacobabad, Kambir, Shahdad Kot (Sindh) at a cost of Rs10.8bn billion.

The project aims to provide disposal facilities for waterlogged areas in Sindh and Balochistan to increase agricultural production

The meeting also approved a Rs5.77bn Punjab Tourism for Economic Growth Project.

It aims to promote religious and domestic tourism by providing infrastructure facilities like wide access roads, tourism facilitation, provision of rest areas and other public convenience facilities along with providing training to tourism-related people in various cities of Punjab, including Lahore, Gujranwala, Taxila, Nankana, Sheikhupura, Narowal, Bahawalpur, Chakwal, Mithan Kot etc.

The committee also approved the Central Asia Regional Economic Cooperation (CAREC) Corridor Development Investment Programme at a cost of Rs21.04bn. The project aims to dualise and rehabilitate 208km of three road sections on the National Highway (N-55) in Sindh and Khyber Pakhtunkhwa.

The meeting also approved the construction of Shaheed Benazir Bhutto Bridge over Indus river in Rahim Yar Khan and Rajanpur with guide banks linking N-5 with N-55, including the approach road at a cost of Rs9.3bn.

DAWN
Thursday, 27th July, 2017

Govt raises Rs54bn through PIBs

The Newspaper's Staff Reporter

KARACHI: The first auction of Pakistan Investment Bonds (PIBs) in 2017-18 showed that the government is not interested in selling long-term bonds any more: it raised just Rs54.5 billion through PIBs although the maturing amount was Rs689.5bn.

The target for this auction was Rs100bn.

The auction result announced by the State Bank of Pakistan (SBP) on Wednesday indicated that PIBs, which remained the favoured instrument in the first three years of the present government, is no more a preferred tool for raising liquidity.

The government raised trillions of rupees through long-term PIBs at double-digit rates of returns. But they proved costly as inflation and the benchmark interest rate registered a steep fall.

The tenor of PIBs was three, five and 10 years. The stock of PIBs has been falling since 2015-16, yet it is still slightly higher than that of market treasury bills. PIBs held by banks and others amounted to Rs4.39 trillion at the end of June against market treasury bills worth Rs4.21tr.

The government raised Rs20.8bn for three years, Rs10.4bn for five years and Rs23.1bn for 10 years. No bid was received for 20-year bonds.

The government needs to raise additional Rs589.5bn to meet maturing PIBs of Rs689.5bn.

DAWN
Thursday, 27th July, 2017

NA body demands release of refunds

The Newspaper's Staff Reporter

ISLAMABAD: The National Assembly's Standing Committee on the Textile Industry asked the government on Wednesday to release pending refunds of exporters.

The committee received a briefing about textile-related issues and progress on the Lahore Garment City. The committee was informed that 13 new buildings would be constructed as part of the garment city project. Three buildings have been constructed and rented out to one garment manufacturer.

The management of the project informed the committee that Rs125 million was saved over a period of four years. This amount was generated through the building's rent.

The committee learned that the saving-cum-profit would be used for the construction of new buildings, which would also be offered to garment exporters.

DAWN
Thursday, 27th July, 2017

Cotton price hits seasonal high

Newspaper's Staff Reporter

KARACHI: Strong demand for Punjab variety amid improved flow of phutti (seed cotton) from the province helped cotton price touch a seasonal high of Rs6,600 per maund on Wednesday.

However, spinners were cautious about quality and avoided entering into deals where the lint had high moisture content.

According to market reports, Sindh cotton is still facing the issue of moisture where picking has also slowed down due to intermittent rains.

Punjab phutti variety was being quoted at Rs2,900 to Rs3,350 per 40kg and Sindh quality at Rs2,400 to Rs3,000. However, overall crop situation is encouraging because no damage was caused by the recent spell of rains.

Meanwhile, the Punjab government has asked the federal government to place a ban on yarn imports so that the spinning industry start buying from the local market which would benefit the growers.

Though most of the international leading markets turned easier. The Indian cotton prices came under pressure on reports that heavy rains in Gujrat has extensively damaged the standing cotton crop. It is estimated that growers will have to sow up to 50 to 60 per cent of the crop again.

