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IHC for autonomous working Of regulatory bodies

NUZHAT NAZAR

The Islamabad High Court (IHC) on Monday ruled in favour of autonomous working of five regulatory bodies and quashed the federal government's decision taken earlier to place them under the administrative control of the line ministries. Justice Athar Minallah of the IHC annulled the impugned notification of the government placing Oil and Gas Regulatory Authority (Ogra), National Electric Power Regulatory Authority (Nepra), Pakistan Telecommunication Authority (PTA), Frequency Allocation Board (FAB) and Public Procurement Regulatory Authority (PPRA) under the relevant ministries.

The order said the federal government shall be at liberty to place the matter before the Council of Common Interests (CCI) for its decision pursuant to powers conferred under Article 154 of the Constitution. The constitutional provision clearly provides that formulation and regulation of policies pertaining to matters in Part-II of the Federal Legislative List exclusively falls within the domain of the Council, the court observed.

Moreover, the CCI has been expressly mandated to exercise supervision and control over the regulatory authorities established under the federal laws, Justice Minallah added.

Justice Minallah ruled that the arrangement in place prior to issuance of the government's notification - dealing with the regulatory authorities through the Cabinet Division by the federal government - shall continue till varied, altered or amended pursuant to a decision by the CCI.

Muhammad Nawaz, a worker of the Pakistan Justice and Democratic Party (PJDP), through his counsel Sheikh Ahsanuddin, had approached the IHC challenging the government's decision, urging the court to declare the move unlawful. He submitted that the approval of the Council of Common Interests (CCI) was necessary to reach such policy decisions, but this was not done. He made the Prime Minister through the principal secretary, federal government through secretary Cabinet Division, secretaries of the Ministry of Petroleum and Natural Resources, Ministry of Water and Power, Ministry of Information Technology, Finance Division, OGRA, NEPRA, PTA, PPRA, FAB, and the All Pakistan CNG Association respondents.

The PJDP headed by former Chief Justice Iftikhar Muhammad Chaudhry, had assailed the Cabinet Division's notification of December 19, 2016 which placed administrative control of the five regulatory bodies under the ministries whose activities and functions they were supposed to watch, monitor and regulate under the law. In the petition, Ahsanuddin argued that the government's move violated Articles 153 and 154 of the Constitution, which deal with the CCI role in issues relating to gas, electricity and petroleum.

Under the articles, the counsel stated that CCI is established and it is clearly mentioned under Part-II of the Federal Legislative List that matters related to gas, petroleum and electricity be controlled by CCI by playing a supervisory role of the regulatory bodies.

With the notification and having the direct control of Ogra, he said, the federal government has allowed CNG station retailers to fix their own prices rather than the price is fixed by a regulatory body. The petitioner apprehended that ordinary people will be left at the mercy of big business tycoons and multinational companies to make an undue and unjustified profit without being accountable to the regulatory authorities.

He added that the same will happen in the case of electricity, telephone and gas prices for domestic consumers. It is further maintained that by making the autonomous and independent bodies subservient to the ministries, the government has given a serious blow to the transparency of business deals and there also seems to be a clear conflict of interest between policy making and the ministries, being a stake holders as well. The petitioner had prayed to declare the move as unlawful, violative of the constitutional provisions and of no legal effect.

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Thar coal power plant:

Nepra likely to change tariff structure

MUSHTAQ GHUMMAN

National Electric Power Regulatory Authority (Nepra) is most likely to replace upcoming Thar-coal power plant's tariff structure from upfront to competitive bidding mode by adjusting different benchmarks, well informed sources told *Business Recorder*. Private Power Infrastructure Board (PPIB) which has been ostensibly given the task of arm twisting Independent Power Producers (IPPs) for seeking their overdue amounts, did not bother to send comments on new Thar coal tariff policy.

However, Ministry of Water and Power has proposed a reduction of 15-20 per cent in levelized tariff of Thar coal-fired projects. Fatima Electric Company Limited, Qureshi Law Associates and Sindh Engro Coal Mining Company also submitted their comments on different issues framed by the regulator's technical and legal teams.

Chairman Nepra, Brigadier Tariq Saddozai (retired) will preside over the public hearing scheduled for Tuesday (today). The Sindh government had sent its comments in the past when Nepra made it clear that the current upfront tariff mechanism will not continue for future projects.

"The Sindh government had sought two months' extension in upfront tariff mechanism on the plea that several investors are showing interest in establishment of projects in Thar," the sources added. The regulator will adjust tariff for Thar coal-fired projects after adjusting cost, IRR and efficiency if any and other parameters, new tariff will be announced most probably in competitive mode, the sources continued.

"The Authority will set new benchmarks along with new tariff and ask the PPIB to go for bidding of new power projects in Thar and award projects to lowest bidders so that best possible prices are attracted," the sources added. The upfront tariff for Thar coal based power plants was determined on July 9, 2014 which was subsequently notified by the Ministry of Water and Power on January 20, 2015. The validity of the upfront tariff was two years from the date of its notification. The tariff expired on January 19, 2017. The levelized tariff for 330MW power plants on foreign financing was 8.5015 cents for units and on local financing 9.5643 cents per unit. For 660MW power projects, the notified tariff was 8.3341 cents per unit for foreign financing and 9.5668 cents per unit for local financing. The notified levelised tariff for 1100 MW Thar-coal fired power plants was 7.9889 cents for foreign financing and 9.1368 cents for local financing.

The Authority on Jan 4, 2017 decided not to extend the upfront Thar coal tariff and initiate proceedings in respect of tariff for future projects. The Authority in its letter of January 13, 2017 also solicited Ministry of Water and Power's point of view as to how many more MWs from Thar coal are being envisaged along with timeframe but no response was received. A reminder to the Ministry of Water and Power regarding update, spelling out the timeframe and MWs envisaged from Thar coal projects was also sent on March 15, 2017.

Ministry of Water and Power, in its comments stated that three blocks of Thar-coal are included in the CPEC and in order to provide economies of scale, each block must achieve a capacity of more than 15-20 million tons per annum which means generation of around 7,500-9,000 MW cumulatively. At present, tariff on Thar coal is available to projects of around 3,600 MWs.

Qureshi Law Associates has submitted the following comments: (i) lower world-wide demand for coal and higher production efficiencies lead to lower EPC costs, however, this may be counterbalanced with expensive land/ rent in Thar, higher labour/ O&M costs and higher interest rates;(ii) ICB is a cumbersome procedure and an upfront tariff on take it or leave it basis remains the more viable option;(iii) there needs to be a fall back procedure for investors who are dissatisfied with either the upfront coal tariff or perhaps due to some technology specific reason; and (iv) the proposition for low cooling water requirements in the parched Thar area is being made compulsory.

Fatima Electric Company

Limited has sent the following proposals ;(i) The prevalent upfront tariff should be extended for at least next two years or first 10,000 MWs;(ii) it would be more prudent strategy to openly invite interest of sponsors through extension of upfront tariff to get maximum projects so that first target of 10,000 MW is achieved;(iii) provision of cost plus may please be continued in parallel with upfront tariff and ;(iv) there should be a check on certain amount of water for power generation so that judicious use of water is ensured.

Sindh Engro Coal Mining Company, which is already setting up coal-fired power plants in Thar, has suggested that water is a scarce resource in Thar's desert and as an option IPP developers may opt for air cooled or hybrid cooled solutions for their power plants. Therefore, the tariff should include the use of efficient water consumption technologies.

Sindh Engro Coal Mining Company has also submitted that in the event of the prevalent suspension imposed on imported fuels, a surge in interest from potential IPP developers to develop power plants based on Thar coal has been witnessed. SECMC further submitted that since mining is a scale business, Thar coal will become cheaper than the imported coal as the mine expands, therefore, it is essential that mining projects are expanded as early as possible.

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Power sector, privatisation to dominate IMF talks

ZAHEER ABBASI & TAHIR AMIN

Power sector and privatisation process are likely to dominate Article-IV consultations on $6.64 billion Extended Fund Facility (EFF) in Dubai starting from today (Tuesday). An official of Finance Ministry on condition of anonymity said that energy sector and privatisation would be the centre of discussion of the talks that would conclude on April 5, 2017.

He said that Finance Minister Ishaq Dar chaired a meeting on Monday to review the economic performance and devise a strategy in the context of Article-IV consultations. Dar would join the Pakistan delegation later to participate in the final stage of the consultations. Sources in the Finance Ministry said that Pakistan would like to obtain a positive note on its economy from the IMF and scheduled talks are important for the finance minister in this context.

Secretary Finance Tariq Bajwa briefed the meeting regarding the preparations for the weeklong consultations. He also provided an update on measures taken for strengthening the reforms process. The finance minister expressed the hope that the two sides would have a constructive round of discussions as had been the case during the preceding quarterly review meetings. He urged that the progress Pakistan has achieved in the sphere of economic reforms should be fully projected during the consultations.

The minister added that the reforms have enabled the country to achieve macroeconomic stability, and the implementation of key structural reforms needs to be continued in order to foster higher, more inclusive and sustainable economic growth. It may be recalled that IMF Executive Board completed the 12th and final review of an EFF programme for Pakistan last September 2016 which led to the disbursement of the final tranche. The IMF's close engagement with Pakistan is continuing through a policy dialogue in the context of regular consultations and post-programme monitoring. During the consultations in Dubai, a detailed review of reforms carried out by Pakistan in different areas of the economy, particularly the energy sector, would be undertaken. The meeting was attended by senior officials of the Ministry of Finance, Ministry of Water & Power, Ministry of Petroleum & Natural Resources, Aviation Division, FBR and the Privatisation Commission.

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Irsa projects big water shortage

MUSHTAQ GHUMMAN

Indus River System Authority (Irsa) on Monday projected a 35 percent water shortage for crops in upcoming Kharif season staring from April 1, 2017 fearing further cuts in water shares of Punjab and Sindh. The estimates of water shortage have been calculated at a meeting of Irsa's technical committee headed by Director Operation (DP) Rana Khalid and was attended by Director Regulation Sindh and Punjab, Chief Engineer Irrigation Balochistan, Xen Regulation KPK and Director Wapda. However the final projections would be calculated in forthcoming meeting of Advisory committee's meeting which is scheduled on March 31.

Irsa had projected an 18 percent water shortage for Sindh and Punjab in Rabi 2016, which commenced from October 2016. The source said that Sindh raised the issue of water availability in Kharif and demanded that water should not be stored at times of shortage and It further be made available first before storing it in dams in kharif season for crops. In addition, Sindh contended that water should be released from dams to meet needs of crops in Kharif season. Balochistan and KPK provinces are normally exempted from the water shortages.

Balochistan representative said during the meeting that both KPK and Balochistan should not face water shortage even in the event of lack of water availability in the Kharif season. The technical committee noted that Punjab and Sindh may face water shortages upcoming kharif season. It was earlier feared that country would face 40 to 50 percent water shortage in early Kharif season. However Irsa noted that the provinces may face below 35 percent water shortages in early Kharif which would gradually be reduced. Punjab and Sindh provinces would share water shortage whereas Balochistan and KPK would be exempted from any shortage of water.

The technical committee noted that 108 Million Acre Feet (MAF) to 113 MAF water would be available in rivers for crops in next Kharif season. It also observed that there would be 40 percent losses on Indus River in early Kharif which would gradually be reduced to 20 percent. Chenab and Jhelum Rivers would face 10 percent losses in early Kharif which would be reduced to zero percent in late Kharif. Official of Irsa said that water regulator had released 40,000 cusecs water each for Punjab and Sindh which would help ease shortages in a week .The regulator was releasing 3000 cusecs water for KPK.

In Pakistan, the kharif season starts from April and main crops are rice, maize (corn) Moong, cotton and sugarcane.

According to Irsa, water inflows in Indus River at Tarbela stood at 22300 cusecs and Outflows 20000 cusecs, Kabul at Nowshera 16300 cusecs inflows and Outflows 16300 cusecs, Jhelum at Mangla38100 cusecs inflows and outflows 31900 cusecs, Chenab at Marala 14900 cusecs inflows and Outflows 6500 cusecs.

The present water level in Tarbela was 1384.85 feet, Mangla 1068.45 feet and live storage 0.055 million acre feet (MAF and 0.175 MAF respectively. In Chashma, present level was 642.30 feet and live storage 0.186 MAF. The inflows and outflows of River Indus at Tarbela and Chashma, River Kabul at Nowshera and River Jhelum at Mangla have been reflected as mean flows of 24 hours, whereas the other flows have been gauged at 6.00am.

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THE RUPEE: Recovers modest gains

RECORDER REPORT

The rupee managed to recover modest ground against the dollar in the process of trading, dealers said. The rupee moved slightly versus the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, they said.

INTERBANK MARKET RATES: OPEN MARKET RATES: The rupee recovered week-end losses against the dollar, picking up 10 paisas for buying and selling at Rs 106.30 and Rs 106.50 respectively, however, it lost 50 paisas in terms of the euro for buying and selling at Rs 114.75 and Rs 116.25 respectively, they said.

In the first Asian session, the dollar slid to a near two-month low against a basket of currencies early on Monday as concerns mounted about the chances of US fiscal stimulus after the stinging defeat of President Donald Trump's healthcare package.

The inability to overhaul the US healthcare system, a major election campaign promise of Trump and his allies, marked a significant political setback for the president in a Congress controlled by his own party. The blow so early in Trump's term has heightened worries about the chances of economy-boosting steps being enacted, such as tax reforms and big spending packages.

"Concerns towards the Trump administration have been reignited after his healthcare legislation setback. This is resulting in a bout of risk aversion weighing on the dollar," said Shin Kadota, senior strategist at Barclays in Tokyo. The dollar index against a basket of major currencies was down 0.3 percent at 99.299 after going as low as 99.292, its lowest since Feb. 2.

The index had risen to a 14-year high near 104.00 early in January when expectations for significant stimulus under the Trump presidency were at their peak. In a sign of stress for Wall Street stocks, US equity index futures fell to a six-week low. The dollar was down 0.8 percent at 110.470 yen after touching 110.420, its weakest since Nov. 22. The euro was 0.45 percent higher at $1.0847 following a rise to $1.0849, its strongest early December.

The dollar was trading against the Indian rupee at Rs 65.080, the greenback was at 4.410 in terms of the Malaysian ringgit and the US currency was at 6.873 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Monday: 79.65-79.65 (previous 79.65-79.65).

Open Bid	Rs. 10630
Open Offer	Rs. 106.50

Interbank Closing Rates: Interbank Closing Rates For Dollar on Monday.

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pakistani rupee showed strength against the US dollar in the local currency market on Monday.

The US dollar resumed trading on a depressed note and kept on declining amidst lack of buyers' interest in the market. As a result, it registered reduction and ended at Rs 106.10 and Rs 106.50 on buying and selling sides, respectively, as compared to Saturday's closing rates of Rs 106.40 and Rs 106.70 respectively, said the local currency dealers.

On the contrary, the local currency failed to keep upward trend versus the pound sterling. The pound's buying and selling rates went up from the last closing rates of Rs 131.30 and Rs 132.20 to Rs 132.10 and Rs 132.80 respectively, the dealers said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee did not show any change against the dollar at the open currency markets of Islamabad and Rawalpindi here on Monday.

The dollar showed no change against the dollar at open at Rs 106.50 (buying) and Rs 107 (selling) and it closed at the same rates. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It also closed at the same rate.

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Budget proposals:

PSX for increased size and depth of capital market

SOHAIL SARFRAZ

Pakistan Stock Exchange (PSX) has proposed that the core principle of the PSX budget proposals (2017-18) is to increase the size and depth of the capital market by incentivising listing of new capital without impacting the revenue collection of the Federal Board of Revenue (FBR). According to the budget proposals (2017-18) of PSX issued to the budget-makers for the next fiscal year, Pakistan Stock Exchange (PSX) is the institute which has responded positively to the economic policies of the present government duly supported by lower commodities prices, which yielded macro-economic stability.

The low inflation, low interest rates, lower budget deficit and stable rupee also helped economic growth in the country. The KSE-100 Index recently reached a level of about 50,000 points from 25,261 points in December, 2013 (compound annual growth rate, ie, CAGR of 23.3%). The PSX has also responded fully to the privatisation offers for the government raising Rs 275,621,179 in the last three years.

However, in the said period neither listed capital has increased significantly nor capital market has witnessed substantial issuance of bonus or right shares (listed capital 2013: Rs 1,116 billion, present Rs 1,294 billion, CAGR 3.8 per cent). Presently, market capitalization of PSX is about 35 per cent of the GDP as against international benchmark of 100 per cent of GDP.

The PSX also feels pleasure to share that in recent months local mutual funds subscribed mainly by individuals have absorbed sales from foreign investors and local banks worth over Rs 40 billion, a very positive development in Pakistan Capital Market. "We feel that here is a need to increase the supply of securities in the market creating desired depth in it, leading to real investment in the country." In view of the above, the taxation committee and board of directors are presenting the proposals for the consideration of the Ministry of Finance and the Federal Board of Revenue, the PSX added.

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NAB bill approved by Senate body

FAZAL SHER

The Senate Standing Committee on Law and Justice on Monday approved "The National Accountability (Amendment) Bill, 2017" according to which the powers of plea bargain and voluntary return that rest with the National Accountability Bureau (NAB) chairman under Section 25 (a) of NAO, 1999 have been abolished. The committee which met with Senator Muhammad Javed Abbasi approved "The National Accountability (Amendment) Bill, 2017" under which now court will give approval of plea bargain and voluntary return.

A senior official of Ministry of Law and justice said that following widespread and persistent public demand for amendment in the provisions relating to voluntary return and plea bargain, which are generally perceived to promote corruption, it is proposed to appropriately amend the law. The bill merges the provisions relating to voluntary return and plea bargain and provides inter alia that a voluntary return arrangement will be subject to approval of the court and a corrupt person shall stand permanently disqualified form holding public office or from being a government servant.

The parliamentary panel unanimously passed "The Cost of Litigation Bill, 2017," seeking to empower courts to impose costs to discourage false litigation and unnecessary adjournments.

The committee which met under the chairmanship of Senator Muhammad Javed Abbasi, approved "The Cost of Litigation Bill, 2017", moved by Minister for Law and Justice Zahid Hamid, according to which the losing side in a court case will be paying the cost of the case and a fine of Rs 5,000 per hearing will be imposed on the party which gets an adjournment.

Hamid said that the bill will help end backlog of cases as it will speed up disposal of cases. Initially the bill will be confined to Islamabad Capital Territory (ICT), he said, adding that three types of costs including actual, adjournment and special cost have been proposed in the bill.

He said that according to the bill, the party which wins the case will be given the actual litigation cost. Many false cases, including criminal cases, are filed each year due to which the bill was introduced, he said. Nawabzada Saifullah Magsi said the government and its various departments also take adjournments and therefore the law should be applied on the government as well. On this Hamid said it will be difficult to apply the law on the government and suggested that it should first be applied on cases between private parties and it will later be considered if it should be applied on government departments as well.

The committee also passed "The Alternate Dispute Resolution Act 2017" seeking out-of-court settlements through arbitrators appointed by trial courts with the consent of parties. Hamid said that there is a huge backlog of cases in both subordinate and superior courts of the country and the Alternate Dispute Resolution can be used as an effective mechanism for settlement of disputes to overcome delays, provide inexpensive justice and reduce tremendous burden on courts.