The Karachi Cotton Association (KCA) left its spot rates unchanged at overnight level.

The following deals were reported on Wednesday: 400 bales, Kotri, at Rs6,300; 1,000 bales, Shahdadpur, at Rs6,300 to Rs6,350; 200 bales, Sinjoro, at Rs6,325; 600 bales, Tando Adam, at Rs6,325 to Rs6,350; 400 bales, Sanghar, at Rs6,350; 200 bales, Pak Pattan, at Rs6,500; 200 bales, Chichawatni, at Rs6,600; and 100 bales, Burewala, at Rs6,600.

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	**6,350**	**135**	**6,485**
40 Kgs	**6,805**	**145**	**6,950**

DAWN

Thursday, 27th July, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	107.30	107.50
UK	137.15	137.41	139.00	140.00
Euro	122.64	122.88	124.00	125.00
S.Arabia	28.08	28.13	28.45	28.70
UAE	28.67	28.72	29.00	29.25
Japan	0.9411	0.9428	0.9474	0.9674

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.89	6.14
One year	5.96	6.46

LIBOR

Special US dollar bonds for July 25

Three months	1.31667 %
Six months	1.45389 %

THE NEWS
Thursday, 27th July, 2017

Farm credit rises 17.8 percent to Rs704.5 billion in FY17

KARACHI: Bank credit to agriculture sector rose 17.8 percent during the last fiscal year of 2016-17 due to targeted measures of the central bank to boost lending to farmers, the State Bank of Pakistan (SBP) said on Wednesday.

Banks extended Rs704.5 billion worth of agriculture loans in FY17, compared with Rs598.3 billion in the preceding year. The SBP said banks surpassed the agriculture credit disbursement target of Rs700 billion set by the Agricultural Credit Advisory Committee (ACAC) for FY17.

The government has already set an agricultural disbursement target of Rs1 trillion for FY18 and the SBP has also assigned the targets to participatory institutions. The agri outstanding portfolio increased to Rs405.8 billion on end June 2017, registering a hefty growth of 17.4 percent compared with last year's position of Rs345.6 billion.

Similarly, agricultural credit outreach has increased to 3.27 million farmers at end June 2017 from 2.40 million farmers last year.

Detailed credit performance revealed that five major banks collectively disbursed agri loans of Rs342.0 billion or 100.6 percent of their annual target of Rs340.0 billion which was higher by 9.9 percent from Rs311.4 billion disbursed during last year.

Amongst the five major banks, NBP achieved 105 percent of its annual target, MCB achieved 103.2 percent, HBL 101.1 percent, UBL 100.5 percent, and ABL achieved 85.4 percent of individual annual targets, the SBP reported.

"The achievement of agri credit disbursement target was an uphill task due to high risk perception of banks about agri financing and volatile prices of agri commodities etc," the SBP said in a statement.

"However, SBP continued to implement its multipronged strategy for achievement of agri-credit target set by government which included; sensitising banks to adopt agri financing as a viable business line, exploring new financing products; value chain financing, warehouse receipts financing, digitalisation of credit, execution of credit guarantee scheme for small and marginalised farmers and inclusion of microfinance institutions/ rural support programmes for catering the credit needs of marginalised farmers," it added.

It also said this achievement would have not been possible without the dynamic leadership of SBP and active support of the government. Further, monitoring efforts included rigorous follow up with the top management of banks and agri-credit heads and holding of regular follow-up meetings with regional management. Conducting farmers' awareness and financial literacy programmes at grass root level were also instrumental.

Under specialised banks category, Zarai Taraqiati Bank Limited (ZTBL) disbursed Rs92.5 billion or 90.2 percent of its annual target of Rs102.5 billion, while Punjab Provincial Cooperative Bank (PPCBL) disbursed Rs10.9 billion by achieving 87 percent against its target of Rs12.5 billion during FY17.

Fifteen domestic private banks, as a group, achieved 99.6 percent of their target. Within this group Soneri Bank, Bank of Punjab, Bank of Khyber, Bank Alfalah, Faysal Bank, JS Bank, Habib Metro, Summit and Silk Bank have surpassed their annual targets.