The committee also discussed "The Constitutional Amendment Bill, 2016" moved by Senator Sassui Palijo and "The Constitution Amendment Bill, 2016" introduced by Senator Karim Ahmed Khawaja on behalf of some other senators seeking promotion of regional languages and giving them status of national languages.

Senator Karim Ahmed Khawaja said the languages in any part of the world are considered to be a strong tool to transmit the memory from older generation to the newer one. Pakistan has inherited the old civilisations of Mohenjodaro, Taxila, Ghandara, Harappa and Mehar Garh. All these civilisations are greatly spread in the whole country and have their own beauty and expression.

He said the major mother tongues of Pakistan are Balochi, Brahvi, Punjabi, Pashto, Sindhi, Saraiki and Hindko, adding these languages have preserved Pakistan"s regional and national history and culture. Palijo was of the view that regional languages need to be given proper recognition as they promote national integration and build a strong federation. She said that a number of movements are going on in the country demanding national status to these languages.

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Sima Kamil appointed first woman CEO, president of UBL

RECORDER REPORT

Sima Kamil has been appointed as the first woman chief executive officer and president of United Bank Limited. The UBL's board of directors has made a decision to replace Wajahat Husain, where Sima Kamil will take up her role on June 1, 2017. She will be the first woman to be the CEO of a major bank in Pakistan, after the approval of the regulatory authority. According to a letter written to Pakistan Stock Exchange by the bank, the appointment of Kamil by the bank's board of directors has accorded for her appointment as the president and CEO.

At present Kamil is serving as the deputy CEO of UBL and will be assuming the position of President and CEO of UBL, following expiry of tenure of contract of the existing President and CEO Wajahat Husain (Which expires on May 31, 2017) subject to SBP's fit and proper test clearance.

The board members expressed good wishes for Sima Kamil and welcomed her to the UBL family. The Board of Directors of UBL, in its meeting held on March 24, 2017, regretted to note that Wajahat Husain, President and CEO UBL is not seeking an extension in his contract for personal reasons.

The board recognised and appreciated efforts of Husain as an effective leader. During Husain's tenure, UBL recorded unprecedented growth in financial results and has been a recipient of several prestigious awards and accolades. The board noted with that during the tenure of Husain, the bank was rated as "Best Bank" at the inaugural Pakistani Banking Awards in the 2016. The entity rating of the bank also improved to AAA (Triple A). The Board placed on record the meritorious services rendered by Husain and wished him good luck in his future endeavours.-PR

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March 30th & 31st:

FBR announces extended working hours for tax collection

RECORDER REPORT

The Federal Board of Revenue (FBR) has announced that all field offices will remain open and observe extended working hours ie 09:00 am to 08:00 pm on March 30 (Thursday) and 09:00 am to 10:00 pm on March 31 (Friday) for collection of duties/taxes.
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According to the FBR's instructions to the field formations here on Monday, chief commissioners are also requested to establish liaison with the State Bank of Pakistan (SBP) and authorised branches of National Bank of Pakistan (NBP) to ensure transfer of tax collection by these branches on 31.03.2017 to the respective offices of SBP on the same date so as to ensure the accounting of the same towards the collection for the month of March, 2017, the FBR added

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Punjab's lost cotton

Yesterday, this column discussed the prospects of a National Cotton Policy amid a weak cotton outlook (Read: "Cotton Policy?"). Looking further at the decreased cotton production, today's article explores the reduction in the area under cotton, specifically with respect to Punjab.

The area under cotton in Punjab has been falling over the years, with the most recent year bringing a precipitous fall of 20 percent. The province has gone from accounting for almost 90 percent of the total area under cotton in 2011 to just 72 percent this year. In terms of production, Punjab accounted for just 65 percent of total cotton this season, as against 82 percent in 2011. Meanwhile, the area under cotton has gradually increased in Sindh, where cotton production has remained steady over the years.

A large part of the missing area in Punjab can be accounted for by sugarcane (for area under sugarcane, read 'Sugarcane's popularity,' published February 09, 2017). As per the SBP's quarterly report on the economy, the reasons for this shift are "exceptional losses from previous year's crop (due to pest infestation) and low domestic cotton prices at the sowing time." Industry sources have also confirmed the sugarcane epidemic, which has been around for a while and not just this year. No surprise, then, that the PCGA is demanding a ban on sugarcane sowing in core-cotton zones.

Chairman PCGA, Dr Jassumal told BR Research that the shift away from cotton has been due to the government protecting and facilitating the sugar industry, giving support price, export subsidy, and import tariffs. He said there is already a ban of sowing sugarcane in cotton zones but it is being violated. As for Sindh, alternate crops like sugarcane or rice – which are highly water-intensive – are generally uncultivable there. This has automatically preserved the cotton areas there. Districts like Sukkur and Sanghar have emerged as major cotton-growing areas in Sindh. Generally, weather is more favourable in Sindh, where the incidence of Cotton Leaf Curl Virus is also relatively low.

To make matters worse for Punjab, the provincial government earlier this year banned cotton sowing before the 15th of April to avoid pink bollworm. The effect of this, as per various media reports, has been an increasing shift towards other crops, further exacerbating the situation. Is a support price needed to bring Punjab back on track?

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State of the gas industry

Lack of information and delay in information have long been a hallmark of Pakistan's energy authorities, be it the relevant ministries or related institutions. Researchers are often left with no option but to base the studies on stale date more often than not. In this age of delayed information, Ogra's latest released report titled: 'State of The Regulated Petroleum Industry 2015-16' is a very welcome and not-so-outdated addition.

The report comprehensively covers the demand and supply statistics of all key categories, mainly oil and natural gas. What is also impressive is the face that unlike the more fancied 'Pakistan Energy Yearbook', Ogra's report is also forward looking, in addition to being more timely.

Off to some report findings then. The most telling one is the number of gas consumers added during 2015-16. Residential sector now constitutes 21 percent of total consumption, up from 17 percent in 2010. With the overall consumption remaining static, almost all additional cubic feet have gone to serving domestic gas connections. The consumer base went up by another 5.1 percent, with four-fifth of new connections being doled out in Punjab. Of the 324,501 new connections, only 22 were industrial gas connections, all but one in Sindh.

Little wonder that the share of general industries in the total gas consumption pie has come down crashing from as high as 26 percent in 2010 to mere 9 percent in 2015-16. The overall gas consumption has stayed flattish for quite some time, and the axe of excess demand has invariably fallen on industries. While there may well be many other factors why Pakistan's export are no more competitive, curtailed and disrupted gas supply is surely one amongst others.

Some of the industrial consumption goes to captive power, which accounts for 11 percent of the pie. Exerts have long argued how captive power has not really served the entire energy chain well enough, and the policymakers would do well to curtail the natural gas usage for captive power. But that does not seem to have been paid any attention too, as the captive power pie gets increasing every year.

All this while, the unaccounted for gas losses have kept on building to unprecedented levels. Ogra's report puts the number at a massive 11.2 percent for 2015-16. It is not only light years ahead of the globally accepted benchmark of 1-2 percent, but has deteriorated over the years. Recovery, tariff determination, and subsidies will always be problematic, unless the menace of UFG is dealt with once and for all.

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Disposal of securities
Revision in CGT regime proposed

RECORDER REPORT

ISLAMABAD: Pakistan Stock Exchange (PSX) has proposed revision in Capital Gain Tax (CGT) regime on disposal of securities in budget (2017-18).

The budget proposals of the PSX for 2017-18 revealed prior to July, 2010 the capital gains on disposal of securities were fully exempt from tax. Stakeholders agreed for the imposition of Capital Gain Tax on short term trading. Finance Bill, 2010 imposed CGT in three tiers of holding period with progressive rates. However, amendments were brought by the Finance Act, 2012 and 2015 in respect of rate of tax and holding period.

Finance Act, 2016 inadvertently modified and imposed tax irrespective of holding period at the rate of 7.5% instead of the, stated intention of the Finance Minister, who in his budget speech stated that the maximum taxable holding period for Capital Gain on Securities may be extended from 4 to 5 years.

The Comparative chart in respect of frequent changes in holding period and tax rate for the Tax Years 2011 to 2017 is also submitted. The frequent changes in Capital Gain Tax Regime is detrimental for growth of capital market and dampens the investors base since it discourages trading of securities and not helping in correct price discovery. The Foreign Institutional Portfolio Investment (FIPI) has also been negatively impacted.

Despite of frequent changes in holding period and rate of tax, the capital gain tax on disposal of securities has not increased. The CGT is not in line with the taxability on other asset class i.e. there is no tax on gain on disposal of immovable property, if the holding period is three years or more.

PSX has proposed three tiers of holding periods and proposed rates of tax may be prescribed: Where holding period of a security is less then six months, the proposed tax rate for tax year 2017 would be 10 percent; where holding period of a security is more than six months or more but less than 12 months, the proposed tax rate for tax year 2017 would be 8 percent and where holding period of a security is more than 12 months, the proposed tax rate for tax year 2017 is zero percent.

PSX said that the capital gain from short term trading is generating about 70% tax on capital gain.

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Nepra directed to establish sub-offices at district level

RECORDER REPORT

The National Electric Power Regulatory Authority (NEPRA) came under criticism on the issue of over-billing to the electricity consumers and the parliamentarians sated that the regulator's role remains ineffective in power sector. A meeting of the National Assembly's Standing Committee on Cabinet Secretariat presided over by Rana Muhammad Hayat on Monday directed the NEPRA to establish sub-offices at district level in the next three months with the purpose to effectively address the complaints of electricity consumers regarding over-billing against power distribution companies.

The chairman of the committee stated that a consumer of Rs 10,000 receives Rs 700,000 bill and regulator was oblivious of ongoing over-billing spree in the sector. The committee also questioned from the officials of NEPRA about peak hours and normal hours electricity rates in Karachi and also of total number of consumers in the country.

The committee also asked the government to revisit NEPRA law to empower it to effectively play its role as regulator. The meeting also directed NEPRA to take cognisance of over-billing and issuance of detection bills on agricultural and domestic consumers. The committee wanted NEPRA to strengthen its complaint resolution mechanism and investigate over-billing issue in respect of an instance pointed out by the member of the committee in LESCO region and regulator was asked to provide details of average differential of K-Electric tariff for the last twelve months.

On the agenda of Capital Development Authority, the committee decided to call the mayor of Islamabad in its next meeting to discuss the measures being taken on sewerage disposal and waste management. The meeting also decided to take a briefing on commercial restructuring plan of Pakistan International Airlines (PIA) and outsourcing of services at all airports in the next meeting of the committee. The secretary aviation was directed to apprise the committee of the outcome of the investigation carried out into incidents of smuggling of heroine through PIA aircraft.

The meeting was attended by MNAs Parveen Masood Bhatti, Shahnaz Saleem, Rasheed Ahmad Khan, Mahreen Razaque Bhutto, Pir Shafqat Hussain Shah Jilani, Asad Umar, Nafeesa Inayatullah Khan Khattak, Moulvi Agha Muhammad, and Syed Ali Raza Abidi, secretaries of CADD, Cabinet and Establishment Divisions and representatives of the concerned departments.

BUSINESS
RECORDER
Tuesday, 28th March, 2017

International Textile and Garments Machinery Trade Fair at Expo

RECORDER REPORT

The '17th Textile Asia: International Textile and Garments Machinery Trade Fair' will begin at Karachi Expo Centre on Tuesday (today). The 3-day fair is being organised jointly by Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) and Ecommerce Gateway Pakistan.

"65,000 people from trade and corporate sector as well as over 1,500 foreign delegates are expected to visit the trade fair," said PRGMEA Chief Co-ordinator Shaikh Muhammad Shafiq, speaking at a press conference, here on Monday. He said that the focus of this trade fair is value-addition in textile industry to increase the export of value-added textile and garment products.

"The trade fair that will be concluded on Thursday, is being termed as the Pakistan's biggest fair of textile, garment, embroidery, digital printing machineries and chemical and allied services," he said, adding that more than 1,000 international brands will display their products in over 800 booths and over 1,500 foreign delegates from 27 countries mainly from Austria, China, Czech Republic, France, Germany, India, Italy, Korea, Taiwan, Turkey, UK, USA etc, will grace the event.

PRGMEA Chief Co-ordinator said that 'Textile Asia Conference 2017' will also be held in collaboration with Textile Institute of Pakistan on Wednesday where renowned experts will share their views. The conference is aimed at seeking to engage stakeholders to comprehensively discuss the plan to streamline Pakistan's textile industry and revisit and address the concerns of the companies.

President Ecommerce Gateway Pakistan, Dr Khursheed Nizam said that the Fair will help introduce overseas suppliers of textile and garment materials, accessories, parts and machinery to the textile and garment industry of Pakistan and complement their efforts for high quality, value-added products and assist them to further develop their business in the export markets.

BUSINESS
RECORDER
Tuesday, 28th March, 2017

Cotton prices firm on short supply of quality lint

RECORDER REPORT

Prices remained steady on the cotton market on Monday as some needy mills continued to replenish their stocks to meet their current season's demand, dealers said. The official spot rate was unchanged at Rs 6750, they said. In Punjab, prices of seed cotton were at Rs 3700-3800, as per 40 kg, they said. In ready session, around 4000 bales of cotton changed hands between Rs 6900 and Rs 6975, they said.

Cotton analyst, Naseem Usman said that prices moved both ways in the international market in the meantime rates were firm in the local market. Besides, he said that the Federal Cotton Committee (FCC) meeting held in Multan recently, the committee decided to estimate target of cotton at 14.04 million bales for the coming season. Other brokers said that short crop coupled with high cotton prices giving tough time to spinners this season because they struggled to remain competitive in the global market. The following deals reported: 200 bales of cotton from Faqirwali at Rs 6900 and 3600 bales from Rahim Yar Khan at Rs 6975, 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 25.03.2017	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

BUSINESS
RECORDER
Tuesday, 28th March, 2017

ICE cotton dips as grains slide

RECORDER REPORT

ICE cotton futures edged lower on Monday following a slide in agricultural commodities, which saw US wheat, corn and soyabean futures touch their lowest this year. US wheat, corn and soyabean futures fell, pressured by abundant global grain and oilseed supplies and outlooks for crop-friendly rain in the southern Plains wheat belt, traders said.

"Most of the commodities are down. There's a lot of negative outlook based off the political events from last week in the US," said Gabriel Crivorot, analyst at Societe Generale in New York. President Donald Trump suffered a stunning political setback on Friday in a Congress controlled by his own party when Republican leaders pulled legislation to overhaul the US healthcare system.

The May cotton contract on ICE Futures US settled down 0.53 cent, or 0.68 percent, at 76.94 cents per lb. It traded within a range of 76.90 and 77.73 cents a lb. Total futures market volume fell by 3,726 to 24,346 lots. Data showed total open interest gained 1,522 to 282,834 contracts in the previous session. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was down 0.20 percent.

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	77.47	77.73	76.90	76.94	14:20 MAR 27	76.94	-	14784	-
Jul'17	78.76	78.93	78.22	78.31	14:20 MAR 27	78.31	-	8110	-
Oct'17	76.00	76.00	75.95	75.60	14:20 MAR 27	75.60	-	2	-

BUSINESS
RECORDER
Tuesday, 28th March, 2017

Karachi Yarn Market Rate

RECORDER REPORT
KARACHI
Karachi Yarn Market Rates on Monday (March 27, 2017).

CONES CARDED

10/1.

Popular Fibre 920.00

Diwan 950.00

Tritex 930.00

12/1

Nadeem Textile 1120.00

Indus 1160.00

Popular Fibre 1100.00

Bajwa 1150.00

16/1.

Nadeem Textile 1180.00

United 1190.00

Popular Fibre 1150.00

Abdullah Textile 1150.00

Indus 1220.00

A. A. Cotton 1200.00

Tritex 1170.00

Bajwa 1210.00

21/1.

Ishtiaq Tex 1240.00

Al-Karam (A.K) 1250.00

Suriya Tex 1250.00

United 1250.00

GulAhmed (G.Lite) 1260.00

Popular Fibre 1220.00

Shadman 1240.00

Indus Dyeing 1290.00

Abdullah Textile 1220.00

Lucky Cotton 1230.00

A. A. Cotton 1300.00

Diwan 1240.00

22/1.

Bajwa 1270.00

United 1260.00

24/1.

A. A. Cotton 1370.00

Tritex 1320.00

26/1.

AL-Karam 1370.00

Dewan 1320.00

Amin Text 1350.00

Shadman Cotton 1350.00

Diamond Int'l 1320.00

Popular Spinning 1300.00

Ishtiaq Textile 1320.00

Lucky Cotton 1320.00

A. A. Cotton Hosiery 1450.00

28/1

Abdullah Textile 1350.00

30/1.

Amin Tex. 1450.00

Al-Karam 1430.00

Jubilee Spinning 1350.00

GulAhmed (G.Lite) 1430.00

Lucky Cotton 1350.00

Diamond Intl 1400.00

A. A. Cotton Hosiery 1480.00

32/1

Abdullah Textile 1380.00

40/1

Lucky Cotton 1650.00

BUSINESS
RECORDER
Tuesday, 28th March, 2017

52/1

Lucky Cotton 1700.00

COMBED CONE

40/1

Indus CF 1740.00

20/2.

GulAhmed 1340.00

Amin 1350.00

Indus Dyeing 1360.00

Bajwa 1350.00

Shadman Cotton 1340.00

42/1

Abdullah Textile 1650.00

52/1

Abdullah Textile 1750.00

20/1. SLUB

Abdullah Textile 1300.00

30/1 SLUB

Abdullah Textile 1520.00

60/1.

Abdullah Textile 1750.00

70/1

Abdullah Textile 1850.00

CHEES CONES

10/1.

Kasim Tex 700.00

Latif Tex. (Latif) 700.00

Super 690.00

Abdullah Textile (OE) 690.00

16/1. (O.E.)

Kasim Textile 880.00

Masal 870.00

RATES OF PAKISTANI/IMPORTED

POLYESTER YARN (PER LBS) + GST

Imported 50/36 FDY 90.00

Local Mill 130.00

Rupali 75/78 FDY NA

Import 75/72 FDY 72.00

Local Mill 82.00

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

Imported 75/36/0 DTY 81.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 71.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 91.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 70.00

Local Mill 70.00

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 72.00

Local Mill 73.00

Imported 150/144 SIM 76.00

Local Mill NIL

BUSINESS
RECORDER
Tuesday, 28th March, 2017

RATE OF BLANDED YARN IN RUPEES

(PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 117.00

20/1 PVB

A.A. Textile 110.00

A. A. Cotton 112.00

24/1 P.V. BRIGHT

A.A. Tex. 115.00

Sana 109.00

A. A. Cotton (80:20) 116.00

26/1.PV Bright

A.A. Tex. 120.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 126.00

Sana 120.00

A. A. Cotton 128.00

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

A.A. Textile 120.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 141.00

A.A. Textile (65-35) 142.00

A. A. Cotton 129.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 146.00

46/1 PVSD

Ibrahim Fibre 168.00

30/1 PV SLUB

A.A. Clock Tower 147.00

A. A. Cotton (PVB) 152.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB (PP) 152.00

Sana SLUB (PP) 145.00

Sana (PV) 150.00

Sana SLUB (V) 165.00

40/1 SLUB

Sana (V) 180.00

SEWING THREAD YARN

Sana

21/1 PP 84.00

30/1 PP 96.00

40/1 PP 105.00

50/1 PP 122.00

20/1 PVT

Sana 118.00

30/1 PVT

Sana 128.00

10/1 PP

A. A. Cotton 93.00

12/1 PP

A. A. Cotton 98.00

16/1 PP

A. A. Cotton 103.00

20/1 PP

Sana 110.00

Diwan 98.00

A. A. Cotton 110.00

Agar 96.00

26/1 PP

A. A. Cotton 115.00

30/1 PP

Agar 101.00

Anwar 109.00

Sana 120.00

Diwan 103.00

A. A. Cotton 120.00

34/1. (PP)

BUSINESS
RECORDER

Tuesday, 28th March, 2017

A. A. Cotton 99.00

40/1 PP

A. A. Cotton 133.00

60/1. (P.P)

Agar 124.00

Diwan 125.00

Anwar 130.00

A. A. Cotton 146.00

8/.1.