However, Sindh Bank achieved 94.3 percent, First Women Bank 90.2 percent, Bank Al Habib 84 percent, Askari Bank 81 percent, and Standard Chartered could achieve 73.5 percent of their annual targets.

Ten microfinance banks, as a group, have surpassed their annual targets of Rs60.1 billion by disbursing agri-loans of Rs87.8 billion or 146 percent to small farmers during last year.

Khushhali, NRSP Microfinance Bank, Telenor MF, First Microfinance Bank, Mobilink and U Microfinance Bank have surpassed their targets, while APNA Micro Finance achieved 96 percent, Pak Oman 65.5 percent, and Sindh Microfinance Bank could achieve only 39.4 percent of its annual target.

Sixteen newly inducted microfinance institutions/rural support programmes collectively disbursed loans of Rs19.9 billion to small and marginalised farmers against their annual target of Rs34.3 billion. Amongst these institutions, Kashf Foundation, Sindh Rural Support Programme, Damen Support Programme, Agahe, Soon Valley Development Programme, and Al Mehran Rural

THE NEWS
Thursday, 27th July, 2017

Development Organisation have surpassed their annual targets.

Four Islamic banks, as a group, have already surpassed their annual targets by disbursing Rs12.3 billion against the target of Rs11.0 billion. Amongst the group, BankIslami, Meezan, and Dubai Islamic have surpassed their annual targets, while Albaraka Bank achieved 80 percent of its annual target during FY 2016-17, the SBP statement said.

THE NEWS
Thursday, 27th July, 2017

Cotton unchanged

Karachi

Normal trading continued at the Karachi Cotton Exchange on Wednesday, while spot rates remained firm.

The spot rates stood firm at Rs6,350/maund (37.324kg) and Rs6,805/40kg. Ex-Karachi rates also remained unchanged at Rs6,485/maund and Rs6,950/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said in order to get better rates for the farmers, the Punjab government has advised the federal government to restrict import of lint and yarn in the country.

KCE recorded eight transactions of around 3,500 bales from the new crop at a price of Rs6,300 to Rs6,600/maund.

Trading stations included Kotri, Shahdadpur, Sinjhoro, Tando Adam and Sanghar from Sindh, while Punjab stations included Pakpattan, Chichawatni and Burewala that received better prices.

The Nation on Web
The Nation
Thursday, 27th July, 2017

NA body for value-addition in textile sector

APP

ISLAMABAD - National Assembly Standing committee on Textile Industry on Wednesday emphasised for value-addition in textile sector to enhance the country's exports.

The committee gave recommendations for giving incentives to garments sector and small industries for enhancing their capacity in value addition.

The committee meeting, chaired by MNA Haji Muhammad Akram Ansari here in ministry of textile industry's building, discussed the current situation of textile industry and proposals from exporters. During the meeting, Federal Minister Khurram Dastgir Khan said the government is committed to resolve the issues of electricity prices and sales tax on priority basis. He informed the committee that Rs.15 billion would be paid to the textile sector through Prime Minister "Trade Enhancement Package" by August 14, 2017. He said that priority of the government is facilitating the textile sector for enhancing the country's exports. "We want to revive the confidence of textile sector through "Trade Enhancement Package", he informed.

The committee stressed the need for protecting local textile industry to enhance exports volume of the country.

In meeting, Chairman All Pakistan Textile Sizing Industries Association(APTSIA) Mian Zahid Rasheed said that government must support the textile industry for export led growth. He informed the committee that now trade deficit is big challenge for country and stressed need to provide facilities to the textile sector. He stressed to enhance the regional trade for competing to other regional countries in textile sector and asked to authorities concerned to resolve the genuine problems of the industry.

Chairman APTSIA demanded for proper implementation of PM export enhancement package for facilitating the textile industry.

He claimed that as compared to the other regional countries in Pakistan the member mills of APTSIA were concerned about the high cost of doing business, including burdening of the industry with surcharges in electricity bills, and taxation on the export-oriented textile industry.