A. A. Cotton (52 48) 95.00

10/.1.

Zainab 109.00

A. A. Cotton 97.00

Lucky Cotton 135.00

12/1

A. A. Cotton 100.00

Zainab Tex 107.00

16/1

AA SML Carded (52 48) 114.00

IFL (52 48) 120.00

A. A. Cotton 105.00

P.C. COMBED

20/1. PC

A.A.SMLCARDED 117.00

Zainab (Combed) 129.00

A. A. Cotton (Carded) 112.00

A. A. Cotton CVC (65 : 3 110.00

24/1. PC

A. A. SML Carded 121.00

Zainab (Combed) 123.00

A. A. Cotton 109.00

25/1

A.A. Cotton 117.00

30/1. PC (52 : 48)

Zainab Textile (combed) 130.00

Stallion 100.00

K. Nazir 112.00

Al-Karam 112.00

AA SML (Carded) 129.00

A. A. Cotton (Carded) 122.00

A. A. Cotton CVC (65 : 3 114.00

36/1. PC

IFL Tex (Combed) 142.00

A. A. Cotton 135.00

40/1 PC

A.A. Textile (Combed) 142.00

45/1 PC

Zainab 163.00

10/1 CVC

A. A. Cotton (60:40) 100.00

12/1 CVC

A. A. Cotton (60:40) 107.00

16/1 CVC

A. A. Cotton (60:40) 112.00

20/1 CVC

A. A. Cotton (60:40) 118.00

AASML 114.00

24/1 CVC

A. A. Cotton (60:40) 123.00

Sana 146.00

AASML 111.00

30/1 CVC

A. A. Cotton 128.00

AASML 122.00

40/1 CVC

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

BUSINESS

RECORDER

Tuesday, 28th March, 2017

READY RATES OF STAPLE FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 128.00

I.C.I. 1.2 (SD) 128.00

I.C.I. Bright 130.00

Rupali 1.D 128.00

Rupali 1.2 (SD) 128.00

Ibrahim Fiber (SD) 128.00

Ibrahim 1.D 128.00

Ibrahim Fiber Bright 130.00

Ibrahim Trilobal Bright 130.00

VISCOSE K.G.

FCFC 44 MM Taiwan 255.00

FCFC 51 MM Taiwan 255.00

Grysum India 255.00

Thai Reyon 51 MM 255.00

S.P.V. Ind. 51 MM Indone 255.00

ACRYLIC FIBER K.G.

Monty 1.2x51 Italy 200.00

Acelon Korea 1.2x51 200.00

BUSINESS

RECORDER

Tuesday, 28th March, 2017

Faisalabad yarn and fibre prices

RECORDER REPORT

FAISALABAD

Cotton yarn rates in rupees per 10 Lbs on Monday (March 27, 2017).

6-8/S Cone (Cotton)

ARY 500.00

Sher 430.00

Nelibar 710.00

Al-Falah 580.00

Chagi 440.00

Harm 440.00

Shaheen 440.00

Nelum 440.00

10/S Cone (Cotton)

Sufi 660.00

Model Soft 660.00

Adil 510.00

Neilum 540.00

Nelibar 730.00

Owais Karni 510.00

Gold Star 680.00

Qadri 570.00

Shaheen 510.00

Al-Falah 690.00

Zam Zam 490.00

A.T.M 530.00

Sun flower 510.00

Apple Soft 670.00

Apple Hard 650.00

Ton-Ton 640.00

10/S Cone (Soft)

Es Guard 1000.00

S.B. 870.00

Nelibar 890.00

Kinoo 960.00

Malta 1000.00

Ayesha 860.00

12-14/S Cone (Cotton)

Model 720.00

Qadri 650.00

Adil 680.00

16-18/S Cone (Cotton)

Nova 710.00

Chagi 700.00

Adil 700.00

Alfalah 700.00

Neeli Bar 1120.00

Super Motia 800.00

Prince 730.00

Prince W 1120.00

Acro 1030.00

Apple 830.00

Malta 1030.00

Golden Eagle 900.00

20/S Cone (Cotton)

Zahidjee 1265.00

Anmool 1225.00

J.K. 1275.00

Khalid Shafiq 1130.00

Acro 1140.00

Darulsalam 1220.00

Ravi 1150.00

Hadabia 1210.00

22/S Cone (Cotton Warp)

Crescent

BUSINESS
RECORDER
Tuesday, 28th March, 2017

1320.00

Yahya 1310.00

HAR 1325.00

Tayyab 1290.00

Polo 1270.00

Ulfat 1310.00

Super Moon 1250.00

24/S Cone (Cotton Warp)

Polo 1340.00

Prince 1320.00

Acro 1310.00

H.A.R. 1310.00

Silver Lines 1360.00

ATM 1330.00

Anmool 1350.00

30/S Cone (Cotton Warp)

Al Noor 1490.00

Crescent 1430.00

Acro 1420.00

Glamour 1410.00

Arain 1380.00

Nagra 1400.00

Gulistan 1475.00

Ujalla 1410.00

Khalid Shafique 1440.00

Shafi 1420.00

Chakwal 1475.00

Anmool 1420.00

Ittehad 1420.00

Hadabiya 1420.00

32/S Cone (Cotton)

Ahmad 1450.00

Malikwal 1460.00

Chand 1430.00

J.K. 1500.00

Target 1475.00

Hadabiya 1450.00

A Three 1455.00

Araian 1440.00

Acro 1450.00

Nafees 1400.00

H.H. 1430.00

40/S Cone (Combed Cotton)

JK 1775.00

JK Carded 1620.00

Acro 1750.00

Nishat 1800.00

Betray 1680.00

Ittihad 1775.00

Al-Nasar 1825.00

Ejaz 1775.00

Nafees 1780.00

Nisar 1775.00

Three-G 1720.00

Suraj 1850.00

MKB 1670.00

Ramzan 1760.00

Ahmad 1690.00

Super Shaheen 1600.00

Darul Islam 1660.00

Four-G 1710.00

A. Three 1720.00

Azam 1680.00

Wasal Kamal 1685.00

Super Gold 1670.00

Jubilee 1650.00

Babri 1710.00

Sally 1710.00

52/S Cone (Combed Cotton)

BUSINESS
RECORDER
Tuesday, 28th March, 2017

Crescent 2275.00

Ittihad 2275.00

Suraj 2275.00

Babri Comp 2100.00

Tanveer 2275.00

Sultan 2125.00

Diamond 2150.00

Koiyal 2075.00

Malikwal 1980.00

Parado 2125.00

Four Star 2125.00

N.P. 2125.00

Prime Plus 1970.00

Saif 2100.00

Super Shaheen 2000.00

Nafees 2050.00

Habib 2100.00

Colony 2025.00

Umer auto 1825.00

Two-G 1940.00

60/S Cone (Combed Cotton)

Nishat 2575.00

J.K. 2600.00

Ittehad 2580.00

Kohinoor 2580.00

Koiyal 2725.00

Gujjar Khan 2750.00

Pagri 2625.00

Deen 2625.00

Alam 2625.00

72-74/S Cone (Cotton)

Prime 2625.00

Commander 2320.00

Bemisal 2300.00

Idreas 2300.00

N.P. 2800.00

Tower 2625.00

80/S Cone (Cotton)

Gold King 3050.00

Super King 3150.00

Mapel Leef 3300.00

Amjad 3050.00

Azam 3250.00

Admiral 3025.00

Commander 3000.00

Four Star 3300.00

Rolex 3725.00

Diamond Gate 3275.00

Al Falah 3325.00

Chairman 3225.00

Battery 3325.00

Chairman 3225.00

30-31/S Cone (Polyester Cotton)

Gold Star 139.74

Sun 130.56

JK 117.00

Bilal 107.00

Tahir Rafique 110.00

Zahidjee 110.00

Bashir 114.00

Shadman 111.00

Sarfraz 108.00

Cherry 108.00

Khalid Nazir 111.00

Wasal Kamal 107.00

North Star 106.00

Super Khuwaja 112.00

Anaar 116.00

BUSINESS
RECORDER
Tuesday, 28th March, 2017

Action 100.00

Marjan 112.00

Pak Panther-II 108.00

Nayab 114.00

Kiran 115.00

NP 108.00

Mehtabi 108.00

Club 114.00

K.K. 112.00

Ruby 114.00

Metro 103.00

38/S Cone (Polyester Cotton)

Gold Star 150.96

Dawood 115.00

Amin-2 115.00

Multan 121.00

Golden 113.00

Kirshma 113.00

AD 112.00

Sarhad 114.00

Aslam 97.00

Corolla 113.00

Royal 111.00

Chairman (N) 115.00

40/S Cone (Polyester Cotton)

A.A. 159.12

Mehtabi 141.00

Shadab 141.00

Marjan 132.00

40/S Cone (AV)

Koiyal 175.00

Super LG 160.00

A.J. 165.00

Ahmad Fine 166.00

Asheana 206.04

40/2 Cone (AV)

Koiyal 184.00

Super LG 178.00

A.J. 175.00

Ahmad Fine 174.00

30/S Cone (CVC)

Ayesha 125.00

SUN 134.65

Kamal 124.00

26/S Cone (PV)

AA 123.42

Ashiana 122.40

MM 95.00

Blue Star 97.00

Super Jett 98.00

Shuttle 95.00

M-4 98.00

Bemisal 92.00

Ghouri 95.00

U-2 95.00

L.G. 107.00

U-7 89.00

Triple two 93.00

AJ Gold 95.00

Candle 95.00

Jaguar 95.00

34-36/S Cone (PV)

A.A. 144.84

Ashiana 144.84

Sapna 134.00

Blue Star 110.00

Super Jett 108.00

Shahzad-H 109.00

Shuttle 105.00

Bemisal 105.00

BUSINESS
RECORDER

Tuesday, 28th March, 2017

Shuttle less 108.00

Cheeta 102.00

Candle 106.00

Target 105.00

Dewan 105.00

Royal 100.00

Spin Cott 106.00

H.R. 105.00

S.S. 114.00

Tanveer 110.00

44-46/S Cone (PV)

A.A. 173.38

Ashiana 172.36

Sapna 152.00

Super Jet 122.00

Bemisal 121.00

Marghala 122.00

U-2 123.00

Cheeta 120.00

Target 120.00

S.S. 135.00

65/S Cone (PV)

Ashiana 224.40

U-2 183.00

Bemisal 187.00

Ghori 180.00

Cheeta 185.00

A.J Gold 184.00

Tanveer 186.00

Maqbool 184.00

34/S Cone PP

Zamin 94.00

Shadman 111.00

Ellahi 111.00

Dewan 93.00

U-2 96.00

60/S Cone PP

Zamin 117.00

Anwar 119.00

Taj Mahal 116.00

36-38/S Cone (Staple)

Diamond Gate 1690.00

Marghala 1670.00

Saif 1680.00

Four Star 1710.00

A.J. 1680.00

Fazal Cloth 1670.00

L.G. 1660.00

Super Gold 1680.00

Azam 1670.00

Best 1650.00

K.P.K. 1690.00

Colony 1680.00

Martial 1670.00

30/S Cone (Ecrylic)

Koial 163.00

Saif 164.00

Combine 135.00

40/S Cone (Ecrylic)

Koial 176.00

Saif 176.00

Latif 170.00

Pagri 175.00

DAWN
Tuesday, 28th March, 2017

Dar reviews progress on economic reforms

APP

ISLAMABAD: Finance Minister Ishaq Dar on Monday reviewed the progress of economic indicators and reforms.

The meeting was held in the context of Article IV consultations between Pakistan and International Monetary Fund (IMF) which will be held in Dubai on March 28, 2017, a press release said.

The finance minister will join the Pakistani delegation later to participate in the final stage of the consultations.

The finance secretary briefed the meeting regarding the preparations for the week long consultations.

He also provided an update on measures undertaken for strengthening the reforms process. The finance minister expressed hope the two sides would have constructive discussions.

He said reforms have enabled the country to achieve macroeconomic stability. The implementation of key structural reforms needs to be continued in order to foster higher, more inclusive and sustainable economic growth, he added.

The meeting was attended by senior officials of the ministries of finance, water and power, petroleum and natural resources, Aviation Division, Federal Board of Revenue and the Privatisation Commission.

It may be recalled the IMF Executive Board completed the 12th and final review of an Extended Fund Facility (EFF) programme for Pakistan last September which led to the disbursement of the final tranche.

IMF's close engagement with Pakistan is continuing through policy dialogue in the context of regular consultations and post-programme monitoring.

During the consultations in Dubai, a detailed review of reforms carried out by Pakistan in different areas of the economy, particularly in the energy sector, would be undertaken.

DAWN
Tuesday, 28th March, 2017

Cotton market listless

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market was listless on Monday as ginners once again withdrew to the sidelines.

Ginners have temporarily withdrawn to the sidelines to get better prices in the coming days for their limited unsold stocks.

The world’s leading markets also gave mixed trend with Indian and New York cotton closing steady. However, prices eased on the Chinese cotton market.

Spinning mills, especially small and medium sized units, still need substantial quantity of cotton to see the current season through. However, big units have already arranged imports to meet their demand, brokers said.

The Karachi Cotton Association left its spot rates unchanged.

Major deals on the ready counter were: 200 bales from Faqirwali at Rs6,900 and 3,600 bales from Rahimyar Khan at Rs6,975.

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**

DAWN

Tuesday, 28th March, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.30	106.50
UK	130.94	131.19	132.70	134.20
Euro	113.36	113.57	114.75	116.25
S.Arabia	27.87	27.92	28.25	28.45
UAE	28.45	28.51	28.95	29.20
Japan	0.9472	0.9490	0.9563	0.9763

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.84	6.09
Six months	5.88	6.13
One year	5.91	6.41

LIBOR

Special US dollar bonds for Mar 24

Three months	1.15128 %
Six months	1.42711 %

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Rupee devaluation will add to foreign debt, not exports

Mansoor Ahmad

LAHORE: All indications point to the failure of the government announced export package and now the exporters would pressurise the government to devalue the rupee, which history tells has never increased exports. Proponents of depreciation should take cue from the past, when exports failed to take advantage from this measure.

In 1989, the rupee was being traded at Rs27 against the dollar, and the total exports of the country were $7 billion. In 1998-99, when the rupee value was at Rs54, the total exports of Pakistan merely reached $8.5 billion. It means that against 100 percent depreciation of currency, the increase in exports was merely 22 percent.

The exporters got double the amount from each dollar they earned through exports during this period, but it did not result in a corresponding increase in exports in terms of dollars.

The exporters in fact passed on the benefit they got from devaluation to the foreign buyers, retaining their export markets and increasing their profitability without exploiting new markets. In contrast, the exports started picking up after 2002-03 as the rupee moved towards stability.

On June 22, 2001 the rupee was valued Rs69.69 against the dollar, Pakistan's exports in 2001-02 were $9.140 billion. The rupee appreciated against the green back next year and by June 22, 2002 the dollar was valued Rs60.24. The appreciation of rupee did not impact the exports that rose to Rs10.88 billion in 2002-03.

The value of rupee increased again the following year, and on June 22, 2003 the dollar was valued Rs57.80. The exports in 2003-04 however rose to $12.396 billion.

The year after that, in 2004, the dollar remained stable against the rupee, valuing Rs57.90, but the exports continued rising and reached $14.482 in 2004-05. The rupee depreciated by less than five percent in 2005, valuing Rs59.76 on June 22, 2005. The exports from Pakistan increased to $16.55 billion dollar in 2005-06.

In the year that followed, the rupee depicted stability, as its value on June 22, 2006 was Rs59.98 against the dollar. The exports from Pakistan rose to Rs17.27 billion in 2006-07. The dollar value increased to Rs60.77 and the exports in 2007-08 amounted to $20.42 billion.

Currently, the dollar is valued at Rs104 and the exports are almost in the same range.Some experts argue that the rupee remained stable during the tenure of this regime, but the exports declined. They fail to take into account the global economic scenario.

Europe was in turmoil during this period. The demand in the United States was stagnant and the global trade posted negative growth after a long time.

After 2013, the Indian and Chinese currencies depreciated against the US dollar, while the rupee remained relatively stable. Still, the decline in exports from China and India from 2013-16 was much higher than the decline in exports from Pakistan.

This was despite the fact that Pakistan was facing power and energy shortages that did not affect the other three competing economies of the region.

Currency is not the only factor that impact exports. Devaluation is almost always accompanied with increase in inflation, which increases the cost of local inputs and wages.

This is the reason that instead of going up exports have remained stagnant. In order to control inflation and stabilise the currency, the central banks are forced to increase the interest rates.

This further increases the cost of doing business. Since Pakistan is an importer of commodities like crude oil, edible oil, industrial raw materials, and chemicals, and its imports are almost double than its exports, the depreciation of rupee also fuels inflation in the country.

The impact on the consumers would be much higher than the benefits of a meagre increase in exports. The prices of petroleum would jump on any decline in rupee value.

The power rates would increase corresponding to the increase in dollar value.Above all, every rupee one decline in rupee value would add Rs66 billion to our foreign debt and increase the debt service.

We must understand that a decline of even Rs5 per dollar in rupee value would have no impact on exports, but it would add Rs330 billion foreign debts in rupee term and increase inflation to an unmanageable level.

The government should continue with its efforts to stabilise Pakistani rupee, as devaluation increases power and transportation and other input

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prices, while foreign buyers put pressure on exporters to pass on some benefits of devaluation to them.

This would not bode well for the economy as the local entrepreneurs have the tendency to pass on most of the benefits they get from the state to the foreign buyers.

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Govt announces Pakistan's first electricity import regulations

KARACHI: The National Electric Power Regulatory Authority (Nepra) has unveiled the country's maiden rules to govern electricity import from foreign countries in view of growing power demand and distribution sector's interest in transmission from across the border.

The Nepra (Import of Power) Regulations 2017 will provide procedures for the import of electricity into the country, The News learnt on Monday. The authority has solicited feedback on the regulations from all the stakeholders within one month.

These regulations will apply on import of electricity from foreign countries as well as generation facilities located in Azad Jammu and Kashmir, Gilgit Baltistan and territories where the existing Nepra Act is not applied.

As per the new regulations, a buyer or importer will file an application with the authority for rate determination. On the basis of determined rates, the importer will execute the power purchase agreement with the electricity exporter.

The government has already allowed import of 1,300 megawatts of electricity from central Asian states under the Casa-1,000 power project. The lines will be laid over 1,200-kilometre and electricity will be imported from the beginning of May to the end of September every year, which will ease the electricity deficit in summer when the demand is usually at its peak.

The electricity import is expected to begin from 2019 as the estimated time for laying power transmission lines from the exporting countries to Pakistan is 40 months. Initially, electricity between 1,000MW and 1,300MW will be imported from the Kyrgyz Republic and Tajikistan to Pakistan and Afghanistan.