MNA Jamshaid Ahmed Dasti, Dr Amirullah Marwat, Abdul Rashid Godil, Muhammad Ayaz Soomro, Malik shakir Bashir Awan, Ms. Belum Hasnain, Ms. Romina Khursheed Alam,Secretary Commerce and representative of APTSIA attended the meeting.

The Nation on Web
The Nation
Thursday, 27th July, 2017

Govt took $10.6b foreign loans in FY2016-17

Imran Ali Kundi

ISLAMABAD - The government continued its policy to take foreign loans to build its foreign exchange reserves and repay previous loans, as the country had obtained massive foreign loans worth $10.6 billion during FY2016-17.

The government's borrowing had gone beyond the target of $8 billion for the last fiscal year, as the country had taken $10.6 billion loan. The government had borrowed massively to repay previous loans and enhancing the country's foreign exchange reserves. Pakistan's external debt had already surged to $58 billion by the end of May. Meanwhile, the domestic debt was Rs12,956 billion. The government is paying huge amount on interest payment and previous loans. The government had spent $4.8 billion on repaying external loans and the interest payment during 11 months (July-May) of the year 2016-17.

The government would follow the policy of taking foreign loans during ongoing financial year 2017-18. Pakistan would take foreign loans worth of over $8 billion during present fiscal year. The government's borrowing policy had irked the Senate Standing Committee on Finance and Revenue. The committee had shown concerns over the soaring country's debt and sought a report from the Ministry of Finance to devise a strategy for loan repayment.

The break-up of $10.6 billion loan received during the year 2016-17 showed that the government had taken $4.37 billion from the commercial banks during the year 2016-17 as against budgeted target of $2 billion. Similarly, the government had generated $1 billion from the auction of Sukuk bond in international market, according to the official figures of the Economic Affairs Division (EAD).

Pakistan had borrowed $1.6 billion from China during last fiscal year. Major component of Chinese loan, $1.3 billion, was spent on balance of payment support. However, the project loans from China during the period under review were only $565 million. Meanwhile, the Asian Development Bank (ADB) had disbursed $1.6 billion to Islamabad, as against the projection of $1.05 billion. The loans from the World Bank stood at only $664.8 million or 45.9 percent of the annual estimates of $1.5 billion. The Islamic Development Bank (IDB) gave $496.8 million to Pakistan.

The government had also borrowed $26.49 million from Asian Infrastructure Investment Bank (AIIB) in the last financial year which was not budgeted as per the EAD data. The data shows that the government borrowed $5 million from the Eco Trade Bank which was also not budgeted.

International Bank for Reconstruction and Development (IBRD) disbursed $238.83 million including $24.21 million in the month of June against the budgeted estimates of $62.48 million for the current fiscal year, UNHCR disbursed $1.07 million, Japan disbursed $51.13 million against the budgeted $77.13 million for the current fiscal year and UK released $163 million. EU disbursed $111.8 million in the current financial year against the budgeted estimates of $51.12 million.

The country received no assistance from, Korea, Norway, Oman, Saudi Arabia, UNDP and Organisation of the Petroleum Exporting Countries (Opec) during the period under review.

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Govt took $10.6b foreign loans in FY2016-17

Imran Ali Kundi

ISLAMABAD - The government continued its policy to take foreign loans to build its foreign exchange reserves and repay previous loans, as the country had obtained massive foreign loans worth $10.6 billion during FY2016-17.

The government's borrowing had gone beyond the target of $8 billion for the last fiscal year, as the country had taken $10.6 billion loan. The government had borrowed massively to repay previous loans and enhancing the country's foreign exchange reserves. Pakistan's external debt had already surged to $58 billion by the end of May. Meanwhile, the domestic debt was Rs12,956 billion. The government is paying huge amount on interest payment and previous loans. The government had spent $4.8 billion on repaying external loans and the interest payment during 11 months (July-May) of the year 2016-17.

The government would follow the policy of taking foreign loans during ongoing financial year 2017-18. Pakistan would take foreign loans worth of over $8 billion during present fiscal year. The government's borrowing policy had irked the Senate Standing Committee on Finance and Revenue. The committee had shown concerns over the soaring country's debt and sought a report from the Ministry of Finance to devise a strategy for loan repayment.

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