The major share of the export will be used by Pakistan, and approximately 300MW will be utilised by Afghanistan.Pakistan is keen to develop relationship with the energy-rich central Asian states to overcome power shortages in the country. The country is already importing more than 100-megawatt of electricity from neighbouring Iran.

The government has planned to increase the quantum manifold.The electricity demand continues to outpace the supply and the deficit at times crosses 6,000-megawatt. An increase in electricity demand is directly linked to the economic growth.

With growth in all the sectors of the economy, it is expected that the demand for electricity will substantially rise in the coming years.The demand for electricity from the industrial sector, given current growth trends, is likely to substantially increase over the next five years.

There has also been a rapid increase in the number of domestic electricity consumers in the past recent years due primarily to rapid urbanisation and also the extension of the national grid to include an increased number of rural areas.

The regulator has also notified draft Review of Power Purchase Agreements Regulations, 2017 and Power Acquisition Programs (Standards & Procedures) Rules, 2017 for soliciting feedbacks within a month.

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Finance minister finalises strategy for IMF meeting

Mehtab Haider

ISLAMABAD: Finance minister Ishaq Dar will reveal government's strict financial discipline and measures, designed to keep the budget deficit within 4 percent of GDP during the ongoing fiscal year of 2016/17 when he meets the International Monetary Fund's team in Dubai next week, officials said on Monday.

Pakistan and IMF will start the talks in Dubai from Tuesday (today), March 28, and the finance minister would join the policy level talks starting April 3. The government will also brief the IMF about initiating the stalled privatisation programme, under which different public sector entities would be privatised.

Its details and exact strategy will be firmed at the conclusion of talks under Article IV consultation between Pakistan and the IMF teams. The rising circular debt might also be discussed at the Dubai talks.

"Finance minister Ishaq Dar will participate in the talks at the final stage, as he is expected to depart for Dubai on April 2, and will participate in the policy level talks from April 3 to 5, 2017," official sources confirmed while talking to The News on Monday.

According to the announcement made by the Finance Ministry, finance minister Ishaq Dar chaired a meeting on Monday to review the economic indicators as well as progress on various economic reforms, in the context the scheduled consultation with the IMF in Dubai.

The finance minister will join the Pakistan delegation later to participate in the final stage of the consultations. Finance secretary Tariq Bajwa briefed the meeting regarding the preparations for the week-long consultations. He also provided an update on measures undertaken for strengthening the reforms process.

The finance minister expressed the hope that the two sides would have a constructive round of discussions as had been the case during the preceding quarterly review meetings. He urged that the progress Pakistan has achieved in the sphere of economic reforms should be fully projected during the consultations.

He said the reforms have enabled the country to achieve macro-economic stability, and the implementation of key structural reforms needed to be continued in order to foster higher, more inclusive and sustainable economic growth.

It may be recalled that IMF Executive Board completed the 12th and final review of an Extended Fund Facility (EFF) programme for Pakistan last September, which led to the disbursement of the final tranche.

The IMF's close engagement with Pakistan is continuing through policy dialogue in the context of regular consultations and post-programme monitoring. During the consultations in Dubai, a detailed review of reforms carried out by Islamabad in different areas of the economy, particularly the energy sector would be undertaken.

The meeting was attended by senior officials of the Ministry of Finance, Ministry of Water and Power, Ministry of Petroleum and Natural Resources, Aviation Division, Federal Board of Revenue, and the Privatisation Commission.

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Govt mulls doubling banking transaction threshold to Rs100,000

KARACHI: The government has agreed to double the minimum limit of daily banking transaction by non-filer liable to additional withholding tax to Rs100,000 in the next budget, central bank governor said on Monday.

“The finance ministry and the Federal Board of Revenue agreed to increase the banking transaction threshold from the existing Rs50,000 per day to Rs100,000 for charging withholding tax in the upcoming budget of 2017/18,” said Ashraf Mahmood Wathra, Governor of the State Bank of Pakistan (SBP).

The government, in the budget 2015/16, introduced 0.6 percent withholding tax on non-cash banking transaction of Rs50,000 per day, made by a non-filer of income tax returns to bring them into the tax net. The rate was, however reduced to 0.4 percent, which is applicable till March 31.

Wathra, at a meeting with the members of the Karachi Chamber of Commerce and Industry, strongly rejected the demand of business community to review 100 percent cash margin requirement on various imported items. The items were selected after thorough deliberations, he added. “Instead of spending foreign exchange on import of non-essential items there is need to spend (it) on import of capital goods.”

The government recently bounded importers to deposit 100 percent foreign currency value of imported items as a measure to reduce the ballooning trade deficit.

SBP governor said the saving from lower international oil prices was transferred to the import of non-essential items.

On a query raised by Siraj Kassam Teli, chairman of businessmen group related to amnesty scheme for money held by Pakistanis abroad, he said a permanent amnesty on bringing foreign exchange into the country is available. “Nobody will ask a person to bring foreign exchange into Pakistan.”

He said the Indonesian model of whitening black money emerged successful as the country had a comprehensive database of individuals.

“Unfortunately, Pakistan had no such database,” he added. “However, with the implementation of OECD (Organisation for Economic Cooperation and Development) convention, Pakistan would be able to have such information from 2018.”

SBP governor said except in some refinancing schemes introduced by the central bank, participation of businessmen generally remained lacklustre.

He, however, expressed surprise over a substantial increase in loan under export financing scheme available at three percent despite falling exports. “Nobody knows where the money is going… either in the stock market or in the real estate business,” he said.

Governor Wathra also criticised the monopoly of some businessmen in the exports sector. “New breed should come as old exporters have earned much money,” he said. “New markets and techniques should be adopted to spur export growth.”

The governor said the law and order situation has improved during the past three years. The government has cut the tariffs of utilities for industry. “This has resulted in a significant growth in private sector’s credit off-take.”

On Export-Import Bank, Wathra said the SBP is coordinating with the finance ministry and recently sought a technical assistance from the Asian Development Bank. He said the negotiation is at an advance stage. The government published an advertisement to appoint chief executive officer of the bank.

He said formal bilateral trade between Iran and Pakistan will start with the signing of a final draft. The SBP has also relaxed certain conditions on trade with Afghanistan.

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Govt. to spend Rs20bln on export sector development

ISLAMABAD: The government will spend Rs20 billion on the development of export sector over the next three years under the strategic trade policy framework and to counter effects of global recession, sources said on Monday.

The sources at the commerce division said weak import demand in the world, low international commodity prices, slowdown of Chinese economy and Eurozone debt crisis were the major reasons behind declining exports.

The government announced incentive for technology up-gradation in shape of investment support of 20 percent and mark-up support of 50 percent up to a maximum of one million rupees per annum per company for import of new plant and machinery.

The other initiatives include matching grant of up to a maximum of five million rupees for specified plant and machinery or specified items to improve product design and encourage innovation in small and medium enterprise (SME) and export sectors of leather, pharmaceutical and fisheries. Matching grant will also facilitate branding certification for faster growth of SME and export sector in Pakistan's economy through intellectual property registration (including trade and service marks), certification and accreditation.

Drawback for local taxes and levies of four percent are given to exporters on freight on board values if exports increase 10 percent and beyond. Under short-term export enhancement measures, the four product categories – basmati rice, horticulture, meat and meat products and jewellery – are being focused for Iran, Afghanistan, China and European Union.

Uninterrupted energy supply has been implemented with zero electricity load-shedding on industrial feeders since October 2015 and zero gas load-shedding for industry since March 2016. In order to reduce cost of doing business, the government reduced electricity tariff by three rupees for an industrial unit with effect from January 1, 2016. Furthermore, the fuel adjustment has been passed on to consumer to further reduce cost of production.

The export infrastructure is being continuously improved. National Tariff Commission Act has been revamped and approved by the parliament while Trade Development Authority of Pakistan is undertaking various export promotional activities through trade exhibitions and delegations.

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Cotton stable

Karachi Slow trading was witnessed at the Karachi Cotton Exchange on Monday, while 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 the cotton demand had increased in the world because of an increase in consumption, which led even a large cotton producer India to import the lint."A giant cotton exporter like India is going to import the lint to fulfil its industry demand," he added.

The preparations for new crop in Pakistan are at a higher level with sowing starting in Sindh, but water scarcity might affect the production of the crop.KCE recorded only two transactions of around 4,000 bales in between Rs6,900/maund to Rs6,975/maund.

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1,223MW Balloki project to be 'fully functional' in 2018

Our Staff Reporter

LAHORE - Minister of State for Water and Power Abid Sher Ali has said that the 1,223MW Balloki power project will be fully functional by early next year.

While talking to journalists during his visit to Balloki power project near Chunian, he said work on several power projects is being underway at a fast pace to eliminate load shedding by 2018. He said that new power plants will provide affordable electricity to consumers and industrial sectors, which will boost economic activities in the country.

The minister said that load management will be done only in those areas, where bills are not paid. He said a total of 3,800MW new electricity has been generated by the present government since June 2013 and further 10,000MW will be added to the national grid by next year.

He said that three LNG-based power plants in public sector would add 2,400MW to the national grid by September this year and would achieve full potential of 3,600MW by January next year, including two projects funded by government of Pakistan at Haveli Bahadur Shah and Balloki and one by Punjab government at Bhikki. Bhikki Plant has already been connected to national grid and generating 800MW. Work on installation, testing and grid connection is going on in full speed on all the three sites, he added.

Reiterating the resolve to end energy shortages, the minister said that the government is fully committed to honouring its promise to eliminate load-shedding by 2018. He said power production had increased from 13,500MW to 17,000MW due to the govt's efforts while in October 2018 another 8,000MW to 10,000MW would be added to the system, which would be sufficient to meet the country's needs.

The government was not only constructing power plants but a transmission line from Mitiari to Lahore would also be laid after bidding for the project, said the minister. Under the project's second phase, a transmission line from Mitiari to Faisalabad will be laid, he added.

He said the Sahiwal coal power plant would be completed in May or June. Similarly, work is in progress on Thar coal power plants. Responding to a question, the minister said all the 10 power distribution companies were being run experimentally on full load.

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Pakistan, IMF talks begin in Dubai today

Imran Ali Kundi

ISLAMABAD - Pakistan and the International Monetary Fund (IMF) will start Article 4 consultations in Dubai from today (Tuesday) and Islamabad will give a detailed briefing on the economic situation in the country to the Fund.

The talks will continue from March 28 to April 5 in Dubai. IMF officials had refused to visit Pakistan for talks due to the law and order situation in the country. However, later, both sides agreed to hold discussions in Dubai, as happened in last three years when Pakistan was under extended fund facility programme.

Pakistan had said goodbye to the IMF last year after completing three years extended fund facility programme worth $6.64 billion. However, every member country of the IMF, including Pakistan, need clean chit from the Fund on the economic situation of the country every year. Pakistan would be in better situation for getting loans from the World Bank, Asian Development Bank and other international financial institutions if IMF shows satisfaction on Islamabad's economic situation. The government would inform the Fund of the recent economic situation in the country. Similarly, the economic team of the government would discuss the budget for the next financial year 2017-18.

The government is struggling to achieve the targets, which were set with the IMF during extended fund facility talks. The government is unlikely to achieve the target of restricting the budget deficit to 3.8 percent of the GDP (Rs1.276 trillion) during current fiscal year. Pakistan's budget deficit had reached Rs799.1 billion (2.4 percent of the GDP) during first half of the year 2016-17 due to massive expenditure and low tax collection.

The government is also struggling to maintain the current account deficit during current financial year. The current account deficit had widened by more than 120 per cent to $5.4 billion in July-February of the ongoing financial year 2016-17.

Similarly, the shortfall in tax collection has increased to Rs150 billion in just eight months as the Federal Board of Revenue (FBR) has so far provisionally collected Rs1.91 trillion in the current fiscal year.

However, the government has so far restricted the inflation below the target of six percent, which was set for the current fiscal year 2016-17. Inflation has gone up by 3.9 percent during first eight months (July-February) of the ongoing financial year over a year ago.

Meanwhile, Finance Minister Ishaq Dar chaired a meeting here on Monday to review the economic indicators as well as progress on various economic reforms, in the context of Article – IV consultations between the Government of Pakistan and the IMF scheduled to commence in Dubai on March 28. The finance minister will join the Pakistan delegation later to participate in the final stage of the consultations.

The finance secretary briefed the meeting about preparations for the week-long consultations. He also provided an update on measures undertaken for strengthening the reforms process.

The finance minister expressed the hope that the two sides would have a constructive round of discussions as had been the case during the preceding quarterly review meetings. He urged that the progress Pakistan had achieved in the sphere of economic reforms should be fully projected during the consultations. He said that the reforms had enabled the country to achieve macro-economic stability, and the implementation of key structural reforms needed to be continued in order to foster higher, more inclusive and sustainable economic growth.

It may be recalled that the IMF Executive Board completed the 12th and final review of an Extended Fund Facility (EFF) programme for Pakistan last September, which led to disbursement of the final tranche. IMF's close engagement with Pakistan was continuing through policy dialogue in the context of regular consultations and post-programme monitoring. During the consultations in Dubai, a detailed review of reforms carried out by Pakistan in different areas of the economy, particularly the energy sector, would be undertaken.

The meeting was attended by senior officials of the Ministry of Finance, Ministry of Water and Power, Ministry of Petroleum and Natural Resources, Aviation Division, FBR and the Privatisation Commission.

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SBP governor highlights role of banking sector in economic uplift

Our Staff Reporter

KARACHI - State Bank of Pakistan (SBP) Governor Ashraf Mehmood Wathra has said that Pakistan's banking sector has been very fundamental for the development of the economy.

While addressing at the launching ceremony of the 2nd Pakistan Banking Awards 2017, he said the financial sector plays a pivotal role in determining the overall economic growth and development of a country.

The contribution and achievements of the institutions contributing to this sector should be recognised and acknowledged, he added. "After the tremendous success of the 1st Banking Awards in 2016, I am delighted to address this distinguished gathering of executives and academicians from the banking and finance sector," Wathra added.

The SBP governor said that these prestigious awards are now an annual event to encourage new entrants to make their mark while motivating the established institutions to strive for excellence. Awards are given to individual banks based on their performance, broadly in the developmental, financial, and customer service related spheres, he added.

Wathra appreciated the role of Institute of Bankers Pakistan (IBP), AF Ferguson & Co (AFF) for organising "PAKISTAN BANKING AWARDS 2017" on a continuous basis.

IBP CEO Hussain Lawai said the Pakistan Banking Awards 2017 would serve as a platform to promote, recognise and acknowledge the contribution of the banking industry towards enhancing Pakistan's economy.

"Our jury comprises of people who possess relevant expertise and are undoubtedly institutions in themselves.

Like before they would adopt transparent and impartial evaluation process to select the best performers for this year's Awards," he added. Jury for Pakistan Banking Awards 2017comprises of SBP former governor Syed Salim Raza, former banking mohtasib Pakistan & former country head of SCB Pakistan Azhar Hamid, Pakistan Institute of Corporate Governance President & CEO Feroz Rizvi, English Biscuit Manufacturers Pvt Ltd MD & CEO Dr Zeelaf Munir, and Citibank Middle East and Pakistan former regional head Shehzad Naqvi.

Meanwhile, representatives from AF Ferguson & Co (AFF) PWC presented 8 award categories including Bank the Unbanked Award, Best MicroFinance Bank, Best Bank for Small Businesses and Agriculture, Best Bank for Corporate Finance & Capital Market Development, Best Customer Franchise, Best Islamic Bank, Best Environmental, Social and Governance (ESG) Bank and the Best Bank.

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Institute for Policy Reforms issues report on economic growth

Public investment must focus on high priority projects in areas of power supply, transmission/distribution and water storage

PR Lahore - Can Pakistan's economy catch up with the prosperous countries of the West or East Asia? Only if it starts a national effort to stimulate growth. This is the essence of a comprehensive report issued by the Institute for Policy Reforms here on Monday. The report sets forth a practical plan of action for achieving rapid economic growth.

"Business as usual is no longer an option. Each year an additional two million people enter the job market. By 2030, Pakistan's population will touch 260 million, more than half of which will be in cities," the report stated.

Economic growth is a key for more jobs, better living standards, and poverty reduction. Increase in economic gap with other countries could affect Pakistan's regional position. The report details how high growth economies transformed their nations through favourable policies. In 1960, South Korea had a GDP per capita three times of Pakistan. Today, its per capita income is 22 times more. Pakistan's policies do not support economic growth. The country must institute wide scale reforms. Economic growth will come through an inter-play of factors. These include a robust macro economy, policies to stimulate investment, and better governance. Tweaking at the edges will not do.

Pakistan does not generate enough savings for it to invest in future growth. There is major infrastructure deficit and low private investment. Spending on workers' skills, education, and other human needs is paltry. Over 22 million children are out of school. The macro-economy does not support growth. These factors have locked the economy in a low/moderate growth trap.

Pakistan's small manufacturing sector produces low value added goods and contributes just 14 percent to GDP. Governance often burdens businesses. The political economy favours the influential. Resource allocation is inefficient. 44 percent of labour works on farms. Other headwinds include fragile security and severe power shortages. Improving the situation is entirely up to the leadership of the country, the report stated.

The report offers a plan for reforms. Examples of other countries show that this can be done. To begin with, Pakistan must increase government revenue to enable it to provide public goods and to reduce external borrowing. Steps are needed to increase domestic savings. High growth economies consistently invest over 25 percent of GDP, including 7 percent on infrastructure. They spend another 8 percent on health and education. Pakistan too must aim for investment of at least 25 percent from the present 15 percent of GDP. It must increase the share in GDP of export oriented manufactures and become part of the global value chain.

Public investment must focus on high priority projects in the areas of power supply, transmission/distribution, and water storage and efficiency. It must also strengthen agriculture research and extension services. Investment in skills and education must increase.

Urban centres are important drivers of growth. To promote economic activity, they must have reliable power, gas, and water supply, mass transit systems, as well as high class Wi-Fi. Air and sea/dry ports must be of world standards.

Favourable industrial policy will increase value added exports. The government must aid with tax incentives, low cost credit, R&D support, dedicated infrastructure, and training of workers. SEZs, being set up under CPEC, should connect with domestic and international markets.

An export oriented trade policy will stabilise the external account. Of special importance are transit trade and border facilitation. The tariff structure must support export led growth. "We need to attract FDI in export sectors," the report highlighted.

The government may start new FTA negotiations and resume discussion with Iran. "Most importantly, we must avoid treating import duty as public revenue and reform tariffs to support export." It added.

Most of all the country needs a committed and competent leadership to steward development. It must devise growth policies and build

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consensus. Public and private players must cooperate to boost economic activity. All incentives must be dispensed without patronage. The government must have a dedicated team of policy makers and experts to help decision making. Policies for the vulnerable and excluded groups are also necessary.

To increase public revenue, authorities must reduce tax evasion. At the same time, they may lighten burden on the manufacturing sector by enhancing collection from those paying less than their due. The government may review power policy to improve energy mix and the generous incentives to investors. It must also reduce line and billing losses. “Our businesses must have reliable power supply at competitive rates,” the report stated.

Acquisition of land for productive purposes must be made easy for businesses and development organisations. Availability of trained workforce is the difference between a firm’s success and failure. The government must cooperate with industry for skills development. It should set aside the needed financial and organisational resource. Present set up needs a complete overhaul, the report stated.